

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	Am t-
op. wdv as on 1/4/2022	4	50,00,000
Add: Addition during the p.y. 2022-23		
✓ [I] PTU ≥ 180 d. [Acq. on 1/8/22]	1	12,00,000
✓ [II] PTU < 180 d. [Acq. on 1/12/22]	1	20,00,000
	6	82,00,000
Less: Sold <u>2 old Building</u> [S.P.]	(2)	(4,00,000)
	4	78,00,000

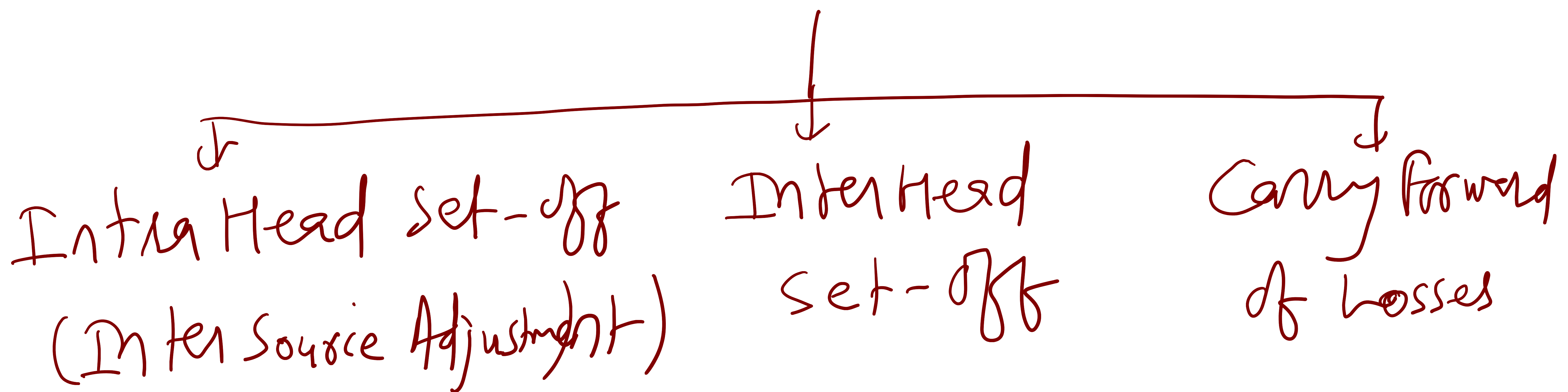
$$\begin{aligned}
 &\downarrow \\
 &\text{PTU} < 180 \text{d.} \\
 &\frac{20,00,000 \times 10\% \times \frac{1}{2}}{= 1,00,000}
 \end{aligned}$$

$$\begin{aligned}
 &\text{Balance} \\
 &58,00,000 \times 10\% \\
 &= 5,80,000
 \end{aligned}$$

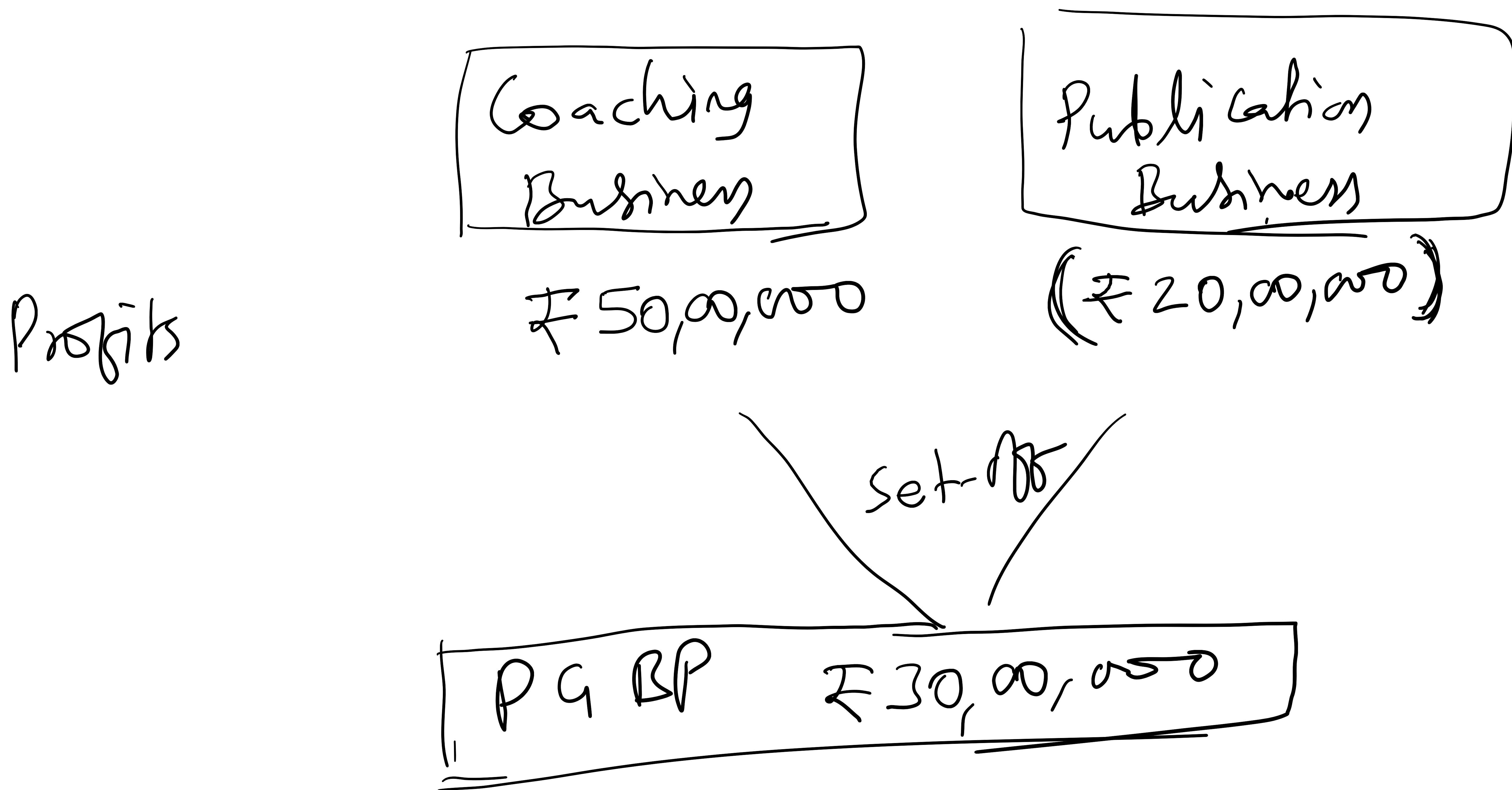
$$\text{Dep. u/s 32} = 6,80,000$$

$$\text{as on 31/3/23 clo. wdv} = 78,00,000 - 6,80,000 = \underline{\underline{71,20,000}}$$

Set-off and Carry Forward of Losses



(I) Intra Head set-off (Inter Source Adjustment)

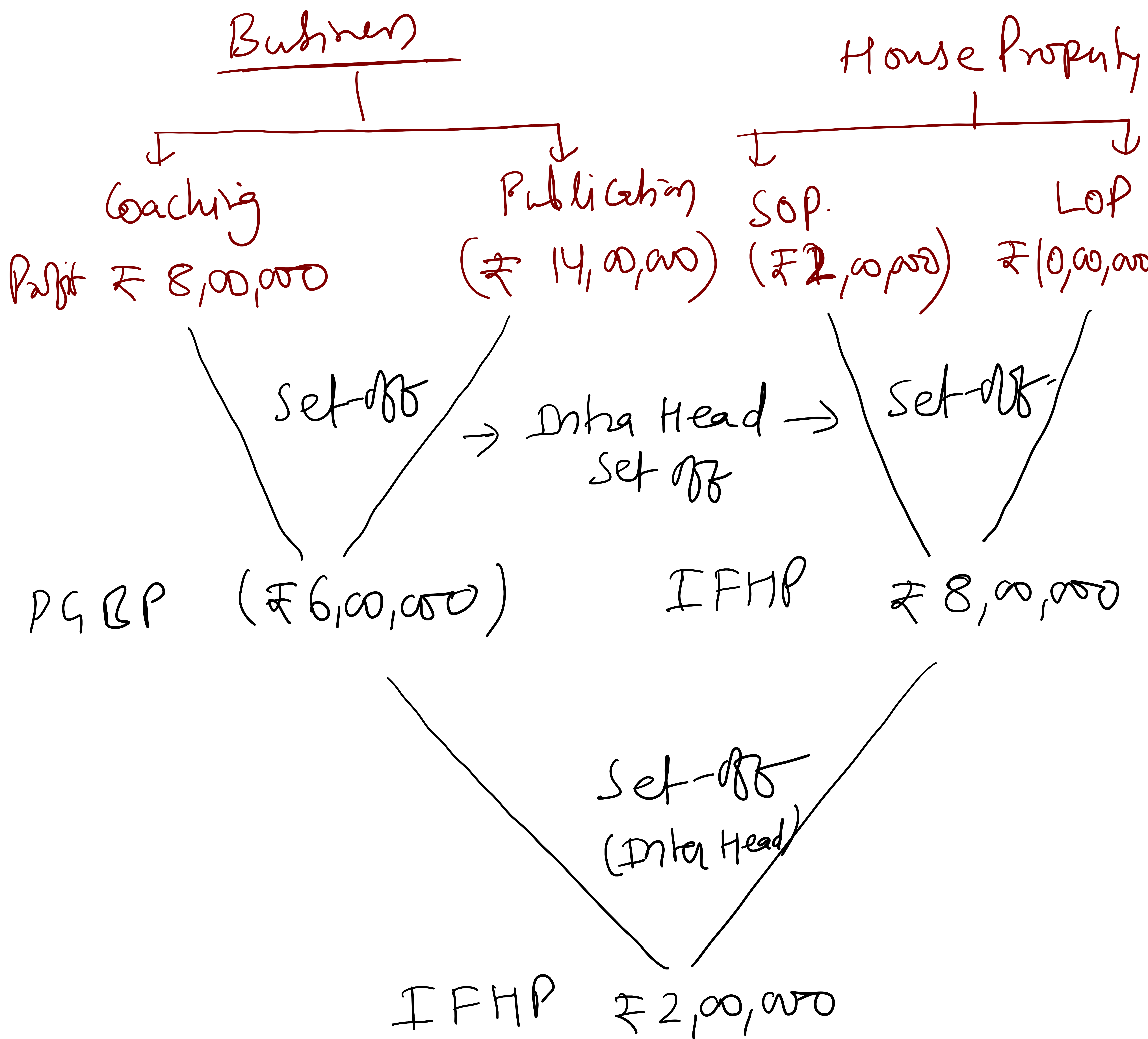


Exception

- (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.

II Intra Head Adjustment



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 One Head.
- (viii) Against winning Income no other Loss can be set-off, even loss from winning 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 Intra except Salary & winning]
 - (iv) Loss from Specified Business u/s 35AD (14 Business) → unlimited Period [only specified]
- ③ LTCG/STCG → 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-1 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.			Am't
Income from Salary (Computed)			4,00,000
<u>IFHP</u>			
(i) Loss from SOP	70,000		
(ii) Loss from LOP	1,50,000		(2,00,000)
	<u>2,20,000</u>		
<u>IFOS</u>			
Int. on FD	80,000		2,00,000
<u>PGBP</u>			
Loss from Business ₹1,00,000	<u>(80,000)</u>		—
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 PQBP (5m)
- ⑤ Capital Gains (5m)
- ⑥ Set-off & C/F (5m)
- ⑦ PQBP with MAT (4m)

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

Particulars.	Amnt
① Income from Salary. (Computed)	45,000
② Loss from House property	(24,000)
③ Loss from non speculative ₹ 22,000 [C/F for next 8 AY]	21,000
④ Loss from speculative ₹ 4,000 [C/F for next 4 AY]	
⑤ LTCG 4/5/12	19,000
Less: STCL of ₹ 25,000	(19,000)
	—
	21,000

Note:- Balance STCL of ₹ 6,000 shall be C/F to next 8 AY.

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 PQBP & Agri. Income of Mr ARP.

Solr

Agri. Income

FMV of Sugarcane Transferred ₹1,00,000
(100 tonnes X ₹1000)

Less: Cost of cultivation (100tn X ₹10) (1000)

Agri. Income [Ex. 4/5 10(1)] ₹99,000

PGBP

S.P. of Sugar

₹5,60,000

Less: FMV of Sugarcane

(₹1,00,000)

Less: Processing Cost

(₹1,80,000)

₹2,80,000

PGBP

Ex. 4/5 10(1)



<u>Eg.</u>	<u>Business Income</u>	<u>Agriculture Income</u>
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 ₹12L	35,000	85,000

Q9.

Residential Status & Scope of Taxable Income

Income	ROR	RNR	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 Abu Dhabi.	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 Afghanistan	1,20,000	—	—
	7,30,000	4,20,000	2,50,000

Minimum Alternative Tax (MAT)

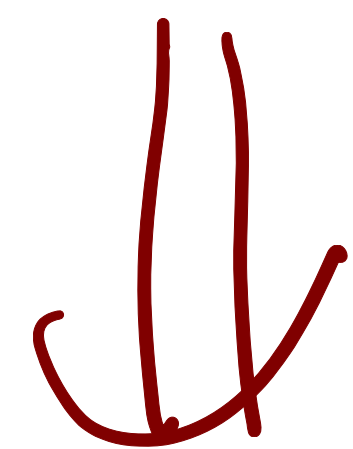
Applicability = only Companies (Domestic & Foreign)

Foreign Company

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

And

No Permanent Establishment

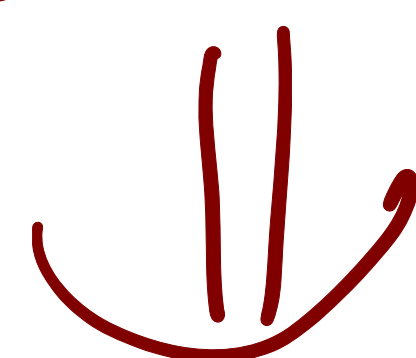


MAT is not Applicable.

↓
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 payable

- ★
↑ (i) Normal Tax as Per I. T. Act, 1961 + Surcharge + HEC
(ii) MAT u/s 115JB @ 15%. M Book profits + Surcharge + HEC.

Normal Tax

Tax

Indian Company

30%.

Foreign Co.

40%.

Smcharge

- (i) if NTI > ₹1 cr. 7% of Tax 2% of Tax
(ii) if NTI > ₹10 cr. 12% of Tax 5% of Tax.

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 Invest - ment Allowance Res. A/c

Export Profit

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