Presumptive Taxation

The scheme of presumptive taxation (other than presumptive taxation scheme applicable to non-resident) for small businesses is operated by two sections 44AD and 44AE.

Section 44AD

Applicability	Class of Assessees	Presumptive or estimated income	Higher or lower income	Deduction from presumptive income	Advance tax
Any business **except** plying, hiring or leasing goods carriages referred in S. 44AE and whose turnover is less than Rs. 60 lakhs (Rs 1 crore from Previous year 2012-13) during the previous year	Any resident individual, HUF, partnership firm **excluding** LLPs and has not claimed deductions u/s 10A, 10AA,10B, 10BA, 80HH to 80RRB in the relevant assessment year. Finance Act 2012 has further introduced list of **ineligible persons** w.e.f. AY 2011-12. **Provisions are not applicable** in case person carrying profession as specified u/s 44AA(1) or Earning income in the nature of commission or brokerage or carrying on any agency business.	Sum equal to 8% of the total turnover or gross receipt of the assessee.	Assessee at his option can claim such higher/lower amount earned by him. Assessee can claim to have earned income lower than specified amount, subject to fulfillment of conditions as to maintenance of books of account and getting the same audited.	No deduction is allowable under provisions of sections 30 to 38. However in case of partnership firm remuneration to partner and interest on partner's capital is allowable. For the computation of allowable partner's remuneration, book profits would be deemed to be income less interest to partners. Further written down value of any depreciable asset of such business shall be calculated as if depreciation has been actually allowed.	Assessee offering income on presumptive basis provisions of Chapter XVII-C pertaining to Advance tax is not applicable to such assessee. Hence such assessee is not required to pay advance tax.

Section 44AE

Applicability	Class of Assessees	Presumptive or estimated income	Higher or lower income	Deduction from presumptive income	Advance tax
Assessee engaged in business of plying, hiring or leasing goods carriages and who owns not more than 10 goods carriages anytime during the previous year. However unlike s. 44AD, there is no condition of **maximum turnover** of the assessee.	Any assessee including LLP and company.	Presumptive or estimated income is dependent on the nature of goods vehicle: ✓ **Heavy goods vehicle** Rs. 5,000 per heavy goods vehicle for every month or part of the month; ✓ **Other than heavy goods vehicle** Rs. 4,500 per such goods vehicle for every month or part of the month.	Assessee at his option can claim such higher/lower amount earned by him. Assessee can claim to have earned income lower than specified amount, subject to fulfillment of conditions as to maintenance of books of account etc. and getting the same audited. assessment of such assessee would be made u/s 143(3) i.e. scrutiny assessment.	No deduction is allowable under provisions of sections 30 to 38. However in case of partnership firm remuneration to partner and interest on partner's capital is allowable. For the computation of allowable partner's remuneration, book profits would be deemed to be income less interest to partners. Further written down value of any depreciable asset of such business shall be calculated as if depreciation has been actually allowed.	No specific provision exempting assessee's from payment of advance tax.