GUIDE TO MY NOTES

Madhav Agarwal, IPS, AIR 211, CSE 2023

For further guidance refer https://t.me/madhavagrawalair211
All the best!
Date: 11th November 2024

Disclaimer: These notes are intended as guidance and reference material only. Aspirants are encouraged to apply personal judgment in their use, as these notes are based on my own experiences, studies, and recollections.

Madhav Agarwal https://t.me/madhavagrawalair211

Loose Page Sheet I — Refer Index Pg V on how to revise

PAGE NO.:

Important points in Income Tax

→ Deductions u/c VI-A = from 80C to 80U

- Not allowed on ~~LTCG~~ LTCG, LTCG 112A, STCG 111A, Winnings (special rate)
- 80C : Life Ins Prem (20% if before 1/4/12 ; ↳ of sum assured) — pay before 31/3 otherwise in next yr. — any child allowed ✓ # Parents X Brother/sis X.
  - + spouse also ✓ + any child (#) (whether major/minor) dep/indep) married/unmarried)
  - Cont^n of EE to Recog 'Provident' Fund, SPF 'Provident'
  - Repayment of HP loan (principal amt), Stamp duty/Reg^n fee of HP Acq.
  - Tuition fees if edu^n in India. • FD (Bank) > 5 yrs (PO) ; Deposit in NSC / Sukanya Samriddhi A/c.
  - NPS = 80C if Tier II (Tax Saver) PYQ
- Pension of CG / National Pension scheme 80CCD / ~~80CC~~
- EE's portion
  - 80CCD(1) — max Amt cont^n or 10% of Salary (or 20% of GTI) if not salaried
  - 80CCD(1B) — extra 50,000 ded^n (not bound by 80CCE - 150000)
- ER's portion : 80CCD(2) — Max amt : Amt cont^n or 10/14% sal — (not bound by 80CCE limit of 150000) — first 100% Added to Income from Salary there

[BOUND BY 80CCE ✓ ∴ 80CCE = 80C + 80CCD(1) = Max 150000]

- Dependent word used only in 80D, 80DD, 80DDB. — also only to RESIDENT.
- 80D = Max ded^n 50K for Self/spouse/child (Bro/sis = NA) (25k extra only if SC) (included in 50K) Dependent ✓ & 50K for Parents — whether dep or not (25k extra incld in 50k if SC ✓).
  - Not allowed to Bro/sis even if dependent as per
  - also 5000 preventive checkup included in above 50000 — ✗ unlike above, allowed in cash also
- 80DD & 80U : Flat Ded^n 75K / 125K (≥40% disab then 75K, ≥80% = 125K)
- 80DDB : ~~Flat ded^n~~ Actual amt & max 40K / 100000 (if Sr. citizen) = XXX — Ins claim = Amt of ded^n — whichever is lower
  - even bro/sis/child/dep ✓
- 80G : — not bound by ATI
  - Unlimited : 50% (Nehru Memorial Fund, JG, RG Foundation, Drought Relief Fund), 100% (PM, State, CM, Zila).
  - Limited : 100% (F.O. Olympics) + 50% (HTC Mobile); charitable = 50%.
  - Donation in KIND ≠ eligible
  - max 10% of [ATI] ; If Eligible Donation < Total Donation then first preference to 100% LIMITED & Bal to 50%.
  - For 80G cash allowed but only if ≤ 2000 & 5000 for 80GGC disallowed
- 80GGC : other than ~~corporate~~ corporate ∴ don^n to PP. → even adv. in PP's magazine = allowed ✓ (only non cash allowed)
- 80TTA : Saving A/c = Max 10 000 — but not allowed as exp. in PGBP
- 80TTB : Resident SC ✓ then 50,000 (even incl. FD Interest).
- 80QQB : (artistic, scientific books) — max 300 000 (Royalty from books)
- 80RRB : (Patents) Royalty : Max : 300000. [ATI] = GTI − LTCG − STCG 111A − 80C to 80U (except 80G) ∴ (WINNING + REDUCE)

SHORT NOTE:- Def. dedu^n , why? to provide incentives etc. social welfare
Expense Based : 80C, 80D, 80G, 80E, 80GGC
Income Based : 80TTA, TTB, QQB, RRB, 80JAC

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80E → if part time eduⁿ.

80EEB : Interest dedⁿ 150000 for purchase of EVs. (Electric Bike)

80IAC : Eligible startups — (innovation + emp↑ | wealth creation).

Conditions:- 100% profits for 3 years

Resident INDV + Income < 500 000.

87A = 12,500 rebate only to 'Resident Indv' — reduced before adding cess @4%. — even allowed for WINNINGS !! — not allowed against (LTCG 112A)

allowed in all INCOMES (Salary, IFOS, SG, etc. even STCG 111A = ✓)

→ **Set off and c/f of Loss :-** Income = 5 heads but before taxation adj allowed ✓ [Intraⁿ]

Same yr. [Sec 70 : Intra head : ✓ except (4) [race Horses (OSm), Specified bus 35AD, Spec B (Speculative), LTCL → LTCG]

Sec 71 : Inter head : ✓ except (6) = (4) + [STCL from STCG/LTCG, Loss of B ≠ from salary] (not vice versa)

[Note: CG = Ambani fam. can help others but not vice versa; Atacked to fired ✓ (but not vice versa)

(#) if Income from Horse race then = winning (& not race horse)

→ Next year :- Loss from HP (8yr), Normal loss from Bus (8yr), Spe B (35AD) (∞ yrs), unabsorbed depreciation (∞ yrs)

(only from same head) Spec B. (4yr), Loss from OSm Race H (4yr), STCL/LTCL (8yrs)

Note :- No set off allowed against WINNING INCOME (not even winning loss).

↳ even exp ≠ allowed eg: exp for card game = no.

→ PYQP 2010 :- Cases where loss of set off by other assessee:

(Amalgamation, Demerger, Succession by Inheritance (Section 78), Prop Concern / Firm → Co, Pvt co → LLP).

→ **Clubbing to Income** - To prevent tax evasion sec 60-65 ✓ ; Income clubbed = Deemed Income (LOGIC OF CLUBBING)

Cases :- Transfer of Inc w/o transf of assets; (→ sec 60) Revocable transf then clubbing ✓ (→ sec 61)

:- Assets transf to spouse (other than HP); Asset transf to Son's wife, to HUF. (→ 64(1)(iv), The 'transf' as deemed owner itself ∴ no clubbing ∵ → 64(1)(vi) Transf of asset)

: Minor Income (All Incomes clubbed even if Int from inv on will amt). (→ u/s 64(1A))

↳ NA := if disability ✓ [(80U)], Manual work, Appⁿ of skill / talent (→ specialised knowledge)

dedⁿ u/s 10(32) = 1500 pa ; If marriage × then clubbed in whoever maintains

: Remuneration of spouse ✓ if subs interest (20% along with relative) + w/o tech/prof knowl. (→ u/s 64(1)(ii))

+ cases where no clubbing (below).

(If question clubbing of spouse Income then also cover asset transf, Revocable transf, etc)

: Even negative income can be clubbed.

Refer Q3 on Pg XV

No clubbing :- Benefits from accretion of Income (2nd genⁿ income) + Transf in case of live apart + ~~No clubbing~~ + Irrevocable + Revocable after death + MINOR (3 cases) + Irrevocable transfer (u/s 62)

* Note :- If amt transf to grandchildren, then income clubbed in → Grandparents × / Parents (2nd level) ✓

Note : = Share of Pt from firm = exempt u/s 10(2A) for both Adult / MINOR

∴ will not be clubbed in either of the case

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Int on PPF = Exempt; & UTI; Int on IT Refund; Int on GSec = Taxable; on NSC = first + then 80C.

On post office Saving Bank 3500/3000 (exempt)

→ eg: MP salary, Agri land o/s India, Int on sec, winnings, income from subletting, compensation for termination or modifⁿ of employment by 3rd person ∴

IFOS

Taxation of gift - Movable property → Check: MR ID HUTLA (for both movable & immovable) → if not then check if came in

56(2)(X)

Check IMDR HUTLA — Check condⁿ for movable (& the immovable case)

9 asset - Sh/Sec | J | D | P | Sculpture | Archaeological | Any other Bullion + Money (+VDA)

Other than (10) Assets: - even if >50k ≠ Taxable eg: watch.

then check 50K limit → If yes ✓

(for "all" such assets together) ∴ if watch 60K then ≠ taxable ∴ if drawing 55K → then whole 55K = TAXABLE.

"for property". SDV exceeds. (2 CONDITIONS)

→ In Immovable property = 110% of consideration (3) Diff in SDV-Consⁿ > 50,000

(if for consideration) "(110% not of SDV)" if both cond ✓ then DIFFERENCE = TAXABLE ∴ (b/w SDV & consideration & taxable)

→ Read Pg 77 of Rankers

→ DIVIDEND: - Tax as per SLAB RATE. TDS if > 5000 @ 10%. ; Int deduⁿ ✓ but max 20%.

CII for FY23 = 331 ; for FY24 = 348

CII for FY22 = 317

CII for FY21 = 301 (FY20 = 289); FMV as on 1.4.2001 (2000)

Capital Gain

Basis of Charge u/s 45

→ u/s 2(14): CA = Prop of any kind - Mov/Immov or Tang/Intang + whether connected to business or not + EXCLUDES: SIT, Movable Personal Effects (except S, AC, J, D, P, ArtWOF) → Agri rural land, Gold Dep Bond | Deposit cert. 2015

CAr + Tranf ✓ + in PY ✓

→ CA: STCG = < 36 m ; LTCG = > 36m + (@ 20%)

Read — But if listed sec (sh, debenture, bond), Units of UTI (listed or not), Eq oriented MF (listed or not), ZCB (— same) → then limit = 12m

of Pg 64, 67, 69-72; Practice Q4, 13 on Pg 73

If Immovable Prop & 'Unlisted' 'Shares' then 24m. ; Tranf of dep asset = STCG always (irrespective of holding)

→ Ignore deposit forfeited by "previous owner"

→ Exemptions: - 54EC: L | B | Both sold → NHAI, REC / Sec bonds → within 6m, Total 50 L/ac, → 5 yr lockin.

54EE: Any LTCA sold → Units notified by CG

If shares are unlisted then Indexation = allowed ✓ (Q4 - Pg 73 RC)

112A: if > 100 000 then @ 10%. ✓ (Indexⁿ X, No 12500 rebate) 87A - No Indexation allowed.

(listed securities) (LTCG) if < 100 000 then Exempt. (∴ if gain of say 22K then = exempt & hence not available to setoff with say LTCL/STCL)

Basic Exemption = Allowed

If asset not put to use ≠ depⁿ; Gifts in PGBP = fully taxable; Keep 43B in mind

PGBP.

not ded | or not deposited; #RICU = Research Instⁿ | Institute | College | University

→ Exp ≠ deductible: 40(a) TDS → In India = 30% disallowed; o/s India = 100% disallowed.

→ 40A = Relative to extent unreasonable + > 10K cash to single party single day

"Research INHOUSE" 150% in R&D; Otherwise: Revenue 100%, Land = 0%, Other capex = 100%

+ Prov of Gratuity for "unapproved" Gratuity Fund (if approved then allowed) [Pg 55 (RC)]

43B = Deductible on payment basis (Before RETURN FILLING) → Tax/duty/cess + Bonus/Commⁿ + Int on loan to Pub. Fin Inst. incl NBFC

+ Payment by ER as contⁿ to PF or Super AF or any other fund for EEs

100% in Capex Bldg; 150% on other capex (except LB)

→ Depⁿ Full ✓ if on or before 3rd October → only for AP, BH, TG, WB; not reduced from block

→ Addⁿ Depⁿ 20/10 OR 35/15%. for all states ✓ BUT Investment Allowance = Flat 15%

(for Co + Rand of Bio-Tech) → Scientific Re. (DONATION) → to RICU / Nat Lab = 150%. ; to COMPANY = 100%

DIVIDEND & Rent from HP → IFOS, IFHP ... = even if held as stock in trade

Madhav Agarwal https://t.me/madhavagrawalatr211

For vacancy compare [GAV] ["Actual Rent" + Vacancy Rent]

Refer ##

→ changes within (2) HP ✓ + owner ✓

24 Hrs HP main rahna padta (:P)

IFHP

2 dedn u/s (24) → @ 30% Std dedn ; Interest on loan

LISTEN TO VOICE CLIP = 2022

→ M. Tax on payment basis that too only by assessee (2 conditions)

→ But Interest on HP allowed on "Due" basis (Penal Interest = NA)

No limit for LOP/DLOP — Spcl case only if Constn/purchase + after 1.4.1999 + within 5 yrs from end of yr in which the loan is taken

→ Recovery of Arrear Rent = (Recovered − Disallowed Earlier) × 70%

→ R.G. Maintenance/Society/Parking Ch = IGNORE as 30% dedn ✓ u/s 24

→ If SOP/LOP area wise then divide [all] (SR, FR, MR, MCom, etc) in area ratio except Annual Rent → as fully for LOP.

→ If joint ownership then calculate normally & divide it in ratio of ownership — (Int limit will as in LOP/DLOP but 30k/200,000 "per owner" in SOP)

→ If fair R − not in question → then put assumpn that FR = NIL

→ # Format = GAV − Mtax = NAV → less: @ 30% ; less Int − IFHP

before NAV → otherwise 30% will be wrong.

→ If loan repaid in PY then 2 effects → Interest calculation = take proportionate months. ; Repayment of loan = 80C

→ Apply % of municipal tax on Municipal value, not on Exp Rent. by mistake

→ Note:- −ve Bal in IFHP allowed to set off in Salary (But max 200,000)

→ In table, Actual Rent is ✓ ⇒ AR = Rent recd + receivable − Unrealised (If rule 4) — In ques Annual Rent is given not Actual → so make it Actual

→ Pre-acq : Int upto end of yr before yr in which constn complete eg: if Feb18 ✓ then for acq Interest upto Mar-17; 17-18 Int full ✓ as HP = now in existence

Basis of Income Tax :-

→ AGRI INCOME :- Inc from Nursery ; Rent of agri land used for agri purpose ; Sale of agri produce → in raw form = Full Agri Inc ; in processed → Processing = Compulsory = Full Agri ; Processing = optional = PGBP & Agri

Exemption u/s 10(1) ← [sec 2(1A)]

Partly agri, Partly business = eg. Grow Plant Tea 60:40, Coffee grown & cured 75:25

→ Scheme for partial integration (when: Agri Income > 5000 ; Non Agri Inc > Slab rate ; Assessee = one whose slab rate ✓ (Cox, Firm, etc)) so that Non-agri income taxed @ higher slab rate.

Eg:- Non Agri Income = 600,000

Agri Income = 200,000

800,000 → Tax = 72,500 (12,500 + 60,000)

Basic slab + Agri Income = 450000 (200000 + 250,000) → Tax 10,000 (200000 × 5%)

Net Tax to be paid = ₹ 62,500

→ Casual Income = Non-recurring : eg: winning from lottery ; Betting ; Prize for coin collection

↳ However → CG, PGBP, Salary even if non rec ≠ C Inc ; Note:- → No expense deductible ; No set off allowed.

→ Slab rate to choose and Surcharge % depends on NTI (not GTI). (net total income)

→ Remember HEC @ 4% (after surcharge) on Tax + Surcharge amt

→ Tax planning = legal ; Tax avoidance legal but intent of law × as loopholes used

For SOP = only Interest dedn = allowed ; M Tax dedn ≠ allowed for SOP ; (as M Tax before NAV but for SOP NAV = 0)

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Madhav Agarwal https://t.me/madhavagrawalair211

Loose Paper Sheet 2.

Rent free accomodation — When house owned by ER [upto 10 lac = 7.5%, >10 upto 25 = 10%, >25 lac = 15%]
If taken on lease by ER then directly 15% | lower of H.R charges / Taxable amt

= IGNORED as already part of INCOME

Salary

→ DA (T or NT) = fully taxable - don't make silly mistake

→ Bonus only on receipt basis (if only announced then ignore)

→ OWN EE's contⁿ to RPF = No LIMIT (only 80C cap of 150000 ✓).

→ Recog. Prov. fund : Int max 9.5%, ER contⁿ = 12% of salary

→ Lunch facility = if upto 50 = X ; If say 80, then 30 = taxable

No Need to refer anything else → Read Point 9, ~~10~~ ~~11~~ from Compact Pg 296 — BDBACM = A = Taxable A but HRA not included ; Comⁿ (all types) — 7.5/10%/15% #

→ Read ~~Allowances Pg. 290 Compact~~ + Perq v/s Allowance Pg 293. — monetary / Non-Monetary both ✓

→ ~~Read Salary definition Pg. 301~~. — Reimbursement is done of med facility — part of salary (irrespective of exp done or not)

→ Med facility in Govt / ER'own / Govt recog = fully exempt.

→ HRA : 40/50% of salary or Rent paid - 10% of salary or Amt received
gives you amt of exemption.

→ Don't 4get Std Deduction of ₹50,000 ; for Ent Allowance - 20% dedⁿ of Basic Salary only :)

→ If nothing is mentioned DA ≠ in terms ::

→ Tony gives 10, ~~25 of Random~~ + ~~gives 27~~, only these 3 (that too selected points). — If 15% BDBACM then gardener + bond ✓ — Only cook & watchman = taxed :)

→ If Theory of comes dedⁿ available to salaried person then cover Ent Allowance + Professional tax + Std dedⁿ = 50K + 30-40% of 80C | 80D | 80G etc.

→ PYQ = amt paid for termination of employment = nothing but retrenchment compensation which is exempt upto 5 lac

→ Refer from COMPACT: ~~Allowances (Pg 290)~~, Point 9, 10, 11, BDBACM (296-98) — for Hotel, Rent free accomodⁿ
Salary Defⁿ (Pg 301)
C³UTA - TC - UDHR Hai (H = Helper, officially ; C = Conveyance Allowance, Children education Allowance = 500 pm ; U = Underground mining allowance = 800 pm ; T = Transport = 3200 pm ; T = Tribal = 200 pm ; Tours / Travel Allowance ; D = Daily Allowance ; R = Research / Academy Allowance)

→ LISTEN to Pension VC + case 27 (RC Pg (28)) → Pg 36 for 80

Total Income : Read of Pg 105 & 110. + Q7 (Pg. XX) see the flow.

LEARNINGS

→ If in ques introⁿ given assessee = disabled then 80U = 75K | 125K ✓

→ Donation delete ki don't get scared as it can 100% | 50% UNLIMITED for which ATI calcⁿ ≠ required.

→ Even interest income of minor when clubbed → then 1500 exemption is ✓ — even if minor married daughter then clubbed ✓ ₹ 1500 dedⁿ ✓ (PYQ 2018).

→ Appellate H = Commissioner IT Appeals → ITAT → HC → SC.

→ BDBACM ≠ incl Excess RPF, HRA, perks — but if eduⁿ allowance 500 then 400 = included in BDBACM

→ Dedⁿ for life Ins Premium only if paid in PY itself — Otherwise go to NEXT YEAR

→ See RC Pg XX Q7 Point (g) computation of perk of Accomodation ; See Tax computation of → Q3 Pg VII, → Q9 Pg XX. — P.T.O

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Service Tax :-

All service are Taxable except negative list

Some case of RCM ✓ ; NA to J&K ; No sep Act → Fin Act 1994

VAT :-

To reduce cascading burden ; More transparent ; ↑ revenue ; Better tax compliance
→ VAT on value addⁿ (SP - cost) ; VAT = State list

-ves : Services ✗ , ↑ working cap as VAT @ every stage and not @ end.
∴ Benefits consuming state compared to higher producing state.

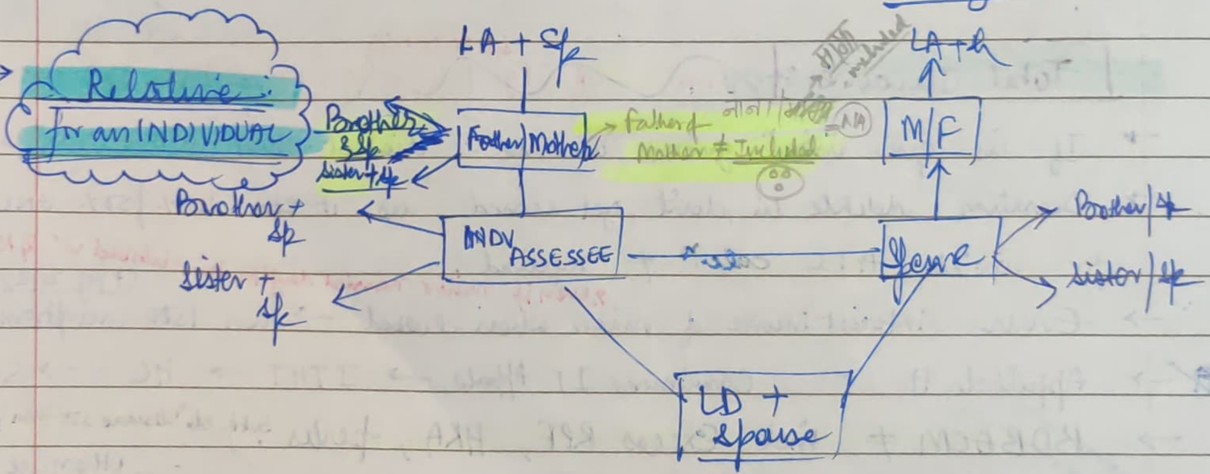
→ $\boxed{\text{Cases where GAV of HP = 0}}$ → 1 palace of ex ruler, eduⁿ instⁿ, Scientific instⁿ, PP, Prop of Trade U, 2 SOPs (→ U/s 23(2)), Prop of local body, Hospital, for charitable purpose, property for own Bus & Prof (→ U/s 23(4)), Income from farm house

"IMAGE IN MOBILE"

→ Refer Pg 10 for SN format for Residential status. (Sent no need to refer)

→ Refer ~~P&~~ Pts in Excel.

→ If Eduⁿ Allowance = 550 pm for 4 child
then Taxable amt = (550 × 12 × 4) − (100 × 2 × 12) = 24000
↳ don't do (550 − 200) × 12 × 4 = wrong ✗ ~~16800~~.



→ In PGBP normally, Prov. for Gratuity ≠ allowed BUT when provision is for EEs retiring in the yr then provision = Allowed.

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AUDIT → NA if T/o upto (10) crore → earlier (5) crore
95% receipts/payments are made other than cash.

Presumptive Tax

→ Read RC Pg: 57 for 44AB; 44AD & 44ADA → PGBP = 50% of receipts
if T/o < 2cr = 8% = PGPB
6% (if other than cash)

→ IFHP = applies on Income from residential or Commercial both ✓.

SALARY :- —

→ Amt. spent on refresher course & telephone Bill = exempted perks :-

→ Gift of Titan watch say 12000 then 2 cases:
① Tax fully 12k (OR) ② tax 7k (12-5k) (gift in kind)

→ If PQPP & amt recovered from EE
then flat 600/900 or 1800/2700 + 900 Driver(if any) = Taxable
& amt recovered from EE = IGNORED ✓✓ (as this is "FLAT RATE")
(But if amt recovered in case of "House facility" then only set off is taxed!!)

⇒ If Assessee = govt EE then Commuted pension = fully Exempt
so & only LICENSE fee taxable for Accomodation ✓
→ HOWEVER: charges for home appliances, etc will be taxable even to Govt EE (Case 23 → RC Pg: 34).

→ Payment of Elec Bill = Taxable (unlike Telephone B).

→ Leave encashment (v/s) Leave Allowance (v/s) Leave Travel Concession
(3lac - 4 cond^n) (fully Taxable) only India; Air/R/Bus

⇒ LIP by ER = first taxable perk then 80C ✓✓

→ Use Another colour HIGHLIGHTER To mark all Sections in these 2 LPs (for better revision).

⇒ Income from bank deposit in name of "MAJOR UNMARRIED DAUGHTER" will not be clubbed @ all as "CHILD = MAJOR" (not a MINOR).

→ If Income only remitted to India then ≠ INDIAN INCOME.

→ INDIAN INC 3 cases: Rec + Accrue ✓; Rec ✓ + Accrue X; Rec X + Accrue ✓

→ Revise GST Page ✓

P.T.O

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⟶ CG kuch hi self generated Assets pe lagta hai – जैसे की
GW of Bus, Right to manuf, Tenancy R, Route permit, loom hrs, Trade mark, Brand name, etc.] in all cases
↳ If self generated → COA = NIL ∴ FVOC = CGain ✓
If paid ↳ then COA = Amt paid ∴ CG = FVOC – Amt paid
[∴ Apart from this ANY OTHER Self G. Asset = CG lagega hi nahi!!]

⇒ LTCG @ 20% /(v)s112), LTCG 112A (@10%), STCG 111A (@15%)] all can be adjusted against unexhausted basic exemption limit ↳ NOT ALLOWED FOR WINNINGS (BOT 87A ✓ allowed for winnings)

⇒ Indexation = NA in case of debentures / gov gold bond, etc.

~~Slab rate adjustment~~

⇒ STT (Security Transaction Tax) is not allowed as deduction.

2023: Refer to "pink highlights" of JPAD Notes file

∴ ~~It~~ Children edu^n allowance is 100 per child max 2 child therefore if 400 pm for 3 child then 200 = exempt & 200 taxable.

∴ HRA exempt u/s 10(13A), Gratuity 10(10), Pension 10(10A) (not w.d.v.)

∴ 10% of asset usage = taxable if EE uses asset but 10% is of original cost

∴ If nothing mentioned Non GOVT EE ✓; DA = NT ✓✓

Tony Me: If in between say altered 2500 pension at after 2m say 60% commuted for 150,000 (and gratuity recd) then calculated taxable pension = Ans = (2500×2) + (150,000 – 250000/3) [150,000/60%] + (2500×40%×3) = 74,667 → Don't forget this

∴ Ent. Allowance (only to govt EE) → Be careful & "may tool" ↳ first add then ded^n u/s 16 : (Max) 5000 or Amt Recd or 20% of Basic salary ↳ isse jyada deduction nahi dena!!

↳ In BDBACM, DA (T) = only is taken not both.
↳ in Leave salary 10m salary & in VRS 3m salary × yrs of service

Int on loan for repayment of arrears of Income tax = Disallowed ;
Salary to self = disallowed in PGBP.
• Int on NSC = add to IFOS then ded^n u/s 80C
• If house SOP but use by son of cousin then SOP ✗ but DLOP ✓
• LIC for parents = disallowed in 80C

Madhav Agrawal https://t.me/madhavagrawalair211

Brief Notes on GST. V.V. High Chances (2022)

Timeline: Idea mooted in 2000 → finally by 101st CAA, 2016 later CGST/SGST/UTGST Acts passed → 1.4.2017 ✓.

Concept: = C^3D2

- Destination based tax payable on supply of goods & services.
- Continuous & seamless flow of Input credit as earlier dealers/service providers had Excise credit but no liab to set it off with VAT (unlike manufacturers).
- No multiple taxation & cascading effect of tax.

Problems → Taxes were not subsumed in VAT
→ CST Portion = Non-Vatable.

- Dual GST Model: Both C/State levy taxes.
- Registration if T/o exceed 40 lakhs*
  *10 lakh in case of Spcl category states
- Composition scheme for small tax payers having intra-state supplies upto 1.5 cr. (1% for Manuf, 5% for Restaurant, 6% for service providers).
- Compensation cess leviable on demerit goods (panmasala, tobacco, aerated water, motor cars) to compensate States for the loss of revenue arising on implementation of GST.

- Taxes subsumed - Excise duty, Service T, CST, CVD, Entry Tax, Sales Tax, Luxury Tax, Ent. Tax (except when by Local Authority).
- On Alcohol - State Excise & VAT.
- On 5 Petroleum Products (Petrol, crude, motor spirit, High speed diesel, NG, ATF) = GST only when decided by GST council. (Currently Central Excise is applicable)
- Sharing of CGST = Based on Recomm of Finance Commission.
- Sharing of IGST = Based on Recommn of the GST Council.

Benefits of GST.

- Unified National Market.
- No Rate Arbitrage.
- Ease of doing business (compliance ↓)
- Reduction in price (link with National Anti Profiteering Authority).
- Business Intelligence & Fraud Analytics Tool

Disadvantages:

- Multiple slabs of rates of taxes. (In Australia GST@ 10% only).
- Inconvenience to small traders.

* GST Council set up by President. (Article 279A)
- Tax incidence = Business (from whom GST is collected?).
- Tax Impact = Consumer.

(Asked) GST is leviable on inter/intra state supply of G/S/Both except alcohol for human @ rate specified by govt on recomm. of GST council on value of G/S/Both (Max 20% of CGST/SGST & 40% IGST)

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- Supply includes all forms of supply such as sale, exchange, barter, transfer, lease, license, rental, disposal of G/S/Both supplied or agreed to be supplied for a consideration in course of business.

- Nil rated supplies:

Goods: Milk, Unbranded grains crops, Newspaper, books, satellites, live animals, electricity, etc.

Services: By CG, Services By RBI, Hotel room rent < 1000 pd, doctors/amb, eduⁿ services (except pvt coachings) admission to museums, etc.

⇒ Use Intermediate GST Document

Example:

- Manuf to Dealer A: Excise ✓ (12.5%), CST (2%) on value inclusive of Excise.
- Dealer A to Customer: VAT ✓ (5%), Amt paid to Manuf CST cannot be setoff.
- Same example under GST @ 12%.

	Pre-GST		Post GST
Car Value	5000		5000
Excise @ 12.5%	625	@ 12%	600
	5625		
+ CST @ 2%	112.5		
	5737.5		5600
Tax Paid	737.5		600
Car SP by Dealer	7000		7000
@ VAT @ 5.0% collected	350	GST 12%	840
	7350		7840
Net Tax Paid	350		240

New Tax Updates :- (2021-22)

DEEMED RESIDENT [u/s 6(1A)]

- If Indian citizen is not R in any other country and his income is > than 15lakh (apart from foreign sources) that he will be deemed to R but NOR. → only RNOR ✓ (trying to escape tax)

- Now if Indian citizen OR PIO (→ 2nd exception) having >15lakh (Post) (other than foreign) → than will become Resident when + come for India on visit ....
  (i) 182 or more in India ....
  OR
  (ii) ~~60days~~ 120days or more (New change — has been increased) (rather than 182 to 120) ....
  + 365 days in last 4 PYs.

(No change for crew members, no change if went for employment).

- 44AB limit will become 5crore (10) (instead of 1 crore).
  if ≥ 95% → receipts all / → payment all — are in any mode other than cash

- For CG, IFOS (5%) variance have now been raised to * (10%) *

- As dividend = Taxable, now interest on investment = allowed as deduⁿ subject to max 20% of dividend. (no exp other than interest is allowed).

- New slabs ✓ 0-250,000 = 0% ..... >15lac = 30%.

If exemption such as — are left:-
Std deduⁿ 50K, HRA, 200000 Int under SOP - HP, Minor child 1500, Investment allowance 32AD (PGBP), 35AD (spec business), Scientific & social donation, 1/3rd of Pen

Madhav Agarwal https://t.me/madhavagrawalair211

Point of Excel - Tax.

Meaning of Person? 2(31)	Person = Indv, HUF, Firm, Co, AOP/BOI, AJP, LA
Meaning of Assesse? 2(7).	Liable to tax, liable to any other sum, any proceeding going on for tax or refund deemed to be assesse, deemed to be assesse in default
Exceptions to the rule of income taxed in AY; SF=LAND (RC Pg 5)	Leaving India permanetly or long period, Alienating his asset to avoid tax, AOP/BOI income estab for short duration, Non Resident's income from shipping, Discontinued business
Surcharge limit for individuals → quote section 6	>50 lac to 1 crore = 10%; 1 cr to 2 cr = 15%; 2 cr to 5 cr = 25%; >5cr = 37% 10+15 (10+15)
Residential conditions for Indv u/s sec 6? In what cases second basic condition does not apply?	182 days --OR--- (60 days + 365 in last 4 PY); Indian citizen leaves india for employment/memb of Indian ship and Indian citizen/PIO comes to visit India --> in these cases 60days+365 cond will be NA and only 182 cond will apply
Additional Conditons of ROR u/s sec 6(6)?	Resident for 2 years in last 10 PY --AND-- 730 days in last 7 PY
Indian Income Meaning?	Received + accrued in India, Received but not accrued, Accrued but no received
Expemt Income u/s 10? SF=DESI[2]	D = Double taxation avoidance (Share of AOP/BOI/Firm/HUF), Economic reason (Inc of ~~not from~~ MF, 100% EOU units), Social benefits (gratuity, pension, agri income, scholarship, LIC amount), Institutional bldg (income of scientific body, courts), Int Relation (UN, diplomats, SAARC)
Treatment for Gratuity? Govt EE? Max Amount? If recd during employment? Max Amt = 20lac	~~10~~ 20 Lacs; Exempt for Govt EE; If recd before retirement than fully taxable for all (even Govt EE)
POGA vs Non POGA	POGA: Latest Salary + DA (both) + Round off For POGA 3yr 6m = 3yr, 3y 9m = 4yr Non-POGA: Avg salary 10m + DA (T) + C (T/o) (10 avoiding month of retirement) → Commuted = Exempt for Govt. EE.
Treatment for Uncommuted Pension? Govt EE? Max Amount ↳ = monthly pension. (Taxable for EEs)	Not for govt EE; Max Amount but 1/2 and 1/3 is applicable on Total Pension; If uncommuted than fully taxable for all (even govt EE) → 11 to 25 lac
Treatment for Leave Salary (4 conditions incl Max amt)? Govt EE? Max Amount ↳ During emp? = fully taxable ∵ for all EEs → Amendment	~~3~~ Lacs; 4 conditions 10m salary or Leave credit*Salary or amt recd or 3 lacs (fully exempt for Govt EE @ retirement)
How to calculate Leave credit for Leave Salary?	Max 30 days per yr = leave allowed; LC = LA - Leave taken
Treatment for VRS (4 conditions incl Max amt)? Max Amount?	5 Lacs; 4 cond- Salary pm*Service mnths remaining or amt or 5 lac or Salary*3*Years of service completion
Treatment for Retrenchment Comp.? Max Amount?	5 Lacs OR 15/26 X Avg salary 3m X Round off yrs ✓
Two places where there is provision to round off years?	POGA EE's Gratuity and Retrenchment Comp.
Two places where there is provision of 15/26?	POGA EE's Gratuity and Retrenchment Comp.
SF for Allowances? Treatment?	C^3UTA TC UDHR Hai are somewhat exempt; Except this all other allowances are fully taxable Helper (only if office purpose); R= Research/Academy Allowance Tribal=Two=200; Refer Pg 290

TC UDHR
↳ exempt = amt. spent ✓✓.

C_3UTA = amount given ✓.

Madhav Agarwal https://t.me/madhavagrawalair211

BDBACM applicable for | Rent free accomodation & House facility (@24 (1) (24 yrs))

Treatment for Travelling/Tour allowance? Commutation Allowance/Transport Allowance? Conveyance Allowance? Both same.	Travelling allowance & Conveyance Allowance form part of TC in the Shortform; Where as Commutation Allowance or Transport Allowance is exempt Max 3200 pm for disabled only
Treatment for HRA vs House Facility	HRA is paid in monetary terms therefore it's an allowanceBut in House facility is provided and no money is paid 40%/50% depending on metro cities
Treatment for Perk of LTC (Air, Rail, otherwise) but Leave allowance = fully taxable	Travel only **within** India; For Assesse, Spouse, 2 children, dependent relatives (mother, father, sibliing)
Treatment for Perk of Med Facility outside India (Benefit of treatment, stay and travel)	Treatment and stay as per RBI; **Travel** fully exempt if GTI < 2lac otherwise fully taxable Ignore RBI amt if any !
Treatment for Loan at concession rate? If Loan less than 20k? If for specified disease?	Difference with SBI rate = taxable; Not taxable loan < 20k; Not taxable at all (even if >20K) when for specified disease
Treatment of gift in cash from ER	Fully taxable no limit of 50k of IFOS ; if FMV < 5000 = exempt
Taxable amount for use of asset other than computer/laptop (as they're exempt)?	If owned by ER then 10% of cost; If hired then hire charges
Treatment of telephone/mobile bill paid by ER if electricity Bill then Taxable	Fully exempt, even if telephone at residence
Treatment of scholarship to EE's children vs education facility	Scholarship is Fully exempt but edu facility taxable if more than 1000 per month
Treatment of goods sold by ER at reasonable price	Fully exempt
Treatment of Medical Insurance for EE/ Personal Accident Policy	Fully exempt
Tax on non-monetary perk paid by ER	Fully exempt (as ~~added~~ affect in PGBP).
Treatment of Free servant vs Helper allowance	Free servant is fully taxable but helper allowance is exempt upto amount spent
Treatment of Entertainment allowance Max limit? = Refer Ans	First taxable to all; Exempt only for Gov EE - Max 5000 or 20% of Basic Salary only (no DA and stuff) MAX LIMIT Professional Tax also u/s 16 First total added to income then deduction claimed u/s 16 if paid by ER.
What one thing we've to never forget in salary?	Standard deduction of 50K
Treatment of Car for Partly Office + Partly Personal Purpose	Read Compact Pg 297-298 FLAT TAXABLE + 900 for DRIVER 600/900 (<1.6 ltr), 1800/2400 (>1600cc/1.6 ltr) If fully personal → then ACTUAL Basis ch borne by ER
not USAGE (10% / Hire Ch in usage). Transfer of assets? Give % and method of dep for car, computer and other assets?	Car (WDV,20%), Computer (WDV, 50%), Other Assets (10%, SLM); Dep for **every completed year**
Arrear of Salary? Taxable or not?	Write assumption, that it is taxed assuming not taxed before on due basis or vice versa
Percentage of dep for P&M, Building, Intangible asset, Furniture	P&M 15%, Bldg 10%, IA 25%, Furniture 10%
Exemption under Section 54 for whom? = Indv/HUF	HP ---> HP; -1,+2,+3 Amt of Exempt = New Inv & LTCG whichever is lower
Exemption under Section 54 B	Urban Agri Land ---> Any Agri Land; purchase in +2 yr, must be used for 2 yrs agri
Exemption under Section 54 EC	L/B/Both --> Bonds of RECL/NHAI/PFCL/RECL; 6 months; Max 50 lacs not any LTCA

→ Lockin period always 3yr; if 54EC/EE then 5yr.

→ Medical Insurance Premium paid for EE by ER = fully exempt in SALARY :)

Madhav Agarwal https://t.me/madhavagrawalair211

xemption under Section 54 EE	Any LTCA ---> Units notified by CG; 6 months; Max 50 lacs
Exemption under Section 54 F	LTCA other than HP ---> HP; -1,+2,+3; Proportionate exemption based on cost of new asset and net consideration (Cost of New HP / Net consideration) x LTCG max CNA = max exemp"
Taxation of Gifts	Except PGBP/ Salary, for other gifts we've 2 cases; either IM DR HUTLA or otherwise; In otherwise we've 5 cases; Agg. Money>50k, Agg Movable asset w/o consideration >50K, Agg Movable asset inadequate consideration >50K, Per property w/o consideration > 50k, Per property with consideration > 50k along with SDV > 105% of value
Deduction u/s 80U & 80DD (Rule 50DDA = Advance/Yearly)	Flat 75k/125k for handicapped assesse / Dep. Relative
Sections not bound by 80 CCE	Section 80CCD(1B) = Special 50k additional for NPS/Atal Pension and 80CCD(2) = ER's contribution

Write assumptions: If not asked write only 2-3 in **single** sentence separated by " ; " and then write etc.

f asked directly: Cover 70-100% of one page; Write in tabular format (ie. Merits on left and demerits on right) using phrases and not complete sentence

Quote current affairs: If nt asked then write it only in 2 lines (eg: So and so company gave dividend, buy back, M&A, DE ration, nterest Ratio Ratio, Recent search and seizure)

Don't try to fill 2 pages focus on meeting the demand if met in 1-1.5 pages

HRM shortform = RST DPC

Q: Job Analysis is **useful** for...... Ans: Utility

Q: The fundamental **aim** of IR is to........ Ans: Objectives of IR (fundamental ones + the subsidiary ones); Therefore this is direct question, don't make it analytical one

Q: "Selection' is virtually a kind of elimination process." In the light of this statement, explain the objectives and process of selection. Ans: Objectives (Compare bureaucratic org follow elimination process where as modern org follow evaluative process where they hire the best and not the minimum number they thought to hire; Thus modern use psychological tests); Process must highlight aspects of elimination eg: Application blank, preliminary screening

f program is asked - write in points and group them in various heading eg: Background work (Target person, Place, Time, Duration, Responsible person/hierachy) *think like you're planning for a party program* , Objectives, Resources and external agencies, Steps/Process, Impact Assessment/ Feedback

How would you create customer oriented work culture? Ans: Give the feel of the Program as you don't want to make the approach look casual; Don't directly use any theory but use it naturally with examples

eg: Impact type questions; Eg: Impact of IT on Org - Cover impact on goals, culture, structure, practices (OT syalbus)

Brief Introduction (define concept, its parent concept) and Conclusion (suggestions, counter view, way forward, solution, role of governing body related to the concept) is needed in Short Notes and all other theory answers

n case of limitations of something is asked, then try to conclude with +ves to give holistic feel

f **Impact** of something is asked then cover **both +ve and -ve aspects** for example in case of Impact of computers on utility of Accounting

The five Cs of credit is a system used by lenders to gauge the creditworthiness of potential borrowers. The five Cs of credit are character, capacity, capital, collateral, and conditions

2023 Learnings : -

Madhav Agarwal https://t.me/madhavagrawalair211

SETOFF

- Loss from spec → spec Busi profit ✓✓
  Business & loss from spec → non-spec profit — ××
- (Bus) Loss from cloth (non speculative) → spec B pt ✓✓

- Read Qn carefully, Assessee Age, 115BAC yes or not? → read fully.

- Residential Status: Make Table

extra column ✓✓

	ROR	RNOR	NR
6(1) 6(6)	At least one basic cond^n & both add^n ✓	At least one B.C ✓ & one or none add^n cond^n	Neither basic cond^n satisfied.

44AB (Audit) 1cr → 10cr if 5%.

- Presumptive Tax:

	Normal Threshold	
44 AD	2 crore	= 8% / 6%
44 ADA	50 lacs	= 50%

FA'23: 44AD 3crore if cash max 5% Trans/Recr

: 44ADA 75lac ——"——

- Setoff of Trade Final Theory

Losses from	Intra/Inter head	Carry fwd
Spec B	—"—	—"— 4yr
Specified B 35AD	—"—	∞ yr
Other B	—any	upto 8yr

Add^n info: Not allowed from salary, etc.

- IFHP में 30% std ded^n मत भूलना.

- 80G: Fo HTC
  100% limited, 50% limited
  1st pay: Both ways 10% of ATI ✓✓
  If eligible donation = 50,000, Total dona^n to Charitable Trust = 2,00,000, then max = 50×50% allowed = 25k.

- Diadomy test:
  - If property let out of employees or used by EEs for PGBP, of Business then IFHP ××.
  - Property held as stock in trade.
    - Upto 2yrs: if not LOP + Business of letting out = NIL
    - u/s 23(4)
    - Post 2yrs: DLOP ✓
  - SOP exempt u/s 23(2) & property for PGBP - u/s 23(4) } Annual value NIL

- HRA में (time period ध्यान रखो)
  = 40%/50% of salary है ✓ ना कि 40%/50% of Rent ××

- Leave encashment max = 3lac (25lac)
  & Avg of 10 month salary × 10m करना रहता है
  Col: 1 10m से Total

P.T.O

Madhav Agarwal https://t.me/madhavagrawalair211

- Read pts fully in interest perk in salary, loan was repaid 10,000 per month so interest will be ~~exp~~ get reduced post that on monthly basis.

80C — LIP for major son if disabled = allowed even if not dependent

- gift from mother's father = exempt = relative.

- In 2021 PYQ, 2400 donation was written in cash be careful it won't be allowed in 80G.

- Perk of EE obligation met by ER = chargeable to tax ∴ (~~Pg 165 Rankers New~~)
  ↳ But tax on Non-Monetary perk by ER = exempt. (Both are diff?)

- Keep circling the items for which you have not given any effect in tax qns, to avoid leaving them.

- GST Other points:
- Coverage of G/S — say except Alcohol + 5 items ✗
- Zero rated supplies; Audit ✓ GSTR9
- GSTAT formed; Anti-Profiteering
- Advance Ruling authority.

Benefits: ~~to business~~ ~~to consumer~~: Make in India, Emp, Indian exports, Investment climate, Tax evasion↓, Less cost for small retailers.

New pts below:

In 80G for ATI = we reduce both LTCG, STCG 111A - 80C to 80U except 80G from GTI ✓

Here no need to reduce winnings ?
Normal STCG → non 111A wala which debt sale
↳ isko le sakte hain ATI में ✓.
↳ as i.s.pe Ch VI-A allowed ✓

- Salary ~~IFHP~~ can be used to setoff loss on HP. as restⁿ on Business only. No setoff ≠ Income & loss of winning allowed.

RTP
- Money spent on health ins prem for Dependent Bro/Sis ≠ allowed in 80D

if med exp for Disabled + Dep Bro/Sis = allowed ~~75/125k~~ 75/125k in 80DD ✓

- AY 23-24 applies ✓; AY 24-25 → Marine 2024

- Perq: Addⁿ, either reimb when खर्चा ✓ or given in kind/facility

Allowance: part of salary, jaise kaste wage etc.

- If Income exempt (Agri Income forg.) then loss is IGNORED (no setoff).
- Stamp duty on HP allowed in 80C.
- Put Notes in Cap G Qs = that asset is LT/ST, Indexation ✓ or ✗, etc... show thinking
- Recall sections from Residential status (Pg 10 Rankers) need (Refer IMAGE IN MOBILE)

- Ignore dep for by prev owner; if you forfeit in or before PY 13-14 then deduct from COA or else IFOS ✓
- If Agri Income in Q then partial taxation ✓
- Land Revenue in IFHP ≠ municipal tax. ∴ disallowed & assumed to be part of 30% dedⁿ