(INFRA/SEZ/POWER)

PROFIT LINKED DEDUCTIONS (PART-C)

80-IA

On or after 1-4-17

1) Dev, Op, Maintain INFRA FACILITY
2) Dev, Op, Maintain SEZ.
3) Gen^n, Dist^n of Power upto 31·3·17

Deduction: 100% of Profit (10/15)

INFRA FACILITY: ⊙ widening of Road is also covered.
→ Road/Bridge/Rail sys
→ Highway including housing as an integral part. (10/20)
→ Water supply, irrigation, sanitation
→ Port/Airport/inland waterway (10/15)

Co → trfs the op to Another Co (Ded^n to other Co. for Bal yrs)

of In Amal^n/Demerger (Ded^n c/f → ✗)

80-IB (J&K + OIL/GAS)

→ GTI includes P&GP of industrial unit in J&K

Ded^n: (1) Initial 5 yrs → 100% π
(2) Next 5 AYs → 25% π /30% (Co)

INDUSTRIAL UNDERTAKING:
→ Not formed by split-up, Re const^n of a bsns in existence.
→ P/M should be New except
(i) Imported old P/M, (ii) 20% of P/M can be old.
→ The undertaking could have been started in old bldg & old furniture (Ded^n ✓)
→ Must Employ
≥10 Emplees (use Power) / ≥20 EE (Does not use Power)

(i) Mineral oil/Natural Gas begins Produc^n upto 31·3·2017, in any part in INDIA.
100% π in 7 AYs (initial)

80-IC (HP/UTTARAKHAND) COLD STATES

GTI includes π from:
→ An undertaking in H.P/Uttarakhand which Mfg an article
→ Takes Substantial Expansion

SUBSTANTIAL EXP^N:
↑ in P/M by ≤50% of BV of P/M as on the 1st day of PY when Expansion starts.

Deduction: 100% π → 1st 5 yrs
25% π /30% (Co) → Next 5 yrs.

initial AY ⇒ AY Relevant to PY in which Mfg begins or completes substantial Exp^n.

80-IE (NORTH EASTERN STATES)

→ Begins to Mfg/Produce any article/thing.
→ Takes substantial Expansion
→ Carry on any Eligible Bsns.

Deduction: 100% π for 10 Cons Yrs.

SUBS EXPANSION ⇒ ≤25% ↑ in P/M as on the 1st day of PY.

ELIGIBLE BSNS:
(a) Hotel (≥2★), (b) Adventure sports,
(c) Ropeways, (d) Nursing home (≥25 beds)
(e) Old age home, (f) Vocational Training Ins)
(g) IT related training centre, (h) Bio-technology,
(i) Mfg of IT hardware.

80-IAC (SPECIFIED BSNS)

Assessee ⇒ specified Bsns & GTI includes P&GP from such Bsns.

Deduction ⇒ 100% π for (3/7) [Starts from the year of Incorporation]

ELIGIBLE START-UP:
→ Co/LLP engaged in specified bsns.
Conditions: (i) incor on/after (1·4·16–1·4·21)
(ii) Total T/O ≤25 Crs in PY relevant to AY for which Ded^n claimed.
(iii) Certificate of Eligible Bsns from Govt.

80-IBA (P&GP of HOUSING PROJECT)

→ Assessee ⇒ Dev/Builds Housing Projects.

Ded^n → 100% of π on fulfillment of Cond^ns:
(i) Project approved on/before 31·3·2020.
(ii) Completed ≤5 yrs from date of Approval.
(iii) Carpet Area of shops/Commercial ≤3% of C.A.
(iv) Plot of land not less than –
→ 1000 sq. Mtr in Metro Cities/HYD.
→ 2000 sq. Mtr in other Place.
(v) It is the only Housing Project on the land.
(vi) CA of Residential UNIT ≤
→ 60 sq. Mtr in Metro cities/HYD
→ 90 sq. Mtr in other Places.
(vii) SDV of flats ≤45L

80-JJAA (NEW EMPLOYMENT)

ALL ASSESSEE
→ Applies to assessee to whom 44AB applies (T/O ≥ 1 cr) → NA to Profession.

Deduction → 30% of Add Emplee Cost in PY 3 Cons AYs.

→ If New Bsns → Ded^n in PY when employ is Provided.

Additional EE Cost: Total emoluments Paid to Additional EE in PY.

Existing Bsns → No cash Payment.
New Bsns → 1st Year = Cash allowed.
→ Non Monetary Perks → ⊗ Not Included.

ADDITIONAL EE: ↑ in No of EE last day of PY.
→ ≯25,000 p.m., → where ER's Cont^n to Pension paid by Govt, <240 days, <150 days Leather
→ No RPF Reg^n.

80-PA (PRODUCER Co)

Assessee = Producer Co. GTI includes P&GP from eligible Bsns, T/O ≤100 Cr in any PY.

Ded^n → 100% π from such eligible Bsns.

ELIGIBLE BSNS:
(i) Mktg of Agri Produce grown by Members.
(ii) Purch of seeds, livestock, other articles to be used for agri by Members.
(iii) Processing of Agri Produce made by Members

80-QQB (Royalty of Authors of Books not Text books)

Resi individual assessee ₹3,00,000 Ded^n

80-RRB (Royalty on Patents)

→ Resident Indiv. Assessee.
→ Ded^n of 3,00,000.

80LA (INCOMES OF offshore Banking units / IFSC) DEDUCTION [PA

1) Assessee = Bank, Foreign Bank & offshore banking unit in SEZ.
2) GTI includes PGBP from such operations.
Deduction → 100% ₹ for 1st 5 yrs, 50% ₹ for Next 5 yrs. (Starting from PY when permission to open such unit was given).

2) Assessee = unit of IFSC. GTI includes such income
Deduction → 100% ₹ for 10/15 [starts with PY when permission to open the unit was given]

Income from Banking unit in SEZ, Banking bsns with:
(i) undertaking in SEZ, (ii) undertaking dev. maintains SEZ, (iii) from unit of IFSC

80-EEA (int on Loan taken for certain H.P)

Assessee → Individual who does not own a Resi H.P as on the date of Loan.
Loan Sanctioned in PY 19-20 from any Financial Institution.
Max^m 150,000 Deduc^n in the Relevant AY & subsequent AYs. [only H.P Deduction ₹2,00,000 u/s 24 is allowed]
SDV ≤ 45 Lakhs.
→ If this Ded^n availed, No other int Deduction will be allowed.

80-EEB (Purchase of Electric vehicle)

Assessee → Indiv. takes Loan to Purchase Electric Vehicle from any Financial Institution.
Deduction → Max ₹ 150,000 in Relevant AY and subsequent AYs.
(i) Loan sanctioned in PY 19-20 only.
(ii) If this Ded^n availed, No other int Deduction will be allowed.

80-TTA (int on Deposits/sav. Ac)

Int earned on Saving A/c
→ Bank, Co-op Bank
→ Post office.
FD int not allowed.
→ 80TTA is applicable to NR Senior Citizen.
Deduction → Max^m ₹ 10,000 p.a.

80-TTB (Int on Deposits for Senior Citizen) Resident S.C

Allowed on int from:
→ Savings A/c,
→ Recurring Deposit A/c.
→ FD A/c.
Deduction → Max^m ₹ 50,000 p.a.

10AA (NEWLY ESTABLISHED UNITS IN SEZ)

Assessee → Undertaking in SEZ, begins to Mfg article, thing, softwares.

Deduction: 1st 5 yrs → 100% of Export ₹
Next 5 yrs → 50% of Export ₹
Next 5 AYs → P/L A/c — Dr
To SEZ REINVESTMENT RES A/c } → upto Max^m of 50% of Export ₹.

Bsns losses & Dep^n will be c/f Normally of such Bsns

EXPORT ₹:

₹ of Bsns as per P/L/B/P × EXPORT T/O / TOTAL T/O

It should be a New Bsns & not formed by Reconstruction of an existing Bsns.

MANNER OF TAX COMPUTATION:

₹ from such unit	xx
Total Income	xx
(-) Set-off of losses of such unit/other units [CY loss or b/f losses]	(xx)
GTI	xx
(-) Ded^n u/s 10AA	(xx)
MAX^m →	xx

EXPORT T/O ⇒ Consid^n Recd w.r.t export received in or Brought to India by the assessee in Convertible FOREX, within a Period of 6m from the end of PY.

Export T/O excludes ⇒ (i) Freight, (ii) Telecom ch. (iii) Insurance attributable to the export operations. (iv) Expense incurred in Forex in providing tech. services o/s India.

Transfer/Re-deployment of Technical Manpower from Existing units to a New unit in SEZ in the 1st year of commencement of Bsns, shall not be treated as Reconstruction of an Existing Bsns if,

No of Technical ManPower trfd at the end of FY < 50% of Total Technical Manpower actually engaged in Dev of software/IT Products in

PART C] → Profit Linked Deductions

GENERAL POINTS FOR A LINKED DEDUCTIONS

(i) If the undertaking to which Sec 80IA-80IE, 10AA applies and suffers a Loss, such loss shall be c/f & set-off.

(ii) Cash Compensatory Support, Duty Drawback, Profit on Sale of Import License Duty Exemption Pass Book shall not form part of Profit for the purpose of Sec 80IA-80IE & 10AA.

(iii) Where Assessee Receives i) Transport subs, ii) int subs, iii) Power/Ins subsidy. Deduction of said subsidy is allowed u/s 80-IB & 80IC.

(iv) For Computing Deduction under these sections, assume that Eligible Bsns is the only Bsns in the initial AY & in Subsequent AYs.

(v) UAD of a Bsns of an Industrial Undertaking eligible for 80-IA Dedn can be set-off against ~~ag~~ income of another Non-eligible Bsns of Assessee.

(vi) Where an Undertaking which is entitled to Dedn u/s 80-IB/IC/IE is transferred in Amalgn/Demerger then:
→ No Dedn to the Amalgamating/Demerged Co.
→ Provisions of Sec 80-IB/IC/IE will be applicable to the New Co considering as if no such Amalgamation/Demerger has taken place.

(vii) Disallowances u/s 32, 40(a)(ia), 40A(3), 43B etc and other specific Disallowances, related to the Bsns Activity against which VI-A Dedn has been claimed, result in ↑ in π of the Eligible Bsns, then Dedn under chapter VI-A is admissible on the π so Enhanced.

$\boxed{\text{80-A}}$ (Dedns to be made in Computing T.I)

→ Assessee Can claim only one Deduction amongst (80-IA-80IE) or 10AA. Deduction Cannot exceed Profits of undertaking.

→ Assessee fails to Make a claim in ROI of such Deduction. No Deduction will be allowed to him.

→ For specified Bsns, Double Dedn u/s 35AD & Part-2 is NOT allowed. Only one Dedn is allowed therein.

→ Deductions u/s 80C-80U Can be claimed in Appeal/Revision even if the assessee has failed to claim those Deductions in ROI.

$\boxed{\text{80C}}$ (Life Ins Pm etc)

Dedn upto ₹ 150,000 is allowed for Life Ins Pm paid for:
i) Self, spouse, child in case of Indiv.
ii) Member, in case of HUF.

Ins. Policy other than Contract for a Defd annuity the amt. of any pm or other Payment made is Restricted to:

Pol. issued before 1.4.12 → 20% of SA.

Pol. issued on/after 1.4.12 → 10% of SA.

Pol. Issued on/after 1.4.13 → 15% of SA. (Disability/Severe Disability)

$\boxed{\text{Sec 10(10D)}}$ Any Sum recd under a Life Ins Policy including the sum allocated by way of Bonus is exempt.

→ Any Sum Received under KEYMAN INS POLICY → TAXABLE.

→ Any Sum Recd under an Ins policy which exceeds the afore % of Pm Payable Is taxable.

→ However, the amt received on such Policy on Death of the insured shall not be taxable.