INCOME WHICH DO NOT FORM PART OF TOTAL INCOME GIRIDHAR DANDE

Section **14A**+Rule **8D**(method) to disallow the expenditure incurred
in relation to the exempt income.
(circular No. 5/2014 Dt 11.02.2014)- disallow the expenditure even though
income not earned - see the term used **"includible"**

Section	Description	Amount
10(1)	**Agriculture Income - Defined in (sec 2(1A))**	

Direct Way - no power to govt
Indirect Way- Partial integration(PI)
Two conditions to satisfy for PI
(i)- Net AI <5000 p.a **Ind's and**
(ii)-Non AI > slabs **huf only**

Tax calc:
1. Net AI+Non AI - compute tax
2.Net AI + slab limt - compute tax
3. (1-2)
4.add 2%/1% cess on 3.

Note:-
1. Land - in foreign country - entire income taxable.
2. Agriculture and agriculture purpose - not defined.
3. Income From nursery -
(i) RAJA BENOY KUMAR SAHAS ROY(SC)
(II) SOUNDARYA NURSERY (MAD HC) + exp 3 to sec 2(1A).
4. Process ordinarily Employed-means fit to be taken to market.
5. T/f of UAL- not exempt but taxed u/s 45.
6. Income From Farm Building - 3+1 conditions to be satisfied.
7. Indirect Connection with the land - means Non-AI does not become agriculture income merely on account of its indirect connection with the land.
8. Apportionment in certain cases - means RULE 7+7A+7B+8
NON-AI - TAXABLE -means business income
AI- EXEMPT

Rule -7	IGM of any product other than tea			
		AI	**BI**	**% APPLIED**
Rule -7A	IGM of Rubber	65%	35%	ON PROFIT
Rule -7B	IGM of Coffee			
	Grown & Cured	75%	25%	ON PROFIT
	grown+cured+roast +grounded	60%	40%	ON PROFIT
Rule -8	IGM of Tea - Grow tea leaves - Manufactures tea	60%	40%	ON PROFIT

10(2) **Received by member from the income of the HUF**
HUF Income - assessed in its own hands
so member income - not libale to tax
this prevent double taxation .

Income 1. out of the family or,

income 2.out of the impartible estate belonging to family

10(2A) **Share Income of a Partner**
Partner's Share - as determind in PSR - Exempt
Firm- Taxable
(Circular No - 8/2014 dt . 31.03.2014 - says that entire income credited to partner's capital account is exempted even though the income chargeable to tax becomes NIL in the hands of the firm on account of any exemption(u/c -III) or deduction (u/c -VI-A) available under the provisions of the act.

10(4) **Exemption to NR + PROI**
- Interest earned in a NRE a/c in any bank in india - exempt
- joint holders of NRE a/c do not constitute AOP.

10(4B) **NOT OPERATIVE BECAUSE < 1.06.2002 issued certificates only.**

10(5) **LTC**
What is Exempt ?
- any amount received from employers for proceeding to any place to india.

either on leave or
after retirement from service or
after termination of his service
Available to Whom ?
- Individual + dependent on individual

Limit of Exemption ?
Rule - 2B Amount actually spent - exemption will be available in respect of 2 journeys performed in a block of 4 Calender Years
Is there any carry forword of such unavailed LTC ?
Yes. Imm succeeding block of 4 C.YS
<u>Monetary limits</u>
Travelled by

Air	Economy fair
Rail	First class

Road :
- Recognised public transport - 1st calss or deluxe class
- un recognised public transport - same as rail fair condition

Children ?
>1.10.1998 - max 2 children
<1.10.1998 - no limit
first birth one child and second birth if there are multiple then restriction shall not apply.

10(6) **Exemption in the case of individuals, who are not citizens of india**
(ii) Grants exemption to a person
(vi) provides that remuneration received by a foreign national
(viii) salary income received by or due to a non-citizen of india
(xi) that any remuration received by employees of other govt w.r.t stay in india.

10(6A) **Tax on royalty or fees for technical services derived by foreign companies**
- benefit only to foreign companies only

10(6B) **Tax paid on behalf of non-resident**

Agreement <1.06.2002 (between CG + foreign state or internation org approval - by CG <1.06.2002

10(6BB) **Tax paid on behalf of foreign state or foreign enterprise on amount paid as consideration of acquiring aircraft, etc. on lease**

Note :- payment for providing spares, facilities or services in connection with the operation of leased aircraft is not covered

10(6C) **Income from projects connected with the security of India**

FTS Royalty on FTS	exempt	Agreement - CG Providing services - irrelevant
Arising to whom-?	To foreign company	

10(7) **Allowances payable outside India**

By whom?	Central Government
To whom?	Citizens on india
For what?	Services rendered outside india
Connected section	9(1)(iii)-deemed to accure in india.

10(8)+(9) **Co-operative technical assistance programmes**

To whom duties are assigned ? - individuals
in connection ? co-operative technical assistance programmes and projects
What is exempt?
- remuneration (directly/indirectly) from govt of foreign state.
- other than remuneration, any other income outside india and tax paid there

Similar provision to (9)
income of any member of the family of any such **individual**

10(8A) **Consultant remuneration - directly to consultant**
(8B) **employee of the consultant**

Similar provision to (9)
income of any member of the family of any such **individual**
Ref in (8A)+(8B)

10(10) **Gratuity**

members of the Defence Service(only retirement)	Fully exempt
Central / State Government Employees(death+retirement)	Fully exempt

Non-government employees covered by the Payment of Gratuity Act, 1972 (death + retirement)

Salary = Basic +DA

1)	10,00,000	
2)	Gratuity actually received	Least of the following is exempt
3)	15/26 X last drawn salary X years of service (includes part there of >6m)	

Month = 26 days

Non-government employees not covered by the Payment of Gratuity Act, 1972 (Death + Retirement)

Salary = Basic +DA+Commission

1)	10,00,000	Least of the following is exempt
2)	Gratuity actually received	
3)	1/2 X Average salary X Years of service (Avg Salary = 10months before the month of retirement.)	

10(10A) Payment in commutation of pension

2 types Commuted Pension
Uncommuted Pension

Uncommuted Pension - received periodically

Govt employees	Fully taxable
others	Fully taxable

Commuted Pension

Central Government local authorities Statutory Corporation Defence Services	Fully exempt

Non-Government employees

employee is in receipt of gratuity

1/3 X commuted pension received/commutation % X 100% Exempt

employee does not receive any gratuity

1/2 X commuted pension received/commutation % X 100% Exempt

Note :

Judges of SC + HC - commuted portion not exceeding 1/2 of the pension Exempt

Commuted pension out of annuity plan set up by LIC to individual Exempt

10(10AA) Exemption of amount received by way of encashment of unutilised earned leave on retirement

Government employees Exempt

Non-government employees

300000		Least of the following is exempt
Leave salary actually received		
10 months' salary	10 M avg salary	
Cash equivalent of leave		

Salary = Basic+DA+commission

10(10B) Retrenchment compensation

Amount calculated

I.e 15/26XAvg salary of last 3 months X
completed years of service or part there of >6months

	Or 5,00,000		Which ever is lower
10(10BB)	**Payments to Bhopal Gas Victims**		Exempt
10(10BC)	**Exemption of compensation received on account of disaster**		Exempt
	Any one Deduction or exemption	Both not allowed	
	Compensation by whome ? To whom ?	CG/SG/LA Individual legal hier	
	Amount ?	Any	
10(10C)	**Voluntary Retirement Receipts**		Exempt <5Lakhs
Rule-2BA	Conditions: 1. Eligible Undertakings - only those employees Service - 10 years not applicable to public age - 40 years sector comp Employees include- workers+executives directors - not covered **Section 89 - claimed then forget about 10(10C)**		
10(10CC)	**Income-tax paid by employer**		
	non-monetary perquisites - beared the tax by the employer		
10(10D)	**Receipts from LIC**		
	What is exempt ? Sum received + sum allocated as bonus		
	Policies: in order to bring rationalisation with investment schemes		
	Policies >1.04.2003 to 31.03.2012 Policies >1.04.2012	Sum received Compared with	20% of CSA 10% of CSA
	Policies =>1.04.2013	Sec 80U+80DDB -persons only Others	15% of MCSA 10% of CSA
10(11)+ 10(12)	**Payments from provident funds**	PF PPF RPF(Subject to conditions)	Fully exempt
10(13)	**Payment from superannuation funds**		Exempt
10(13A)	**House rent allowance**	**Salary = Basic+DA+Comm**	

	Metro(D+M+K+C)	Other Cities	
Actually received	HRA	HRA	Least of the following is exempt
Rent Paid	10% of salary for the RP	10% of salary for the RP	
% of salary	50	40	

10(14) **allowances to meet expenses relating to duties or personal expenses**

Rule 2BB Following allowances prescribed in this rule.

10(15) **Interest income arising to certain persons**

10(15A) **Payments for acquisition of aircraft**

10(16) **Educational scholarships** Granted
- irrespective of the source of the scholarships or amount

10(17) **Payments to MPs & MLAs**

1	Daily allowances	EXEMPT
2	MP OR COMMITTEE - any allowance received under MP(CA)R 1986	EXEMPT
3	Any constituency allowance-BY MLA	EXEMPT

10(17A) **Awards for literary, scientific and artistic works and other awards by the Government**

In public Interest
Given by CG/SG — Exempt
Approved by CG/SG

10(18) **Pension received by recipient of gallantry awards**

Awards	Param Vir Chakra Maha Vir Chakra Vir Chakra other gallantry award	penison received by individual those who possess these awards	or to the family members on account of death of such individual	fully exempt

10(19) **Family pension received by widow/children/nominated heirs of members of armed forces** Exempt

10(19A) **One palace is excluded from total income of the ruler** exempt

10(20) **Income of local authorities** Exempt
(excludes trade or business carried on)

10(21) **Income of research associations approved under section 35(1)(ii)/(iii)** Exempt

subject to following conditions
- apply or accumulate for its objects for this sec 11(2) +(3) shall apply
- association should invest in specified norms - sec 11(5)

10(22B) **Income of news agency** Exempt

Reason ? solely for collection and distribution of news

Exemption is subject to conditions
- income apply or accumulate only for the reason provided above
- should not distribute to members

10(23A) **Income of professional associations** Exempt

To whom? Associations or institutions of the following classes

By whom - approved by CG

In what ? applying their income or accumulating it solely to their objects

10(23AA) Income of institutions established by armed forces Exempt

Received by whom ?	Any person
Welfare of ?	Past + present members+ dependents
From fund?	regimental fund or non-public fund
Established by ?	armed forces of the Union

Note:
Those who donate to these fund will qualify for 80G.

10(23AAA) Income of Funds established for welfare of employees of which such employees are members Exempt

Cash Benefit to member or in the event of death - to their dependent

1 on superannuation
2 in the event of his illness or illness of his spouse or dependent children
3 to meet the cost of education of his dependent children

Fund should be approved ?
by the Principal Commissioner or Commissioner
Such approval should not exceed 3 years

10(23AAB) Income of Fund set up by Life Insurance Corporation under pension scheme Exempt

scheme should be approved by the Controller of Insurance or the IRDA

10(23B) Income of institution established for development of Khadi and Village Industries

To whom ?	to institutions
constituted as?	-public charitable trusts
	-registered under the Societies Registration Act, 1860
	-under any law corresponding to that Act in force

production sale or marketing	Khadi products or village industries	derived by such institutions	is	Exempt

Approval - should not exceed 3 years
by whom? Khadi and Village Industries Commission

10(23BB) Income of authorities set up under State or Provincial Act for promotion of Khadi and Village Industries Exempt

10(23BBA) Income of authorities set up to administer religious or charitable trusts Exempt

10(23BBB) Income of European Economic Community (EEC)

Derived ?	In india				
By way of	interest dividends capital gains	from	investments made out of its funds	scheme notified by the Government	Exempt

10(23BBC) **Income derived by the SAARC Fund for Regional Projects**

Set up by ? Colombo Declaration — Exempt

10(23BBE) **Income of the IRDA** Any income - yes — Exempt

10(23BBG) **Exemption of income of Central Electricity Regulatory Commission** — Exempt
Any income - yes

10(23BBH) **Exemption of income of Prasar Bharati (Broadcasting Corporation of India)** — Exempt
Any income - yes

10(23C) **Income of certain funds or institutions**

(i) the Prime Minister's National Relief Fund (ii) the Prime Minister's Fund (Promotion of Folk Art) (iii) the Prime Minister's Aid to Students Fund (iiia) the National Foundation for Communal Harmony

(iv) any other Fund or Institution for charitable purposes
approved by the prescribed authority

(v) any trust (including any other legal obligation) or institution
wholly for
public religious or
public religious and charitable purposes
approved by the prescribed authority

(iv)+(v) read with sec 11(5) + 25 Lakhs from commercial activities

(iiiab) any university or other educational institution
wholly or substantially
financed by the Government
which exists solely
for educational purposes and not for profit

(iiiac) any hospital or other institution
wholly or substantially
financed by the Government,
which exists solely
for philanthropic purposes and not for profit

and

which exists for the reception and treatment of persons suffering from illness

or mental defectiveness

or treatment of c**onvalescing** persons

or persons requiring medical attention

convalescing means : recover one's health and strength over a period of time
after an illness or medical treatment

(iiiad) any university or other educational institution
existing solely
for educational purposes and not for profit **and** its aggregate annual receipts do not exceed ` **1 crore**

(iiiae) any hospital or other institution
as described in (iiiad) above — if its aggregate annual receipts do not exceed ` **1 crore**

(vi) any other university or educational institutions approved by prescribed authority

(via) any other hospital, etc. approved by prescribed authority

General points w.r.t sec 10(23C)
1.25 LAKHS exceed automatic cancellation.
2.cost of acquisiton claimed as application then no depreciation allowed.

10(23D) read with 10(35) **Income of Mutual Fund**

Set up ? by: public sector bank; public financial institution; SEBI; RBI — Exempt

10(35) **Exemption of income from units from the Administrator of specified undertaking / specified company / mutual fund specified in clause (23D)**
Exemption shall not apply to any income arising from transfer of such units.

10(23DA) **Exemption of any income of a securitization trust from the activity of securitization** — Exempt

10(35A) Exemption of the distributed income referred to in section 115TA — Exempt
in the hands of ? recipient-investor
then what about additional income tax ?
securitization trust should be paid.

ST- Are SPDE or SPV

For SPDE SEBI(Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008
For SPV The guidelines on securitization of standard assets issued by RBI

Chapter XII-EA sections 115TA, 115TB and 115TC
levies additional income-tax on securitization trusts in respect of income distributed to its investors

10(23EA) **Income of Investor Protection Funds** — Exempt

Total income excludes Contributions received from RSE+Members
Amount O/S to fund - previously not offered to tax and now it is shared with the stock exchanges , then such share income is taxable in the year of share

10(23EC) **Exemption of specified income of Investor Protection Fund set up by commodity exchanges** — Exempt

Same as 10(23EA)

10(23ED) **Exemption of income of Investor Protection Fund set up by depositories** — Exempt

Same as 10(23EA)

10(23FB) Read with Sec 115U **Income of Venture Capital Company / Fund**

Any income of VCC / VCF set up to raise funds for investment in a VCU — Exempt

Then income is taxable in the hands of ?
Investors

SEBI (Alternative Investment Funds) Regulations, 2012
replaces the SEBI (Venture Capital Fund) Regulations, 1996 on 21.05.2012

AIF

Category I	VCF Being Trust + VCC
10(23FB) available ?	Yes. But 3 conditions should be satisifed : 1.not listed on RSE. 2. 2/3 of the investable funds invested in - unlisted Equity shares - Equity linked instruments of VCU 3. not invested in associate VCUs.
Or	SME Fund Social Venture Fund Infrastructure Fund
10(23FB) available ?	no will not apply and does not have pass through status and normal taxation will apply.

Category II	Generally includes private equity and debt funds	**Will not qualify as VCC/VCF under section 10(23FB)**
Category III	Generally includes hedge funds	

VCU for this purpose :
VCU as defined in clause (n) of Regulation 2 of VCF Regulations
VCU as defined in clause (aa) of Regulation 2(1) of the AIF Regulations

10(23FC) Interest income of a business trust

Any income?	Only interest receivable or received	exempt
From	special purpose vehicle	
exempt in the hands	business trust	

10(23FD) Distributed income received by unit holder from business trust exempt

Income generally not taxable in the hands of investor
then what about 10(23FC) component income when such income is exempt in the hands of business trsut, don't worry it is taxable in the hands of the unit holder.

10(24) Income of trade unions

Heads	income from house property income from other sources	
of whom?	registered trade union or association	
act	Trade Unions Act, 1926	Exempt
Purpose	regulating the relations between workmen and the employers or between workmen and workmen	

10(25) Income of provident funds, superannuation funds, gratuity funds exempt

10(25A) **Income tax exemption to Employees State Insurance (ESI) Fund** exempt
any income of the ESI fund

10(26) **Income of member of a scheduled tribe**

Residing in any area (specified in the Constitution) or

states of	Manipur Tripura Arunachal Pradesh Mizoram and Nagaland or

Ladakh region of the state of Jammu and Kashmir

What is exempt ? Exempt
income arising or accruing
1 from any source in the areas or States aforesaid
2 by way of dividend or interest on securities

10(26AAA) **Exemption of income of a Sikkimese Individual**

income from any source in the State of Sikkim
income by way of dividend or interest on securities
Exempt

note :- exemption not there to a sikkimese women married to non-sikkimese individual =>1.04.2008

10(26AAB) **Exemption of income of an Agricultural Produce Market Committee or Board** Any Income Exempt

10(26B) **Income of a corporation etc. for the promotion of interests of members of scheduled casts or tribes or both** Wholly financed by govt Exempt

10(26BB) **Exemption of income of corporations established to protect interests of minority community** Exempt

Any donations made - sec 80G is availble to donors

10(26BBB) **Exemption of income of corporation established by a Central, State or Provincial Act for welfare of ex-servicemen** Exempt

10(27) **Co-operatives for scheduled castes** Finance ? By govt / by other socities Exempt

10(29A) **Incomes of certain bodies like Coffee Board, etc.** Exempt
(a) to (h) bodies are exempted

10(30) **Tea board subsidy**

subsidy	Received	by an assessee in the	business	of	growing manufacturing tea in india	Exempt

Condition : Through or from
Certificate from tea board to assessing officer The tea board
along with return

10(31) **Other subsidies**

Growing and manufacturing

Amount of any subsidy Received by assessee engaged in the business of	Rubber coffee cardamom or other specified commodity in india	From or through		
				exempt
Rubber Board Coffee Board Spices Board or any other Board in respect of any other commodity	under any scheme for	replantation or replacement of rubber, coffee, cardamom or other plants	rejuvenation consolidation areas used for cultivation of all such commodities	

Certificate -same as 10(30)

10(32) **Exemption in respect of clubbed income of minor** — Rs 1500/- if minor income is <1500 then whole income

Parent income includes minor child income interms of sec 64(1A)
then what will parent get ?
Exemption in respect of each minor child

10(33) **Exemption of capital gain on transfer of a unit of Unit Scheme, 1964** — Exempt
T/f => 1.04.2012

10(34) **Exclusion of dividends referred to in section 115-O from total income** — Exempt

any amount	Declared Distributed Paid	U/S 115-O	Is taxable in the hands of company Exempt in the hands of - shareholder u/s 10(34)

10(34A) **Exemption of income received by an investor on account of buy-back of unlisted shares of a domestic company** — Exempt

Chapter XII-DA	sections 115QA, 115QB and 115QC levies additional income-tax on buy back of such shares by domestic companies	**W.e.f Ay 14-15**

Taxabale in the hands of compnies - yes
Taxable in the hands of investors - no (sec 10(34A) gives exemption

10(36) **Exemption of long term capital gains on transfer of listed equity shares**

10(37) **Exemption of capital gains on compulsory acquisition of agricultural land situated within specified urban limits**

compensation enhanced compensation consideration	on or after	1.04.2004	Exempt

Condition - land use for preceding two years by such individual or a parent of his or by such HUF

10(38) **Exemption of long-term capital gains on sale of equity shares / units of an equity oriented fund**

sale of equity shares of a company — Should suffer - STT

units of an equity oriented fund	Taken under 115JB-YES	Exempt
unit of a business trust		

Then what about preference shres - not eligible .

10(39) **Exemption of specified income arising from any international sporting event in India** — Exempt

10(40) **Exemption of certain grants etc. received by a subsidiary from its Indian holding company engaged in the business of generation or transmission or distribution of power**

should be for settlement of dues in connection with reconstruction or revival notified under section 80-IA(4)(v)(a)

10(41) **Exemption of any income from transfer of an asset of an undertaking engaged in the business of generation or transmission or distribution of power** — Exempt

Income On what ?	By t/f of capital asset	`<= 31.03.2006 to indian company notified u/s section 80-IA(4)(v)(a) by an undertaking engaged in business of generation or transmission or distribution of power

10(42) **Exemption of specified income of certain bodies or authorities**

10(43) **Exemption of income received in a transaction of reverse mortgage**

Benefit to whom ? Senior citizens who own a residental house property

Reverse Mortgage Scheme 2008

- Loan directly to mortgagor	20 years from the date of signing the agreement	Exempt
- from annuity sourcing	Life time of the borrower.	

After death of senior citizen - bank will recover loan+interest and first prefernce will be given to the legal hiers of the citizen to repay the amount and release the house .

T/f of house under reverse mortgage is not transfer - sec 47(xvi)

10(44) **Exemption of income received by any person on behalf of NPS Trust** — Exempt

sec 197A(1E) not applicable to the NPS trust

10(45) **Exemption of specified allowances and perquisites paid to Chairman or a retired Chairman or any other member or retired member of the UPSC**

10(46) **Exemption of specified income of notified entities not engaged in commercial activity** — exempt

National Skill Development Corporation (NSDC),
Competition Commission of India (CCI)
or F.Y. 2011-12 to F.Y. 2015-16,
NSDC files its return of income in accordance with section 139(4C)(g)

10(47) **Exemption of income of notified infrastructure debt funds and concessional tax rate on interest received by non-residents from such fund** — Exempt

Interest income received by a non-resident or a foreign company from such fund would be subject to tax at a concessional rate of 5% under section 115A on the gross amount of such interest income.

10(48)	**Exemption in respect of income received by certain foreign companies in India in Indian currency from sale of crude oil to any person in India**	Exempt

National Iranian Oil Company notified