I) Basis of change Sec 28:

Items chargeable under the head "PGBP"

- Profits + gains of any business/profession
- Compensation paid to agent on account of termination of agency/modification of terms + conditions of agency
- Compensation paid to manager for termination of his services or for modification of the terms + conditions
- Compensation paid on acount of take over of management of any property or business by Government
- Income of a trade/professional/similar assocaition from specific services to its members
- Income from speculative business
- Export incentives
  - Cash assistance under government scheme
  - Duty draw back
  - Profit on sale of import entitlements
- Value of perquisites arising from business/profession
- Firm → Partner
  - Salary
  - Bonus
  - Commission
  - Remuneration
- Non compete fees
- Compensation for not sharing know-how, patent, copyright, trademark
- Sum received under keyman insurance policy (including bonus)

Meaning of business: Sec 2(13)

Business

- Any trade / Commerce / Manufacture
  - **Note:** Element of profit motive is necessary
- Any adventure/concern in the nature of trade, commerce or manufacture
  - **Note:** Element of regularity is not necessary

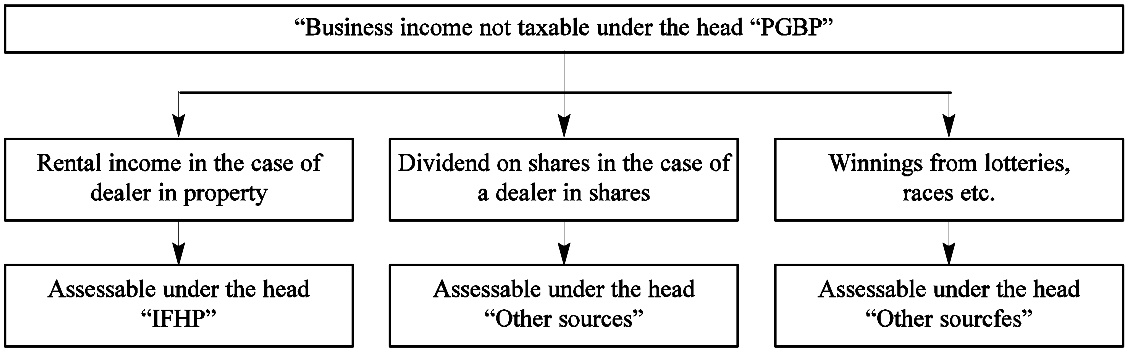
Meaning of trade:

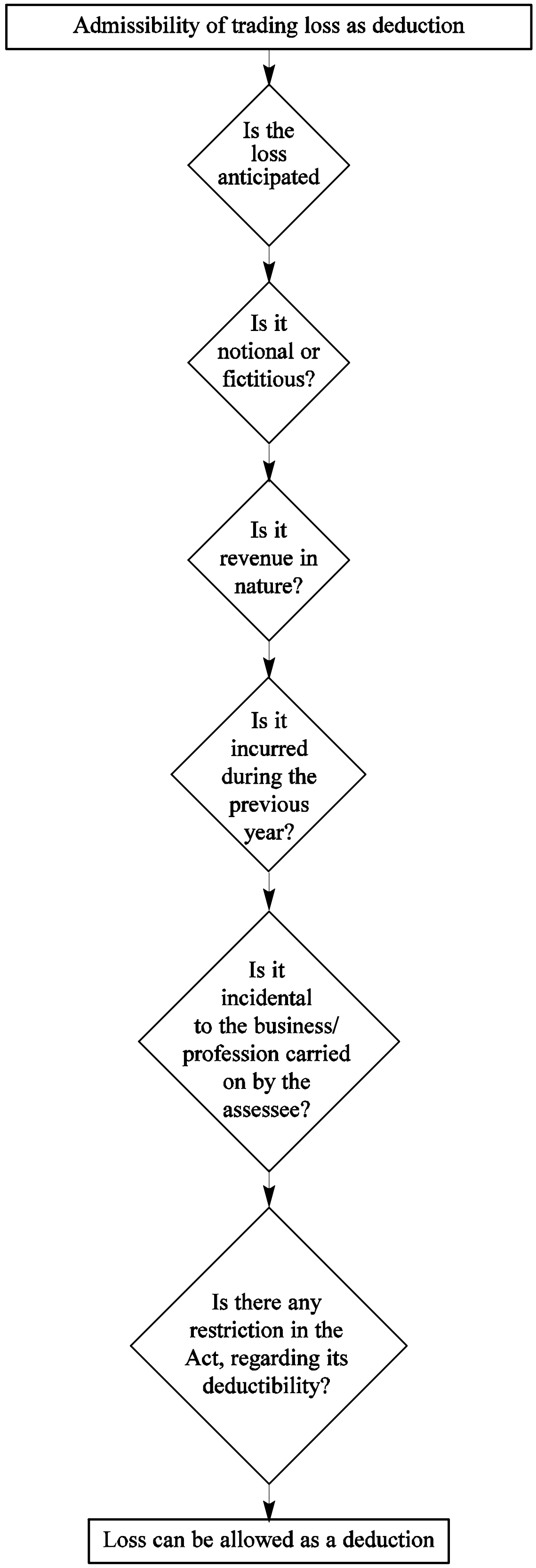
Trade

- Exchanging goods for goods
- Exchanging goods for money

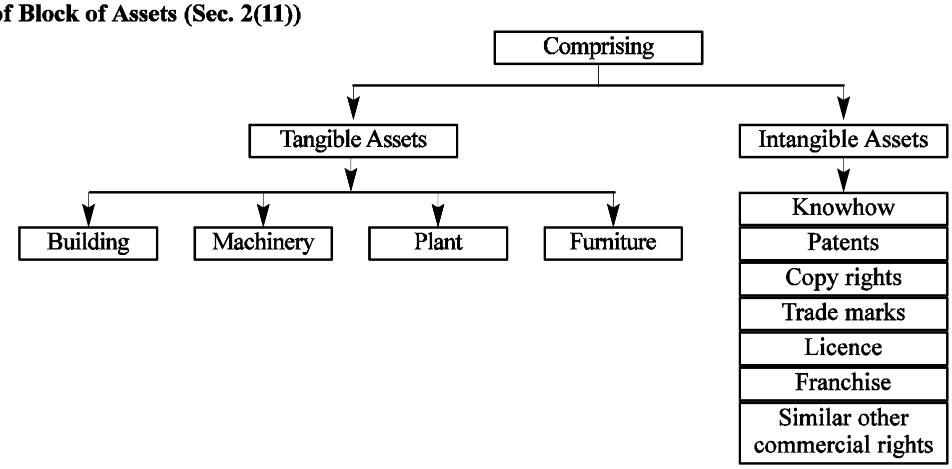
Note:
i. It is usually repetitive in nature
ii. Profit motive is essential

Business income not taxable under the head "PGBP":

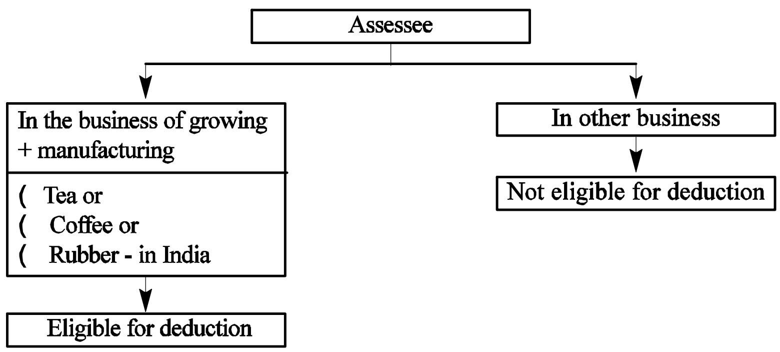



Admissibility of trading loss as deduction
Is the loss anticipated
Is it notional or fictitious?
Is it revenue in nature?
Is it incurred during the previous year?
Is it incidental to the business/ profession carried on by the assessee?
Is there any restriction in the Act, regarding its deductibility?
Loss can be allowed as a deduction

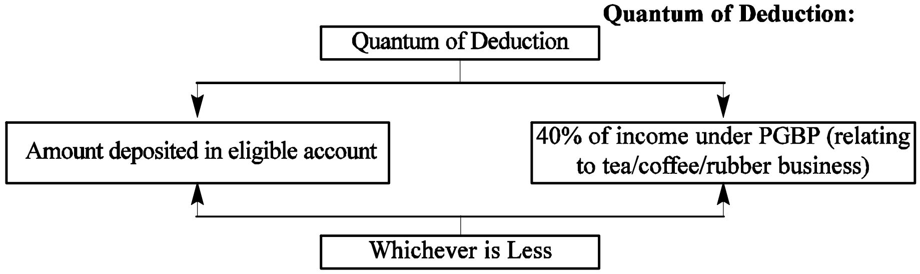
Meaning of Block of Assets (Sec. 2(11))



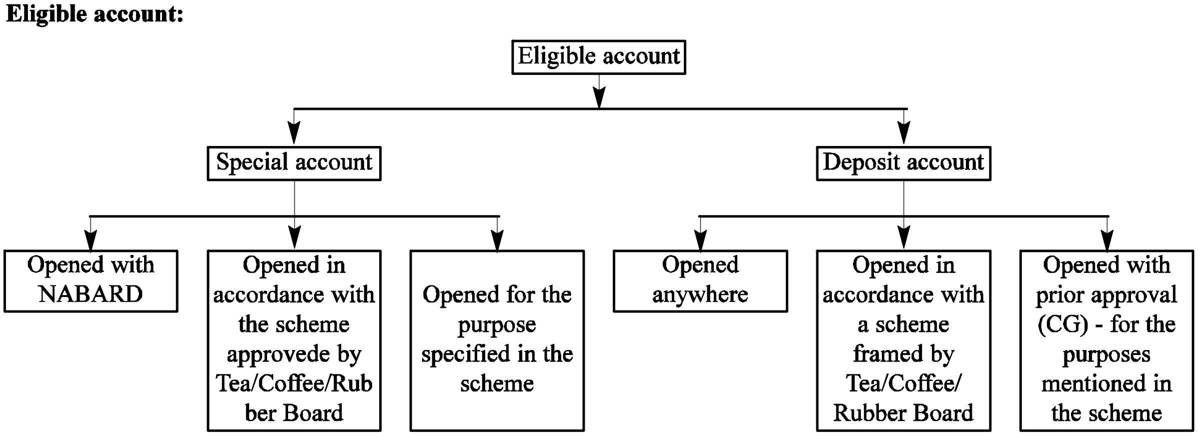
Eligible assessee:



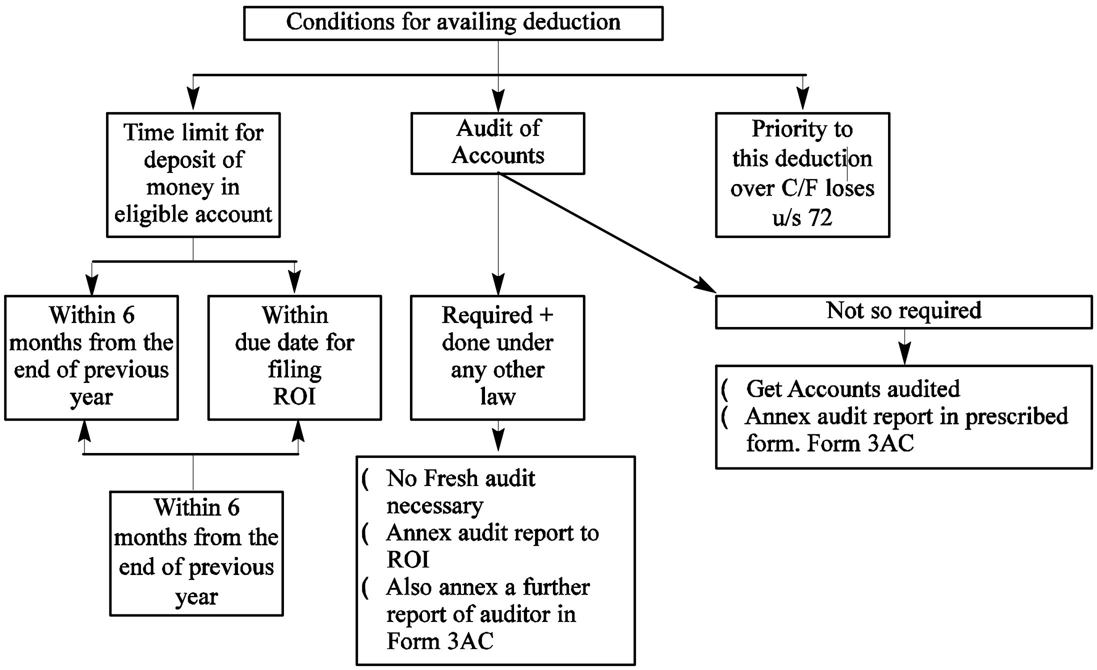
Quantum of Deduction:



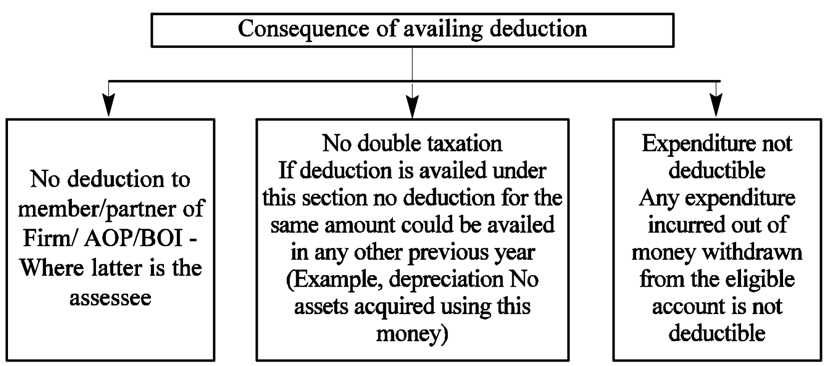
Eligible account:



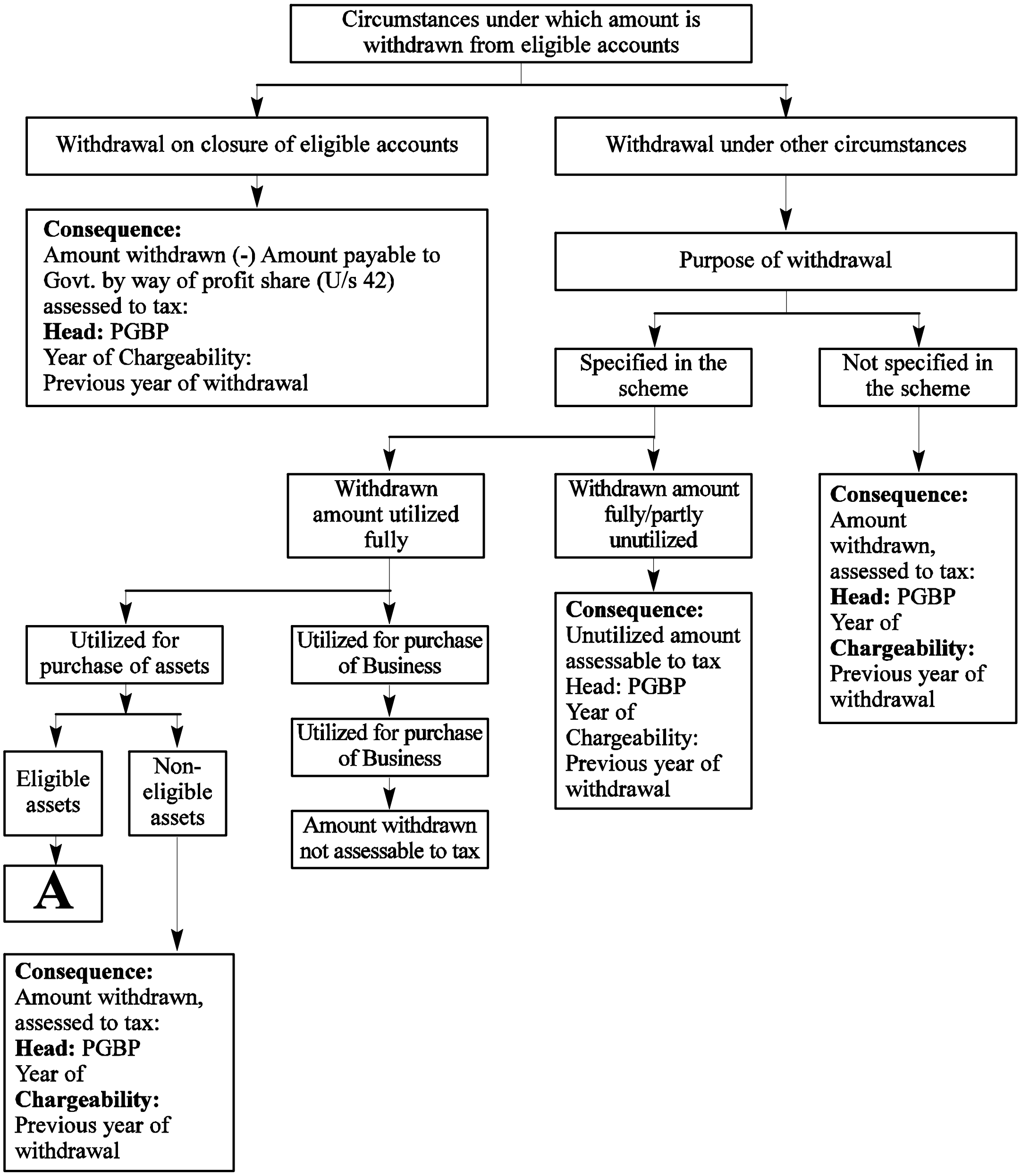
Conditions for availing deduction:

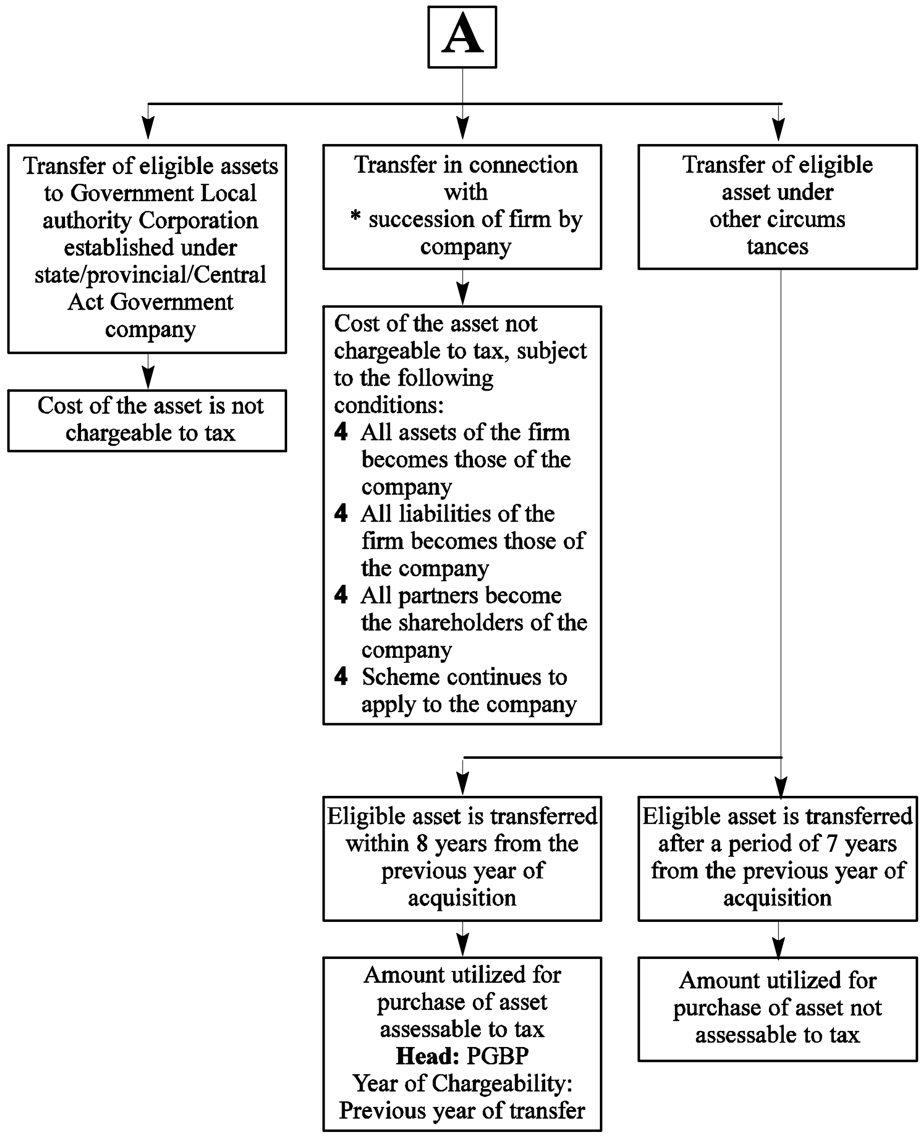


Consequences of availing deduction:



Revocation of deduction:




A
Transfer of eligible assets to Government Local authority Corporation established under state/provincial/Central Act Government company
Cost of the asset is not chargeable to tax
Transfer in connection with
* succession of firm by company
Cost of the asset not chargeable to tax, subject to the following conditions:
4 All assets of the firm becomes those of the company
4 All liabilities of the firm becomes those of the company
4 All partners become the shareholders of the company
4 Scheme continues to apply to the company
Transfer of eligible asset under other circums tances
Eligible asset is transferred within 8 years from the previous year of acquisition
Amount utilized for purchase of asset assessable to tax
Head: PGBP
Year of Chargeability: Previous year of transfer
Eligible asset is transferred after a period of 7 years from the previous year of acquisition
Amount utilized for purchase of asset not assessable to tax