# Assessment of Association Of Person

While computing business income of AOP, remuneration & interest paid to members is disallowed u/s 40 (ba) (As AOP do not have separate legal existence in eyes of law ,hence it cannot pay remuneration & interest to itself )

Tax calculation of AOP u/s sec 167 B

AOP with foreign Co. as members

Shares determinate → Foreign co share -40% tax; Balance – 30% tax

not determinate → Entire income -40% tax

other AOP's

Shares determinate → AOP with personal Income

not determinate → Entire Income -30% tax

All members below basic exemption

Members share "taxable" but member

Is entitled to rebate u/s 86(Notes -1& 2)

Otherwise

Entire Income -30% tax

Members Share exempt

**Notes :-**

1. Share from AOP(sec 67 A)

In all cases (in above chart ),share of members is exempt but in 1 case i.e AOP income is taxable at slab rate ,members share is taxable .Share of members in such case will be included in his personal assessment as follows :-IFS/IFHP/CG/IFOS

Profit sharing Ratio

IFB

| Remuneration | Interest | Balance |
|---|---|---|
| actual basis | actual basis | PSRs |

2. Rebate u/s 86

Whenever members share is taxable ,it leads to double taxation .Hence members is entitled to rebate as follows :-

Amount of Rebate = Share from AOP *total Tax /Total Income