	PAGE
 A few words from the authors 	I-5
♦ About the authors	I-7
Section-wise Index	I-25

-

	I	Basic concepts	
1.	Asse	ssment year	1
2.	Prev	ious year	1
3.	Pers	on	5
4.	Asse	ssee	6
5.	Chai	rge of income-tax	6
6.	Inco	me	7
7.	Gros	ss total income	17
8.	Tota	l income and tax liability	21
9.	Agri	cultural income	30
10.	Diffe	erence between exemption and deduction	31
11.	Asse	ssment	31
12.	Defi	nition of "manufacture"	31
13.	Capi	tal asset	31
14.	Com	pany	31
15.	Fair	market value	31
16.	Capi	tal receipts vs. Revenue receipts	32
17.	Capi	tal expenditure vs. Revenue expenditure	38
18.	Metl	nod of accounting	38
19.		nitions of amalgamation, demerger, infrastructure capital company and astructure capital fund	39
20.	Rule	es of interpretation	40

	2 Residential status and tax incidence	
22.	What is relevance of residential status	54
23.	Residential status - General norms	54
24.	Residential status of an individual	55
25.	Residential status of a Hindu undivided family	63
26.	Residential status of the firm and association of persons	64
27.	Residential status of a company	65
28.	Residential status of "every other person"	69
29.	Relation between residential status and incidence of tax	69
30.	Receipt of income	72
31.	Accrual of income	74

Contents	
Contents	

I-10

PAGE

241

32.	Income deemed to accrue or arise in India	78
32A.	Fund Managers in India not to constitute business connection of offshore funds	95
33.	Hints for tax planning in respect of residential status	97
34.	Problems on residential status and tax incidence	98

	Incomes	exempt from	tax
--	---------	-------------	-----

3

38.	Incomes exempt under section 10	101
39.	Special provisions in respect of newly established undertakings in free trade zone, etc.	135
40.	Special provisions in respect of newly established units in Special Economic Zone	135
41.	Special provisions in respect of newly established hundred per cent export-oriented undertakings	140
42.	Special provision in respect of export of artistic hand-made wooden articles	140
43.	Income exempt under section 13A	140
44.	Exemption to Electoral Trust	140

	4 Salaries	
46.	Essential norms of salary income	142
47.	Basis of charge	144
48.	Place of accrual of salary income	145
49.	Tax treatment of different forms of salary income	146
50.	Allowance	164
51.	Perquisites	171
52.	Valuation of perquisites	175
53.	Deduction from salary income	206
54.	Tax on salary of non-resident technicians	206
55.	Salaries of other foreign citizens	206
56.	Employees' provident fund	207
57.	Approved superannuation fund	214
58.	Approved gratuity fund	214
59.	Deduction under section 80C	214
60.	Relief under section 89	214
61.	Relief from taxation in income from retirement benefit account maintained in	
	a notified country	217
62.	Meaning of salary for different computations	218
63.	Hints for tax planning	220
64.	Problems on salary income	221
Anne	x 1 : Frequently Asked Questions (FAQs) about computation of salary income	233
_		
	5 Income from house property	
86.	Chargeability	234
87.	Applicability of section 22 in certain typical situations	239

88.	Principle of mutuality vis-a-vis section 22

		PAGE
89.	Property income exempt from tax	242
90.	Computation of income from a let out house property	242
91.	Computation of income from self-occupied property	251
92.	Special provisions when unrealised rent is realised subsequently	260
93.	Mode of taxation of arrears of rent in the year of receipt	260
94.	Hints for tax planning	260
95.	Problems on computation of property income	261
App.	Frequently Asked Questions (FAQs) about mode of computation of annual value	271
	6 Profits and gains of business or profession	
101.	Chargeability	275
102.	General principles governing assessment of business income	288
103.	Method of accounting	294
104.	Scheme of deductions and allowances	295
105.	Basic principles governing admissibility of deduction under sections 30 to 44DB	295
106.	Deductions expressly allowed in respect of expenses/allowances	297
107.	Rent, rates, taxes, repairs and insurance of building	297
108.	Repairs and insurance of machinery, plant and furniture	298
109.	Depreciation	299
110.	Investment allowance for acquisition and installation of new plant and machinery	342
110A.	Investment allowance in backward area in Andhra Pradesh, Bihar, Telangana or West Bengal	342
111.	Tea/coffee/rubber development account	343
112.	Site restoration fund	346
113.	Reserves for shipping business	348
114.	Expenditure on scientific research	348
115.	Expenditure on acquisition of patent rights, copyrights, know-how	359
116.	Expenditure for obtaining right to use spectrum for telecommunication services	359
117.	Amortization of telecom licence fees	360
118.	Expenditure on eligible projects or scheme	362
119.	Deduction in respect of expenditure on specified business	362
120.	Payment to the associations and institutions carrying out rural development programmes	367
120A.	Deduction for expenditure incurred on agricultural extension project	368
	Deduction for expenditure for skill development	368
121.	Amortisation of preliminary expenses	369
121A.	Amortisation of expenditure in the case of amalgamation/demerger	373
121B.		373
122.	Amortisation of expenditure on prospecting, etc., for development of certain minerals	373
123.	Insurance premium	375
123. 124.	Insurance premium paid by a federal milk co-operative society	376
124.	Insurance premium on health of employees	376
125. 126.	Bonus or commission to employees	376
	Zondo or commission to employees	5.0

377

127. Interest on borrowed capital

		PAGE
127A.	Discount on zero coupon bonds	380
128.	Employer's contribution to recognised provident fund and	
	approved superannuation fund	381
128A.	Employer's contribution to notified pension scheme	382
129.	Contribution towards approved gratuity fund	382
130.	Employees' contribution towards staff welfare schemes	382
131.	Write off allowance for animals	383
132.	Bad debts	383
133.	Provision for bad and doubtful debts relating to rural branches of commercial banks	387
124		
134.	Transfer to special reserve	390
135.	Family planning expenditure	392
136.	Contribution towards Exchange Risk Administration Fund	393
137.	Revenue expenditure incurred by entities established under any Central, State or Provincial Act	393
1374	Contribution to credit guarantee trust fund	393
	Commodities transaction tax/Securities transaction tax	393
137 D . 138.	Expenditure for purchase of sugarcane by a co-operative society engaged in	575
156.	sugar manufacturing	393
138A.	Marked to market loss	394
139.	Expenditure on advertisement	394
140.	Expenses deductible from commission earned by life insurance	
	agents, UTI agents, post office/Government securities agents and	
	agents of notified mutual funds	395
141.	General deduction	396
142.	Amounts expressly disallowed under the Act	454
143.	Amount not deductible under section 40(<i>a</i>)	454
144.	Amount not deductible in the case of partnership firm	466
145.	Amounts not deductible in the case of an association of persons and body of individuals	466
146.	Amount not deductible under section $40(c)/(d)$	466
147.	Payments to relative	466
148.	Payments exceeding Rs. 10,000 paid otherwise than by account payee	
	cheques or bank drafts	469
149.	Expenditure on payment of salary or perquisite to employees	473
150.	Fees for services payable to a former employee	473
151.	Provision for payment of gratuity	473
152.	Interest on public deposit	474
153.	Restriction on contributions by employers to non-statutory funds	474
154.	Disallowance of marked to market loss	475
155.	Disallowance of unpaid liability	475
156.	Deemed profit	486
157.	Income from undisclosed sources	490
158.	Maintenance of accounts by certain persons	492
159.	Audit of accounts by certain persons	494
160.	Special provisions consequential to changes in the rate of exchange of currency	496
161.	Special provision for deduction in the case of trade, professional or similar	.,,0
	associations	498

		PAGE
162.	Special provisions	499
163.	Valuation of stock	525
164.	Hints for tax planning	530
165.	Problems on computation of income from business/profession	536

	7	Capital gains	
166.	Char	geability	545
167.		ning of capital asset	545
168.		es of capital assets	549
169.		sfer of capital asset	552
170.		putation of capital gain	566
171.	Full	value of consideration	569
172.	Expe	enditure on transfer	570
173.	Cost	of acquisition	572
174.	Cost	of improvement	585
175.	Inde	xed cost of acquisition and indexed cost of improvement	587
176.	Com	putation of capital gain in certain special cases	591
177.	Refe	rence to Valuation Officer	624
178.	Capi	tal gains exempt from tax	625
179.	Capi	tal gains arising from transfer of residential house	627
180.	Capital gains arising from the transfer of land used for agricultural purpose		634
181.	Capi	tal gains on compulsory acquisition of land and buildings	
	form	ning part of industrial undertaking	636
182.	Capi	tal gain not to be charged on investment in certain bonds	637
182A.		tal gain not to be charged on investment in units of a specified fund	640
183.	Capi	tal gains on transfer of a long-term capital asset other than a house property	641
184.		tal gains on transfer of assets in cases of shifting of industrial	
		ertaking from urban area	648
185.		nption of capital gains on transfer of assets in cases of shifting of	(= 1
1053		strial undertaking from urban area to any Special Economic Zone	651
		tal gain on transfer of residential property	651
		nsion of time-limit for acquiring new asset	652
186.		t-term/long-term capital gains - How charged to tax	653
187.		s for tax planning	669
188.	Prob	lems on computation of capital gains	671

Income from other sources

8

191.	Basis of charge	676
192.	Relevance of method of accounting	679
193.	Dividend	679
194.	Winnings from lotteries, crossword puzzles, horse races and card games, etc.	688
195.	Sum received from employees as their contribution towards staff	
	welfare schemes	690
196.	Interest on securities	690
197.	Income from machinery, plant or furniture let on hire	694
198.	Income from composite letting of building, machinery, plant or furniture	694

I-13

_

Contents	;
----------	---

		PAGE
199.	Money/property is received without consideration or for inadequate	
	consideration	696
200.	Share premium in excess of fair market value	706
201.	Advance money received in course of negotiations for transfer of a capital asset	711
201A.	Compensation on termination of employment or modification of terms of	
	employment	711
201B.	Distribution by business trusts to unitholders [Secs. 56(2)(xii) and 115UA]	712
201C.	Sum received under a life insurance policy [Sec. 56(2)(<i>xiii</i>)]	712
202.	Interest on KVP, IVP, NSC, etc.	716
203.	Deductions	717
204.	Other points	719
205.	Problems on computation of income from other sources	720

205. Problems on computation of income from other sources

~

-	9	Income of other persons included in assessee's total income	
_	9	income of other persons included in assessee s total income	
206	5. Tran	sfer of income without transfer of assets	726
207	. Revo	ocable transfer of assets	726
208	B. Whe	n an individual is assessable in respect of remuneration of spouse	727
209		n an individual is assessable in respect of income from assets iferred to spouse	730
210		n individual is assessable in respect of income from assets iferred to son's wife	734
211		n individual is assessable in respect of income from assets ferred to a person for the benefit of spouse	735
212		n an individual is assessable in respect of income from assets ferred to a person for the benefit of son's wife	736
213	B. Inco	me of minor child	736
214		version of self-acquired property into joint family property and equent partition	738
215		r profits	739
216		very of tax	739
217	. Hint	s for tax planning	740
218		lems explaining clubbing provisions	741

	10 Set off and carry forward of losses	
226.	Mode of set off and carry forward - The three steps	746
227.	Inter-source adjustment - How made	746
228.	Inter-head adjustment - How made	747
229.	Carry forward of loss	749
230.	Loss of partnership firms	762
231.	Loss of closely held companies	762
232.	Carry forward and set off of loss and depreciation - When permissible in the hands of amalgamated and demerged company or co-operative bank	762
233.	Problems illustrating the provisions of set off and carry forward of losses	763

_				
	1	l	Deductions from gross total income and tax liability	
234	. F	Essei	ntial rules governing deductions	767
235			iction in respect of life insurance premia, deferred annuity, contributions	
	t	o pr	ovident fund, subscription to certain equity shares or debentures, etc.	768
235			action in respect of deposit under National Savings Scheme	776
236		-	ty Linked Savings Scheme	777
237			action in respect of pension fund	778
			action in respect of contribution to a National Pension System (NPS)	779
237			action in respect of subscription to long-term infrastructure bonds - n available under section 80CCF	781
237	C. I	Dedu	action in respect of investment made under any equity saving scheme	781
237			action in respect of contribution to Agnipath Scheme [Sec. 80CCH]	782
238			action in respect of medical insurance premia	782
239			action in respect of maintenance including medical treatment of a	
			ndent being a person with disability - When and to what extent available	785
240			action in respect of medical treatment, etc.	787
241			action in respect of payment of interest on loan taken for higher studies	790
			action in respect of interest on loan taken for residential house property action in respect of interest on loan taken for certain house property	790 701
			action in respect of interest on loan taken for purchase of electric vehicle	791 792
241			action in respect of donation to certain funds, charitable institutions, etc.	792
242			action in respect of rent paid	792
244			iction in respect of certain donations for scientific research or rural	199
277	· 1	leve	lopment	800
245			action in respect of contributions given by companies to political	
			es or electoral trust	801
246			action in respect of contributions given by any person to	
	_		cal parties or electoral trust	802
247			action in respect of profits and gains from projects outside India	802
248			action in respect of profits and gains from housing projects aided	202
249		-	/orld Bank ncentives for exports	802 802
249			action in respect of earnings in convertible foreign exchange	802
251			action in respect of profit from export of computer software	802
252			iction in respect of profits and gains from export or transfer of	002
			software	802
253			action in respect of profits and gains from industrial undertaking or	
			prises engaged in infrastructure development etc How to find out	803
253			ictions in respect of profits and gains by an undertaking or enterprise	015
252			ged in development of Special Economic Zone	815
253 254			ction in respect of eligible start-up ction in respect of profits and gains from certain industrial undertakings	816
234			r than infrastructure development undertakings - How to avail	817
254			iction in respect of profits from housing projects	828
255			iction in respect of profits and gains of certain undertakings in	
			in special category of States - How to find out	830
			action in the case of hotels and convention centre in NCR	830
255	B. I	Dedu	action in respect of certain undertakings in North-Eastern States	830

	Contents	I-16
		PAGE
256.	Deduction in respect of profits and gains from the business of	
	collecting and processing of bio-degradable waste	831
257.	Deduction in respect of employment of new employees	831
258.		834
259.	•	
	International Financial Services Centre	834
260.	Deduction in respect of inter-corporate investment	835
261.		837
262.		837
263.	Deduction in respect of royalty income of authors	838
264.		
	foreign sources	839
265.	-	839
266.		841
267.		841
268.		842
269.		843
270.		844
	12 Agricultural income	
278.	Definition	850
		054

279.	Income which is partly agricultural and partly from business	856
280.	Partially integrated taxation of non-agricultural income with income	
	derived from agriculture	858
281.	Computation of net agricultural income	859

1	3 Typical problems on assessment of individuals	
285.	Tax incidence on individuals	867
286.	Taxable income - How computed	867
287.	Tax liability	868
288.	Problems on computation of taxable income	872
-		

	14	Tax treatment of Hindu undivided families	
29 5	5. Mea	ning of Hindu undivided family	883
296	5. Hind	lu coparcenary	883
297	7. Diffe	erent schools of Hindu law	883
298	8. Jain	and Sikh families	884
299	Asse	ssment as Hindu undivided family - Basic conditions	884
300). Taxa	ble income - How to compute	885
301	l. Rate	s of tax	887
302	2. Parti	ition of a Hindu undivided family	887
303	B. Prob	lems on Hindu undivided families	889

Special provisions governing assessment of firms and association 15 of persons Meaning of partnership 896 313. Scheme of taxation of firms 314. 896 315. When remuneration/interest is deductible 896 316. What are the conditions a firm should fulfil under section 184 897 317. What are the conditions for claiming deduction of remuneration to partners under section 40(b)898 318. What are the conditions for claiming deduction of interest to 904 partners under section 40(*b*) 319. Carry forward and set-off of loss in the case of change in the constitution of firm 905 320. Computation of income of firm 908 910 321. Computation of tax of firm 322. Assessment of partners of a firm 917 How to compute income of an association of persons (AOP) or 323. 920 body of individuals (BOI) 324. Computation of income of an AOP/BOI 922 325. Computation of tax of AOP or BOI 922 Assessment of member of AOP/BOI 924 326. 929 327. Hints for tax planning 328. Problems on computation of taxable income of firms/partners and association of persons 936

Taxation of companies

16

17

333.	Definitions	942
334.	Taxable income and tax liability - How computed	944
335.	Carry forward and set-off of losses in the cases of certain companies	946
336.	Minimum alternate tax	948
337.	Tax on distributed profits of domestic companies	970
337A.	Tax on income distributed to unitholders	971
337 B .	Tax on income received from venture capital companies and venture capital funds	971
337C.	Additional income-tax on distributed income by company for buy-back of unlisted shares	971
338.	Problems on computation of taxable income of a corporate-assessee	972

Assessment of co-operative societies

339.	Meaning of co-operative society	996
340.	Taxable income and tax liability - How computed	996
341.	Deduction in respect of income of co-operative societies	997
342.	Problems on computation of income of a co-operative society	1005

PAGE

18 Assessment of charitable and other trusts Meaning of trust 1007 343. 344. Tax exemption 1007 345. Charitable purpose 1007 346. Essential conditions for exemption 1012 347. How to find out exemption u/s 11 1018 348. Accumulation of income 1025 349. Forfeiture of exemption 1027 Public charitable/religious trust - How chargeable to tax 350. 1037 351. Private discretionary trust 1040 Income from property held under trust partly for religious 352. purposes and partly for other purposes 1041 352A. Oral trust 1043 352B. Tax on distributed income by securitization trusts 1043 352C. Special provisions pertaining to business trust 1044 352D. Pass through status to Category I and Category II Alternative Investment Funds 1046

1	9 Return of income and assessment	
353.	Voluntary return	1051
354.	Return of loss	1055
355.	Belated return	1055
356.	Revised return	1056
357.	Updated return	1058
358.	Defective or incomplete return	1063
358A.	Modified return	1065
359.	Scheme to facilitate submission of returns through Tax Return Preparers	1066
359A.	Power of Board to dispense with furnishing of documents	1066
359B.	Filing of return in electronic form	1066
360.	Return by whom to be verified	1066
361.	Permanent Account Number (PAN)	1067
361A.	Quoting of Aadhaar number	1073
362.	What is self-assessment	1074
363.	Inquiry before assessment	1076
364.	Summary assessment without calling the assessee	1080
365.	Assessment in response to notice under section 143(2)	1083
366.	Best judgment assessment	1095
366A.	Reference to dispute resolution panel	1096
367.	Income escaping assessment and re-assessments	1098
368.	Issue of notice for reassessment under section 148	1106
369.	What are the provisions regarding rectification of mistake	1113
370.	Time limit for completion of assessments/reassessments	1118
371.	Provisions of section 155	1124
372.	Problems on return of income and assessment	1126
372A.	Obligation to furnish annual information return pertaining to financial	
	transactions	1129

I-18

PAGE

			PAGE
372B	. Subr	nission of statement by a non-resident having liaison office in India	1132
		ishing of information or document by an Indian concern	1132
		orting by producers of cinematograph films or persons engaged in specified	
	activ		1132
_			
	20	Penalties and prosecutions	
373.	Pena	lties for defaults in brief	1133
374.	Pena	lty for concealment/under-reporting of Income	1144
375.	Who	can levy penalty	1164
376.	Powe	er of Commissioner to reduce or waive penalty	1164
377.	Proc	edure for imposition of penalty	1169
378.	Time	e-limit for completion of penalty proceedings	1169
379.		nces and prosecutions	1172
380.	Onus	s of proof	1176
	21	Advance payment of tax	
381.		me liable for advance tax	1178
382.		nce tax liability - Under different situations	1179
383.		est payable by the assessee or Government	1180
384.	Prob	lems illustrating advance tax provisions	1180
	22	Interest	
385.	Inter	est payable by the assessee	1182
386.		est payable to assessee	1198
387.		edure to be followed in calculation of interest	1202
388.		ver or reduction of interest under sections 234A, 234B and 234C	1202
389.		f Commissioner/Director General (Investigation) to reduce	
		l interest in certain cases	1203
390.	Powe	er of CBDT and Settlement Commission to reduce/waive interest	1204
391.		petition	1204
392.	Prob	lems illustrating computation of interest	1204
	23	Tax deduction or collection at source	
404.		me of tax deduction at source	1211
405.		action of tax from salaries	1214
		deduction at source from withdrawal from employees provident fund scheme	1220
406.		action of tax at source from interest on securities	1223
407.		action of tax at source from dividends	1224
408.		action of tax at source from interest other than interest on securities	1225
409.		action of tax at source from winnings from lotteries or	1220
100 2		sword puzzles, etc.	1229
		action of tax at source from winnings from online games [Sec. 194BA]	1230
410.		action of tax at source from winnings from horse races	1233
411. 412.		action of tax at source from payments to contractors or sub-contractors action of tax at source from insurance commission	1233 1239
412.	Deal	iction of tax at source from insurance commission	1239

Contents

		PAGE
412A.	Tax deduction from payment of life insurance policy	1240
413.	Payment to non-resident sportsman or sports association	1241
414.	Deduction of tax from payments in respect of National Savings Scheme	1242
415.	Deduction of tax at source on payments on account of repurchase	
	of units by Mutual Funds or UTI	1242
416.	Deduction of tax from commission, etc., on sale of lottery tickets	1242
417.	Deduction of tax at source from commission or brokerage	1243
418.	Deduction of tax at source from income by way of rent	1245
	Tax deduction at source on purchase of immovable property	1250
	Tax deduction from payment of rent by certain individuals/HUFs	1250
418C.	Tax deduction from payment under joint development agreement	1251
419.	Tax deduction at source on fees for professional or technical	
	services, royalty or directors fees	1252
	Tax deduction at source in respect of income from units	1256
420.	Tax deduction from payment of compensation in certain cases	1256
	Deduction of tax at source from interest payable on infrastructure debt fund	1257
	. Tax deduction from income from units of business trust	1257
	3. Tax deduction from income in respect of units of investment fund	1258
	BB. Tax deduction from income in respect of investment in Securitization fund	1258
420B.	Tax deduction by an Indian specified company or business trust from interest	1250
1200	to a non-resident/foreign company	1259
	Tax deduction at source on interest on bonds/Government securities	1260
	TDS on certain payments by individual/HUF	1261
	TDS on payment of certain amounts in cash	1262
	TDS on payment by e-commerce operator to e-commerce participants Deduction of tax in case of specified Senior Citizen	1263 1264
	*	1264
	Deduction of tax at source on payment for purchase of goods Deduction of tax on benefit/perquisite pertaining to business/profession	1265
	Deduction of tax from payment on transfer of virtual digital asset	1208
420-J.	Deduction of tax at source from other sums	1271
422.	Tax deduction from any income payable to non-resident unit-holders of	1272
422.	Mutual Fund	1278
423.	Deduction of tax at source in respect of units referred to in section 115AB	1278
424.	Deduction of tax at source in respect of units referred to in section (15AB) Deduction of tax from income or long-term capital gain from	1270
1211	foreign currency bonds/Global Depository Receipts	1278
425.	Deduction of tax from income of Foreign Institutional Investors from	
	securities	1279
426.	Payment without tax deduction or with deduction at lower rate	1279
427.	Processing of statements of tax deducted at source	1283
428.	Other points for consideration	1283
429.	Tax collection at source	1292

24

Refund of excess payments

430.	Right to claim refund - When arises	1304
431.	Who can claim refund	1304
432.	How to claim refund	1304
433.	Other points	1305

PAGE

1367

	25	Appeals and revisions	
434	. Meai	ning of appeal	1307
435	. Appe	llate hierarchy	1307
436	. Appe	al to Joint Commissioner (Appeals)	1308
437	. Appe	al to the Commissioner (Appeals)	1309
438		sion by the Commissioner of Income-tax	1322
439		al to the Appellate Tribunal	1330
440		al to High Court	1342
441		al to the Supreme Court	1348
442		ision for avoiding repetitive appeals	1349
443		edure for appeal by revenue when an identical question of law is	
		ing before High Court/Supreme Court	1350
444		equence of non-filing of appeal in respect of cases where the tax	1251
_	effec	t is less than the prescribed monetary limit	1351
	26	Income-tax authorities	
445	. Taxa	authorities	1353
446		ral Board of Direct Taxes	1353
	. cent		1555
	27	Settlement Commission and Dispute Resolution Committee	
457	Sottl	ement Commission	1356
458		ontinuation of Income-tax Settlement Commission	1350
459		ate Resolution Committee	1350
4 37	• Disp	the Resolution committee	1500
	28	Special measures in respect of transactions with persons located i	n notified
	20	jurisdictional area	
471	. Spec	ial measures in respect of certain transactions	1363
472	^	ied jurisdictional area	1363
473		cability of transfer pricing provisions	1363
474		lowance of payment to financial institutions located in notified	
		dictional area	1364
475		lowance of other expenditure	1364
476		unt received to be treated as income in some cases	1364
477	. TDS	at higher rate	1364
478		isions illustrated	1364
-	20		
	29	General Anti-avoidance Rule	

479. Applicability of general anti-avoidance rule

Contents

		PAGE
480.	Impermissible avoidance arrangement	1367
481.	When GAAR provisions are not applicable	1369
482.	Procedure for invoking GAAR	1369
483.	Clarifications given by Board	1370

483. Clarifications given by Board

_

_

30	Advance ruling

485.	Constitution of the Board for Advance Ruling	1371
486.	Advance ruling	1373
487.	Procedure for filing application	1374
488.	Procedure on receipt of application	1376
489.	Applicability of advance ruling	1378
490.	Advance ruling to be void in certain circumstances	1379
491.	Powers of authority	1379
491A.	Authority for advance rulings	1379

3	Search, seizure and assessment	
492.	Powers regarding discovery, production of evidence, etc.	1381
493.	Search and seizure	1382
494.	Requisitioning of books of account, etc.	1390
495.	Application of assets seized or requisitioned	1392
496.	Power to call for information	1393
497.	Power of survey	1394
498.	Power to collect certain information	1396
498A.	Power to call for information by prescribed income-tax authority	1397
499.	Scheme of assessment in case of search or requisition	1397
500.	Prior approval in the case of search	1404

32	Transfer pricing

506.	Taxation of international transaction	1405
507.	Computation of the arm's length price	1409
508.	Arm's length price - Computation of	1410
509.	Computation of arm's length price in cases where more than one price is determined under most appropriate method	1417
510.	Reference to transfer pricing officer	1427
510A.	Power of Board to make Safe Harbour Rules	1430
511.	Maintenance of books of account and furnishing of report in respect of	
	international group	1434
512.	Report from accountant	1439
513.	Specified domestic transactions	1439
514.	Advance Pricing Agreement (APA)	1439
514A.	Secondary adjustment in certain international transactions	1441
514 B .	Provisions pertaining to thin capitalisation	1445
514C.	Important judicial rulings	1448

33 **Business restructuring** 1449 **515.** Restructuring business 516. Amalgamation 1449 Demerger 517. 1458 518. Conversion of sole proprietary business into company 1468 519. Conversion of firm into company 1469 520. Slump sale 1471 521. Transfer of assets between holding and subsidiary companies 1477 Amalgamation or demerger of co-operative banks 522. 1482 523. Conversion of private company/unlisted public company into Limited Liability Partnership (LLP) 1484

34 Alternative tax regime

531.	Alternative tax regime available under different sections	1489
532.	Manufacturing domestic companies under section 115BA	1492
533.	Tax on income of certain domestic companies	1493
534.	Conditions and restrictions	1493
535.	Tax rate	1494
536.	Option	1494
537.	MAT not applicable	1494
538.	Case studies	1494
539.	New manufacturing domestic companies	1495
540 .	Conditions	1495
541.	Mode of computation of income	1496
542 .	Computation of tax liability under section 115BAB	1497
543.	Option	1497
544.	MAT not applicable	1498
545.	Case study	1498
546.	Income of individuals, HUF, AOP, BOI and artificial juridical person	1499
547.	Rate of income-tax under the alternative tax regime	1499
548.	Conditions and restrictions	1500
549.	Option	1502
550.	Case studies	1503
551.	Tax on certain resident co-operative societies	1508
552.	Conditions and restrictions under section 115BAD	1508
553.	Tax rate	1509
554.	Option	1509
555.	New manufacturing co-operative society	1509
556.	Conditions	1509
557.	Mode of computation of income	1510
558.	Computation of tax liability under section 115BAE	1510
559.	Option	1511

PAGE

	35	Tax planning	
565.	Тах ј	olanning	1512
566.	Tax j	planning with reference to setting up of a new business	1514
567.	Tax j	planning with reference to financial management decisions	1516
568.	Tax j	planning with reference to specific managerial decisions	1517
569.	Tax	planning in respect of employees' remuneration	1521
570.	Tax	planning in respect of non-residents	1523
571.		planning in respect of amalgamation or demerger of companies usiness restructuring	1528
	36	Miscellaneous	
572.	Intro	duction of Tonnage Tax	1529

	introduction of Tolinage Tax	1527
573.	Securities Transaction Tax	1532
574.	Tax clearance certificate	1534
575.	Equalisation levy	1536
577.	Provisions pertaining to successor entity subsequent to business reorganization	1540
578.	Commodities transaction tax	1541
580.	Facility for electronic communication	1542
581.	Introduction of Document Identification Number	1542
582.	Power to withdraw approvals	1542
583.	Restriction on cash transactions	1542

ANNEXURES

E.

1.	Tax rates	1546
2.	Rates of depreciation	1571
3.	The Eleventh Schedule, Thirteenth Schedule, Fourteenth Schedule/ Investment ceiling in the case of small scale industrial undertaking	1578
4.	Notified backward districts	1585
5.	Questions set for CA (Final) Examination and Answers from May 2013 to May 2023	1587