

Concept of Carry forward and Set off of Losses in India

FY - 31.03.2021

AY - 2021-2022

Sr. No	Particulars of Loss	Loss can be set-off in 'same' year	Loss can be set-off in 'next' years	Loss can be carried forward in 'next' years	Necessary to file the 'return' of income in time
1	House Property Loss	Against any Income	Against income from House Property only	upto 'next' 8 Years	Yes
2	Non-Speculative Business Loss				
	(a) Unabsorbed depreciation/ capital expenditure on scientific research/ family planning	Against any Income	Against any Income other than salary	No time Limit	Yes
	(b) Loss from a specified business (Section 35AD)	Against a specified business income only	Against a specified business income only	No time Limit	Yes
	(c) Loss from a non specified business	Against any Income other than salary	Against a non specified business income only	upto 'next' 8 Years	Yes
3	Speculative Business Loss	Against speculation business income only	Against speculation business incomes only	upto 'next' 4 Years	Yes
4	(a) Short term capital loss	Against short or long term capital gain both	Against short or long term capital gain both	upto 'next' 8 Years	Yes
	(b) Long term capital loss	Against long term capital gain only	Against long term capital gain only	upto 'next' 8 Years	Yes
5	Owning & maintaining of race horses Loss	Against income from owning & maintaining race horses only	Against income from owning & maintaining race horses only	upto 'next' 4 Years	Yes

• **Important Clarifications**

(i) Any set off of loss is **not permitted** against the followings heads of incomes from winning

(a) **Lotteries** (b) Cross word **Puzzles** (c.) Horse **Races** (d) Card Games (e) Any 'other' **game** (f) Any kind of **gambling** or **betting** in any form

• Hence **income tax** is to be paid against abovementioned 100% winning incomes **without set off** of any loss under any 'other' head of income

(ii) Any set off of loss is **not permitted** under the head Income from **House** property **exceeding 2 Lac** in **same** year and also in **next** years.

• Hence set off of loss is **not permitted** to **carry forward** exceeding 2 Lac

(ii) Any set off of loss is **not permitted** where loss is incurred against earning of **exempted income**.

• Hence loss is permitted to be set off against **taxable income** only

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