- 30 -

Eg. Op. WDV of Building ₹ 50,00,000, Consisting 4 Building, as on 1/4/2022.

(i) on 1/8/2022 Acq. a New Building for ₹ 12,00,000

(ii) on 1/12/2022 Acq. a second hand Building for ₹ 20,00,000.

on 31/12/2022, Sold 2 old Building for ₹ 4,00,000, Cost was ₹ 8,00,000 and WDV was ₹ 6,00,000.

Compute Dep. u/s 32 & Clo. WDV as on 31/3/23.

Sol:

Particulars	Nos.	Amt.
Op. WDV as on 1/4/2022	4	50,00,000
Add: Addition During the P.Y. 2022-23		
[I] PTU ≥ 180d. [Acq. on 1/8/22]	1	12,00,000
[II] PTU < 180d. [Acq. on 1/12/22]	1	20,00,000
	6	82,00,000
Less: Sold 2 old Building [S.P.]	(2)	(4,00,000)
	4	78,00,000

PTU < 180 d.

$20,00,000 \times 10\% \times \frac{1}{2}$

$= 1,00,000$

Balance

$58,00,000 \times 10\%$

$= 5,80,000$

Dep. u/s 32 = 6,80,000

as on 31/3/23 Clo. WDV = 78,00,000 − 6,80,000 = 71,20,000

Set-off and Carry Forward of Losses

- Intra Head Set-off (Inter Source Adjustment)
- Inter Head Set-off
- Carry Forward of Losses

I Intra Head Set-off (Inter Source Adjustment)

	Coaching Business	Publication Business
Profits	₹50,00,000	(₹20,00,000)

Set-off

PGBP ₹30,00,000

Exceptions

(i) Speculative Business Loss can be Set-off Against only speculative Business profits.

(ii) Long term Capital Loss can be Set-off only Against LTCG

(iii) Specified Business u/s 35AD Losses can be set-off only against profits from same Business

(iv) Loss from Activity of owning & maintaining Race Horses can be set-off against same Activity.

$\boxed{\text{II}}$ Inter Head Adjustment

Business

- Coaching: Profit ₹ 8,00,000
- Publication: (₹ 14,00,000)

House Property

- SOP: (₹ 2,00,000)
- LOP: ₹ 10,00,000

Set-off → Intra Head Set off → Set-off

PGBP (₹ 6,00,000)

IFHP ₹ 8,00,000

Set-off (Inter Head)

IFHP ₹ 2,00,000

Exception :- 4 Exceptions are Same as Intra Head

(v) STCL can be Set-off only against STCG/LTCG.

(vi) against Income from Salary only 1 Loss can be Set-off i.e. Loss from House Property

(vii) Loss from House Property can be Set-off Max. ₹ 2,00,000 against Any Other Head.

(viii) Against winnings Income no Other Loss can be Set-off, even loss from winnings shall also be lapse.

III Carry Forward and Set-off of Losses

if no sufficient Profits in current P.Y. (within the Head or outside the Head), then Loss can be C/F to Next P.Y. as Follow :-

1. IFHP (Loss) → C/F for Next 8 P.Y. [Set-off IFHP]
2. PGBP
   (i) Speculative Loss → C/F for Next 4 P.Y. [SP.]
   (ii) Normal Business Loss → C/F for Next 8 P.Y. [PGBP]
   (iii) Unabsorbed Dep. → Unlimited Period [any Income except Salary & winnings]
   (iv) Loss from Specified Business u/s 35AD (14 Business) → Unlimited Period [only specified]
3. LTCL/STCL → C/F for Next 8 P.Y. [LTCG / LT/ST]
4. Loss from Activity of owning & Maintaining Race Horses → C/F for Next 4 P.Y. [Same Activity]

Note-! in Case of Amalgamation, Losses of Amalgamating Company Can be c/f by Amalgamated Company in Future.

Q.1 Computation of Taxable Income of Mr. A for A.Y 23-24

Particulars		Amt
Income from Salary (Computed)		4,00,000
IFHP		
(i) Loss from SOP	70,000	
(ii) Loss from LOP	1,50,000	(2,00,000)
	2,20,000	
		2,00,000
IFOS		
Int. on FD	80,000	
PGBP		
Loss from Business ₹1,00,000	(80,000)	—
Taxable Income		2,00,000

Note-1 Balance loss of ₹20,000 in Case of House Property shall c/f for Next 8. A-Y.

Note-2 Balance Loss from Business ₹20,000 shall be c/f to Next 8 A.Y.

End Term

1. Basic Concept (2M)
2. Residential Status (4M)
3. Agri. Income & IFOS (3+3)
4. PGBP (5M)
5. Capital Gains (5M)
6. Set-off & C/F (5M)
7. PGBP with MAT 4M

Q.2 Computation of Taxable Income of Mr. B for A.Y. 2023-24

Particulars	Amt
(1) Income from Salary (Computed)	45,000
(2) Loss from House property	(24,000)
	21,000
(3) Loss from non speculative ₹ 22,000 [C/F for next 8 AY]	
(4) Loss from speculative ₹ 4,000 [C/F for next 4 A.Y.]	
(5) LTCG u/s 112 — 19,000	
Less: STCL of ₹ 25,000 — (19,000)	—
Taxable Income	21,000

Note: Balance STCL of ₹ 6000 shall be C/F to next 8 A.Y.

Eg. on Agri. Income

Mr. ARP Grown Sugarcane & Transferred 100 tonnes of Sugarcane to his factory a market price of ₹1000/tonn. Cost of cultivation was ₹ 10/tonn. in factory sugar was produced from processing that sugarcane. Cost of processing was ₹1,80,000. Sugar sold for ₹ 5,60,000. Compute PGBP & Agri. Income of mr ARP.

Soln

Agri. Income

FMV of Sugar Cane Transferred (100 tonnes X ₹1000)	₹ 1,00,000
Less: Cost of cultivation (100 ton X ₹10)	(1000)
Agri. Income [Ex. u/s 10(1)]	₹99,000

PGBP

S.P. of Sugar	₹ 5,60,000
Less: FMV of Sugar Cane	(₹ 1,00,000)
Less: Processing Cost	(₹ 1,80,000)
PGBP	₹ 2,80,000

Eg.

	Business Income	Agriculture Income (Ex. u/s 10(1))
① growing coffee & cured in Coorg (India) [Income ₹1,00,000]	25,000	75,000
② Income from coffee grown, cured, Roasted & grounded in Colombo (Lanka) ₹2,00,000	2,00,000	—
③ Tea grown & mfg in Shimla ₹10L	4,00,000	6,00,000
④ Rubber grown & mfg in Chennai ₹1L	35,000	65,000

Q8.

Residential Status & Scope of TOTAL Income

Income	ROR	RNOR	NR.
① Dividend Income from RIL, Indian Company Received in USA ₹ 1,00,000	1,00,000	1,00,000	1,00,000
② Dividend Income from Apple INC ₹ 1,00,000 (50% Received in Mumbai)	1,00,000	50,000	50,000
③ Agri. Income in Canada ₹ 70,000	70,000	—	—
④ Business Income in Mumbai ₹ 1,00,000 Received in Dubai.	1,00,000	1,00,000	1,00,000
⑤ Business Income in Dubai ₹ 70,000 Received in AbuDhabi.	70,000	—	—
⑥ Business Income in Uganda ₹ 90,000 Controlled from Mumbai	90,000	90,000	—
⑦ Profession Income in Russia ₹ 80,000 Profession set-up in India	80,000	80,000	—
⑧ Business Income ₹ 1,20,000 in Australia, Controlled from Afganistan	1,20,000	—	—
	7,30,000	4,20,000	2,50,000

Minimum Alternative Tax (MAT)

Applicability = only Companies (Domestic & Foreign)

Foreign Company

- is Resident of a Country or Territory, with India has DTAA (Double Taxation Avoidance Agreement)

  $\boxed{\text{And}}$

  No Permanent Establishment

  ⇓

  MAT is not Applicable.

- is a Resident of a Country or a Territory with India has NO DTAA

  AND

  is not liable to Register in India under any Companies Act

  ⇓

  MAT is not Applicable

MAT payble

(i) Normal Tax as per I.T. Act, 1961 + Surcharge + HEC ★

(ii) MAT u/s 115JB @ 15% on Book Profits + Surcharge + HEC.

Normal Tax	Indian Company	Foreign Co.
Tax	30%	40%

Surcharge

(i) if NTI > ₹1cr. 7% of Tax 2% of Tax

(ii) if NTI > ₹10cr. 12% of Tax 5% of Tax.

$\boxed{\text{HEC @ 4\%}}$

★ **Sec. 10AA** :- Ded. in Respect of Units Located in Special Economic Zone [SEZ]

(i) Eligible :- Any person doing manufacturing or Providing Software Service & unit Located in SEZ.

(ii) Ded. u/s 10AA :- 15 years (From year when unit started Business)

First 5 years ⇓ 100% of Export Profit

Next 5 years (6th to 10th) ⇓ 50% of Export Profit

Last 5 yrs (11th to 15th)
(i) 50% of Export Profit
(ii) Amt. credit "SEZ Re Investment Allowance Res. A/c"

Export profit

$$= \frac{\text{Total Profit}}{\text{Total Sales}} \times \text{Export Sales}$$