LIST OF IMPORTANT SECTIONS

IMPORTANT DEFINITIONS & BASIC CONCEPTS

Sections	Provisions
2 (31)	Person
3	P. Y.
2 (9)	A. Y.
2 (7)	Assessee
2 (24)	Income
2 (45)	Total Income

RESIDENTIAL STATUS

Sections	Provisions
2 (26)	Indian Company
2 (30)	NR – Individual
5 (1)	Incidence of tax on R/ROR/RNOR
5 (2)	Incidence of tax on NR
6 (2)	HUF/ Firm/AOP/BOI – R/S
6 (3)	Company – R/S
6 (4)	Other persons (Local authority/Artificial juridical person etc.) – R/S
6 (6) (a)	RNOR – Individual
6 (6) (b)	RNOR – HUF
115C	Person of Indian origin

INCOME FROM HOUSE PROPERTY

Sections	Provisions
22	Basis of charge (i.e. Charging Section)
Exp. to Sec 23 (1)	Unrealised rent
24 (a)	Statutory deduction
24 (b)	Interest on borrowed capital
25A & 25AA	Recovery of unrealised rent
25B	Arrears of rent received i.e. outstanding rent received
26	Property owned by Co-owners
27 (i)	Deemed ownership – Transfer to spouse/minor child
27 (ii)	Deemed ownership – Holder of an impartible estate
27 (iii)	Deemed ownership – Member of co-operative society etc.
27 (iiia)	Deemed ownership – Person in possession of property as per Section 53A of TP Act
27 (iiib)	Deemed ownership – Person having right in a property for a period not less than 12 years

INCOME FROM SALARIES

Sections	Provisions
9 (1)	Salary will be deemed to accrue or arise at a place where services are rendered.
10 (7)	Exemption – Perquisite/allowances received outside India by an employee who is citizen of India + Government employee + renders services outside India
15	Basis of charge (i.e. Charging Section)
17 (1) (ii)	Annuity
10 (10) (i)	Exemption – Gratuity received by employees of Govt./Local Authorities
10 (10) (ii)	Exemption – Gratuity received by employees covered under Payment of Gratuity Act, 1972.
10 (10) (iii)	Exemption – Gratuity received by other employees.
10 (10A) (i)	Exemption – Commuted Pension of Government or Local Authorities or statutory corporation employees
10 (10A) (ii)	Exemption – Commuted Pension of Non-Government employees
10 (10AA) (i)	Exemption – Encashment of leave salary at the time of retirement by Central/State Government employees
10 (10AA) (ii)	Exemption – Encashment of leave salary at the time of retirement by other employees (including employees of Local Authorities and Public sector Undertakings)
10 (10B)	Exemption – Retrenchment compensation
10 (10C) & Rule 2BA	Exemption – VRS (Golden Handshake Scheme)
10 (13A) & Rule 2A	Exemption – HRA
10 (14) & Rule 2BB	Exemption – Special allowances
16 (ii)	Deduction for Entertainment Allowance
16 (iii)	Deduction for Professional Tax
17 (2) (i) & Rule 3 (1)	Value of rent free accommodation provided by the employer
17 (2) (ii) & Rule 3 (1)	Value of rent-free accommodation provided at concessional rate
17 (2) (iii)	The value of any benefit provided free of cost or concessional rate to Specified employees
17 (2) (iii) & Rule 3 (2)	Valuation of motor car / other vehicles
17 (2) (iii) & Rule 3 (3)	Value of benefit from service of a sweeper, a gardener, a watchman or personal attendant
17 (2) (iii) & Rule 3 (4)	Value of benefit resulting from supply of gas, electricity or water.
17 (2) (iii) & Rule 3 (5)	Value of free/concessional education facilities
17 (2) (iii) & Rule 3 (6)	Valuation of perquisite in respect of free transport or private journey provided by an undertaking engaged in carrying of passengers or goods to any employee (or to any member of his household)
17 (2) (iv)	Employee's obligation met by the employer
17 (2) (v)	Value of LIP/ Deferred Annuity Premium paid/payable by the employer
17 (2) (vi)	the **value** of any **specified security** or **sweat equity shares** allotted or transferred, by the employer, or former employer, free of cost or at concessional rate to the employee.

Sections	Provisions
17 (2) (vii)	the amount of any contribution to an **approved superannuation fund** by the employer in respect of the assessee, to the extent it exceeds Rs. 1,00,000.
17 (2) (viii) & Rule 3 (7)	Value of any other fringe benefit.
17 (2) (viii) & Rule 3 (7) (i)	Value of interest free loan / concessional loan
17 (2) (viii) & Rule 3 (7) (ii)	Value of travelling, touring, accommodation and any other expenses paid or reimbursed by the employer for any holiday availed of by the employee
17 (2) (viii) & Rule 3 (7) (iii)	Value of free food and non-alcoholic beverages
17 (2) (viii) & Rule 3 (7) (iv)	Value of any gift, voucher or token
17 (2) (viii) & Rule 3 (7) (v)	Value of expenses on credit card
17 (2) (viii) & Rule 3 (7) (vi)	Value of club membership and expenses incurred in a club
17 (2) (viii) & Rule 3 (7) (vii)	Value of use of movable assets
17 (2) (viii) & Rule 3 (7) (viii)	Value of transfer of any moveable asset
Rule 3 (7) (ix)	Valuation of other perquisites, benefits, amenities etc.
10 (5) & Rule 2B	Exemption – Leave Travel Concession/Assistance (LTC)
17 (3)	Profits in lieu of salary

CAPITAL GAINS

Sections	Provisions
45 (1)	Basis of charge (i.e. Charging Section)
2 (14)	Meaning of capital asset.
2 (42A)	Short-term capital asset.
2 (29A)	Long-term capital asset.
2 (42B)	Short-term capital gain.
2 (29B)	Long-term capital gain.
2 (47)	Definition of transfer.
48	Method of computation of capital gain.
First Proviso to Section 48	Computation of capital gain from transfer of shares or debentures of Indian company held by a NR assessee and purchased in foreign currency.
Rule 115A	Method of conversion.
Second Proviso to Section 48	Indexation.
55	Cost of acquisition.
47	Certain transactions not regarded as transfer.
49 (1)	Cost with reference to certain modes of acquisition.
49 (2AA)	Where the capital gain arises from the transfer of specified security or sweat equity shares referred to in Section 17(2)(vi), the COA of such security or shares shall be the FMV which has been taken into account for the purposes of the said Section 17(2)(vi).
49 (4)	Where the capital gain arises from the transfer of a property, the value of which has been subject to income-tax under Section 56(2)(vii), the COA of such property shall be deemed to be the value which has been taken into account for the purposes said Section 56(2)(vii).

Sections	**Provisions**
2 (42A)	Period of holding.
55	Cost of improvement.
50C	Adoption of stamp duty for transfer of land or building or both.
111A	**STCG** on transfer of ***equity shares or units of equity-oriented mutual fund*** taxable @ 15%.
112	Tax on LTCG @ 20%.
Proviso to Section 112	In case of listed securities or units (units may be listed or unlisted) or zero coupon bonds, Tax on LTCG shall be lower of the following : (a) 20% of LTCG after Indexation (b) 10% of LTCG before Indexation.
51	Advance money forfeited
45 (1A)	CG shall not be taxable in the year in which the asset is destroyed but shall be taxable in the year in which money is received or an asset is received from the insurance company.
45 (2)	CG arising from the transfer (conversion) of a capital asset into stock-in-trade shall be charged to tax in the P.Y. in which stock-in-trade is sold or otherwise transferred.
45 (2A)	CG from transfer of securities held in DEMAT form shall be taxable as the income of beneficial owner in the P.Y. in which transfer took place.
45 (3)	Where a partner of a firm transfers an asset to the firm by way of capital contribution or normal sale, CG shall be chargeable to tax in the P.Y. in which transfer took place.
45 (4)	CG arising from the transfer of a capital asset by way of distribution of capital asset to partners on dissolution or "otherwise".
45 (5)	Where a capital asset is compulsorily acquired under any law or where the consideration for transfer of capital asset is to be determined or approved by the Central Government / RBI.
145A(b)	Interest received on original/enhanced compensation shall be deemed to be the income of the year in which it is received, irrespective of the method of accounting followed by the assessee.
56 (2) (viii)	Interest received on original/enhanced compensation is taxable under the head "IOS".
57(iv)	In the case of Interest received on original/enhanced compensation, a deduction of a sum equal to 50% of such income shall be allowed.
54	Exemption – Residential house property.
54B	Exemption – Agricultural land.
54D	Exemption – Land or building compulsorily acquired by the Government.
54EC	Exemption – Any capital asset.
54F	Exemption – Any long-term capital asset other than residential H.P.
54G	Exemption – Land, building, plant or machinery in order to shift an industrial undertaking from urban area to rural area
54GA	Exemption – Land, building, plant or machinery in order to shift an industrial undertaking from urban area to any special economic zone
10 (33)	Exemption – US, 1964.
10 (37)	Exemption – Urban agricultural land compulsorily acquired by Government.
10 (38)	Exemption – Equity shares or units of an equity oriented fund.

INCOME FROM OTHER SOURCES

Sections	Provisions
56 (1)	Basis of charge (i.e. Charging Section).
145	Method of accounting.
8	Basis of charge of dividend income.
56 (2)	Specific incomes chargeable under the head IOS.
57	Deduction of expenses from specific incomes chargeable under the head IOS.
58	Amount not deductible in computing the income under the head IOS.
59	Deemed income chargeable under the head IOS.
115BB	Special rate of income-tax in case of Winning from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling or betting of any form or nature whatsoever.
56 (2) (vii)	Income to include gift of money and or ***property***.
56 (2) (viia)	Income to include transfer of shares in case of recipient firms and companies

DEDUCTIONS FROM GROSS TOTAL INCOME

Sections	Provisions
80C	Deduction in respect of LIP, contribution to P.F. etc.
80CCC	Deduction in respect of contribution to certain pension funds.
80CCD	Deduction in respect of contribution to pension scheme of Central Government.
80CCE	Aggregate amount of deduction under Sections 80C, 80CCC and 80CCD cannot exceed Rs. 1,00,000
80D	Deductions in respect of medical insurance premium.
80DD	Deduction in respect of maintenance including medical treatment of a dependent being a person with disability.
80DDB	Deduction in respect of medical treatment, etc.
80E	Deduction in respect of the repayment of loan taken for higher education.
80G	Deduction in respect of donations to certain funds, charitable institutions etc.
80GG	Deduction in respect of rent paid.
80GGB	Deduction in respect of contributions given by Indian companies to political parties.
80GGC	Deduction in respect of contributions given by any person to political parties.
80JJA	Deduction in respect of profits and gains from the business of collecting and processing of bio-degradable waste.
80U	Deduction in case of a person with disability.

PROFITS & GAINS FROM BUSINESS OR PROFESSION

Sections	Provisions
28	Basis of charge (i.e. Charging Section).
43 (5)	Speculative transaction
Explanation 2 to Section 28	Where the speculative transactions carried on by an assessee are of such a nature as to constitute a business, such business (i.e. "Speculation business") shall be deemed to be distinct and separate from any other business.
29	PGBP - How computed?
43 (2)	For the purposes of Section 28 to 43, the word "paid" means "actually paid" or "incurred" according to the method of accounting upon the basis of which income is computed under the head PGBP.
145	Method of accounting
30	Rent, rates, taxes, repairs and insurance for buildings
31	Repairs and insurance of machinery, plant & furniture
32	Depreciation
2 (11)	Block of Assets
50	Special provision for computing CG in case of depreciable assets
38 (2)	Disallowance in respect of assets used both for business and personal purposes
32 (2)	Unabsorbed depreciation
35D	Amortization of preliminary expenses
35DD	Amortization of expenditure in case of amalgamation or demerger
35DDA	Amortization of expenses incurred under VRS
35	Expenditure on scientific research
35 (2AA)	Contribution to National Laboratory etc
35 (2AB)	Expenditure on in-house research and development facility
35A	Expenditure on acquisition of Patent Rights or Copyrights
35AB	Expenditure on Know-how
36	Other Deductions
36 (1) (ix)	Any revenue expense bonafide incurred by a company for the purposes of promoting family planning amongst the employees.
36 (1) (va)	Any sum received by assessee from any of his employees as contribution to any fund for welfare of employees is deductible provided such sum is credited by the assessee to employees' account in the relevant fund on or before due date.
37 (1)	General Clause for deduction.
37 (2B)	Expenses on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party
40	Amount specifically not deductible
40A (2)	Where the assessee incurs any expenditure in respect of which payment has been made to certain specified person, the A.O. may disallow so much of the expenditure as he considers to be excessive or unreasonable

Sections	Provisions
40A (3)	Where any expenditure is incurred in a sum exceeding Rs. 20,000/- and payment is made otherwise than by an account payee cheque or account payee bank draft, 100 % of such expenditure shall be disallowed.
40A (3A)	Where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the payment or aggregate of payments made to a person in a day, exceeds twenty thousand rupees.
Rule 6DD	No disallowance under Section 40A (3) shall be made if payment is made otherwise than by an account payee cheque or bank draft in cases referred to in Rule 6DD.
43B	Certain Deduction on actual payment basis
36 (1) (vii)	Bad Debts
41 (4)	Bad Debt Recovery
41 (1)	Recovery of loss or expenditure allowed as deduction & Remission and cessation of the trading liability.
35AD	Deduction in respect of capital expenditure of certain specified business, e.g., Setting up and operating a Cold Chain Facility.
Section 2 (29BA)	Definition of manufacture.

CLUBBING OF INCOME

Sections	Provisions
60	Transfer of income when there is no transfer of asset.
61	Revocable transfer of asset.
62	Transfer of asset which is not revocable during the life time of the beneficiary/transferee.
63	Meaning of "revocable transfer".
64 (1) (ii)	Clubbing of income of spouse.
64 (1) (iv)	Clubbing of income from asset transferred to spouse.
64 (1) (vi)	Clubbing of income from asset transferred to son's wife for inadequate consideration.
64 (1) (vii)	Clubbing of income from asset transferred for inadequate consideration to any person for the benefit of the spouse.
64 (1) (viii)	Clubbing of income from asset transferred for inadequate consideration to any person on or after 1-04-1973 for the benefit of the son's wife.
64 (1A)	Clubbing of income of minor child.
10 (32)	Exemption of Rs. 1,500/- for each minor child to the parent whose TI (excluding minor's income) is greater.
64 (2)	Conversion of self-occupied property into HUF property.
288A	Rounding off of Total Income.
288B	Rounding off of tax etc.

SET-OFF, OR CARRY FORWARD & SET-OFF OF LOSSES

Sections	Provisions
70	Set-off of loss from one source against income from other source under the same head of income (i.e. Intra-head adjustment).
71	Set-off of loss from one head against income from other head (i.e. Inter-head adjustment).
71B	C/F & S/O of Loss from House Property.
72	C/F & S/O of losses of non-speculative business.
72A	Unabsorbed losses and unabsorbed depreciation of Amalgamating Co./Pvt. Co./Unlisted Public Co. shall be deemed to be the losses and depreciation of Amalgamated Co./LLP of the P.Y. in which amalgamation/conversion took place.
41 (5)	"Loss" of business or profession ***of the P.Y.***** in which business was discontinued can be S/O against the income U/S 41 (1), 41 (3) and 41 (4) arising subsequent to discontinuance of business.
41 (1)	Recovery of loss or expenditure allowed as deduction & Remission and cessation of the trading liability.
41 (3)	Profit on sale of scientific research asset.
41 (4)	Bad debt recovery.
Proviso to Section 72 (1)	Where business is discontinued due to flood, cyclone, earthquake, riots etc. and re-established before the expiry of 3 years from the end of the P.Y. in which business discontinued, then loss of such business ***including the B/F loss*** can be S/O against non-speculative business income in the A.Y. relevant to the year in which business is re-established and the balance in 7 succeeding A.Y.
73	Losses of Speculation Business.
74	Losses under the head CG.
74A	Losses from activity of owning and maintaining of race horses.
80	Return of loss should be filed on or before the due date of furnishing of return as prescribed under Section 139 (1).
73A	S/O, or C/F & S/O of losses by specified business referred to in Section 35AD.

AGRICULTURAL INCOME

Sections	Provisions
2 (1A) (a)	Any ***rent*** or ***revenue*** derived from land which is situated in India and is used for agricultural purposes.
2 (1A) (b)	Any income derived from such land by agricultural operations including processing of the agricultural produce, raised or received as rent-in-kind so as to render it fit for the market, or sale of such produce.
2 (1A) (c)	Income attributable to a farm house subject to the conditions that the building is situated on or, in the immediate vicinity of the land and is used as a dwelling house, store house or other outbuilding and the land is assessed to land revenue or a local rate or, alternatively, the building is situated on or in the immediate vicinity of land, which (though not assessed to land revenue or local rate) is situated outside the ***urban areas***.

Sections	Provisions
10 (1)	Exemption of agricultural income.
Rule 7	Any other case (e.g. sugarcane) : Market value of any agricultural produce, raised by the assessee or received by him as rent-in-kind and utilized as raw material in his business, is deducted.
Rule 7A	Income derived from sale of centrifuged latex or cenex or latex based crepes or brown crepes or technically specified block rubbers manufactured or processed from field latex or coagulum obtained from rubber plants grown by the seller in India.
Rule 7B	Income derived from the sale of coffee ***grown*** and ***cured*** by the seller in India
Rule 7B (1A)	Income derived from the sale of coffee ***grown***, ***cured***, ***roasted*** and ***grounded*** by the seller in India, with or without mixing chicory or other flavouring ingredients.
Rule 8	Income from sale of tea ***grown*** and ***manufactured*** by the assessee in India.

RETURN OF INCOME

Sections	Provisions
139 (1)	Company, firm and other person (if total income exceeds maximum amount which is not chargeable to tax) are required to file ROI on or before due date.
Expl. 2 to 139 (1)	Due date of filing ROI.
Rule 12	Forms for filing ROI.
4th Proviso to 139 (1)	Individual, HUF, AOP/BOI and Artificial Juridical Person required to file ROI on or before due date if GTI before claiming deduction under Section 10A, 10B and 10BA exceeds maximum amount not chargeable to tax.
139 (3)	Loss Return.
80	Notwithstanding anything contained in ***Chapter VI***, the loss which has not been determined in pursuance of a return filed in accordance with the provisions of Section 139 (3), shall not be allowed to be "carried forward and set off" under Section 72, or Section 73, or Section 74, or Section 74A.
139 (4)	Belated Return.
139 (4A)	If the ***Total Income*** of a charitable or religious trust or institution, ***before exemption under Section 11 & Section 12***, exceeds the maximum amount not chargeable to tax, then the trust or institution is under an obligation to furnish the return of income within the time allowed under Section 139 (1).
139 (4B)	If the ***Total Income*** of a political party, ***before exemption under Section 13A***, exceeds the maximum amount not chargeable to tax, then the political party is under an obligation to furnish the return of income within the time allowed under Section 139 (1).
139 (5)	Revised Return.
139 (9)	Defective Return
139B	New scheme to facilitate submission of returns through Tax Return Preparers.
139C	Power of CBDT to dispense with furnishing of documents
139D	Power of CBDT to make rules for filing of return in electronic form
140	Who shall sign the return?

ASSESSMENT OF FIRMS

Sections	Provisions
184	Partnership firm assessed as such.
144	Best Judgment Assessment.
10 (2A)	The share of profit of the partners in the total income of the firm is exempt in the hands of the partners.
40 (b)	Conditions for Allowability of remuneration and interest paid by firm to its partners.

MISCELLANEOUS

Sections	Provisions
2 (48)	Definition of Zero Coupon Bond.
2 (36A)	Meaning of Public Sector Company.
36 (1) (iiia)	Tax treatment in the hands of company issuing Zero Coupon Bonds.
Rule 8B	Guidelines for ZCB issued by Central Government.
32 (1) (iia)	Additional Depreciation.
2 (42c)	Definition of Slump Sale
50B	Special provision for computation of Capital Gain in case of Slump Sale.
43(6)(c)(i)(C)	Reduction of WDV of the transferor's total assets, in case of slump sale.
44AA	Compulsory maintenance of books of accounts.
44AB	Compulsory Tax Audit
44AD	Presumptive Taxation : Any business except the business of plying, hiring or leasing goods carriages referred to in Section 44AE
44AE	Presumptive Taxation : Business of plying, hiring or leasing goods carriages
10(2)	The share of profit of the members in the total income of the HUF is exempt in the hands of the members.
10(26AAA)	Exemption to Sikkimese.
80-IB(10)	Deduction to an undertaking engaged in developing and building housing projects.
10(43)	Sum received (either in lump sum or in instalments) under a reverse mortgage scheme is exempt in the hands of the borrower.
10(35)	Like Section 10(34) (which exempts dividend received from domestic companies), Section 10(35) exempts income received on units of UTI and Mutual Funds covered under Section 10(23D).