

Tamil Nadu State Council for Higher Education (TANSCHE) Syllabus
For B.Com. (General) & B.Com. (Accounting & Finance)

A Textbook of
**Income Tax
Law and Practice – II**

Assessment Year 2025-26

Dr. Anita Raman • Dr. A. Lydia Arockia Mary



Sultan Chand & Sons

A Textbook of

INCOME TAX

Law & Practice – II

Assessment Year 2025-26

For B.Com. (General), B.Com. (Accounting & Finance), BBA, & M.Com.
as per

Tamil Nadu State Council for Higher Education (TANSCHE) Syllabus

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P



Preface

We are delighted to present Volume II of our textbook on Income Tax Law and Practice, continuing the academic journey we began in Volume I. While the first volume laid the groundwork by introducing fundamental concepts and primary heads of income, this second volume builds upon that base and explores more advanced and practical aspects of taxation.

This volume includes key topics such as Capital Gains, Income from Other Sources, Clubbing of Income, Set-off and Carry Forward of Losses, Deductions from Gross Total Income, Income Tax Authorities and Procedure of Assessment, and Assessment of Individuals, Firms, and Hindu Undivided Families. These chapters are designed to help learners:

- Understand intricate provisions with clarity
- Apply tax laws through examples and case-based illustrations
- Prepare effectively for university exams and professional courses
- Gain practical insights into compliance and tax planning

The content reflects the latest amendments and notifications, ensuring that students and professionals stay current with evolving tax laws. This book is especially beneficial for students pursuing B.Com., BBA, M.Com. and other commerce-related programs, as well as for aspiring tax practitioners.

We extend our heartfelt thanks to readers, educators, and reviewers for their encouragement and valuable feedback on Volume I. We hope Volume II continues to support your learning and professional growth.

Your suggestions for further improvement are always welcome.

Dr. Anita Raman
Dr. A. Lydia Arockia Mary

Snapshot of the Book



S

S.No.	Chapter Name	Illustrations	Objective Type Questions			Theory Questions		Numerical Questions	Pages	
			Multiple Choice Questions	Fill in the Blanks	True or False	Short Answer Questions	Long Answer Questions			
Unit I – Capital Gains										
1.	Income from Capital Gains		27	25	15	15	10	10	22	3-48
Unit II – Income from Other Sources and Clubbing of Income										
2.	Income from Other Sources		20	10	10	10	10	5	20	51-80
3.	Clubbing of Income / Aggregation of Income		17	5	5	5	–	5	10	81-94
Unit III – Set-off and Carry Forward of Losses and Deductions from Gross Total Income										
4.	Set-off and Carry Forward of Losses		10	10	10	10	7	4	11	97-112
5.	Deductions from Gross Total Income		36	10	10	10	10	10	10	113-168
Unit IV – Computation of Total Income – Individuals, Firms and Hindu Undivided Family										
6.	Assessment of Individuals, Firms and Hindu Undivided Family		18	10	10	10	13	12	14	171-200
Unit V – Income Tax Authorities and Procedure of Assessment										
7.	Income Tax Authorities and Procedure of Assessment		–	10	10	5	20	9	–	203-217
Total			128	80	70	65	70	55	87	218

C



Contents

Unit I – Capital Gains

1. Income from Capital Gains	3 – 48
<i>Learning Objectives</i>	3
Meaning of Various Terms	3
Capital Assets [Section 2(14)]	3
Kinds of Capital Assets	4
Kinds of Capital Gains	4
Short-term Capital Gain (<i>STCG</i>)	4
Long-term Capital Gain (<i>LTCG</i>)	4
Capital Gains Exempted u/s 10	5
Transfer [Section 2(47)]	5
Further Transactions Treated as Transfer of a Capital Asset	5
Transactions Not Treated as Transfer of a Capital Asset	6
When is a Transfer Treated as Complete and Effective?	6
Slump Sale [Section (42C)]	7
Computation of Capital Gains	7
Steps to be Adopted to Compute Taxable Capital Gains	7
Meaning of the Various Terms Used in the Format to Compute Capital Gains	8
Exemptions available for Capital Gains under the Income Tax Act of 1961	15
Section 54	15
Other Points for Availing Exemption under Section 54	16
Section 54B	21
Section 54D	23
Section 54EC	24
Section 54EE	25
Section 54F	26
Section 54G	30
Section 54GA	32
Section 54GB	33
Section 54H	34
Computation of Capital Gains in Certain Special Cases	34
Computation of Tax Liability on Capital Gains	36
Tax on Short-term Capital Gain	36
Tax on Long-term Capital Gain	36
Other Illustration Problems	37
<i>Exercises</i>	42
<i>Objective Types Questions</i>	42

<i>Choose the Correct Answer</i>	42
<i>Fill in the Blanks</i>	43
<i>State True or False</i>	44
<i>Theory Questions</i>	44
<i>Short Answer Questions</i>	44
<i>Long Answer Questions</i>	44
<i>Numerical Questions</i>	44
<i>Problems on Computation of Income from Capital Gain</i>	44

Unit II – Income from Other Sources and Clubbing of Income

2. Income from Other Sources	51 – 80
<i>Learning Objectives</i>	51
Introduction	51
Method of Accounting	53
Meaning of Tax Deducted at Source (TDS)	53
Elaborate Explanation of Significant Income from Other Sources	54
Dividend	54
How is Dividend Income Regarded under Income from Other Sources?	54
How is Dividend Income Charged to Tax?	55
Tax Treatment of Dividend Income	55
What is not Included in Dividends?	56
Interest on Securities	56
Tax Treatment of Income Received as Interest on Securities Issued by the Government	56
Tax Treatment of Income Received as Interest from Commercial Securities	57
Points to be Considered for Tax Incidence on Interest on Securities	57
Casual Incomes [Section 56(2)(ib)]	58
Tax Treatment of Casual Incomes	58
Income from Composite Letting of Plant, Machinery or Furniture with Building [Section 56(2)(iii)]	59
Gifts or Money / Property Received without Consideration or for Inadequate Consideration [Section 56(2)]	59
Advance Money Received and Forfeited during the Course of Negotiations for Sale of a Capital Asset	59
Deductions to be Made from “Income from other Sources” (Section 57)	59
Deductions for Expenses Incurred to Earn Dividend Income and Interest on Securities [Section 57(i) and 57(iii)]	59
Deduction in Respect of Rental Income Earned from Letting Out of Plant, Machinery, Furniture and Building	60
Deduction in Respect of Family Pension	60
Deduction in Respect of Other Expenditures	60
Amount Deductible from Interest on Compensation	60
Amount not Deductible under the Head Income from other Sources u/s 58	60
<i>Exercises</i>	75
<i>Objective Types Questions</i>	75
<i>Choose the Correct Answer</i>	75
<i>Fill in the Blanks</i>	76
<i>State True or False</i>	76
<i>Theory Questions</i>	76
<i>Short Answer Questions</i>	76
<i>Long Answer Questions</i>	77
<i>Numerical Questions</i>	77
<i>Problems on Computation of Income from other Sources</i>	77

3. Clubbing of Income / Aggregation of Income	81 – 94
<i>Learning Objectives</i>	81
Other Person's Income is Included in the Assesses Total Income	81
Transfer of Income without Transfer of Assets (Section 60)	81
Transfer of Income by Revocable Transfer of Assets (Section 61)	82
Transfer of Income by Irrevocable Transfer of Assets (Section 62)	82
Income of an Individual Assessee to Include to Income of	
His Spouse, Minor Child, etc. (Section 64)	83
Clubbing of Income of Spouse [Section 64(1)(ii)]	83
Income from Assets Transferred without Adequate Consideration by an	
Individual to His / Her Spouse [Section 64(1)(iv)]	84
Income Arising to Son's Wife or Daughter-in-law [Section 64(1)(vi)]	85
Income from Assets Transferred to a Person for the Benefit of Spouse [Section 64(1)(vii)]	86
Income from Assets Transferred to a Person for the Benefit of Son's Wife or	
Daughter-in-law [Section 64(1)(viii)]	86
Income Arising to Minor Child [Section 64(1A)]	87
Income Arising from Assets Blended in HUF Property [Section 64(2)]	88
Other Points Relating to Clubbing of Income	89
Income from Business [Explanation 3 to Section 64(1)]	89
Cross Transfer of Assets	90
<i>Benami</i> Transaction	90
Treatment of Loss (Section 64)	90
Income Earned from Accumulated Income of Property Transferred	91
Recovery of Tax (Section 65)	91
Aggregation of Incomes	91
Cash Credit (Section 68)	91
Unexplained Investment (Section 69)	91
Unexplained Money, etc. (Section 69A)	91
Undisclosed Investments, etc. (Section 69B)	91
Unexplained Expenditure (Section 69C)	92
Amount Borrowed or Repaid in <i>Hundi</i> (Section 69D)	92
<i>Exercises</i>	92
<i>Objective Types Questions</i>	92
<i>Choose the Correct Answer</i>	92
<i>Fill in the Blanks</i>	92
<i>State True or False</i>	93
<i>Theory Questions</i>	93
<i>Numerical Questions</i>	93
<i>Problems on Clubbing of Income</i>	93

Unit III – Set-off and Carry Forward of Losses and Deductions from Gross Total Income

4. Set-off and Carry Forward of Losses	97 – 112
<i>Learning Objectives</i>	97
Stage I: Intra-head Adjustment or Inter-source Set-off of Losses (Section 70)	98
Stage II: Inter-head Adjustment or Set-off of Losses (Section 71)	99
Stage III: Carry Forward and Set-off of Losses	99
<i>Exercises</i>	108
<i>Objective Types Questions</i>	108
<i>Choose the Correct Answer</i>	108
<i>Fill in the Blanks</i>	109
<i>State True or False</i>	109
<i>Theory Questions</i>	109

<i>Short Answer Questions</i>	109
<i>Long Answer Questions</i>	109
<i>Numerical Questions</i>	110
<i>Problems on Set-off and Carry Forward of Losses</i>	110
5. Deductions from Gross Total Income	113 – 168
<i>Learning Objectives</i>	113
Introduction	113
Purpose of the Deduction	113
Basic Rules Governing Deductions under Sections 80C to 80U	113
Deductions from Gross Total Income in Respect of Certain Payments Made by an Assessee (Under Sections 80C to 80GGA, 80GGB, 80GGC)	114
Section 80C	114
Sections 80CCC and 80CCD	118
Deduction in Respect of Contribution of <i>Agnipath</i> Scheme (Section 80CCH)	119
Section 80D: Deduction in Respect of Medical Insurance Premium Paid	120
Section 80DD	123
Section 80DDB: Deduction in Respect of Medical Treatment, <i>etc.</i>	124
Section 80E	126
Section 80EE: Deduction in Respect of Interest on Home Loan	127
Section 80G: Deduction in Respect of Donations to Certain Approved Funds and Institutions	127
Section 80GG: Deduction in Respect of Rent Paid	137
Section 80GGA: Deduction in Respect of Donations for Scientific Research	139
Section 80GGB: Deduction in Respect of Donation or Contribution given by an Indian Company to a Political Party	140
Section 80GGC: Deduction in Respect of Donation given by any other Person to a Political Party	141
Deductions from Gross Total Income in Respect of Certain Incomes (Section 80-IA to 80U)	141
Section 80IA: Deduction in Respect of Profits and Gains from Industrial Undertaking or Enterprises Engaged in Infrastructure Development	141
Section 80IAB: Deduction in Respect of Profits and Gains by an Undertaking or Enterprise in Development of Special Economic Zone	141
Section 80IB: Deduction in Respect of Profits and Gains from Certain Industrial Undertakings other than Infrastructure Development Undertakings	141
Section 80IC: Deduction in Respect of Certain Undertakings or Enterprises in the States of Sikkim, Himachal, Uttarakhand or the North-eastern States	142
Section 80ID: Deduction in Respect of Profits and Gains from Business of Hotels and Convention Centers in Specified Area	142
Section 80IE: Deduction in Respect of Certain Undertakings in North-Eastern States	142
Section 80JJA: Deduction in Respect of Profits from the Business of Processing of Bio-degradable Waste	143
Section 80JJAA: Deduction in Respect of Employment of New Workmen	143
Section 80LA: Deduction in Respect of Certain Income of Offshore Banking Units and International Financial Service Center	143
Section 80QQB: Deduction in Respect of Royalty Income of Authors	144
Section 80RRB: Deduction in Respect of Royalty on Patents	144
Section 80TTA: Deduction in Respect of Interest on Deposits in Savings Accounts	145
Section 80U: Deduction in Respect of Person with Disability	145
<i>Exercises</i>	165
<i> Objective Types Questions</i>	165
<i> Choose the Correct Answer</i>	165
<i> Fill in the Blanks</i>	165
<i> State True or False</i>	166
<i> Theory Questions</i>	166

<i>Short Answer Questions</i>	166
<i>Long Answer Questions</i>	166
<i>Numerical Question</i>	166
<i>Problems on Deductions from Gross Total Income</i>	166

Unit IV – Computation of Total Income – Individuals, Firms and Hindu Undivided Family

6. Assessment of Individuals, Firms and Hindu Undivided Family 171 – 200

<i>Learning Objectives</i>	171
Assessment of Individuals	171
An Individual's Sources of Total Income	171
Computation of Taxable Income or Total Income of an Individual	172
Explanation About the Reliefs or the Rebates on Tax	172
Tax Rates of an Individual for the Assessment Year 2025-26	173
Normal Tax Rates	173
Tax Rates for a Resident Senior Citizen who is 60 years or more but less than 80 years during the Assessment Year 2025-26	174
Tax Rates for a Super Senior Citizen who is 80 years or more during the Assessment Year 2025-26	174
Income Taxable at Special Rate	175
Assessment of Firms	185
Assessment of Income of a Partnership Firm	186
Computation of a Total Income of a Firm	186
Computation of Book Profit	186
Deductions Permissible to a Firm	187
Assessment of HUF (Hindu Undivided Family)	193
Deductions Available u/s 80 for HUF	194
Steps to Calculate Taxable Income and Tax Liability	194
<i>Exercises</i>	195
<i>Objective Types Questions</i>	195
<i>Choose the Correct Answer</i>	195
<i>Fill in the Blanks</i>	196
<i>State True or False</i>	196
<i>Theory Questions</i>	197
<i>Short Answer Questions</i>	197
<i>Long Answer Questions</i>	197
<i>Numerical Questions</i>	197
<i>Problems on Computation of Total Income</i>	197

Unit V – Income Tax Authorities and Procedure of Assessment

7. Income Tax Authorities and Procedure of Assessment 203 – 217

<i>Learning Objectives</i>	201
Income Tax Authorities (Section 116)	203
Appointment, Powers and Duties of Tax Authorities	203
Central Board of Direct Taxes [CBDT] Constituted Under the Central Board of Revenue Act	203
Director General	204
Commissioner of Income Tax	204
Commissioner of Income Tax (Appeals)	204
Joint Commissioners or Assistant Commissioners of Income Tax	204
Income Tax Officers	205

Tax Recovery Officers [Section 2(44)]	205
Inspectors of Income Tax	205
Assessing Officer (<i>AO</i>) [Section 2(7A)]	205
Filing of Return and Due Dates [Section 139(1)]	205
Who should File?	205
Belated Return [Section 139(4)]	206
Revised Return of Income [Section 139(5)]	206
Defective Return of Income [Section 139(9)]	206
Assessment and Types of Assessment	206
Self-assessment (Section 140A)	207
Assessment on the Basis of Return	207
Regular Assessment [Section 143(3) or 144]	207
Scrutiny Assessment [Section 143(1)]	207
Scope of Scrutiny Assessment	207
Initiation of Scrutiny Assessment	207
Types of Scrutiny Assessment	208
Procedure for Scrutiny Assessment	208
Time Limit for Conducting Scrutiny Assessment as per Section 153	208
Best Judgement Assessment (Section 144)	208
Compulsory Best Judgement Assessment	208
Discretionary Best Judgement Assessment	208
Consequences of Best Judgement Assessment	209
Reassessment or Income Escaping Assessment (Section 147)	209
Protective or Precautionary Assessment	209
Advance Payment of Tax	209
Points to be Kept in Mind Regarding Advance Tax	209
Tax Deducted at Source [<i>TDS</i>]	209
Who is Liable to Deduct Tax at Source?	209
Procedure for Tax Deduction from Salaries [Section 192]	210
Penalties and Prosecutions	210
Refund of Excess Tax (Section 237)	212
Points to be Kept in Mind Regarding Refund of Excess Tax	212
Appeals and Revisions	212
Appeals to Commissioner [Appeals] (Section 246A)	212
Points to be Kept in Mind	213
Revisions (Section 264)	213
Points to be Kept in Mind	213
Permanent Account Number [<i>PAN</i>] (Section 139A)	213
Person Who Should Have <i>PAN</i> Compulsorily	214
Points to be Kept in Mind Regarding <i>PAN</i>	214
Tax Planning	214
Tax Evasion	214
E-Filing	214
Filing of Returns on Computer Readable Medium	215
Electronic Furnishing of Return of Income Scheme, 2007	215
Furnishing of Return of Income on Internet Scheme, 2004	215
Tax Holiday	215
Exercises	216
<i>Objective Types Questions</i>	216
<i>Choose the Correct Answer</i>	216
<i>Fill in the Blanks</i>	216
<i>State True or False</i>	217
<i>Theory Questions</i>	217
<i>Short Answer Questions</i>	217
<i>Long Answer Questions</i>	217

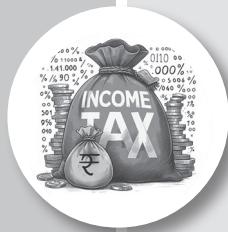
List of Tables



T

<i>Table No.</i>	<i>Title</i>	<i>Page No.</i>
1.1	: Format for Computation of Taxable Short-term Capital Gain	7
1.2	: Format for Computation of Taxable Long-term Capital Gain	7
1.3	: Cost Inflation Index for Different Previous Years	12
2.1	: Format for Calculation of Income from other Sources	61
5.1	: Donation Qualifying u/s 80G	127
5.2	: Various Deductions u/s 80C to 80U	154
6.1	: Normal Tax Rates	173
6.2	: Tax Liability Rates	194
7.1	: Due Dates for Filing of Return of Income [Section 139(1) Expl.]	206
7.2	: Nature of Default & Penalty	210
7.3	: Nature of Offence & its Prosecution	211

T



Tax Rates for the Assessment Year 2025-26

TAX SLAB RATES

1. For an Individual, HUF, AOP, BOI or an Artificial Juridical Person

Table 1

Net Income Range	Income Tax Rates
Up to ₹ 2,50,000	Nil
₹ 2,50,001 to ₹ 5,00,000	5% above 2,50,000
₹ 5,00,001 to ₹ 10,00,000	12,500 + 20% above 5,00,000
₹ 10,00,001 to ₹ 50,00,000	1,12,500 + 30% above 10,00,000
₹ 50,00,001 to ₹ 1,00,00,000	1,12,500 + 30% above 10,00,000
Above ₹ 1,00,00,000	1,12,500 + 30% above 40,00,000

Notes:

- Rebate u/s 87A:** A resident individual (whose net income does not exceed ₹ 5,00,000) can avail rebate u/s 87A. It can be claimed as a deduction from income tax before calculating and charging health and education cess.
- Surcharge:** A surcharge of 10% of income tax is levied if the net income range of a person is between ₹ 50,00,000 to ₹ 1,00,00,000.

Further, a surcharge of 15% of income tax is levied if the net income range of a person is above ₹ 1,00,00,000.

- Health and Education Cess:** It is 4% of income tax and surcharge.
- Alternate Minimum Tax:** Tax payable by a non-corporate assessee shall not be less than 18.5% + SC + HEC of the “adjusted total income” as per Section 115JC.

2. For Resident Senior Citizen (who is 60 years of age or more but below 80 years of age at any time during the previous year)

Table 2

Net Income Range	Income Tax Rates
Up to ₹ 3,00,000	Nil
₹ 3,00,001 to ₹ 5,00,000	5% above 3,00,000
₹ 5,00,001 to ₹ 10,00,000	10,000 + 20% above 5,00,000

Net Income Range	Income Tax Rates
₹ 10,00,001 to ₹ 50,00,000	1,12,500 + 30% above 10,00,000
₹ 50,00,001 to ₹ 1,00,00,000	1,12,500 + 30% above 10,00,000
Above ₹ 1,00,00,000	1,12,500 + 30% above 10,00,000

Note: Surcharge and Health and education cess are levied the same as in the case of an individual, HUF, AOPs, BOIs or an artificial juridical person.

3. For “Very Senior Citizen” Who is 80 Years of Age or above 80 years During the Previous Year

Table 3

Net Income Range	Income Tax Rates
Up to ₹ 5,00,000	Nil
₹ 5,00,001 to ₹ 10,00,000	20% above 5,00,000
₹ 10,00,001 to ₹ 50,00,000	1,12,500 + 30% above 10,00,000
₹ 50,00,001 to ₹ 1,00,00,000	1,12,500 + 30% above 10,00,000
Above ₹ 1,00,00,000	1,12,500 + 30% above 10,00,000

Note: Surcharge and Health and education cess are levied the same as in the case of an individual, HUF, AOPs, BOIs or an artificial juridical person.

4. For Firms

- Firm is taxed @ 30 % for the assessment year 2025-26.
- Surcharge is 12% if the net income exceeds ₹ 1 crore. It is subject to a marginal relief in the case of a firm having a net income of exceeding ₹ 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of ₹ 1 crore by more than the amount of income that exceeds ₹ 1 crore.

5. For Companies:

For the assessment year 2025-26 the following rates of income is applicable:

1. For a Domestic Company:
 - (a) Where the total turnover or gross receipt during the previous year 2016-17 does not exceed ₹ 250 crore: Rate of income tax is 25%.
 - (b) Any other domestic company: Rate of income tax is 30%.
2. For a Foreign Company :
 - (a) When the royalty received from Government or an Indian concern for an agreement made after 31st March 1961, but before 1st April 1976 or fees for rendering technical services as an agreement made after 29th February 1964 but before 1st April 1976 and such an agreement in both the cases has been approved by the Central Government : Rate of income tax is 50%.
 - (b) Other Income: Rate of tax is 40%.

Note:

- **Surcharge:**

- (a) For a domestic company if the income is in the range of ₹ 1 crore to ₹ 10 crore – surcharge rate 7%. But if the net income exceeds ₹ 1 crore – surcharge rate is 12%.

- **Marginal Relief:**

- (a) In the case of a company having a net income of exceeding ₹ 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of ₹ 1 crore by more than the amount of income that exceeds ₹ 1 crore.
- (b) In the case of a company having a net income of exceeding ₹ 10 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax and surcharge on total income of ₹ 10 crore by more than the amount of income that exceeds ₹ 10 crore.

- **Health and Education Cess:** It is 4% of income tax and surcharge.

- **Minimum Alternate Tax:** If book profit of a company exceeds ₹ 1 crore but does not exceed ₹ 10 crore, the minimum alternate tax cannot exceed (₹ 18.5 lakhs + book profit – ₹ 1 crore) + HEC.

However, if the book profit exceeds ₹ 10 crore, the minimum alternate tax cannot exceed the following:

- (a) For a Domestic company: (₹ 197.95 lakhs + book profit – ₹ 10 crore) + HEC;
- (b) For a Foreign company: (₹ 188.7 lakhs + book profit – ₹ 10 crore) + HEC.

6. For Cooperative Societies

Table 4

<i>Net Income Range</i>	<i>Income Tax Rates</i>
Up to ₹ 10,000	10%
₹ 10,000 to ₹ 20,000	20%
Above ₹ 20,000	30%

Note:

- **Surcharge:** Surcharge is 12% of income tax if net income exceeds ₹ 1 crore. It is subject to a marginal relief (in the case of a cooperative society having a net income of exceeding ₹ 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of ₹ 1 crore by more than the amount of income that exceeds ₹ 1 crore).
- **Health and Education Cess:** It is 4% of income tax and surcharge.
- **Alternate Minimum Tax:** Tax payable cannot be less than 18.5 % (+ SC + HEC) of the ‘adjusted total income’ as per Section 115JC.

7. For Local Authorities:

- Local authorities are taxable at the rate of 30%
- Surcharge is 12% of income tax if net income exceeds ₹ 1 crore. It is also subject to a marginal relief like the cooperative society.
- Health and education cess: It is 4% of income tax and surcharge.
- Alternate minimum tax: Tax payable cannot be less than 18.5% (+ SC+ HEC) of ‘adjusted total income’ as per Section 115JC.

NEW TAX REGIME

Table 5

<i>Income Slabs</i>	<i>Income Tax Rates for FY 2024-25 (AY 2025-26)</i>
Up to ₹ 3,00,000	Nil
₹ 3,00,001 to ₹ 7,00,000	5% on income exceeding ₹ 3,00,000
₹ 7,00,001 to ₹ 10,00,000	₹ 20,000 + 10% on income exceeding ₹ 7,00,000
₹ 10,00,001 to ₹ 12,00,000	₹ 50,000 + 15% on income exceeding ₹ 10,00,000
₹ 12,00,001 to ₹ 15,00,000	₹ 80,000 + 20% on income exceeding ₹ 12,00,000
Above ₹ 15,00,001 to ₹ 50,00,000	₹ 1,40,000 + 30% on income exceeding ₹ 15,00,000

About the Book

This textbook is designed to provide comprehensive coverage of income tax laws and practices, specifically tailored for students and professionals. It covers essential topics such as income from capital gains, income from other sources, set-off and carry-forward of losses, and computation of total income. The book aims to equip readers with practical knowledge and skills to navigate complex tax scenarios. With updated information and examples, it's a valuable resource for those seeking to understand income tax laws. The book is authored by experts in the field, ensuring accuracy and relevance.

Salient Features

- Comprehensive Coverage:** The book provides in-depth coverage of income tax laws and practices, including the latest updates and amendments.
- Practical Examples:** The book includes practical examples and illustrations to help readers understand complex tax concepts and apply them to real-world scenarios.
- Updated Information:** The book is regularly updated to reflect changes in tax laws and regulations, ensuring readers have access to the latest information.
- Clear Explanations:** The authors explain complex tax concepts in a clear and concise manner, making it easier for readers to understand and apply them.
- User-Friendly Format:** The book is designed to be user-friendly, with a logical structure and easy-to-navigate sections, making it a convenient reference guide.

About the Authors

Dr. Anita Raman, Principal of Mahalashmi Women's College of Arts and Science, Avadi, Chennai, is a distinguished academician with 39 years of teaching experience. A Gold Medalist in Commerce from Madras Christian College, she holds advanced degrees including M.Phil, MBA, B.Ed, and Ph.D. She serves as a research guide and supervisor for M.Com., M.Phil, Ph.D, and MBA programs across leading universities in Tamil Nadu. Her expertise spans Human Resource Management, Corporate Accounting, Entrepreneurial Development, Services Marketing, and Direct Taxation. Dr. Raman has authored several textbooks prescribed by the University of Madras, including Corporate Accounting Vol I & II, Income Tax Law and Practice, and Consumer Rights and Education. She has also developed full course materials for Tamil Nadu Open University. Her scholarly contributions include 78 conference papers and 105 research articles in Scopus Indexed and UGC Care List Journals. She is an active Board of Studies member, inspection committee convener, and staff selection panelist for the University of Madras and other autonomous colleges. Through her distinguished leadership, prolific publications, and dedicated service, Dr. Anita Raman has become a cornerstone of higher education and research.



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