

Section 28 of the 1961 Act : Profits and gains of business or profession/Section 26 of the 2025 Act : Income under head “Profits and gains of business or profession”/Section 66 of the 2025 Act : Interpretation

CORRESPONDING PROVISION

◆ Section 28 of the 1961 Act corresponds to section 26 and section 66 of the 2025 Act as under:—

<i>1961 Act</i>	<i>2025 Act</i>
Section 28	Section 26(1) & (2)
Section 28(i)	Section 26(2)(a)
Section 28(ii)(a)	Section 26(2)(b)(i)(A) & long line
Section 28(ii)(b)	Section 26(2)(b)(i)(B) & long line
Section 28(ii)(c)	Section 26(2)(b)(ii) & long line
Section 28(ii)(d)	Section 26(2)(c)
Section 28(ii)(e)	Section 26(2)(b)(iii) & long line
Section 28(iii)	Section 26(2)(d)
Section 28(iii a)	Section 26(2)(e)
Section 28(iii b)	Section 26(2)(e)
Section 28(iii c)	Section 26(2)(e)
Section 28(iii d)	Section 26(2)(e)
Section 28(iii e)	Section 26(2)(e)
Section 28(iv)	Section 26(2)(f)
Section 28(v) & its proviso	Section 26(2)(g)
Section 28(va)	Section 26(2)(h)
Proviso to Section 28(va)	Section 26(2)(h)(i)(A) & (B)
<i>Explanation (i) to Section 28(va)</i>	Section 66(1)
<i>Explanation (ii) to Section 28(va)</i>	Section 66(29)
Section 28(vi)	Section 26(2)(i)
<i>Explanation to Section 28(vi)</i>	Section 66(8)
Section 28(via)	Section 26(2)(j)
Section 28(vii)	Section 26(2)(k)
<i>Explanation 2 to Section 28</i>	Section 26(3)
<i>Explanation 3 to Section 28</i>	Section 26(4)

TEXTUAL COMPARISON

<i>Section 28 of the 1961 Act : Profits and gains of business or profession</i>	<i>Section 26 of the 2025 Act : Income under head “Profits and gains of business or profession”/ Section 66 of the 2025 Act : Interpretation</i>	
The following income shall be chargeable to income-tax under the head “Profits and gains of business or profession”,—	S. 26(1)	The incomes referred to in sub-section (2) shall be chargeable to income-tax under the head “Profits and gains of business or profession”.
	S. 26(2)	The income under sub-section (1) shall include—

<i>Section 28 of the 1961 Act : Profits and gains of business or profession</i>	<i>Section 26 of the 2025 Act : Income under head "Profits and gains of business or profession"/ Section 66 of the 2025 Act : Interpretation</i>	
(i) the profits and gains of any business or profession which was carried on by the assessee at any time during the previous year ;	S. 26(2)(a)	the profits and gains of any business or profession carried on by the assessee at any time during the tax year ;
(ii) any compensation or other payment due to or received by,— (a) any person, by whatever name called, managing the whole or substantially the whole of the affairs of an Indian company, at or in connection with the termination of his management or the modification of the terms and conditions relating thereto;	S. 26(2)(b)(i)(A) & long line	(b) any compensation or other payment, due to, or received, by any person by whatever name called,— (i) wholly or substantially managing the affairs— (A) of an Indian company; or in connection with termination of management, office, agency or contract, as the case may be , or modification of terms and conditions relating thereto;
(b) any person, by whatever name called, managing the whole or substantially the whole of the affairs in India of any other company, at or in connection with the termination of his office or the modification of the terms and conditions relating thereto ;	S. 26(2)(b)(i)(B) & long line	(b) any compensation or other payment, due to, or received, by any person by whatever name called,— (i) wholly or substantially managing the affairs— (B) in India, of any other company; or in connection with termination of management, office, agency or contract, as the case may be , or modification of terms and conditions relating thereto;
(c) any person, by whatever name called, holding an agency in India for any part of the activities relating to the business of any other person, at or in connection with the termination of the agency or the modification of the terms and conditions relating thereto ;	S. 26(2)(b)(ii) & long line	(b) any compensation or other payment, due to, or received, by any person by whatever name called,— (ii) holding any agency in India for any part of business activities of any other person; or in connection with termination of management, office, agency or contract, as the case may be , or modification of terms and conditions relating thereto;
(d) any person, for or in connection with the vesting in the Government, or in any corporation owned or controlled by the Government, under any law for the time being in force, of the management of any property or business;	S. 26(2)(c)	any compensation or payment, due to, or received by , any person for vesting of the management of any property or business, in the Government including any corporation owned or controlled by the Government under any law in force;
(e) any person, by whatever name called, at or in connection with the termination or the modification of the terms and conditions, of any contract relating to his business ;	S. 26(2)(b)(iii) & long line	(b) any compensation or other payment, due to, or received, by any person by whatever name called,— (iii) for any contract relating to business , in connection with termination of management, office, agency or contract, as the case may be , or modification of terms and conditions relating thereto ;

<i>Section 28 of the 1961 Act : Profits and gains of business or profession</i>	<i>Section 26 of the 2025 Act : Income under head "Profits and gains of business or profession"/ Section 66 of the 2025 Act : Interpretation</i>
(iii) income derived by a trade, professional or similar association from specific services performed for its members;	S. 26(2)(d) income derived by a trade, professional or similar association from specific services performed for its members;
(iiia) profits on sale of a licence granted under the Imports (Control) Order, 1955, made under the Imports and Exports (Control) Act, 1947 (18 of 1947);	S. 26(2)(e) profits on sale of import licence, cash assistance against export, duty drawback or duty remission or any other export incentive, received or receivable;
(iiib) cash assistance (by whatever name called) received or receivable by any person against exports under any scheme of the Government of India;	
(iiic) any duty of customs or excise re-paid or re-payable as drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971;	
(iiid) any profit on the transfer of the Duty Entitlement Pass Book Scheme, being the Duty Remission Scheme under the export and import policy formulated and announced under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992);	
(iiie) any profit on the transfer of the Duty Free Replenishment Certificate, being the Duty Remission Scheme under the export and import policy formulated and announced under section 5 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992);	
(iv) the value of any benefit or perquisite arising from business or the exercise of a profession, whether— (a) convertible into money or not; or (b) in cash or in kind or partly in cash and partly in kind;	S. 26(2)(f) the value of any benefit or perquisite arising from business or the exercise of a profession, whether— (i) convertible into money or not; or (ii) in cash or in kind or partly in cash and partly in kind;
(v) any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from such firm : Provided that where any interest, salary, bonus, commission or remuneration, by whatever name called, or any part thereof has not been allowed to be deducted under clause (b) of section 40, the income under this clause shall be adjusted to the extent of the amount not so allowed to be deducted;	S. 26(2)(g) any interest, salary, bonus, commission or remuneration, by whatever name called, which is due to, or received by, a partner of a firm from such firm to the extent allowed under section 35(e) as a deduction in computing the income of the firm;

<i>Section 28 of the 1961 Act : Profits and gains of business or profession</i>	<i>Section 26 of the 2025 Act : Income under head "Profits and gains of business or profession"/ Section 66 of the 2025 Act : Interpretation</i>	
<p>(va) any sum, whether received or receivable, in cash or kind, under an agreement for—</p> <p>(a) not carrying out any activity in relation to any business or profession; or</p> <p>(b) not sharing any know-how, patent, copyright, trade-mark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision for services:</p>	S. 26(2)(h)	<p>any sum, received or receivable, in cash or in kind—</p> <p>(i) under an agreement for not carrying out any activity in relation to any business or profession, not being—</p> <p>(A) any sum received on account of transfer of the right to manufacture, produce or process any article or thing or right to carry on any business or profession which is chargeable under the head "Capital gains";</p> <p>(B) any sum received as compensation from the multilateral fund of the Montreal Protocol on Substances that Deplete the Ozone layer under the United Nations Environment Programme, as per the terms of agreement entered into with the Government of India; or</p> <p>(ii) under an agreement for not sharing any know-how, patent, copyright, trade-mark, licence, franchise or any other business or commercial right of similar nature, or information or technique likely to assist in the manufacture or processing of goods or provision for services;</p>
<p>Provided that sub-clause (a) shall not apply to—</p> <p>(i) any sum, whether received or receivable, in cash or kind, on account of transfer of the right to manufacture, produce or process any article or thing or right to carry on any business or profession, which is chargeable under the head "Capital gains";</p> <p>(ii) any sum received as compensation, from the multilateral fund of the Montreal Protocol on Substances that Deplete the Ozone layer under the United Nations Environment Programme, in accordance with the terms of agreement entered into with the Government of India.</p>	S. 26(2)(h)(i)(A) & (B)	<p>(A) any sum received on account of transfer of the right to manufacture, produce or process any article or thing or right to carry on any business or profession which is chargeable under the head "Capital gains";</p> <p>(B) any sum received as compensation from the multilateral fund of the Montreal Protocol on Substances that Deplete the Ozone layer under the United Nations Environment Programme, as per the terms of agreement entered into with the Government of India; or</p>

<p>Section 28 of the 1961 Act : Profits and gains of business or profession</p>	<p>Section 26 of the 2025 Act : Income under head “Profits and gains of business or profession”/ Section 66 of the 2025 Act : Interpretation</p>	
<p><i>Explanation</i> : For the purposes of this clause,—</p> <p>(i) “agreement” includes any arrangement or understanding or action in concert,—</p> <p>(A) whether or not such arrangement, understanding or action is formal or in writing; or</p> <p>(B) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceedings;</p>	<p>S. 66(1)</p>	<p>“agreement”, for the purposes of section 26(2)(h), includes any arrangement or understanding or action in concert,—</p> <p>(A) whether or not such arrangement, understanding or action is formal or in writing; or</p> <p>(B) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceedings;</p>
<p>(ii) “service” means service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial nature such as accounting, banking, communication, conveying of news or information, advertising, entertainment, amusement, education, financing, insurance, chit funds, real estate, construction, transport, storage, processing, supply of electrical or other energy, boarding and lodging;</p>	<p>S. 66(29)</p>	<p>“service”, for the purposes of section 26(2)(h), means a service of any description which is made available to potential users and includes the provision of services in connection with business of any industrial or commercial nature such as—</p> <p>(a) accounting;</p> <p>(b) banking;</p> <p>(c) communication;</p> <p>(d) conveying of news or information;</p> <p>(e) advertising;</p> <p>(f) entertainment;</p> <p>(g) amusement;</p> <p>(h) education;</p> <p>(i) financing;</p> <p>(j) insurance;</p> <p>(k) chit funds;</p> <p>(l) real estate;</p> <p>(m) construction;</p> <p>(n) transport;</p> <p>(o) storage;</p> <p>(p) processing;</p> <p>(q) supply of electrical or other energy; and</p> <p>(r) boarding and lodging;</p>
<p>(vi) any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy.</p>	<p>S. 26(2)(i)</p>	<p>any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy;</p>

<i>Section 28 of the 1961 Act : Profits and gains of business or profession</i>	<i>Section 26 of the 2025 Act : Income under head "Profits and gains of business or profession"/ Section 66 of the 2025 Act : Interpretation</i>	
<i>Explanation : For the purposes of this clause, the expression "Keyman insurance policy" shall have the meaning assigned to it in clause (10D) of section 10;</i>	S. 66(8)	"Keyman insurance policy" shall have the meaning assigned to it in Schedule II (Note 1) ;
(via) the fair market value of inventory as on the date on which it is converted into, or treated as, a capital asset determined in the prescribed manner;	S. 26(2)(j)	the fair market value of inventory as on the date on which it is converted into, or treated as, a capital asset determined in the manner, as may be prescribed; and
(vii) any sum, whether received or receivable, in cash or kind, on account of any capital asset (other than land or goodwill or financial instrument) being demolished, destroyed, discarded or transferred, if the whole of the expenditure on such capital asset has been allowed as a deduction under section 35AD.	S. 26(2)(k)	any sum which is received or receivable in cash or kind, when— (i) a capital asset other than land or goodwill or financial instrument, is demolished, destroyed, discarded or transferred; and (ii) the whole of the expenditure on it has been allowed as a deduction under section 35AD of the Income-tax Act, 1961 (43 of 1961) or section 46 of this Act.
<i>Explanation 2 : Where speculative transactions carried on by an assessee are of such a nature as to constitute a business, the business (hereinafter referred to as "speculation business") shall be deemed to be distinct and separate from any other business.</i>	S. 26(3)	Where speculative transactions carried on by an assessee are of such nature to constitute a business, the business (herein referred to as speculation business) shall be deemed to be distinct and separate from any other business.
<i>Explanation 3 : It is hereby clarified that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head "Profits and gains of business or profession" and shall be chargeable under the head "Income from house property".</i>	S. 26(4)	Any income from letting out of a residential house or a part of it by the owner shall not be included in income under sub-section (1) and shall be chargeable only under the head "Income from house property".

Section 29 of the 1961 Act : Income from profits and gains of business or profession, how computed/Section 27 of the 2025 Act : Manner of computing profits and gains of business or profession

CORRESPONDING PROVISION

◆ Section 29 of the 1961 Act corresponds to section 27 of the 2025 Act as under:—

<i>1961 Act</i>	<i>2025 Act</i>
Section 29	Section 27

TEXTUAL COMPARISON

<i>Section 29 of the 1961 Act : Income from profits and gains of business or profession, how computed</i>	<i>Section 27 of the 2025 Act : Manner of computing profits and gains of business or profession</i>	
The income referred to in section 28 shall be computed in accordance with the provisions contained in sections 30 to 43D .	S. 27	The income referred to in section 26 shall be computed as per the provisions of sections 28 to 60, except section 58 .

Section 30 of the 1961 Act : Rent, rates, taxes, repairs and insurance for buildings/Section 28 of the 2025 Act : Rent, rates, taxes, repairs and insurance

CORRESPONDING PROVISION

◆ Section 30 of the 1961 Act corresponds to section 28 of the 2025 Act as under:—

<i>1961 Act</i>	<i>2025 Act</i>
Section 30	Section 28(1)
Section 30(a)	Section 28(1)(c)
Section 30(a)(i)	Section 28(1)(e)
Section 30(a)(ii)	Section 28(1)(d)
Section 30(b)	Section 28(1)(b)
Section 30(c)	Section 28(1)(a)
<i>Explanation</i> to Section 30	Section 28(1)(d) & (e)

TEXTUAL COMPARISON

<i>Section 30 of the 1961 Act : Rent, rates, taxes, repairs and insurance for buildings</i>	<i>Section 28 of the 2025 Act : Rent, rates, taxes, repairs and insurance</i>	
In respect of rent, rates, taxes, repairs and insurance for premises, used for the purposes of the business or profession, the following deductions shall be allowed—	S. 28(1)	The following amounts shall be allowed as deduction in respect of premises, machinery, plant or furniture used for the purposes of the business or profession:—
(a) where the premises are occupied by the assessee—	S. 28(1)(c)	rent paid, when the premises are occupied by the assessee as a tenant;
(i) as a tenant, the rent paid for such premises; and further if he has undertaken to bear the cost of repairs to the premises, the amount paid on account of such repairs ;	S. 28(1)(e)	amount paid on account of cost of repairs, not being in the nature of capital expenditure, when the premises are occupied by the assessee as a tenant and where he has undertaken to bear the cost of repairs to the premises; and
(ii) otherwise than as a tenant, the amount paid by him on account of current repairs to the premises ;	S. 28(1)(d)	amount paid on account of current repairs to the premises, not being in the nature of capital expenditure, when the premises are occupied by the assessee otherwise than as a tenant;

<i>Section 30 of the 1961 Act : Rent, rates, taxes, repairs and insurance for buildings</i>	<i>Section 28 of the 2025 Act : Rent, rates, taxes, repairs and insurance</i>	
(b) any sums paid on account of land revenue, local rates or municipal taxes ;	S. 28(1)(b)	land revenue, local rates or municipal taxes paid ;
(c) the amount of any premium paid in respect of insurance against risk of damage or destruction of the premises.	S. 28(1)(a)	any premium paid in respect of insurance against risk of damage or destruction thereof ;
<i>Explanation : For the removal of doubts, it is hereby declared that the amount paid on account of the cost of repairs referred to in sub-clause (i), and the amount paid on account of current repairs referred to in sub-clause (ii), of clause (a), shall not include any expenditure in the nature of capital expenditure.</i>	S. 28(1)(e)	amount paid on account of cost of repairs, not being in the nature of capital expenditure, when the premises are occupied by the assessee as a tenant and where he has undertaken to bear the cost of repairs to the premises; and
	S. 28(1)(d)	amount paid on account of current repairs to the premises, not being in the nature of capital expenditure, when the premises are occupied by the assessee otherwise than as a tenant;

Section 31 of the 1961 Act : Repairs and insurance of machinery, plant and furniture/Section 28 of the 2025 Act : Rent, rates, taxes, repairs and insurance

CORRESPONDING PROVISION

◆ Section 31 of the 1961 Act corresponds to section 28 of the 2025 Act as under:—

<i>1961 Act</i>	<i>2025 Act</i>
Section 31	Section 28(1)
Section 31(i)	Section 28(1)(f)
Section 31(ii)	Section 28(1)(a)
<i>Explanation to Section 31</i>	Section 28(1)(f)

TEXTUAL COMPARISON

<i>Section 31 of the 1961 Act : Repairs and insurance of machinery, plant and furniture</i>	<i>Section 28 of the 2025 Act : Rent, rates, taxes, repairs and insurance</i>	
In respect of repairs and insurance of machinery, plant or furniture used for the purposes of the business or profession, the following deductions shall be allowed—	S. 28(1)	The following amounts shall be allowed as deduction in respect of premises, machinery, plant or furniture used for the purposes of the business or profession:—
(i) the amount paid on account of current repairs thereto ;	S. 28(1)(f)	the amount paid on account of current repairs to machinery, plant or furniture, not being in the nature of capital expenditure.
(ii) the amount of any premium paid in respect of insurance against risk of damage or destruction thereof.	S. 28(1)(a)	any premium paid in respect of insurance against risk of damage or destruction thereof;