Income Tax Act, 1961

Preamble: To levy taxes on incomes

Section 1:
Title: Income Tax Act
Date: 1st April, 1962
Jurisdiction: India including Jammu & Kashmir

Section 2(31) Person includes
Individual, HUF, Company, Firm, AOP/BOI, Local Authorities
Artificial Juridical Person.

Previous Year u/s 3: year of income generation
first PY can be less than 12 months
Assessment Year u/s 2(9): PY income brought to tax in AY
(Computation, calculation & filing of income tax returns)

Income u/s 2(24):
Income from salary, Income from house property, Income from Business or profession, Income from other sources, Capital Gains.

Sec 4: Main Charging Section Income Tax → Payable by every Person 2(31) → Total Income 2(24) → earned in PY 3 → brought to rates → relevant AY 2(9)
Finance Act

Progressive tax slabs

	Ind (HUF, AJP) < 60 years	Individual ≥ 60 yrs < 80 yrs	Individual ≥ 80 yrs
Basic Exemption Limit	250000	300000	500000
5%	Next 250000 250001 - 500000	Next 200000 300001 - 500000	-
20%	Next 500000 500001 - 1000000	Next 500000 500001 - 1000000	500001 - 1000000
30%	Over and above 1000000	Over and above 1000000	Over and above 1000000

For Firms (LLP), Indian Company, AOP, BOI — Flat 30% Tax
For foreign companies — Flat 40% Tax

Rebate u/s 87 A — Individual & resident of India
Income does not exceed ₹ 350000
Rebate - Whichever is less ⇒ Basic Tax or ₹ 2500

Surcharge

Individual / HUF / AOP / BOI / AJP	Firm / Local Authority	Indian Company	Foreign Company
If income > 50 lac 10% Surcharge > 1 Cr 15% Surcharge of Basic Tax	If income > 1 Cr 12% Surcharge of Basic Tax	If income > 1 Cr ≤ 10 Cr 7% Surcharge > 10 Cr 12% of Basic Tax	If income > 1 Cr ≤ 10 Cr 2% Surcharge > 10 Cr 5% of Basic Tax

Marginal Relief

NTI	Basic Tax	+ Surcharge	= Amount
5000000	1312500	NIL	1312500
5100000	1342500	134250	1476750
100000 ↑	30000 ↑	134250 ↑	164250 ↑

1476750
(64250) → Marginal Relief
1412500 → (Basic Tax 1312500 + Income ↑ 100000)

Residential Status & Scope of Total Income

→ Residence of an assessee is determined with reference to P.Y

Individual / HUF

Sec 6(1)

① Stayed for 182 days or more in relevent P.Y

OR

BASIC CONDITION

② (i) Stayed in India for 60 day or more in relevent PY AND

(ii) Staying 365 day or More during 4 preceding PY

If SATISFIED – Resident *
NOT SATISFIED – Non Resident

* ADDITIONAL CONDITION – 6(6)

① Resident for atleast 2 year out of 10 preceding P.Y AND ② Stay in India for atleast 730 day in preceding 7 years

SATISFIED → Resident and Ordinarily Resident

NOT SATISFIED → Resident but not ordinarily Resident

Special Cases where Check basic condition one only u/s 6(1)

(1) Indian Citizen → leaves India → for Employment
OR Member of CREW (exclude day of incharge & discharge for CREW for days in India)

(2) Indian Citizen / Person of India Origin → Comes to visit

HUF
Sec 6(2)

- **Resident** - Control & Management Wholly or partially in India
  - R&OR
  - Karta Satisfies Sec 6(6) Both cond^{n}
    - Yes
    - No
  - RBNOR
- **Non Resident** - Wholly outside India

Company
Sec 6(3)

- **India Company** → Resident
- **Foreign Company**
  - Resident → Wholly / Partially from India
  - Non Resident → Wholly outside

Firm, LLP, AOP, BOI, Local Authority
Sec 6(4)

- **Resident** Wholly / Partially in India (control)
- **Non Resident** Wholly controlled from outside India

SCOPE OF TOTAL INCOME U/s 5

Tax Incidence	R&OR	RBNOR	NR	
1. Income accrues in India recd India/outside	✓	✓	✓	(A) → takes lectures at JKSC income accrued in India
2. Income initially recd in India accrue in India/outside	✓	✓	✓	(A) → rent for foreign property recd in India
3. Income deemed to be recd in India accrue in India/outside	✓	✓	✓	
4. Income deemed to accrue in India recd in India/outside (sec 9 →)	✓	✓	✓	
5. Income accrue & recd outside India	✓	✗	✗	
6. Income accrue/recd outside business controlled in India	✓	✓	✗	
7. Remittance of money (Past year income transfer)	✗	✗	✗	

Sec 9 Income deemed to accrue or arise in India

① Individual providing service — Indian Embassy
② Royalty on 'Intellectual property Rights' given for use in India
③ Professional / Technical fees for services consumed in India
④ Interest on loan and advances for business use in India