

CONTENTS

DIVISION 1 Compact Referencer

CR-1	Amendments brought in the Income-Tax Act by The Finance Bill, 2026	1
CR-2	Rates of Taxation	23
CR-3	Direct Tax Rates for Last Ten Assessment Years	24
CR-4	Cost Inflation Index & Exemptions Available in Computation of Capital Gain	35
CR-5	Deductions to be made in Computing Total Income	40
CR-6	Salient Features of Assessment of a Firm including LLP.....	46
CR-7	Tax Deduction/Collection at Source (TDS)	52
CR-8	Special rates of Income Tax applicable to Non-Residents	74
CR-9	Withholding Tax Rates Applicable in the Treaties that India has entered into with Various Countries	76
CR-10	Tax rates as per IT Act vis a vis Tax Treaties	83
CR-11	Time Limit, Form & Fees for Filing an Appeal	94
CR-12	Investment Planner.....	95
CR-13	Interest Accrued on Certain Certificates	110
CR-14	Time limit for issuing different income-tax notices and completion of the assessment	117
CR-15	Prescribed Audit Reports under the Income-tax Rules/Act.....	118
CR-16	Prescribed Reports/Certificates from an Accountant under section 288(2), Explanation	119
CR-17	Depreciation Table (Rates of depreciation).....	121
CR-18	Depreciation Table (Appendix 1A).....	129
CR-19	Rates of Depreciation under Companies Act, 2013.....	131
CR-20	Gold & Silver Rates since 1-4-2001.....	139
CR-21	State Bank of India: Interest Rates w.e.f. 01.04.2025 for the purpose of computing perquisite valuation.....	141
CR-22	Penalties & Prosecution	144
CR-23	Residence in India for the purpose of the Income-tax Act	161

DIVISION 2

Chapter 1	Introduction [Sections 1 to 4].....	165
1.1	Income Tax Law	165
1.2	Scheme of Taxation.....	167
1.3	Important Concepts	167
1.3-a	Person [Section 2(31)]:.....	167
1.3-b	Assessment year [Section 2(9)]	167
1.3-c	Previous year [Sections 3]	167
1.3-d	Assessee [Section 2(7)]	168
1.3-e	Charge of income-tax [Section 4].....	169
1.3-f	Total Income.....	169
1.3-g	Rounding off of Total Income [Section 288A].....	172
1.3-h	How to compute tax liability on Total Income	172
1.3-i	Rounding off of tax, etc. [Section 288B].....	172
Chapter 2	Scope of Total Income & Residential Status [Sections 5 to 9B]	173
2.1	Scope of Total Income/Incidence of tax [Section 5]	173

2.1-a	In the case of Resident in India (resident and ordinarily resident in case of individual or HUF) [Section 5(1)].....	173
2.1-b	In the case of a Resident but not Ordinarily Resident in India (In the case of individuals and HUF only) (including an individual who is deemed to be resident in India) [Section 5(1) and its proviso].....	173
2.1-c	In the case of Non-Resident [Section 5(2)].....	174
2.2	Need to determine Residential Status?	175
2.3	Basic rules for determining residential status of an assessee	175
2.4	Rules for determining the residential status of an individual [Sections 6(1) & 6(1A)].....	175
2.4-a	When an individual is said to be resident in India?	176
2.4-b	Citizen of India shall be deemed to be resident in India in certain cases [Section 6(1A)]	177
2.4-c	When an individual is said to be resident but "not ordinarily resident in India"? [Section 6(6)].....	178
2.4-d	When an individual is said to be resident and ordinarily resident in India?.....	178
2.4-e	When an individual is said to be non-resident in India [Section 2(30)]	179
2.5	Residential Status of Hindu Undivided Family (HUF) [Section 6(2)].....	180
2.5-a	When is HUF said to be a resident in India?.....	180
2.5-b	When is HUF said to be a Non-Resident?	181
2.5-c	When is HUF said to be a resident and ordinarily resident in India?	181
2.5-d	When is HUF said to be resident but "not ordinarily resident in India"? [Section 6(6)(b)]	181
2.6	Residential Status of Firm, Association of Persons (AOP), Body of Individuals (BOI) and of other persons (except companies) [Sections 6(2) and 6(4)].....	181
2.6-a	When is a Firm, AOP, BOI, etc., said to be resident in India?.....	181
2.6-b	When is a Firm, AOP, BOI, etc., said to be Non-Resident in India?	181
2.7	Residential Status of a Company [Section 6(3)].....	182
2.7-a	When is a company said to be resident in India?	182
2.7-b	When is a company said to be Non-resident in India?	182
2.8	Incomes received or deemed to be received in India [Section 7]	182
2.9	Incomes which accrue or arise in India or are deemed to accrue or arise in India [Section 9]	182
2.10	Fund management activities not to constitute business connection in India [Section 9A]	186
2.11	Income on receipt of capital asset or stock in trade by specific person from specified entity. [Section 9B inserted w.r.e.f. Assessment Year 2021-22]	186
2.12	The provisions regarding incidence of tax above may be summarised in the following table:.....	187

Chapter 3 Incomes which do not form part of Total Income [Sections 10, 10AA and 11 to 13A].....188

3.1	Agricultural Income [Section 10(1)]	188
3.2	Share of Profit of a Partner from a Firm [Section 10(2A)].....	188
3.3	Interest on Non-resident (External) Account [Section 10(4)].....	188
3.4	Exemption of certain income received by a specified fund [Section 10(4D)]	188
3.5	Travel concession or assistance received by an individual from his employer [Section 10(5)].....	189
3.6	Remuneration to persons who are not citizens of India [Section 10(6)]	189
3.7	Allowances or perquisites outside India [Section 10(7)].....	190
3.8	Death-cum-retirement gratuity received by an employee [Section 10(10)].....	190
3.9	Payment in commutation of pension received by the employees [Section 10(10A)]: For detailed discussion see Chapter on 'Salaries'.....	190
3.10	Leave Encashment [Section 10(10AA)]: For detailed discussion see Chapter on 'Salaries'.	190
3.11	Compensation on retrenchment [Section 10(10B)]	190
3.12	Exemption for compensation received or receivable on account of any disaster [Section 10(10BC)]	190
3.13	Amount received on voluntary retirement [Section 10(10C)]	190
3.14	Tax on non-monetary perquisites paid by employer [Section 10(10CC)]	190
3.15	Amount received under a life insurance policy [Section 10(10D)]	190

3.16	Provident Fund [Section 10(11)]	192
3.17	Interest and withdrawals from Sukanya Samriddhi Account [Section 10(11A)]	192
3.18	Payments from Recognised Provident Fund [Section 10(12)]	192
3.19	Amount payable at the time of closure or opting out of National Pension Scheme to be exempt to the extent of 60% of the total amount payable [Section 10(12A)]	192
3.20	Tax-exemption to partial withdrawal from National Pension System (NPS) by an employee [Section 10(12B)]	193
3.21	Tax-exemption to partial withdrawal from National Pension System (NPS) by parent or guardian of a minor [Section 10(12BA)] (Inserted by Finance Act, 2025)	193
3.22	Any payment from an approved Superannuation Fund [Section 10(13)]	193
3.23	House rent allowance [Section 10(13A)]	193
3.24	Notified special allowance [Section 10(14)]	193
3.25	Interest, premium or bonus on specified investments [Section 10(15)]	193
3.26	Lease rentals of cruise ships, received from a specified company to be exempt. [Section 10(15B)]	194
3.27	Scholarships granted to meet the cost of education [Section 10(16)]	194
3.28	Daily and constituency allowance, etc., received by MPs and MLAs [Section 10(17)]	194
3.29	Award or Reward [Section 10(17A)]	194
3.30	Pension received by certain awardees/any member of their family [Section 10(18)]	195
3.31	Exemption of the family pension received by the family members of armed forces (including para-military forces) personnel killed in action in certain circumstances [Section 10(19)]	195
3.32	Annual value of one palace of the ex-ruler [Section 10(19A)]	195
3.33	Income of a local authority [Section 10(20)]	195
3.34	Income of an approved research association [Section 10(21)]	195
3.35	Income of certain funds of national importance [Section 10(23C)]	195
3.36	Income of notified mutual funds [Section 10(23D)]	196
3.37	Any income of Venture Capital Company or Venture Capital Fund from investment in a Venture Capital Undertaking [Section 10(23FB)]	196
3.38	Income other than income chargeable under PGBP of investment fund [Section 10(23FBA)]	196
3.39	Proportionate income of PGBP of the investment fund received or receivable by the unit-holder to be exempt in the hands of the unit-holder [Section 10(23FBB)]	196
3.40	Income of unit holder from a specified fund to be exempt [Section 10(23FBC)]	197
3.41	Interest received by a business trust from special purpose vehicle [Section 10(23FC)]	197
3.42	Income by way of renting, leasing, etc. of real estate asset owned directly by the real estate investment trust to be exempt [Section 10(23FCA)]	197
3.43	Distributed income received by a unit holder from the business trust [Section 10(23FD)]	197
3.44	Income of trade union [Section 10(24)]	197
3.45	Income of a member of Scheduled Tribe residing in certain specified areas [Section 10(26)]	197
3.46	Income of an individual being a Sikkimese [Section 10(26AAA)]	197
3.47	Income of minor clubbed in the hands of a parent [Section 10(32)]	198
3.48	Income received from securitisation trust [Section 10(35A)]	198
3.49	Exemption of capital gains on compensation received on compulsory acquisition of agricultural land situated within specified urban limits [Section 10(37)]	198
3.50	Exemption of specified income from international sporting event held in India [Section 10(39)]	198
3.51	Exemption of amount received by an individual as loan under reverse mortgage scheme [Section 10(43)]	199
3.52	Exemption of income of New Pension Scheme Trust [Section 10(44)]	199
3.53	Specified income arising to a notified body / authority / board / trust / commission [Section 10(46)]	199
3.54	Exemption to development authorities etc. [Section 10(46A) w.e.f. A.Y. 2024-25]	199
3.55	Exemption to National Credit Guarantee Trustee Company Limited or Credit Guarantee Fund or Credit Guarantee Fund Trust [Section 10(46B)]	199
3.56	Exemption of income of an Infrastructure Debt Fund [Section 10(47)]	200
3.57	Exemption in respect of income received by certain foreign companies [Section 10(48)]	200

3.58	Exemption in respect of income a foreign company on account of storage of crude oil in a facility in India and sale of crude oil therefrom [Section 10(48A) & 10(48B)].....	200
3.59	Exemption in respect of certain income of Indian Strategic Petroleum Reserves Limited [Section 10(48C)].....	200
3.60	Income of a notified institution established for financing infrastructure and development to be exempt [Section 10(48D)].....	201
3.61	Income of a Developmental Financing Institution to be exempt [Section 10(48E)].....	201
3.62	Exemption in respect of income chargeable to equalization levy [Section 10(50)].....	201
3.63	Deduction allowed to newly established Units in Special Economic Zones	201
3.64	Incomes which are exempt [Section 13A].....	203
3.65	Income of an Electoral Trust shall be exempt [Section 13B]	204
Chapter 4	Heads of Income [Section 14] and Income under the Head "Salaries"	205
	[Sections 15 to 17]	
4.1	Heads of Income [Section 14]	205
4.2	No deduction for expenditure incurred in respect of exempt income against taxable income [Section 14A]	205
4.3	Method for allocating expenditure in relation to exempt income [Section 14A(2) and Rule 8D]	205
4.4	Basis of Charge [Section 15].....	206
4.4-a	Arrears of Salary	206
4.5	Meaning of Salary	206
4.6	Wages.....	207
4.7	Annuity	207
4.8	Retirement benefits	208
4.9	Treatment of Bonus.....	208
4.10	Salary in lieu of notice period	208
4.11	Fee and Commission	208
4.12	Overtime Payments	208
4.13	Meaning and Type of Allowances.....	208
4.14	House Rent Allowance [Section 10(13A) and Rule 2A].....	209
4.15	Prescribed allowances which are exempt to a certain extent [Section 10(14)]	210
	4.15-a Special allowances which are exempt to the extent of actual amount received or the amount spent for the performance of the duties of an office or employment of profit, whichever is less.....	210
	4.15-b Allowances to meet personal expenses.....	211
4.16	Treatment of Entertainment Allowance (Not to be allowed, if the employee does not opt to be taxed under old regime).....	213
4.17	Allowances which are exempt in case of certain persons.....	213
4.18	Allowances which are fully taxable under both the regimes	214
4.19	Definition of 'Perquisite' as per section 17(2).....	214
4.20	Perquisites which are taxable in the hands of all categories of employees.....	216
4.21	Perquisites which are taxable only in the case of specified employees	217
	4.21-a Who is a specified employee [Section 17(2)(iii)]	217
4.22	Rent free accommodation or accommodation provided at concessional rate	218
	4.22-a The above rules shall not apply in certain cases	222
4.23	Valuation of monetary obligation of the employee discharged by the employer.....	223
4.24	Valuation of Life Insurance premium/deferred annuity premium paid/payable by the employer	223
4.25	Fringe benefits or amenities which shall be taxable perquisite in the hands of all employees	223
4.26	Valuation of motor car/other vehicles [Rule 3(2)].....	227
4.27	Provision by the employer of services of a sweeper, a gardener, a watchman or personal attendant [Rule 3(3)].....	231

4.28	Value of benefit to the employee resulting from the supply of gas, electric energy or water for household consumption [Rule 3(4)]	231
4.29	Valuation in respect of free or concessional educational facilities to any member of employees' household [Rule 3(5)].....	231
4.30	Free or concessional journey given to the transport employees and their family members [Rule 3(6)].....	232
4.31	Value of any specified security or sweat equity shares	232
4.32	Contribution made by the employer in a recognised provident fund, in the scheme referred to in section 80CCD(1); and in an approved superannuation fund exceeding ₹7,50,000 [Section 17(2)(vii)].....	234
4.33	Annual Accretion to the balance at the credit of the fund or scheme referred to in section 17(2)(vii) [Section 17(2)(viii) inserted w.e.f. A.Y. 2021-22]	234
4.34	Annual accretion referred to in the sub-clause (viii) of section 17(2) of the Act. [Rule 3B]	234
4.35	Contribution made by the Central Government in the previous year, to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in section 80CCH.	235
4.36	Tax-free Perquisites (for all employees)	235
4.37	Treatment of medical facilities [Proviso to section 17(2)]	237
4.38	Treatment of Leave Travel Concession or Assistance (LTC/LTA) [Section 10(5)].....	238
4.39	Profits in lieu of salary [Section 17(3)]	239
4.40	Gratuity	241
4.41	Treatment of Pension [Section 17(1)(ii)].....	242
4.42	Treatment of Leave Salary	243
4.43	Retrenchment Compensation [Section 10(10B)].....	243
4.44	Compensation received on Voluntary Retirement [Section 10(10C)]	244
4.45	Contribution by the employer to recognised provident fund	245
4.46	Interest credited to recognised provident fund	246
4.47	Amount comprised in the transferred balance	246
4.48	Standard deduction [Section 16(ia)].....	246
4.49	Entertainment Allowance [Section 16(ii)].....	246
4.50	Tax on Employment (Professional Tax) [Section 16(iii)]	246
4.51	Relief when salary is paid in arrears or in advance, etc. [Section 89/Rule 21A]	249
4.52	Deduction from gross total income	251
Chapter 5 Income under the Head "Income from House Property" [Sections 22 to 27].....		252
5.1	Chargeability [Section 22].....	252
5.2	Basis of Charge	252
5.3	Essential conditions for taxing income under this head.....	253
5.4	What is Annual Value?	254
5.5	Computation of annual value of a property [Section 23(1)]	254
5.6	Treatment of unrealised rent [Explanation to section 23(1)]	257
5.7	Deductions from income from house property [Section 24].....	258
5.8	Computation of Income of a property which is self-occupied for residential purposes or which could not actually be self occupied for any reason [Section 23(2), (3) & (4)].....	259
5.8-a	Where the annual value of such house shall be nil [Section 23(2)(a) & (b)]	259
5.8-b	Where the annual value of such house shall not be nil [Section 23(3)]	259
5.8-c	Where assessee has more than two houses for self occupation [Section 23(4)].....	260
5.8-d	Deduction in respect of one or Two self-occupied houses where annual value is nil	260
5.9	Computation of income of house property which is partly let and partly self occupied	261
5.10	No notional income for house property held as stock-in-trade for a period upto two years [Section 23(5)].....	262
5.11	Interest when not deductible from "Income from House Property" [Section 25]	262

5.12	Special provision for arrears of rent and unrealised rent received subsequently [Section 25A]	262
5.13	Property owned by Co-owners [Section 26].....	262
5.14	Can Annual Value (Net Annual Value) be negative?.....	263
5.15	Can there be any loss under the head income from house property?.....	263
Chapter 6	Income under the Head "Profits and Gains of Business or Profession"	264
	[Sections 28 to 44D]	
6.1	Chargeability/scope of income under the head 'Profits and gains of business or profession' [Section 28].....	264
6.2	Rationalisation of provision relating to conversion of inventory into Capital Asset [Section 28(via)].....	266
6.3	Income from business or profession — how to be computed.....	266
6.4	Method of Accounting [Section 145]	266
6.4-a	Income Computation and Disclosure Standards.....	267
6.5	Expenses which are expressly allowed as a deduction [Sections 30 to 37]	267
6.6	Rent, rates, taxes, repairs and insurance for buildings [Section 30]	268
	6.6-a Deductions.....	268
6.7	Repairs and insurance of machinery, plant and furniture [Section 31]	268
6.8	Depreciation [Section 32].....	268
	6.8-a What is 'block of assets'.....	270
	6.8-b Written down value for charging depreciation [Section 43(6)]	273
	6.8-c Actual cost [Section 43(1)].....	274
	6.8-d Notional Actual Cost [Explanations to section 43(1)]	275
	6.8-e Computation of depreciation	277
	6.8-f Steps for computing depreciation:	277
	6.8-g Depreciation on asset in the previous year of acquisition if the asset is put to use for less than 180 days during that previous year	278
	6.8-h Cases where WDV of a block at the end of the year shall be reduced to Nil and hence no depreciation	279
6.9	Special provisions for depreciation in certain cases	280
	6.9-a Special provisions for depreciation in case of assets of an undertaking engaged in generation or generation and distribution of power [Section 32(1)(i) and Rule 5(1A)]	280
	6.9-b Proportionate depreciation allowed in certain cases [Sixth Proviso to section 32]	281
	6.9-c Additional depreciation on new machinery or plant [Section 32(1)(ia)] (Additional depreciation is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE)	281
	6.9-d Is it mandatory to claim depreciation [Explanation to section 32].....	282
6.10	Carry forward and set off of unabsorbed depreciation [Section 32(2)]	282
6.11	Tea Development Account, Coffee Development Account and Rubber Development Account [Section 33AB] (Deduction under section 33AB is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE)	283
6.12	Site Restoration Fund [Section 33ABA] (Deduction under section 33ABA is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE).....	284
6.13	Expenditure on Scientific Research [Section 35]	284
	6.13-a In-house Scientific Research	284
	6.13-b Sale of an asset used for scientific research.....	285
	6.13-c Unabsorbed capital expenditure on scientific research	286
	6.13-d Payment to outside agencies.....	286
	6.13-e Deduction on in house research and development to a company assessee in certain cases [Section 35(2AB)]	287

6.14	Expenditure for obtaining licence to operate telecommunication services and amortisation of spectrum fee for purchase of spectrum.....	288
6.15	Deduction in respect of expenditure on specified business [Section 35AD] (Deduction under section 33AD is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE)	291
6.16	Expenditure by way of payments to associations and institutions for carrying out Rural Development Programmes [Section 35CCA].....	293
6.17	Deduction for expenditure incurred on agricultural extension project [Section 35CCC] (Deduction under section 33CCC is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE)	293
6.18	Deduction for expenditure incurred by a company on skill development project [Section 35CCD] (Deduction under section 33CCD is not available if tax is payable under the new regime, i.e., under Section 115BA/115BAA/115BAB/115BAC/115BAD/115BAE)	294
6.19	Amortisation of certain preliminary expenses [Section 35D and Rule 6AB]	294
6.20	Amortisation of expenditure in case of amalgamation or demerger [Section 35DD]	296
6.21	Amortisation of expenditure incurred under voluntary retirement scheme [Section 35DDA]	296
6.22	Other deductions [Section 36]	296
6.22-a	Insurance premium of stocks [Section 36(1)(i)]	296
6.22-b	Insurance premium of cattle paid by a federal milk cooperative society [Section 36(1)(ia)]	296
6.22-c	Insurance on health of employees [Section 36(1)(ib)]	296
6.22-d	Bonus or Commission to employees [Section 36(1)(ii)].....	297
6.22-e	Interest on borrowed capital [Section 36(1)(iii)]	297
6.22-f	Discount on issue of zero coupon bonds to be allowed as deduction on pro rata basis [Section 36(1)(iiia)]	297
6.22-g	Employer's Contribution to a recognised Provident Fund or Approved Superannuation Fund [Section 36(1)(iv)]	297
6.22-h	Employers' contribution towards a pension scheme [Section 36(1)(iva)]	298
6.22-i	Employer's contribution to an approved gratuity fund [Section 36(1)(v)]	298
6.22-j	Sums received from employees towards certain welfare schemes if credited to their accounts before the due date [Section 36(1)(va)]	298
6.22-k	Allowance in respect of dead or permanently useless animals [Section 36(1)(vi)].....	298
6.22-l	Bad debts [Section 36(1)(vii)]	298
6.22-m	Securities Transaction Tax paid to be allowed as deduction [Section 36(1)(xv)]	299
6.22-n	Commodities Transaction Tax to be allowed as a deduction [Section 36(xvi)]	299
6.22-o	Marked to market loss or other expected loss to be allowed [Clause (xviii) inserted in section 36(1)].....	300
6.23	General Deductions [Section 37(1)]	300
6.23-a	Conditions for allowance under section 37(1)	300
6.23-b	Examples of expenditure allowable as a deduction u/s 37(1)	301
6.23-c	Examples of expenditure not allowable as deduction under section 37(1)	302
6.24	Advertisement to political parties [Section 37(2B)]	302
6.25	Building, plant and machinery or furniture not exclusively used for the purpose of business or profession [Section 38].....	303
6.26	Amounts not deductible [Section 40]	303
6.27	Expenses or payments not deductible in certain circumstances: [Section 40A]	305
6.27-a	Expenses or payments not deductible where such payments are made to relatives [Section 40A(2)]	306
6.27-b	Disallowance of 100% of expenditure if payment is made by any mode other than account payee cheque or draft [Section 40A(3)(a)]	306
6.27-c	Disallowance in respect of provision for gratuity [Section 40A(7)]	310
6.28	Disallowance in respect of contributions to non-statutory funds [Section 40A(9)]	310

6.29	Marked to market loss or other expected loss not to be allowed except provided in section 36(1)(xviii) [Section 40A(13)]	310
6.30	Certain deductions to be allowed only on actual [Section 43B]	310
6.31	Special provision for full value of consideration for transfer of assets other than capital assets in certain cases [Section 43CA]	314
6.32	Computation of income from construction and service contracts [Section 43CB]	315
6.33	Deemed profits chargeable to tax	315
6.34	Maintenance of accounts by certain persons carrying on profession or business [Section 44AA and Rule 6F]	318
6.34-a	Person carrying on certain professions [Section 44AA(1)]	318
6.34-b	Person carrying on a non-specified profession or carrying on business [Section 44AA(2)]	319
6.34-c	When maintenance of books of account is not necessary	320
6.34-d	Consequences of failure to keep accounts, etc.	321
6.35	Compulsory audit of accounts [Section 44AB]	321
6.35-a	Is tax audit under section 44AB compulsory even if the accounts are audited under any other law or any other provisions of Income-tax Act.	322
6.35-b	Report of Audit of Accounts [Rule 6G]	323
6.36	Special provisions for computing profits and gains of any business (excluding the business covered under section 44AE) [Section 44AD]	323
6.37	Special provision for computing profits and gains of profession on presumptive basis [Section 44ADA]	325
6.38	Special provisions for computing profits and gains of business of plying, hiring or leasing goods carriages [Section 44AE]	326
6.39	Special provisions for computing profits and gains [Sections 44B, 44BB, 44BBA, 44BBB, 44BBC and 44BBD]	328
Chapter 7	Income under the Head "Capital Gains" [Sections 45 to 55A]	336
7.1	Basis of Charge [Section 45(1)]	336
7.2	There must be a capital asset	337
7.2-a	What is a capital asset [Section 2(14)]	337
7.2-b	Types of capital assets	339
7.3	Capital asset must have been transferred	342
7.3-a	What is transfer [Section 2(47)]	342
7.3-b	Transactions not regarded as transfer [Sections 46 and 47]	343
7.4	Capital gain should arise in the previous year in which transfer took place	345
7.5	Computation of capital gains [Section 48]	345
7.6	Full value of consideration	347
7.7	Expenses on transfer	349
7.8	Cost of acquisition [Section 55(2)]	349
7.8-a	Deemed cost of acquisition	349
7.8-b	Cost of acquisition of certain specified assets:	353
7.8-c	Cost of acquisition of right shares/financial asset [Section 55(2)(aa)]	354
7.8-d	Cost of acquisition of bonus shares or any other financial asset allotted without payment [Section 55(2)(aa)(iia)]	354
7.8-e	Cost of acquisition of an equity share or a unit for purpose of computing long-term capital gain under section 112A [Section 55(2)(ac)]	355
7.8-f	Cost of acquisition of assets acquired before 1.4.2001 [Section 55(2)(b)(i) & 55(2)(b)(ii)]	355
7.8-g	Cost of acquisition of depreciable assets [Section 50]	356
7.9	Treatment of advance money received if forfeited [Section 56(2)(ix), w.e.f. A.Y. 2015-16]	356
7.10	Cost of improvement [Section 55(1)(b)]	356
7.11	Computation of capital gain in special cases	357
7.11-a	Taxation of zero coupon bonds	357

7.11-b	Capital gain in case of amount received from an insurer on account of damage or destruction of any capital asset [Section 45(1A)]	358
7.11-c	Profits or gains arising from receipt of the amount on maturity of high premium unit linked insurance policy chargeable to tax under the head Capital gains [Section 45(1B)]:	358
7.11-d	Capital gain on conversion of capital asset into stock-in-trade or stock-in-trade into capital asset.....	358
7.11-e	Capital gain on transfer of capital asset by a partner/member to a firm/AOP/BOI as capital contribution [Section 45(3)]	359
7.11-f	Capital Gain at the time of dissolution or reconstitution of specified entity	359
7.11-g	Capital gain on transfer by way of compulsory acquisition of an asset [Section 45(5)]	367
7.11-h	Special provisions for computation of capital gains in case of joint development agreement [Section 45(5A)]	369
7.11-i	Capital gain on conversion of debentures into shares [Section 47(x), 49(2A) and rule 8AA].....	371
7.11-j	Conversion of preference shares into equity shares [Section 47(xb), 49(2AE), Explanation 1 to section 2(42A)].....	371
7.11-k	Capital gains on distribution of assets by companies in liquidation [Section 46]	371
7.11-l	Capital gain on sale of goodwill of a business or profession/trademark or brand name/associated with the business or profession or any other intangible asset or a right to manufacture or right to carry on any business or profession/tenancy rights/business route permits or loom hour, or any other right.....	372
7.11-m	Capital gain on transfer of depreciable assets [Section 50].....	373
7.11-n	Cost of acquisition and capital gain in case of depreciable assets of electricity companies [Section 50A]	373
7.11-o	Special provision for taxation of capital gains in case of a unit of a Specified Mutual Fund acquired on or after 1-4-2023 or Market Linked Debentures [Section 50AA] after amendment made by the Finance (No. 2) Act, 2024 w.e.f. 23.7.2024	374
7.11-p	Special provisions for computation of capital gains in case of slump sale [Section 50B]	375
7.11-q	Special provision for full value of consideration for computation of capital gains in real estate transactions [Section 50C].....	378
7.11-r	Special provision for full value of consideration for transfer of share other than quoted share [Section 50CA].....	379
7.11-s	Fair Market Value to be full value of consideration in certain cases [Section 50D]	379
7.11-t	Capital gains on purchase by company of its own shares or other specified securities [Section 46A]	379
7.11-u	Computation of capital loss in case of buy back of shares [Proviso to Section 46A inserted w.e.f. 1.10.2024]	380
7.11-v	Computation of capital gain in case of transfer of Electronic Gold Receipt	380
7.11-w	Capital gain on sale of land and building to be computed separately in case of building constructed by the assessee.....	381
7.12	Capital gain in the case of transfer of shares/debentures by non-residents [Proviso 1 to section 48 and rule 115A].....	382
7.12-a	Exemption of long-term capital gains arising to non-resident Indian on transfer of 'foreign exchange asset' [Section 115F].....	383
7.12-b	Option not to avail of the provisions of section 115F [Section 115-I]	384
7.13	Types of exemption of capital gains.....	384
7.14	Profit on transfer of house property used for residence [Section 54].....	385
7.15	Capital Gain on transfer of land used for agricultural purposes [Section 54B]	388
7.16	Capital Gain on compulsory acquisition of land and buildings forming part of an industrial undertaking [Section 54D]	390
7.17	Capital gain on transfer of long-term capital assets being land or building or both not to be charged on investment in certain bonds [Section 54EC]	391
7.18	Capital Gain on transfer of asset, other than a residential house [Section 54F].....	392

7.19	Capital gain on transfer of assets in cases of shifting of industrial undertakings from urban areas [Section 54G]	397
7.20	Exemption of capital gain on transfer of assets of shifting of industrial undertaking from urban area to any Special Economic Zone [Section 54GA]	398
7.21	Exemption of long-term capital gains tax on transfer of residential property if invested in a new manufacturing SME company [Section 54GB]	399
7.22	Extension of time limit for acquiring new asset or depositing or investing amount of capital gain, in case of compulsory acquisition [Section 54H]	399
7.23	Tax on short-term capital gains in certain cases [Section 111A]	400
7.24	Computation of tax on long-term capital gains [Section 112]	400
7.25	Indexation of cost of acquisition and cost of improvement to be allowed in case of long-term capital gain (indexation applicable upto 22.7.2024)	402
7.25-a	Computation of indexed cost of acquisition	403
7.26	Indexed cost of improvement [Explanation (iv) to Section 48]	404
7.27	Tax on long-term capital gains in certain cases [Section 112A]	405
7.28	Summarised Provisions	410
Chapter 8	Income under the Head "Income from Other Sources" [Sections 56 to 59]	414
8.1	Chargeability	414
8.2	Method of Accounting	414
8.3	Specific incomes included under 'Income from Other Sources' [Section 56(2)]	414
8.4	Other incomes which are normally included under the head 'Income from Other Sources'	415
8.5	Taxability of Dividend [Section 56(2)(i)]	416
8.5-a	What is dividend	417
8.5-b	Deductions for expenses from dividend income [Section 57(i) and 57(iii)]	419
8.6	Winnings from Lotteries, Crossword Puzzles, Horse Races and Card Games [Section 56(2)(ib)]	420
8.6-a	Special rate of Income-tax in case of winnings from lotteries, crossword puzzles, races, etc. [Section 115BB]	420
8.6-b	Grossing up of lottery income, etc.	420
8.7	Special rate of income-tax in case of winnings from online games [Section 115BBJ inserted by the Finance Act, 2023, w.e.f. A.Y. 2024-25]	421
8.8	Interest on Securities [Section 56(2)(id)]	421
8.8-a	Chargeability of Interest on Securities	421
8.8-b	Accrual of Interest	421
8.8-c	Grossing up of Interest	422
8.8-d	Deductions for expenses from Interest on Securities [Section 57(i) and (iii)]	422
8.9	Income from letting out of machinery, plant or furniture [Section 56(2)(ii)]	422
8.9-a	Income from composite letting of machinery, plant or furniture and buildings [Section 56(2)(iii)]	422
8.9-b	Deductions permissible from letting out of machinery, plant or furniture and buildings [Section 57(ii) and (iii)]	423
8.10	Income of any person to include not only gift of money from any person(s) but also the gift of property (whether movable or immovable) or property acquired for inadequate consideration [Section 56(2)(x)]	423
8.11	Interest on compensation or enhanced compensation [Section 56(2)(viii)]	427
8.12	Forfeiture of advance received for transfer of a capital asset to be taxed under the head "income from other sources" [Section 56(2)(ix)]	427
8.13	Any sum received, including the amount allocated by way of bonus, at any time during a previous year, under a life insurance policy, which is not exempt under Section 10(10D) [Section 56(2)(xiii)]	427
8.14	Family pension payments received by the legal heirs of a deceased employee	428

8.15	Contribution of the employee towards his welfare fund, deducted/received by the employer [Section 56(2)(ic)].....	428
8.16	Any other income taxable under this head	429
8.17	Amounts not deductible in computing the income under the head 'Income from Other Sources' [Section 58].....	429
8.18	Deemed income chargeable to tax [Section 59]	430

Chapter 9 Income of Other Persons Included in Assessee's Total Income (Clubbing of Income) [Sections 60 to 65]431

9.1	Transfer of income where there is no transfer of assets [Section 60]	431
9.2	Revocable transfer of assets [Section 61].....	431
9.2-a	When a transfer is revocable [Section 63]	431
9.2-b	Section 61 not applicable, if the transfer is irrevocable for a specified period [Section 62]	431
9.3	Income of an individual to include income of spouse, minor child, etc. [Section 64]	432
9.3-a	Remuneration of spouse from a concern in which the other spouse has substantial interest [Section 64(1)(ii)]	432
9.3-b	Income from assets transferred to the spouse [Section 64(1)(iv)].....	433
9.3-c	Income from assets transferred to son's wife [Section 64(1)(vi)]	434
9.3-d	Income from assets transferred to any person for the benefit of the spouse of the transferor [Section 64(1)(vii)].....	434
9.3-e	Income from assets transferred to any person for the benefit of son's wife [Section 64(1)(viii)]	434
9.4	Clubbing of income of a minor child [Section 64(1A)].....	434
9.5	Income from self-acquired property converted to joint family property [Section 64(2)].....	435
9.6	Under which head of income will the clubbed income be assessed	436
9.7	Liability of person i.e. the transferee in respect of income included in the income of another person i.e. transferor [Section 65]	436

Chapter 10 Unexplained Cash Credits, Investments, Money, etc. [Sections 68 to 69D]437

10.1	Cash credits [Section 68].....	437
10.2	Unexplained investments [Section 69]	447
10.3	Unexplained money, etc. [Section 69A].....	449
10.4	Amount of investments, not fully disclosed in books of account [Section 69B]	450
10.5	Unexplained expenditure, etc. [Section 69C]	450
10.6	Amount borrowed or repaid on hundi [Section 69D].....	451
10.7	Taxation of cash credits, unexplained money, unexplained investments, etc., covered under sections 68, 69, 69A, 69B, 69C & 69D [Section 115BBE]	452

Chapter 11 Set off or Carry Forward and Set off of Losses [Sections 70 to 80]453

11.1	Set off of loss from one source against income from another source under the same head of income [Section 70]	453
11.2	Set off of loss from one head against income from another head (Inter-head adjustment) [Section 71]	454
11.3	Carry forward and set off of losses.....	456
11.3-a	Compulsory filing of loss returns [Section 80]	456
11.4	Carry forward and set off of loss from house property [Section 71B].....	457
11.5	Carry forward and set off of business losses [Section 72].....	457
11.6	Set off and Carry forward and Set off of Speculation Loss [Section 73].....	459
11.7	Set off and carry forward and set off of loss of a specified business referred to in section 35AD [Section 73A].....	460
11.8	Carry forward of losses under the head 'capital gains' [Section 74]	460

11.9	Set off and carry forward and set off of loss from activity of owning and maintaining race horses [Section 74A]	461
11.10	Brought forward losses must be set off in the immediately succeeding year/years	461
11.11	Special provisions of set off of losses in case of an individual or HUF or AOP/BOI or Artificial Juridical Person who is taxable under section 115BAC(1A).....	461
11.12	Carry forward and set off of the accumulated business losses and unabsorbed depreciation allowance in amalgamation or demerger, etc.	463
11.13	Losses of firms	465
11.14	Carry forward and set off of losses on succession of any person [Section 78(2)]	465
11.15	Carry forward and set off of losses in case of certain companies [Section 79].....	465
11.16	No set off of losses consequent to search & seizure or survey or requisition proceedings [Section 79A]	467
Chapter 12	Deductions to be made in Computing Total Income.....	468
	[Sections 80A to 80U (Chapter VIA)]	
12.1	Basic rules of deductions [Sections 80A/80AB/80AC].....	468
12.2	Deduction on account of certain payments are allowed from sections 80C to 80GGC. Deduction in respect of Life Insurance Premium, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc. [Section 80C].....	469
12.2-a	Deduction in respect of deposits under National Savings Scheme or payment to a deferred annuity plan [Section 80CCA]	475
12.3	Deduction in respect of contribution to certain pension funds [Section 80CCC]	475
12.4	Deduction in respect of contribution to pension scheme of Central Government by Central Government or any other employer or to NPS Vatsalya Scheme by a Parent or Guardian of a minor [Section 80CCD]	476
12.5	Limit on deductions under sections 80C, 80CCC and 80CCD [Section 80CCE].....	479
12.6	Deduction in respect of contribution to Agnipath Scheme [Section 80CCH]	479
12.7	Deduction in respect of Medical Insurance premia [Section 80D]	479
12.8	Deduction in respect of maintenance including medical treatment of a dependant who is a person with disability [Section 80DD].....	481
12.9	Deduction in respect of medical treatment, etc. [Section 80DDB].....	483
12.10	Deduction for interest paid on loan taken for pursuing higher education [Section 80E]	483
12.11	Deduction in respect of interest on loan taken for residential house property [Section 80EE].....	484
12.12	Deduction in respect of interest on loan taken for certain house property [Section 80EEA].....	485
12.13	Deduction in respect of purchase of electric vehicle [Section 80EEB]	486
12.14	Deduction in respect of donations to certain funds, charitable institutions, etc. [Section 80G].....	486
12.15	Deductions in respect of rent paid [Section 80GG]	489
12.16	Deduction in respect of certain donations for scientific research or rural development [Section 80GGA].....	489
12.17	Deduction in respect of contributions given by companies to political parties [Section 80GGB]	490
12.18	Deduction in respect of contribution given by any person to political parties [Section 80GGC]	490
12.19	Deduction in respect of profits and gains from undertakings or enterprises engaged in infrastructure development, etc. [Section 80-IA]	491
12.20	Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone [Section 80-IAB].....	493
12.21	Special provision in respect of eligible business of eligible start up [Section 80-IAC].....	493
12.22	Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings [Section 80-IB] (only relevant sub-sections discussed).....	495
12.23	Deductions in respect of profits and gains from housing projects [Section 80-IBA]	495
12.24	Special provisions in respect of certain undertakings in North Eastern States [Section 80 IE]	497
12.25	Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste [Section 80JJA].....	498

12.26	Deduction in respect of employment of new employees [Section 80JAA].....	499
12.27	Deduction in respect of certain incomes of Offshore Banking Units and International Financial Services Centre [Section 80LA].....	500
12.28	Deduction in respect of certain inter-corporate dividends [Section 80M].....	502
12.29	Deduction in respect of income of Co-operative Societies [Section 80P].....	502
12.30	Deduction in respect of royalty income, etc., of authors of certain books other than text books [Section 80QQB].....	505
12.31	Deduction in respect of royalty on patents [Section 80RRB].....	506
12.32	Deduction in respect of interest on deposits in savings accounts to the maximum extent of ₹10,000 [Section 80TTA].....	507
12.33	Deduction in respect of interest on deposits in case of senior citizens [Section 80TTB].....	507
12.34	Deduction in case of a person with disability [Section 80U].....	508
Chapter 13	Agricultural Income & its Tax Treatment [Sections 2(1A) and 10(1)].....	509
13.1	Summarised definition of Agricultural Income [Section 2(1A)].....	509
13.2	What does agriculture include?.....	509
13.3	Income which is partially agricultural and partially from business.....	509
13.4	Tax on non-agricultural income if the assessee earns agricultural income also.....	510
Chapter 14	Computation of Tax Liability of Various Categories of Persons.....	513
14.1	Rates of income-tax on certain specified incomes for all categories of persons.....	513
14.2	Rates of income tax on normal income for all categories of persons.....	513
14.2-a	In the case of every Individual or Hindu Undivided Family or Association of Persons (AOP) (other than a Co-operative Society) or Body or Individuals (BOI), whether incorporated or not, or an Artificial Juridical Person (AJP).....	513
14.2-b	In the case of every co-operative society.....	515
14.2-c	In case of a firm (including limited liability partnership) or every local authority.....	516
14.2-d	In the case of a company.....	516
14.3	Marginal Relief.....	517
14.4	Assessment of an individual.....	518
14.4-a	An individual is liable to pay tax in respect of the following incomes.....	518
14.4-b	Incomes received from firm/AOP/HUF which are exempt in the hands of an individual.....	519
14.4-c	Special provisions for persons covered under Portuguese Civil Law [Section 5A].....	519
14.4-d	Computation of total income and tax liability.....	519
14.4-e	Rate of Tax.....	520
14.4-f	Rebate of Income-tax in case of certain individuals [Section 87A].....	524
14.4-g	Alternate Minimum Tax (AMT) on all persons other than companies [Sections 115JC to 115JF Chapter XII-BA].....	527
14.5	Assessment of Hindu Undivided Family.....	529
14.5-a	Computation of Total Income of HUF.....	530
14.5-b	Steps for computation of income-tax of HUF.....	531
14.5-c	Partition of HUF.....	531
14.5-d	Procedure to effect partition and consequences after such partition [Section 171].....	532
14.5-e	Effect of partial partition [Section 171(9)].....	533
14.5-f	Alternate Minimum Tax (AMT) on all persons other than companies [Sections 115JC to 115JF Chapter XII-BA].....	534
14.6	Assessment of firm (including LLP).....	534
14.6-a	Essential conditions to be satisfied by a firm to be assessed as firm and to be eligible for deduction of interest, salary, etc., to the partners [Section 184].....	535
14.6-b	Deduction allowable on account of remuneration and interest to the partners of the firm (including Limited Liability Partnership).....	536

14.6-c	Computation of Book Profit [Explanation 3 to section 40(b)]	537
14.6-d	Provisions regarding set off and carry forward of losses of firms	538
14.6-e	Computation of Total Income of Firm (including Limited Liability Partnership)	539
14.6-f	Alternate Minimum Tax (AMT) on all persons other than companies [Sections 115JC to 115JF Chapter XII-BA]	539
14.6-g	Treatment of share of profit, interest and remuneration received by a partner from a firm (including Limited Liability Partnership)	539
14.7	Assessment of Association of Persons (AOPs)/Body of Individuals (BOIs)	540
14.7-a	Rate of tax of AOP or BOI (other than the assessee mentioned in box above)	541
14.7-b	Treatment of share of income in the hands of a member of AOP/BOI	542
14.7-c	Method of computing a member's share in income of AOP/BOI where the shares of the members are determinate and known [Section 67A]	543
14.7-d	Alternate Minimum Tax (AMT) on all persons other than companies [Sections 115JC to 115JF Chapter XII-BA]	543
14.8	Assessment of Companies	543
14.8-a	Definitions	543
14.8-b	Residence of a Company [Section 6(3)]	545
14.8-c	Special Provisions Relating to Foreign Company said to be resident in India [Section 115JH]	546
14.8-d	Computation of Total Income	546
14.8-e	Special provisions applicable to a company in which public are not substantially interested	547
14.8-f	Due date of furnishing of return of income	549
14.8-g	Tax on total income of a company	549
14.8-h	Tax on income of certain manufacturing domestic companies [Section 115BA]	549
14.8-i	Special provisions of tax on income of certain domestic companies referred to in section 115BAA	550
14.8-j	Special provisions relating to tax on income of certain new manufacturing domestic companies referred to in section 115BAB	554
	Deemed income relating to certain companies — Also known as Minimum Alternative Tax (MAT)	558
14.9	Provisions of MAT for payment of tax by certain companies [Section 115JB(1)]	558
14.9-a	MAT rate to be 9% instead of 15% in case of a unit located in an International Financial Services Center [Section 115JB(7)]	560
14.9-b	Provisions of section 115JB not to apply in certain cases	560
14.9-c	Allowing tax credit in respect of tax paid on deemed income under MAT provisions against tax liability in subsequent years [Section 115JAA]	560
Other	provisions of section 115JB	561
14.9-d	Statement of profit and loss of the company to be prepared as per provisions of the Companies Act [Section 115JB(2)]	561
14.9-e	Statement of profit and loss prepared for section 115JB(2) and annual accounts including statement of profit and loss prepared and placed before AGM should have same accounting policies, standards, etc. [First and second provisos to section 115JB(2)]	561
14.9-f	How to compute book-profits [Explanation 1 to section 115JB(1) and (2)]	562
14.9-g	How much brought forward loss/unabsorbed depreciation are deductible from book profits	566

14.9-h	Furnishing of Report of an Accountant [Section 115JB(4) and Rule 40B].....	567
14.9-i	Unabsorbed depreciation or losses which can be carried forward [Section 115JB(3)]	567
14.9-j	Other provisions of the Act shall continue to apply to such companies [Section 115JB(5)].....	567
Chapter 15	Assessment of Trusts [Sections 11 to 13].....	568
15.1	Exemption under sections 11 to 13	568
15.1-a	Conditions to be satisfied for claiming exemption under section 11	569
15.2	Which income will be exempt under section 11	571
15.2-a	Exemption is limited to the extent such income is applied for charitable or religious purposes.....	572
15.2-b	Income though exempt under various clauses of section 10 [other than 10(1), i.e., agricultural income or section 10(23C), section 10(23EA), section 10(23EC), section 10(23ED) or section 10(46), section 10(46A) and section 10(46B)] to be treated as income from the property held under a trust and will have to be applied to claim exemption under section 11 [Section 11(7)].....	573
15.2-c	Income applied during the previous year includes the following.....	573
15.2-d	Mode of computation of income of a trust.....	574
15.2-e	Meaning of "Applied".....	574
15.2-f	Provisions of section 40(a)(ia) and section 40A(3) & (3A) to apply mutatis mutandis to certain exempt entities covered under section 11 [Explanation 3 inserted under section 11(1)].....	578
15.2-g	Voluntary contribution to form part of corpus if received by trust or institution for the purpose of renovation or repair of its notified temple, mosque, gurdwara, church or other place [Explanation 3A].....	578
15.2-h	Consequences if conditions prescribed in Explanation 3A are violated [Explanation 3B]	579
15.2-i	Application out of corpus and application from loans and borrowings not to be treated as application of the relevant previous year but can be treated as application of the subse- quent year(s) subject to certain conditions [Explanation 4 to section 11(1) (a) or (b)]	579
15.2-j	Sum payable by any trust or institution to be considered as application of income in the previous year in which such sum is actually paid [Explanation to section 11]	581
15.3	Accumulation of income in excess of 15% of the income earned [Section 11(2) and Rule 17]	581
15.3-a	Conditions to be satisfied	581
15.3-b	Exemption under section 11(2) not to be allowed unless the statement mentioned in section 11(2)(a) is furnished before due date specified and the return of income of the trust is furnished before the due date of filing the return specified under section 139(1) [Section 13(9)].....	581
15.3-c	Consequences if accumulated income in excess of 15% is not applied/invested in the prescribed manner [Section 11(3)]	583
15.3-d	Circumstances where the accumulated income in excess of 15% can be utilized for a purpose other than that for which it was accumulated [Section 11(3A)]	584
15.4	Certain points for consideration	584
15.5	Treatment of business income of a trust.....	588
15.6	Conditions for applicability of sections 11 and 12	589
15.7	Registration of Trust [Section 12A(1)(ac)].....	591
15.7-a	Condonation of delay in filing application for registration by trusts or institutions [Proviso inserted under section 12A(1)(ac) w.e.f. 1.10.2024]	600
15.7-b	Commissioner empowered to cancel registration of charitable and religious trusts [Section 12AB(4)] (w.e.f. 1.4.2021).....	600
15.7-c	Consequences if specified violation is committed by the fund, trust or institution [Second proviso to section 143(3)].....	602
15.8	Merger of trusts under the exemption regime with other trusts [Section 12AC]	602
15.9	Section 11 not to apply in certain cases [Section 13]	602
15.9-a	Persons referred to in section 13(3).....	604

15.9-b	Meaning of substantial interest [Explanation 3 to section 13]	605
15.9-c	Meaning of relative [Explanation 1 to section 13].....	605
15.9-d	When an income or property is deemed to have been used or applied for the benefit of a person referred to in section 13(3) [Section 13(2)]	605
15.10	Income of certain funds of national importance, educational institutions and medical institutions [Section 10(23C) and Rules 2C and 2CA][Refer also Important note given in box above Para 15.2]	606
15.10-a	Substantially financed by the Government [Explanation under section 10(23C)(iiiac) read with Rule 2BBB]	607
15.10-b	Conditions for claiming exemption	608
15.10-c	Other conditions/points for considerations for claiming exemption	615
15.11	Return of income of charitable trusts and institutions [Section 139(4A) & (4C)]	624
15.11-a	Due date of filing return of charitable/religious trusts	625
15.11-b	Fee for default in furnishing return of income. [Section 234F]	625
15.11-c	Penalty for failure to furnish return under sections 139(4A) and 139(4C).....	625
15.12	Levy of tax where the charitable institution ceases to exist or converts into a non-charitable organization [Chapter XII-EB containing sections 115TD to 115TF].....	625
15.13	Taxability of the income (other than accreted income and specified income) of the charitable or religious trust [Section 164(2)].....	629
15.14	Taxability of specified income of certain institutions [Section 115BBI inserted w.e.f. AY 2023-24, applicable both for the first and second regime:].....	629
15.15	Assessment of charitable organization in case commercial receipts exceed the specified threshold of 20% of the total receipts [Section 13(8)].....	630
15.16	Certain expenditure in case of denial of exemption to be allowed even in case of non-compliance by charitable or religious trust	630
15.17	Private discretionary trusts	631
15.17-a	Where shares of beneficiaries are determinate [Section 161]	631
15.17-b	Where shares of the beneficiaries are indeterminate or unknown [Section 164(1)].....	632
15.18	Oral Trust [Explanation 2 to section 160]	633
15.18-a	Charge of income-tax in case of oral trust [Section 164A].....	633
Chapter 16	Return of Income and Procedure of Assessment [Sections 139 to 154]	634
16.1	Submission of return of income [Section 139(1)]	634
16.1-a	Resident person to file return of income in certain cases even though not required otherwise	636
16.1-b	Due date of furnishing return of income [Explanation 2 to section 139(1)]	636
16.1-c	Central Government empowered to exempt any person from the requirement of furnishing a return of income [Section 139(1C)].....	637
16.2	New Scheme to facilitate submission of returns through Tax Return Preparers [Section 139B].....	638
16.3	Mandatory to file return before due date if certain losses are to be carried forward [Section 139(3)].....	638
16.4	Provisions of section 139 to apply, if a return of income is furnished after the order of condonation of delay [Section 139(9A)]	639
16.5	Belated return [Section 139(4)]	639
16.6	Return of income of charitable trust and institutions [Section 139(4A)].....	639
16.6-a	Due date of filing return of charitable trust:	639
16.7	Return of income of political party [Section 139(4B)].....	639
16.8	Return of income of certain associations and institutions [Section 139(4C)].....	640
16.9	Certain university or college, etc. to file return of income/loss [Section 139(4D)]	640
16.10	Business trusts will also be required to file return of income [Section 139(4E)].....	641
16.11	Investment fund referred to in section 115UB mandatorily required to furnish return of income [Section 139(4F)]	641
16.12	Form and manner of furnishing return of income [Rule 12].....	641

16.13	Revised return [Section 139(5)]	645
	16.13-a Completion of assessment	646
	16.13-b Can a belated return under section 139(4) be revised	646
	16.13-c Can revised return be further revised.....	646
	16.13-d Revised return substitutes the original return	647
16.14	Updated return [Section 139(8A) and Section 140B].....	647
16.15	Defective return [Section 139(9)].....	653
16.16	Return by whom to be verified [Section 140]	653
16.17	Provisions of section 139 to apply, if a return of income is furnished after the order of condonation of delay [Section 139(9A)]	654
16.18	Self assessment [Section 140A]	655
16.19	Inquiry before assessment [Section 142].....	656
16.20	Estimates by Valuation Officer in certain cases [Section 142A].....	660
16.21	Faceless inquiry, direction for special audit or inventory valuation and valuation by Valuation Officer [Section 142B].....	660
16.22	Processing of return [Section 143(1)].....	661
	16.22-a Scheme for centralized processing [Section 143(1A)].....	662
16.23	Regular/Scrutiny Assessment — On the basis of return of income and after hearing additional evidence [Section 143(3)]	662
	16.23-a Compulsory Service of Notice [Section 143(2)].....	663
	16.23-b Notice deemed to be valid in certain circumstances [Section 292BB].....	664
	16.23-c Consequences of failure to comply with notice under section 143(2)	664
16.24	Assessment after evidence [Section 143(3)].....	664
	16.24-a Deduction not to be allowed if claim is not made in the return of income	664
	16.24-b Assessment of certain institutions without giving exemption available under section 10 [First and second provisos to section 143(3)]	664
	16.24-c Assessment of university, college, etc., on withdrawal of exemption notification issued under section 35(1)(ii) and (iii) [Third proviso to section 143(3)].....	665
	16.24-d New scheme for scrutiny assessment [Section 143(3A)/(3B)/(3C)] [W.e.f. 1.4.2018]	665
16.25	Best Judgment Assessment [Section 144]	666
	16.25-a Opportunity must be given to the assessee	666
	16.25-b Conditions precedent are alternative and not cumulative	666
	16.25-c Best judgment assessment should accord with fair-play and justice.....	667
	16.25-d Assessment on rejection of accounts	667
16.26	Power of Joint Commissioner to issue directions in certain cases [Section 144A] [not relevant after Faceless Assessment]	667
16.27	Faceless assessment [Section 144B].....	667
16.28	Procedure for Assessment in cases of transactions covered under GAAR [Section 144BA]	674
16.29	Provision for constitution of alternate dispute resolution mechanism for order of the Transfer Pricing Officer, and foreign company [Section 144C]	677
16.30	Income escaping assessment and search assessments [Section 147, section 148, section 148A, section 148B, section 149, section 150, section 151, section 151A] [W.e.f. 1.4.2021]	683
	16.30-a Time limit for completion of assessment and reassessment under section 147 [Section 153(2)]:.....	692
	16.30-b Rate at which income assessed or reassessed to be taxed	692
	16.30-c When can the proceedings under section 147 be dropped [Section 152(2)]	693
	16.30-d Penalties in case of income escaping assessment	694
16.31	Faceless assessment of income escaping assessment [Section 151A].....	695
16.32	Provision for cases where assessment is in pursuance of an order on appeal, etc. [Section 150]	696
16.33	Time limit for completion of all assessments and reassessment [Section 153]	696
	16.33-a Period of limitation to exclude certain period [Explanation 1 to section 153].....	701
16.34	Rectification of mistakes [Section 154].....	703
	16.34-a Clarifications from CBDT	705

16.35	Recomputation of income/amendment of order of the past years in certain cases [Section 155] See also section 157A	706
16.36	Notice of demand [Section 156].....	708
16.37	Modification and revision of notice of demand subsequent to business reorganization orders of the competent authority [Section 156A inserted (w.e.f. 1.4.2022)].....	709
16.38	Intimation of Loss [Section 157].....	710
16.39	Faceless rectification, amendments and issuance of notice or intimation [Section 157A]	710
Chapter 17	Permanent Account Number and Aadhaar Number [Section 139A and 139AA]	711
17.1	Permanent account number [Section 139A and Rule 114]	711
17.1-a	Application for allotment of Permanent Account Number [Rule 114]	712
17.1-b	Time limit for submitting application for allotment of PAN [Rule 114(3)].....	712
17.1-c	Form number and the documents which are required to be attached with the application for Permanent Account Number	713
17.1-d	Aadhaar number to be intimated [Rule 114(5)]	713
17.1-e	PAN to be quoted in certain cases [Section 139A(5)]	713
17.1-f	Quoting of PAN in documents pertaining to such transactions as may be prescribed by the Board [Section 139A(5)(c)]	713
17.1-g	Duty of the person receiving any document relating to the transactions where quoting of PAN is compulsory [Section 139A(6)].....	719
17.1-h	Intimation of PAN in certain cases and obligation of the person to whom the PAN is intimated.....	719
17.1-i	Inter-changeability of PAN & Aadhaar and mandatory quoting in prescribed transactions [Section 139A(5E) w.e.f. 1.9.2019 and Rule 114(1A), (1B) and (1C)]	720
17.1-j	Quoting and authentication of PAN in the documents pertaining to prescribed transactions [Section 139A(6A)]	720
17.1-k	Person receiving the document pertaining to prescribed transactions to ensure PAN or Aadhaar number has been duly quoted and authenticated [Section 139A(6B), w.e.f. 1.9.2019].....	722
17.1-l	Consequence if the person fails to comply w-ith the provisions of section 139A [Section 272B(1)]	722
17.1-m	Quoting or intimating PAN which is false [Section 272B(2)]	722
17.2	Quoting of Aadhaar number [Section 139AA] [W.e.f. 1.7.2017].....	723
Chapter 18	Search, Seizure & Survey and Special Procedure for Assessment of Search Cases	725
	[Sections 132, 132A, 132B, 133A, 153A to 153D]	
18.1	Search and seizure [Section 132]	725
18.2	Power to requisition books of account, etc. [Section 132A].....	731
18.3	Application of seized or requisitioned assets [Section 132B].....	732
18.4	Special Procedure for Assessment of Search Cases	733
18.4-a	Definitions [Section 158B].....	733
18.4-b	Assessment of [total undisclosed income] as a result of search [Section 158BA]	734
18.4-c	Computation of [total undisclosed income] of block period [Section 158BB]	735
18.4-d	Procedure for block assessment [Section 158BC]	738
18.4-e	Undisclosed income of any other person [Section 158BD]	740
18.4-f	Time-limit for completion of block assessment [Section 158BE]	740
18.4-g	Certain interests and penalties not to be levied or imposed [Section 158BF]	743
18.4-h	Levy of interest and penalty in certain cases [Section 158BFA]	743
18.4-i	Authority competent to make assessment of block period [Section 158BG]	744
18.4-j	Application of other provisions of this Act [Section 158BH].....	744
18.4-k	Chapter XIV-B not to apply in certain circumstances [Section 158BI omitted by Finance Act, 2025 w.r.e.f. 1-9-2024]	745

18.5	Survey [Section 133A]	745
18.5-a	Specific survey of business premises or any place, at which the activity of charitable purpose is carried on [Section 133A(1) to (4)]	745
18.5-b	Survey in connection with any function, etc. [Section 133A(5)]	747
18.5-c	Consequences if facilities not provided [Section 133A(6)]	748
Chapter 19	Deduction and Collection of Tax at Source [Sections 190 to 206CA]	749
19.1	Deduction at source and advance payment [Section 190]	749
19.2	Direct payment [Section 191]	749
19.3	Deduction of tax from salary [Section 192]	750
19.3-a	Tax to be deducted at average of income-tax [Section 192(1)]	750
19.3-b	Employer to obtain evidence/proof regarding deductions, exemptions or allowances claimed by the employee [Section 192(2D)]	750
19.3-c	Furnishing of evidence of claims by employee for deduction of tax under section 192 [Rule 26C] Applicable only if the employee opts for old regime	750
19.3-d	When does the liability to deduct tax at source arise	751
19.3-e	Tax on non-monetary perquisites can be paid by employer	751
19.3-f	TDS on ESOP issued by an eligible start-up referred to in section 80-IAC [Section 192(1C)] Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start-ups [Sub-section (1C) inserted under section 192]	751
19.3-g	Salary from more than one employer	751
19.3-h	Relief under section 89 [Section 192(2A)]	752
19.3-i	Particulars of other incomes, loss from house property, and tax deducted or collected at source [Section 192(2B)]	752
19.3-j	Employer to furnish a statement to employee [Section 192(2C)]	753
19.3-k	CBDT rules to be followed for deduction of tax at source	753
19.3-l	Adjustment in the amount of tax to be deducted [Section 192(3)]	753
19.3-m	Tax on income of an employee if he does not opt to be taxed under old regime. [Section 115BAC(1A)]	753
19.3-n	Where the tax is either not to be deducted or to be deducted at lower rate	754
19.4	Deduction of tax from accumulated balance of the recognized provident fund withdrawn by the employee [Section 192A]	754
19.5	Deduction of Tax from Interest on Securities [Section 193]	754
19.5-a	Who is liable to deduct tax	754
19.5-b	When does liability to deduct tax at source arise	754
19.5-c	Exemption from tax deduction	755
19.5-d	Where no tax is to be deducted at source	755
19.6	Deduction of tax from dividends [Section 194]	756
19.6-a	Who is liable to deduct tax	756
19.6-b	When TDS to be deducted	756
19.6-c	Rate of TDS — @ 10%	757
19.6-d	Where no tax is to be deducted or tax is to be deducted at lower rate	757
19.7	Interest other than interest on securities [Section 194A]	758
19.7-a	Who is liable to deduct tax	758
19.7-b	When TDS is to be deducted	758
19.7-c	Where no tax is to be deducted at source	758
19.7-d	Tax to be deducted from interest on employee's contribution to Provident fund exceeding ₹ 2,50,000/₹5,00,000, as the case may be	761
19.7-e	Rates of TDS for the financial year 2025-26	761
19.8	Winnings from lottery, crossword puzzle, card game, etc. [Section 194B]	761
19.8-a	Who is liable to deduct tax	761
19.8-b	When TDS is to be deducted	761
19.8-c	Rate of TDS	762

19.9	Winnings from online games [Section 194BA].....	762
19.9-a	Who is liable to deduct tax	762
19.9-b	When TDS is to be deducted	762
19.9-c	Rate of TDS for financial year 2025-26	762
19.9-d	TDS when net winnings are wholly in kind or partly in cash and partly in kind [Section 194BA(2)]	762
19.10	Winnings from horse races [Section 194BB]	762
19.10-a	Who is liable to deduct tax	762
19.10-b	Rate of TDS	763
19.10-c	When TDS is to be deducted: At the time of payment of such income.	763
19.11	Payment to resident contractor [Section 194C]	763
19.12	Insurance Commission [Section 194D]	766
19.12-a	Who is required to make TDS	766
19.12-b	When tax to be deducted	766
19.12-c	Condition for deduction	766
19.12-d	Rate of TDS for financial year 2025-26	766
19.13	TDS from non-exempt payments made under life insurance policy [Section 194DA].....	766
19.13-a	Tax has to be deducted on the amount which is taxable under section 56(2)(xiii).....	767
19.14	Payments to non-resident sportsmen or foreign entertainer or sports associations [Section 194E]	768
19.14-a	When the tax is to be deducted	768
19.15	Commission, etc. on sale of lottery tickets [Section 194G]	768
19.15-a	Who is liable to deduct tax	768
19.15-b	When tax is to be deducted.....	768
19.15-c	Rate of TDS.....	768
19.15-d	Where no tax is to be deducted or tax is to be deducted at a lower rate [Section 194G(2) & (3)].....	768
19.16	Commission and Brokerage [Section 194H]	769
19.16-a	Who is liable to deduct tax	769
19.16-b	When TDS is to be deducted	769
19.16-c	Rate of TDS.....	769
19.16-d	Where no tax is to be deducted or tax is to be deducted at lower rate	769
19.17	Rent [Section 194-I].....	770
19.17-a	Who is liable to deduct tax	770
19.17-b	Rate of TDS on Rent for financial year 2025-26	770
19.17-c	When TDS is to be deducted	770
19.18	Tax Deduction at Source (TDS) on transfer of certain immovable properties (other than agricultural land) [Section 194-IA]	772
19.18-a	Who is liable to deduct tax at source under section 194-IA?.....	772
19.18-b	Meaning of consideration for transfer of any immovable property [Explanation (aa)].....	772
19.18-c	Meaning of immovable property	772
19.18-d	When is the tax to be deducted under section 194-IA?.....	772
19.18-e	Rate of TDS for financial year 2025-26	772
19.18-f	Tax not to be deducted in certain cases	773
19.18-g	Procedure of deposit of tax deducted at source.....	773
19.18-h	Form, time limit and procedure for issue of TDS certificate of deduction of tax under section 194-IA	773
19.18-i	Quarterly statement	773
19.19	TDS from payment of rent by certain Individuals or HUF [Section 194-IB]	774
19.19-a	Who is liable to deduct tax	774
19.19-b	When tax is to be deducted [Section 194-IB(2)].....	774
19.19-c	Where no tax is to be deducted at source.....	774
19.19-d	Rate of TDS.....	774

19.19-e	No requirement for obtaining TAN by the deductor [Section 194-IB(3)].....	774
19.19-f	Amount to be deducted when PAN is not provided by the recipient of the rent [Section 194-IB(4)]	774
19.19-g	Other provisions relating to TDS on Payment of rent by certain individuals or Hindu undivided family.....	775
19.20	TDS from payment under specified agreement referred to in section 45(5A) [Section 194 IC].....	775
19.20-a	Who is liable to deduct tax	775
19.20-b	When tax is to be deducted.....	775
19.20-c	Rate of TDS.....	776
19.21	Fees for professional or technical services [Section 194J]	776
19.21-a	Who is liable to deduct tax	776
19.21-b	Rate of TDS.....	776
19.21-c	When tax is to be deducted.....	776
19.21-d	Where no tax is to be deducted or tax is to be deducted at a lower rate [Section 197]	777
19.21-e	Meaning of professional services	777
19.21-f	Meaning of fees for technical services.....	777
19.22	Income in respect of units [Section 194K]	777
19.22-a	Who is liable to deduct tax	777
19.22-b	When tax is to be deducted.....	777
19.22-c	Rate of TDS for financial year 2025-26 – 10%	778
19.22-d	Where no tax is to be deducted at source.....	778
19.22-e	No tax is deductible at source, where a self declaration under Form No. 15G/15H is furnished by a particular person [Section 197A(1A), (1B) and (1C)].....	778
19.22-f	Where the taxes is either not to be deducted or to be deducted at lower rate [Section 197 and Rules 28 and 28AA]	779
19.23	Payment of compensation on acquisition of certain immovable property [Section 194LA]	779
19.23-a	Who is liable to deduct tax	779
19.23-b	Rate of TDS.....	779
19.23-c	When TDS is to be deducted	779
19.23-d	When no tax is to be deducted.....	779
19.24	Payment of certain sums by certain individuals or Hindu undivided family [Section 194M]	780
19.24-a	Who is liable to deduct tax	780
19.24-b	When tax is to be deducted [Section 194M(1)]	780
19.24-c	Where no tax is to be deducted at source.....	780
19.24-d	Rate of TDS.....	780
19.24-e	Where the tax is either not to be deducted or to be deducted at lower rate [Section 197 and Rules 28 and 28AA]	780
19.24-f	No requirement for obtaining TAN by the deductor [Section 194M(2)]	781
19.25	Payment of certain amounts in cash [Section 194N].....	781
19.25-a	Who is liable to deduct tax	781
19.25-b	When tax is to be deducted.....	781
19.25-c	Rate of TDS.....	781
19.25-d	Where the taxes is either not to be deducted or to be deducted at lower rate [Section 197 and Rules 28 and 28AA]	782
19.25-e	Where no tax is to be deducted at source.....	782
19.26	TDS from Payment of Certain Sums by E-commerce Operator to E-commerce Participant [Section 194-O].....	783
19.26-a	Who is liable to deduct tax	783
19.26-b	When tax is to be deducted.....	783
19.26-c	Rate of TDS.....	783
19.26-d	Where no tax is to be deducted at source [Section 194-O(2)].....	783
19.26-e	Deduction not to be made under any other provisions if tax is deducted under this section [section 194-O(3)]	783

19.27	Deduction of tax in case of specified senior citizen. [Section 194P].....	784
19.28	Deduction of tax at source on payment of certain sum for purchase of goods [Section 194Q]	784
19.29	TDS on benefit or perquisite in respect of business or profession [Section 194R].....	785
	19.29-a Who is liable to deduct tax	785
	19.29-b When tax is to be deducted.....	786
	19.29-c Rate of TDS.....	786
19.30	Where no tax is to be deducted at source [Second & third provisos to section 194R(1)].....	786
19.31	TDS on Payment on Transfer of Virtual Digital Asset [Section 194S]	786
	19.31-a Who is liable to deduct tax	786
	19.31-b When tax is to be deducted.....	787
	19.31-c Rate of TDS.....	787
	19.31-d Where no tax is to be deducted at source [section 194S(3)]	787
	19.31-e Tax to be deducted under section 194S(1) even if Section 194-O is also applicable [Section 194S(4)].....	788
19.32	TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners [Section 194T inserted by the Finance (No. 2) Act, 2024 w.e.f. 01.04.2025].....	788
	19.32-a Nature of payments from which Tax is deductible under section 194T.....	788
	19.32-b Who qualifies as a "partner"	788
	19.32-c Who is liable to deduct tax?.....	788
	19.32-d When TDS is to be deducted?	788
	19.32-e Where no tax is to be deducted at source?.....	789
	19.32-f Does the TDS apply to share of profit?	789
	19.32-g Rate of TDS for financial year 2025-26	789
	19.32-h Where the taxes is either not to be deducted or to be deducted at lower rate? [Section 197]	789
	19.32-i Can a partner submit declaration in Form 15G or 15H for non-deduction of tax at source? [Section 197A]	789
	19.32-j Section 40(a)(ia) is applicable to all sum payable on which tax is deductible at source under Chapter XVII-B however disallowance restricted to 30% [Section 40(a)(ia)].....	789
19.33	Other sums [Section 195].....	789
	19.33-a TDS on income of non-resident.....	789
	19.33-b When the tax is to be deducted.....	790
	19.33-c Payee of the amount may make application for deduction of tax on the "income" comprised in the payment [Section 195(2)].....	790
	19.33-d Where no tax is to be deducted at source [Section 195(3)].....	790
	19.33-e Furnishing of information [Section 195(6)].....	790
	19.33-f Board may by general or specified order authorize Assessing Officer to determine the appropriate proportion of such chargeable on which tax is to be deducted.....	790
19.34	Income payable 'Net of Tax' [Section 195A].....	790
19.35	Interest or dividends or other sums payable to Government, Reserve Bank or certain corporations [Section 196]	791
19.36	General provisions	791
19.37	No deduction to be made in certain cases [Section 197A]	791
	19.37-a Declaration not allowed if aggregate of income under sections 192A, 193, 194, 194A, 194D, 194DA, 194EE, 194-I and 194K exceeds the maximum amount not chargeable to income-tax [Section 197A(1B)].....	792
	19.37-b Senior/very senior citizens can furnish declaration even if such income exceeds the maximum amount not chargeable to income-tax [Section 197A(1C)].....	792
	19.37-c No deduction of tax on interest paid by the Offshore Banking Unit to certain persons [Section 197A(1D)]	792
	19.37-d No deduction of tax on any payment made to New Pension Scheme Trust [Section 197A(1E)]	793

19.37-e	No deduction of tax on specified payment to notified institution/association/body, etc. [Section 197A(1F)].....	793
19.38	Lower deduction in certain cases for a limited period [Section 197B].....	793
19.39	Tax deducted is income received [Section 198].....	793
19.40	Credit for tax deducted [Section 199].....	793
19.40-a	Credit for tax paid by employer under section 192(1A).....	793
19.40-b	CBDT to prescribe rules for giving credit of TDS [Section 199(3)].....	793
19.40-c	Credit can be given to other person in whose hands income is assessable [Rule 37BA(2)].....	794
19.41	Tax deduction and collection account number [Section 203A and Rule 114A].....	794
19.42	Mandatory Requirement to furnish permanent account number [Section 206AA].....	795
19.43	Profit and Gains from the Business of trading in Alcoholic Liquor, Forest Produce, Scrap, etc. [Section 206C].....	795
19.43-a	Meaning of "seller".....	796
19.43-b	Meaning of "buyer".....	796
19.43-c	No TCS if declaration is furnished in Form No. 27C by the buyer to the effect that such goods are to be utilised for the purposes of manufacturing, processing or producing articles or things, etc.....	797
19.43-d	Declaration furnished under section 206C(1A) to be delivered to the Principal Chief Commissioner/Chief Commissioner or Principal Commissioner/Commissioner [Section 206C(1B) and Rule 37C(3)].....	797
19.44	Tax to be collected at source in case of Parking Lot, Toll Plaza or Mining and Quarrying [Section 206C(1C)].....	797
19.45	TCS on remittance out of India under LRS and on overseas tour programme package [Section 206C(1G)].....	798
19.45-a	Central Government may issue guidelines if there is any difficulty to give effect to the provisions of section 206C(1G). [Section 206C(1-I)].....	799
19.46	Higher rate of TCS if PAN is not furnished by collectee [Section 206CC].....	800

Chapter 20 Advance Payment of Tax [Sections 207-211, 217 & 219].....801

20.1	Liability for payment of Advance Tax [Section 207].....	801
20.2	Senior citizen not required to pay advance tax [Section 207(2)].....	801
20.3	Conditions of Liability to pay Advance Tax [Section 208].....	801
20.4	Computation and Payment of Advance Tax where the calculation is made by the assessee himself [Section 209(1)(a) & (d)].....	801
20.5	What constitutes Current Income?.....	802
20.6	Payment of advance tax.....	802
20.7	Instalments of advance tax and due dates [Section 211].....	804
20.8	Payment of advance tax in case of capital gains/casual income [Proviso to section 234C].....	804
20.9	Assessee Deemed to be in Default [Section 218].....	805
20.10	Credit for Advance Tax [Section 219].....	805
20.11	Interest payable if Advance Tax is not paid or paid less than 90% [Section 234B].....	805
20.12	Interest for deferment of advance tax [Section 234C].....	805

Chapter 21 Interest and Fee Payable [Sections 201(1A), 220(2), 234A, 234B, 234C,807 234D, 234E, 234F, 234G,234H & 244A]

21.1	Interest for default in furnishing return of income under section 139(1) or (4) or in response to a notice under section 142(1) [Section 234A(1)].....	807
21.2	Interest for defaults in furnishing the return of income required by a notice under section 148 [Section 234A(3)].....	810
21.3	Increase/decrease in the interest on certain orders [Section 234A(4)].....	811
21.4	Interest payable for defaults in payment of advance tax [Section 234B(1)].....	811
21.5	Interest payable for defaults in payment of advance tax [Section 234B(3)].....	815

21.6	Increase/decrease in the interest on certain orders [Section 234B(4)]	816
21.7	Interest for deferment of advance tax [Section 234C]	816
21.8	Interest on excess refund granted at the time of summary assessment [Section 234D]	820
21.9	Fee for delay in furnishing of TDS/TCS Statement [Section 234E]	821
21.10	Fee for default in furnishing return of income [Section 234F]	821
21.11	Fee for default relating to statement of certificate [Section 234G]	821
21.12	Fee for default relating to intimation of Aadhaar number [Section 234H]	821
21.13	Interest for late payment of demand of tax, interest, penalty, etc. [Section 220(2)]	822
	21.13-a Can interest payable under section 220(2) be increased or decreased [First proviso to section 220(2)]	823
	21.13-b For charging interest under section 220(2), the amount specified in the notice of demand issued under section 156 shall be deemed to be valid till the disposal of appeal by the last appellate authority or disposal of proceedings [Section 220(1A)]	823
	21.13-c Reduction or waiver of interest payable under section 220(2) [Section 220(2A)]	823
	21.13-d Interest under section 220(2) not leviable if charged under section 201(1A) read with section 200A(1) [Section 220(2B)]	824
	21.13-e Interest under section 220(2) not leviable if charged under section 206C(7) read with section 206CB(1) [Section 220(2C)]	824
21.14	Failure to deduct and pay tax at source [Section 201(1A)]	825
21.15	Waiver of interest	825
21.16	Interest payable to assessee [Section 244A]	827
Chapter 22 Refunds [Sections 237 to 241 & 245]		831
22.1	Who is entitled to refund? [Section 237]	831
22.2	Can a person other than the assessee claim refund? [Section 238]	831
22.3	How to claim refund? [Section 239]	831
22.4	Refund for denying liability to deduct tax in certain cases. [Section 239A]	831
22.5	Refund on appeal, etc. [Section 240]	832
22.6	Correctness of assessment not to be questioned [Section 242]	832
22.7	Interest payable to assessee [Section 244A]	832
22.8	Set off and withholding of refunds in certain cases [Section 245]	832
22.9	Procedure for filing a delayed refund claim	833
Chapter 23 Penalties and Prosecutions		837
23.1	Penalties	837
23.2	Certain penalties discussed in detail	848
23.3	Penalty for under-reporting and misreporting of income [Section 270A]	852
23.4	Immunity from imposition of penalty and initiation of proceedings under section 276C or 276CC [Section 270AA]	857
23.5	Power to reduce or waive penalty, etc., in certain cases [Section 273A]	859
23.6	Power of Principal Commissioner or Commissioner to grant immunity from penalty [Section 273AA]	861
23.7	Penalty not to be imposed in certain cases [Section 273B]	861
23.8	Procedure for imposing penalty [Section 274]	862
23.9	Bar of limitation for imposing penalties [Section 275]	864
23.10	Prosecution for offences committed under various provisions of Act	865
23.11	Power of Principal Commissioner or Commissioner to grant immunity from prosecution [Section 278AB]	873
23.12	Offences by companies [Section 278B]	873
23.13	Offences by Hindu Undivided Families [Section 278C]	874

Chapter 24	Appeals and Revision [Sections 246 to 268]	875
24.1	Remedy available against the order of the Joint Commissioner (Appeals) or the Commissioner (Appeals)/ Revision orders of CIT	875
24.2	Remedy against orders of Appellate Tribunal	876
24.3	Appeal against order of High Court to Supreme Court	876
24.4	First Appeal.....	877
24.4-a	Appealable orders before Joint Commissioner (Appeals) [Section 246 inserted by Finance Act, 2023, w.e.f. 1-4-2023]	877
24.4-b	Appealable orders before Commissioner (Appeals) [Section 246A]	878
24.4-c	Form of appeal and limitation [Section 249 and Rules 45 and 46]	879
24.4-d	Procedure in hearing appeal [Section 250]	881
24.4-e	Powers of the Joint Commissioner (Appeals) or the Commissioner (Appeals) [Section 251].....	883
24.4-f	Stay of disputed demand [Section 220(6)].....	884
24.5	Appellate Tribunal [Section 252]	884
24.6	Appeals to the Appellate Tribunal [Section 253(1) and (2)]	885
24.6-a	Procedure for filing appeal to Appellate Tribunal [Section 253(3), (3A) (4), (5) and (6)].....	886
24.7	Orders of Appellate Tribunal [Section 254]	887
24.7-a	Rectification of Mistake by the Tribunal [Section 254(2)]	887
24.7-b	Tax to be paid notwithstanding reference, etc. [Section 265]	888
24.8	Remedy against the order of Appellate Tribunal	888
24.8-a	Direct Appeal to High Court [Section 260A]	888
24.9	Appeal to the Supreme Court [Section 261].....	892
24.10	Revision by the Principal Commissioner or Commissioner	893
24.10-a	Revision of orders prejudicial to Revenue [Section 263].....	893
24.10-b	Doctrine of Merger	894
24.10-c	Revision of orders in favour of assessee [Section 264]	895
24.11	Special provision for avoiding repetitive appeals by the assessee [Section 158A & Rule 16]	897
24.12	Procedure where an identical question of law is pending before High Courts or Supreme Court [Section 158AB].....	898
24.13	Exclusion of time taken for copy [Section 268]	899
Chapter 25	Miscellaneous Provisions	900
25.1	Mode of taking or accepting certain loans, deposits and specified sum [Section 269SS]	900
25.1-a	Section 269SS not to apply in the following cases [Provisos 1 and 2 to section 269SS] [Applicable w.e.f. 1.6.2015]	901
25.2	Mode of repayment of certain loans or deposits and specified advance received [Section 269T].....	901
25.2-a	Section 269T not applicable even for repayment of loan or deposit or specified advance exceeding ₹20,000 by any mode other than account payee cheque/draft if made to certain persons.....	902
25.2-b	Consequence of contravention of the provisions of section 269T [Section 271E].....	902
25.3	Mode of undertaking transactions [Section 269ST]	902
25.3-a	Penalty for failure to comply with provisions of section 269ST [Section 271DA].....	904
25.4	Mandating acceptance of payments through prescribed electronic modes [Sections 269SU, 271DB].....	904
25.4-a	Penalty for failure to comply with provisions of section 269SU [Section 271DB]	904
25.5	Charge or parting of asset to avoid tax or other sum payable to be void	905
25.6	Provisional attachment to protect revenue in certain cases [Section 281B].....	905
25.7	Income-tax provisions relating to New Pension System Trust	907
25.8	(A) Return of income, assessment, etc., not to be invalid on certain grounds [Section 292B]	907
25.9	Submission of statement by a non-resident having liaison office [Section 285]	909
25.10	Provisions specified in section 285BA relating to statement of financial transaction or reportable account?	910

25.11	Obligation to furnish information on transaction of crypto-asset [Section 285BAA w.e.f. 1.4.2026]	917
25.12	Annual information statement [Section 285BB]	918
25.13	Condonation of delay in obtaining approval [Section 293B]	919
25.14	Power to withdraw approval [Section 293C].....	919
25.15	Faceless approval or registration [Section 293D].....	919
25.16	Tax on income from virtual digital assets [Section 115BBH]:.....	919
	25.16-a TDS on Payment on transfer of virtual digital asset [Section 194S].....	920
	25.16-b Explanation to section 56(2)(x)	922
	25.16-c The term “virtual digital asset defined [Section 2(47A)].....	922

DIVISION 3

Tables

Table 1	As per new regime	925
	Tax deduction at source from monthly taxable salary during the financial year 2025-26	
Table 1A	Tax deduction at source from monthly taxable salary during the financial year 2025-26 if the individual has opted for old regime.....	929
Table 2A	As per new regime (view important notes).....	934
	Income tax payable* for A.Y. 2026-27 (i.e. The assessee who has not opted to pay tax under the old regime) Applicable for Individual, HUF, AOP or BOI & AJP	
	Taxable income between ₹4,00,000 AND ₹4,59,000	934
	Taxable income between ₹4,61,000 and ₹5,79,000	935
	Taxable income between ₹5,82,500 and ₹8,00,000	936
	Taxable income between ₹8,06,600 and ₹12,00,000	937
	Taxable income between ₹12,06,600 and ₹16,00,000	938
	Taxable income between ₹16,06,600 and ₹20,00,000	939
	Taxable income between ₹20,06,600 and ₹24,00,000	940
	Taxable income between ₹24,08,000 and ₹32,98,000	941
Table 2B	As per old regime (view important notes)	997
	Income tax payable* for A.Y. 2026-27 (i.e. Total income has been computed after claiming all available exemptions and deductions) Individual, HUF, AOP, BOI or AJP who opts to be taxed under the old regime	
	Taxable income between ₹2,50,000 and ₹2,79,000	942
	Taxable income between ₹2,79,000 and ₹3,68,000	943
	Taxable income between ₹3,68,000 and ₹5,00,000	944
	Taxable income between ₹5,00,010 and ₹6,20,000	945
	Taxable income between ₹6,20,000 and ₹7,50,000	946
	Taxable income between ₹7,50,010 and ₹10,00,000	947
	Taxable income between ₹10,00,010 and ₹12,50,000	948
	Taxable income between ₹12,50,010 and ₹15,00,000	949
	Taxable income between ₹15,00,010 and ₹27,50,000	950
Table 4	As per old regime	951
	Income tax payable for A.Y. 2025-26 Resident individual of the age of 60 years or more but less than 80 years at any time during the previous year	
	Taxable income between ₹3,00,000 AND ₹5,00,000	951
	Taxable income between ₹5,00,010 and ₹10,00,000	952
	Taxable income between ₹10,00,010 and ₹27,50,000	953

Table 4	As per old regime Income tax payable for A.Y. 2025-26 Resident individual of the age of 80 years or more at any time during the previous year Taxable income between ₹5,00,000 and ₹10,00,000.....	954
	Taxable income between ₹10,00,010 and ₹27,50,000.....	955
Table 5A	as per normal provisions Income tax payable for A.Ys. 2025-26 & 2026-27 Domestic companies having total turnover or gross receipts of the PY 2023-24 not exceeding ₹400 crores Taxable income between ₹10,000 and ₹50,00,000	958
Table 5B	As per provisions u/s 115BAA..... Income tax payable for A.Ys. 2025-26 & 2026-27 Domestic companies Taxable income between ₹10,000 and ₹50,00,000	959
Table 5A	As per normal provisions Income tax payable for A.Ys. 2025-26 & 2026-27 Domestic companies having total turnover or gross receipts of the PY PY 2023-2024 not exceeding ₹400 crores Taxable income between ₹50,00,000 and ₹1,00,00,000	960
Table 5B	As per provisions u/s 115BAA..... It payable & adv. Tax (domestic companies) between ₹50,00,000–₹1,00,00,000 Income tax payable for A.Y. 2026-27 Domestic companies Taxable income between ₹50,00,000 and ₹1,00,00,000	961
Table 5A	As per normal provisions Income tax payable for A.Y. 2026-27 Domestic companies having total turnover or gross receipts of the PY PY 2023-24 not exceeding ₹400 crores The amount of surcharge is calculated on the provisions of marginal relief in the tax table here below Taxable income between ₹1,00,00,010 and ₹1,02,38,910	962
Table 5B	As per provisions u/s 115BAA..... Income tax payable for A.Y. 2026-27 Domestic companies Marginal relief not applicable Taxable income between ₹1,00,00,010 and ₹1,02,38,910	963
Table 5A	as per normal provisions Income tax payable for A.Y. 2026-27 Domestic companies having total turnover or gross receipts of the PY 2023-24 not exceeding ₹400 crores Taxable income between ₹1,02,38,910 and ₹1,94,00,000	964
Table 5B	As per provisions u/s 115BAA..... Income tax payable for A.Y. 2026-27 Domestic companies Taxable income between ₹1,02,38,910 and ₹1,94,00,000	965

Table 6A	As per normal provisions	966
	Income tax payable for A.Y. 2026-27	
	Firm (including LLP) and domestic companies having total turnover or gross receipts of the PY 2023-24 (for A.Y. 2026-27) exceeding ₹400 crores	
	Taxable income between ₹10,000 and ₹50,00,000	966
	Taxable income between ₹50,00,000 and ₹1,00,00,000	967
	Taxable income between ₹1,00,00,010 and ₹1,03,09,280	968
	Taxable income between ₹1,03,09,290 and ₹1,94,00,000	969
Table 6B	As per provisions u/s 115BAB	972
	Income tax payable for A.Y. 2026-27	
	Domestic companies	
	Also applicable for a co-operative society covered under newly inserted section 115BAE for A.Y. 2026-27	
	Taxable income between ₹10,000 and ₹50,00,000	972
	Taxable income between ₹50,00,000 and ₹1,00,00,000	973
Table 6B	As per provisions u/s 115BAB	974
	Income tax payable for A.Y. 2026-27	
	Applicable to: Domestic Companies	
	Also applicable for a Co-operative Society covered under newly inserted section 115BAE for A.Y. 2026-27	
	Marginal relief not applicable	
	Taxable income between ₹1,00,00,010 and ₹1,03,09,280	974
	Taxable income between ₹1,03,09,290 and ₹1,94,00,000	975
Table 7A	As per old regime	976
	Income tax payable for A.Y. 2026-27	
	Applicable to: Co-operative society	
	Taxable income between ₹10 and ₹30,000	
Table 7B	As per provision under section 115BAD	977
	Applicable to: Co-operative societies	
	Taxable income between ₹10 and ₹30,000	977
Table 7A	As per old regime	978
	Taxable income between ₹30,000 and ₹4,80,000	
Table 7B	As per provision under section 115BAD	
	Income tax payable for A.Y. 2026-27	
	Applicable to: co-operative society	
	For tax payable section 115BAE, see Table 6B	
	Taxable income between ₹30,000 and ₹4,80,000	979
Section Finding List		xxxv