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16.52 Whether disallowance of dues to micro or small enterprises not paid within time limit stipulated by Section 15 of MSMED Act under Section 37(2)(*g*) of ITA 2025 (previously Section 43B(*h*) of ITA 1961) apply to non-resident assessees who opt for any applicable presumptive taxation scheme in Section 61 of ITA 2025? *201*

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16.53 Mr. ABC is a resident who has availed presumptive taxation for his business from FY 2020-21 to FY 2024-25. He intends to avail section 44AD for FY 2025-26 (Assessment Year 2026-27) and Tax Year 2026-27. His turnover or gross receipts from his business is ₹ 1.80 crores for FY 2025-26 from third party customers. Besides these, he had dealings with the HUF of which he is a part and the sales made by him to his HUF (at arm's length prices) amount to ₹ 30 Lakhs during FY 2025-26. Entire ₹ 30 lakhs was paid to him by HUF through NEFT. Of the sales made to third party customers, 50% was in cash. Can he avail section 44AD for FY 2025-26? Can he avail presumptive taxation scheme in Sl. No. 1 of Table in section 58(2) for Tax Year 2026-27 if same figures and pattern repeat in Tax Year 2026-27? *201*

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16.61 A doctor who is resident in India runs a nursing home and also consults in his clinic. Can he avail presumptive taxation schemes in the Table of Section 58(2)? *214*

16.62 A doctor who is resident in India consults in his clinic. He is also the partner in a nursing home. Can he and his firm avail presumptive taxation schemes in the Table of section 58(2)? *214*

16.63 Can a traditional partnership firm (Indian Partnership Act, 1932) avail the presumptive taxation scheme in Sl. No. 1 of the Table in section 58(2) if the firm is not registered under Chapter VII of that Act relating to Registration of Firms? *215*

16.64 Can a traditional partnership firm (Indian Partnership Act, 1932) avail the presumptive taxation scheme in Sl. No. 1 of the Table in section 58(2) if the partnership is not evidenced by a partnership deed and is based on verbal agreement between the partners? *216*

16.65 Can a traditional partnership firm (Indian Partnership Act,1932) avail the presumptive taxation scheme in Sl. No. 2 of the Table in section 58(2) (corresponding to section 44AE of ITA 1961) if the partnership is not evidenced by a partnership and is based on verbal agreement between the partners? *216*

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16.66 Is an assessee who owns 10 or less goods carriages required to declare profits as per Sl. No. 2 if assessee has given a declaration with his PAN [See Sl. No. 8 of the Table to section 393(4)] to those responsible for making payments to him so that he can receive payments without TDS? *216*

16.67 Is the PAN furnished by assessee who owns 10 or less goods carriage to deductors of TDS required to be valid or active PAN. Is deductor required to verify whether PAN is active and valid before acting on the declaration of the assessee? *218*

16.68 Can an individual assessee who owns 10 or less goods carriages furnish Aadhaar Number instead of PAN with his declaration to the deductor if PAN and Aadhaar are linked? *218*

16.69 Suppose assessee owns 4 goods carriages in tax year 2026-27 and declares his income as per Sl. No. 2 of the Table in section 58(2)(formerly section 44AE). His ITR is taken up for limited scrutiny as to whether income has been rightly declared as per Sl. No. 2. During assessment proceedings assessee states that he owned 4 goods carriages and produces RCs of these 4 goods carriages. Besides he also produced work orders from parties. AO passes assessment order determining income as per Sl. No. 1 of the Table in section 58(2) (formerly section 44AD). Can the assessee file an application for rectification of error apparent from record under section 287 (formerly section 154)? *219*

16.70 Suppose in the above case, AO found from evidence put to the assessee (after giving assessee opportunity to rebut) that assessee owned 11 goods carriages at some point of time during the tax year. Is AO's order in scrutiny assessment justified? *219*

16.71 During tax year 2026-27, the assessee (a resident individual) owned 10 trucks upto March 2027. On 29th March, 2027, he sold a truck and received consideration for the same on the same date. He delivered the truck to the buyer on the same date. The truck got registered in buyer's name only in April, 2027. On 30th March, 2027, he received new truck ordered by him with RC in his name on 31st March, 2027. Can he declare his income from trucks as per Sl. No. 2 of Table in section 58(2) ? Or should he declare as per Sl. No. 1 of the said Table? *220*

16.72 PQR & Co., a traditional partnership firm, is carrying on transportation business with 4 resident individuals as its partners. The business is carried on though 8 trucks purchased from firm's bank account but trucks are registered in the names of the Partners (2 trucks in each partner's name). Can the firm declare its business income in accordance with Sl. No. 2 given that RC of trucks are in partners' names and not in firm name? *220*

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16.73 Where assessee owning 10 or less goods carriages gets his accounts audited and e-files tax audit report and declares profits in ITR lower than presumptive profit under Sl. No. 2 for Tax Year 2026-27, can AO apply Sl. No. 1 presumptive scheme(6% or 8% of gross freight receipts) to assess his income? *221*

16.74 Assessee (a resident individual) is engaged in retail business of manufacturing and selling ladies garments. Assessee files ITR for tax year under Sl. No. 1 of Table in section 58(2) declaring turnover of ₹ 30,00,000 and presumptive income of ₹ 2,40,000 as PGBP in his ITR. Later on, during scrutiny of his case, AO finds 2 huge cash deposits of ₹ 40,00,000 each. Can AO treat ₹ 80,00,000 as unexplained income under section 104 read with section 195 (section 69A read with section 115BBE of ITA 1961]? Assessee's sole source of income is his business and he had explained the two big deposits as from on PQR exports. Assessee was unable to establish to AO's satisfaction that it was from PQR exports. *221*

16.75 What if in FAQ 16.74. above, AO made additions @ 12% of ₹ 80,00,000 as business profits on the ground that another assessee with similar facts profile as the assessee agreed to additions @ 12%? *222*

16.76 If some customers of an assessee have made direct deposits of cash into bank account of assessee, for the sake of declaring presumptive income under Sl. No. 1, will assessee have to apply 8% rate to these receipts or 6% rate while declaring profits as per Sl. No. 1 of the Table in section 58(2)? *222*

16.77 Mr. Q, a resident individual and a CA holding part-time COP, received ₹ 45,00,000 as fees from his third party clients during Tax Year 2026-27. He receives ₹ 12,00,000 from his HUF of which he is member and takes no part in its business (approval taken from ICAI) for handling ITR and GST filings of the HUF. What will be his gross receipts and what is the amount to be offered to tax under Sl. No. 3 of Table in section 58(2) for Tax Year 2026-27? Can he issue valuation reports under Rule 11, cost certification reports and Form No. 4 during Tax Year 2027-28? *223*

16.78 Mr. R, a resident individual and a CA holding full-time COP, received ₹ 45,00,000 as fees from his third party clients during Tax Year 2026-27. Of these ₹ 12,00,000 were fees for internal audits and concurrent audits of banks from which TDS has been deducted under Sl. No. 6(iii) of Table in section 393(1). Mr. R is not an employee of any of these banks. He is not on their muster rolls and receives none of the benefits that the *223*

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employees of officers of these banks receive. However, he gets paid monthly for these internal and concurrent audits. Mr. R offers 50% of ₹ 45,00,000 (i.e. ₹ 22,50,000) as PGBP for TY 2026-27under section 58. In his case selected for scrutiny, the AO states that ₹ 12,00,000 is actually salary income as it is received monthly. Therefore, his PGBP is 50% of ₹ 33,00,000 = ₹ 16,50,000. His salary income is ₹ 12,00,000 less standard deduction of ₹ 75,000. Therefore his total income is ₹ 27,75,000 (16,50,000 + 11,25,000). Has the AO rightly proceeded under law in computing Mr. R's income?

16.79 Can AO make additions for bogus purchases where assessee has declared income from his business under Sl. No. 1 of the Table in section 393(1)? *224*

16.80 Whether a resident individual opting for section 44AD, section 44ADA or section 44AE must disclose investments in equity shares, gold, silver etc. made out of drawings from his sole proprietorship business in ITR 4 Sugam for AY 2026-27? *225*

16.81 If a firm opts for section 44AD opts for section 44AD, section 44ADA or section 44AE for AY 2026-27, what should be disclosed by it as investments under Financial Particulars of Business? *225*

APPENDICIES

APPENDIX 1 : Relevant sections of Income-tax Act, 2025 *229*

APPENDIX 2 : Relevant sections of Income-tax Act, 1961 *254*

APPENDIX 3 : Relevant rules of Income-tax Rules, 2026 *281*

APPENDIX 4 : Relevant rules of Income-tax Rules, 1962 *285*