

Key Features:

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Reference to Que. In PM

Easily Understandable

Charts, Tables, Tree Diagrams are used
make study a enjoyable;

Color Coded & Handwritten

Space for your Notes;

Profit & Gains From Business & Profession

(Self Published Handwritten E-Book)

Revision & Reference Notes **(November, 2016)**

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PROFIT & Gains FROM BUSINESS & PROFESSION

sec. 2(13) Business

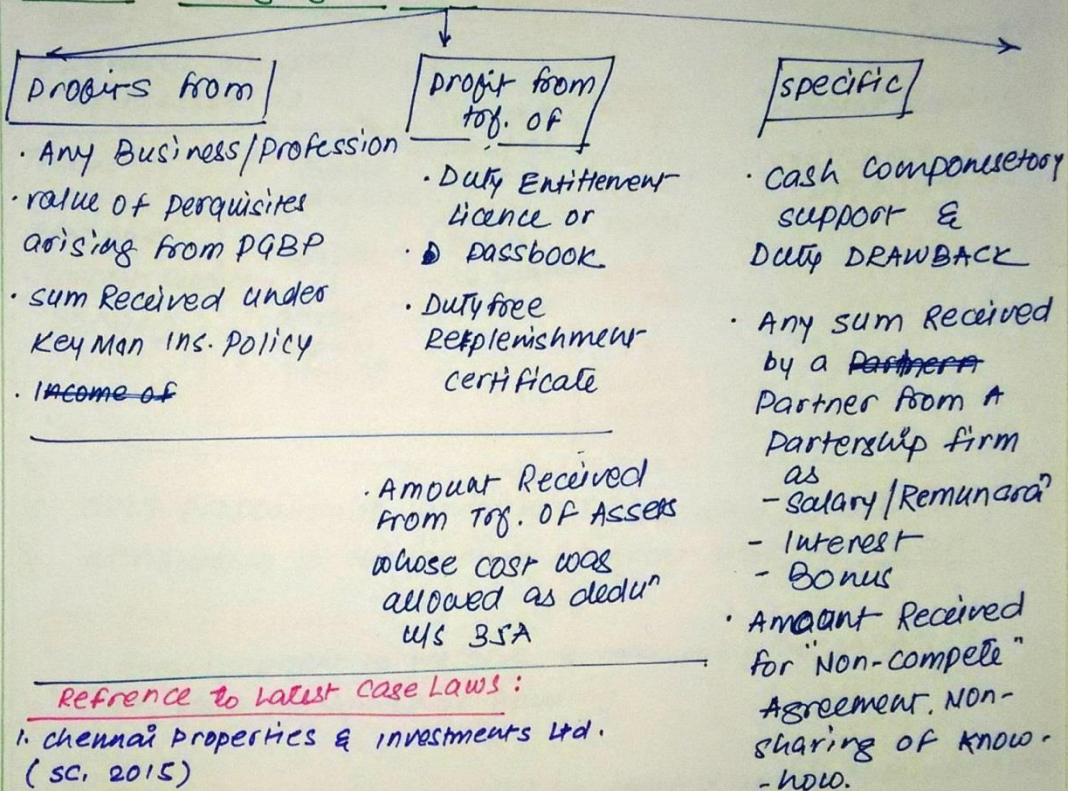
Includes any trade, commerce, manufacture or any Adventure in the nature of trade

Profession

- Not defined specifically
- e.g. Profession of CA, CS, Dr. Engineer, Lawyer, etc.

Q.4/6.7

sec. 28 Charging section



Reference to latest case Laws :

- Chennai Properties & Investments Ltd. (SC, 2015)

RTP
NOV 16

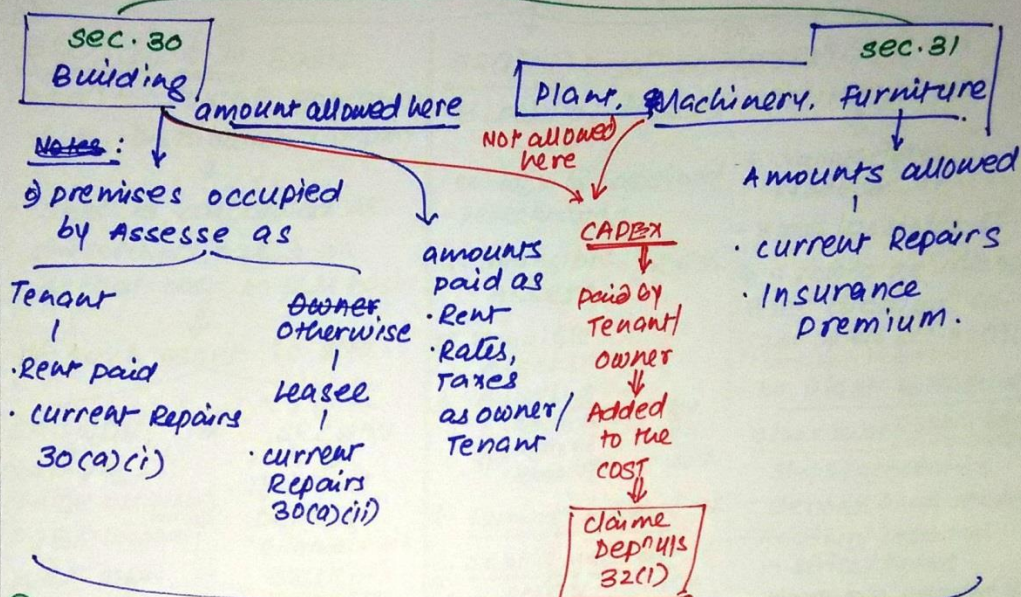
Conclusion:

Where main objective of company is to let out the properties, then it shall be taxed as PQBP.

sec 29 computation of PQBP by applying provision of sec. 30 to 43D

- sec. 30 to 36 - Specific Allowances
- sec. 37(1) - Residuary allowances
- sec. 40 - Amounts not specifically deductible
- sec. 40A - Expenses not deductible in certain circumstances
- sec. 41 - Recovery of Expenditure, Remission & Cessation of Trading Liability
- sec. 43B - certain payments on Actual Basis

Deduction allowed to Owner/Tenant in respect of Rent, Revenue exps., *Rates, *Taxes, Insurance



sec 38(2)

ONLY proportionate amount is allowed, which is attributable to the portion of Asset used for PGBP



Current Repairs:

Exps. incurred to preserve & maintain the CAPACITY of Plant, machinery or Building.

CAPEX:

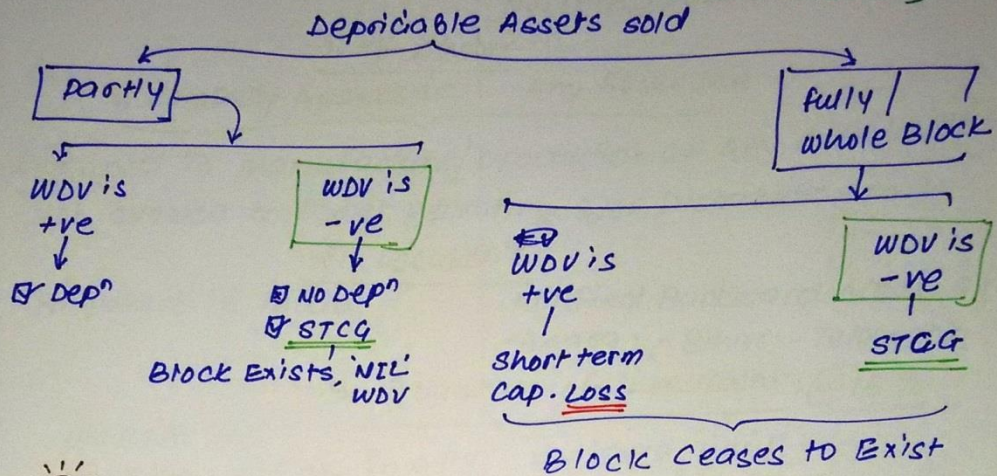
paid by Tenant/owner, will be treated as his "Deemed Asset" & Depreciation on such amount shall be allowed u/s 32(1)

☛ short term capital gains on depreciable Assets

sec 50
Block Assets / WDV

sec. 50A SLM method.

sec. 50 special Provisions for Computation of CAPITAL GAINS in case of Depreciable Assets (Block of Assets)



NOTES:

- Capital Gains will always be "Short Term" in respect of Depreciable assets, irrespective of period of holding.
- If period of holding is more than 36 months:
Asset is said to be long term capital Assets.
Deduction u/s 54, 54EC & 54F are available

sec. 50A: Special Provision "Cost of Acquisition" of Depreciable Asset; Depn claimed on SLM u/s 32(1)(i)

IF Sales Price/proceedings > Actual cost;
then $STCG = \text{Sales proceedings} - \text{Actual cost}$

INVESTMENT ALLOWANCE

Q.1/6.3

SEC. 32 AC

Investment in NEW P/M

SEC. 32 AD

Investment in New P/M in NOTIFIED AREAS OF certain States

1. To Whom?

A Company Assessee

Any Assessee

- Engaged in Manufacture/production of Any Article/Thing.
- (Not allowed to Power generating &/or Distributing co.)

2. Location?

Anywhere in India.

• Notified Backward Areas of
- Andhra; - Bihar; - Telangana; - WB.

3. Quantum of Investment; @ 15%

u/s 32 AC (1A)

More than ₹ 5 Cro. in a PY

No such limit

4. When allowed?

Only if asset is
Acquired & Install in the
same PY. Need not to put to use

When ever asset is installed;

5. Scheme Validity

- PY 2014-15, 2015-16, 2016-17 - PY 2015-16 to PY 2019-20

6. Eligible Assets

same condition, which are prescribed in sec. 32(1)(iiia)
i.e. Additional depⁿ

7. Lock In period

There shall be a lock in period of 5 years from Installation.

⚡ **Double Game:** If sold or Transfer Before the expiry of
lock in period. (Otherwise than Amalgamation)

Short Term Capital Gains +

PQBP

↓
amount earlier allowed
as Investment allowance.



• All above condition will be applicable to Transferee Co.

- Both the deduction u/s 32 AC & 32 AD can be claimed simultaneously.
- Deduction shall not affect the WDV.

Amounts Specifically Not Deductible u/s 40

Non-Compliance of TDS Provision			
sec. 40(a)(i)	paid to	40(a)(iii) TDS on salary payable to NR/R outside INDIA; NR in India.	sec. 40(a)(ia)
<u>Non-Resident/foreign Co.</u> ↓ Amounts paid as - Royalty, - fees for Tech. Service, - Any other sum taxable under Income Tax (Non-compute fees not covered) ↓ Non-compliance of TDS shall be deducted & paid to credit of Govt., on or before due date u/s <u>139(1)</u> ↓ Failure to pay will attract <u>disallowance 100%</u> ↓ Allowed as & when paid #		<u>Resident</u> ↓ - Any sum[*] payable to Resident where TDS was to be made - If TDS is not made, or TDS is not deposited to the credit of Govt. before due date u/s <u>139(1)</u> ↓ It will attract <u>30% Disallowance</u> of such amt. ☺ subject to provisio to sec. 201(1) ↓ If payee files His RO1. & correctly considers the above amount as his income & pays[*] Tax thereon. ⇒ NO DISALLOWANCE to Payer. # includes salary, Director's seating fees.	
<u>40(a)(ii) INCOME TAX</u> - Any kind of Payt as "Income Tax" - Including - Tax paid under DTAA;	<u>40(a)(iib) Levy by state Govt.</u> ↓ - state Govt. undertakings are subject to tax. - Dividend were used to be withdrawn in the form of Royalty so as to avoid DTT & claimer as EXPS. - such exps are specifically Disallowed.	<u>40(a)(iv) Payt of Tax on Behalf of Employee</u>	<u>40(ba) Payt of Interest, Salary, Bonus, communcⁿ, Remuneration made by AOP/BOI to its members</u>

sec. 43B

CERTAIN DEDUCTIONS ON ACTUAL PAYMENTS

☺
Payments made for List #
on or before
Applicable due date u/s 139(i),
then 43B is not applicable.

• If # Below ^{due} ~~maturation~~ ^{pay} date,
not paid ~~be~~ on or before
due date applicable, u/s 139(i)

ADDY
Provisions of sec. 43B
i.e. whenever paid allow in
that PY

following List of payments
is subject to sec. 43B

⚡ Postponement of allowability

💡 connections

(a) sec.
40(a)(i),
40(a)(ia),
37(1)

a) Any Tax, Cess or fees by whatever name
called, payable under any Law
for the time being in force,

⚡ Bottling fees for
Liquor & Electricity
charges are not
covered u/s 43B.

(b)
36(1)(iv)
36(1)(v)

b) Employer's Contribution to
- provident fund;
- gratuity fund;
- Any other welfare fund

⚡ Circular No. 22/2015
dt 17/12/2015
[RTP Nov, 2016]

(c) 36(1)(ii)

c) Any Bonus/commission payable
to Employees

(d) & (e)
36(1)(iii)
Q. 38/6.47

d) Interest payable on Loan/Borrowing
from Any
- Public Financial Institute;
- State " Corp.;
- State Industrial Corp

⚡ Important Notes

• If any interest converted into
a LOAN/BORROWING/Advance;
it shall NOT deemed to have
been paid actually paid.

e) Interest payable on
ANY LOAN/Borrowings from
SCHEDULED BANK

• If Any interest converted into
Funded Interest Term Loan (FITL);
Deduction is allowed to FITL to
the extent it is actually paid

f) Leave Encashment payable to
Employees.

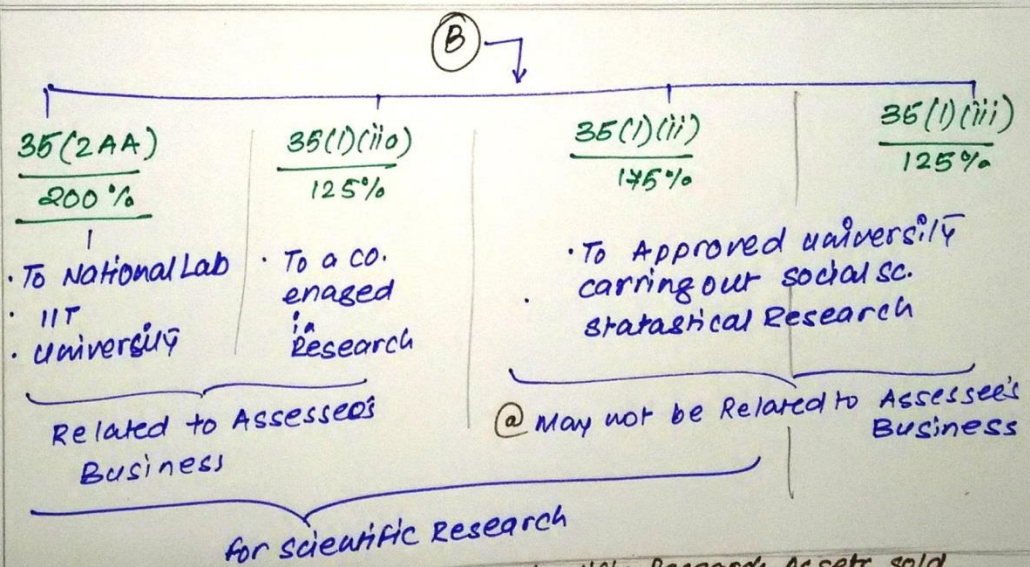
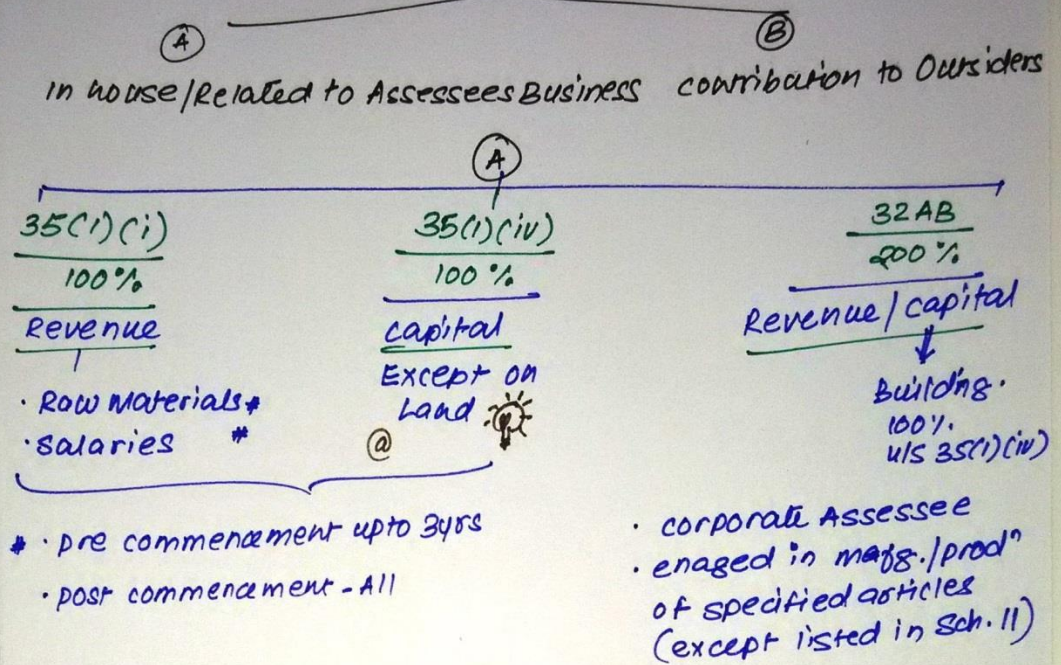
• Bank Guarantee does not
amount to ACTUAL PAYMENT

for BAY
Summary of 44AA (Books of Accounts) & 44AB (Tax Audit)

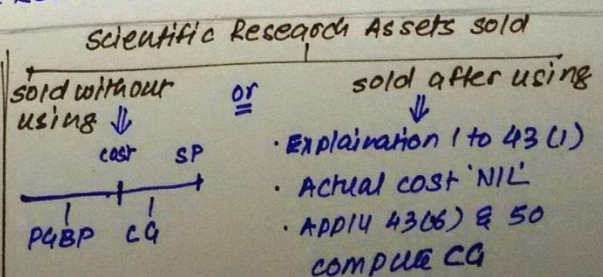
Particulars	Relevant Provisions	
	44AA Maintenance of Books of A/c's	44AB Audit of Books
(I) Specified Profession (u/s 44AA) • Legal / Medical / CA/CS Engineer / Interior / Architectural / Technical / Film Artist / Representative	If gross Receipts > ₹15,00,000	If gross Receipts > ₹25,00,000
(II) Other professions & Business		Sales T/O or Gross Receipts > ₹25,00,000
a) profession other than specified profession	T/O / Gross Receipts > ₹10,00,000	10,00,000
b) Business	Income > ₹12,00,000	1,00,00,000
c) Business Referred u/s 44AE/BB/BBB	If Assessee claims profit & gains from such business to be LOWER than the profits & gains DEEMED under respective sections.	
d) Business Referred u/s 44AD	If (a) profits claimed < 8% of T/O i.e. deemed Profit or (b) his Taxable Income exceeds Basic Exemption Limit	
<u>NON COMPLIANCE</u>		
• Penalty u/s	271A	271B
• Quantum	₹25,000	₹150,000 or 1/2% of T/O whichever is Lower.

sec. 44AD special

Deduction for Exps. on SCIENTIFIC Research



- 1) NO Depreciation
- 2) set off / carry forward as if 'unabsorbed depⁿ'
- 3) ~~IN~~ NO case, A deduction Deduction for Land is allowed



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- 2.Assessment Procedure
(Flow Charts in one page)
- 3.Search Seizure (Flow Chart form)

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<http://imojo.in/dtt>

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&
Thank You!*