

1.1 Income Tax Slab Rate for AY 2020 - 21

[1] Individuals:

- 1.1 Individual** (resident or non-resident), who is of the age of less than 60 years on the last day of the relevant previous year:

Net income range	Income-Tax Rate*
Up to Rs. 2,50,000	Nil
Rs. 2,50,000- 5,00,000	5%
Rs. 5,00,000 - 10,00,000	20%
Above Rs. 10,00,000	30%

- 1.2 Resident senior citizen**, i.e., every individual, being a resident in India, who is of the age of 60 years or more but less than 80 years at any time during the previous year:

Net income range	Income-Tax Rate*
Up to Rs. 3,00,000	Nil
Rs. 3,00,000- 5,00,000	5%
Rs. 5,00,000 - 10,00,000	20%
Rs. Above Rs. 10,00,000	30%

- 1.3 Resident super senior citizen**, i.e., every individual, being a resident in India, who is of the age of 80 years or more at any time during the previous year:

Net income range	Income-Tax Rate*
Up to Rs. 5,00,000	Nil
Rs. 5,00,000 - 10,00,000	20%
Rs. Above Rs. 10,00,000	30%

Surcharge:

- ▶ 10% of income tax where total income exceeds Rs. 50,00,000.
- ▶ 15% of income tax where total income exceeds Rs. 1,00,00,000.

*Health and Education cess :

- ▶ 4% of income tax and surcharge.

Note: - A resident individual is entitled for rebate under section 87A if his total income does not exceed Rs. 5,00,000. The amount of rebate shall be 100% of income-tax or Rs. 12,500, whichever is less.

[2] Income Tax Rate for Partnership Firm:

- ▶ A partnership firm (including LLP) is taxable at 30%*.

Surcharge:

- ▶ 12% of tax where total income exceeds Rs. 1 crore.

*Health and Education cess :

- ▶ 4% of income tax and surcharge.

[3] Tax Rate for Companies:

Domestic Companies:

Particulars	Tax Rates
Total turnover or gross receipts during the previous year 2017-18 doesn't exceed Rs. 250 Crore	25%
Other domestic companies	30%

Foreign Companies :

The tax rate for foreign company is **40%**

Surcharge:

Company	Net income	
	between Rs. 1Cr. – 10 Cr.	exceeds Rs. 1Cr. – 10 Cr.
Domestic	7%	12%
Foreign	2%	5%

Health and Education cess :

- ▶ 4% of income tax and surcharge.

[4] Income Tax Rate for HUF/AOP/BOI/Any other Artificial Juridical Person:

Net income range	Income-Tax Rate
Up to Rs. 2,50,000	Nil
Rs. 2,50,000- 5,00,000	5%
Rs. 5,00,000 - 10,00,000	20%
Above Rs. 10,00,000	30%

Surcharge:

- ▶ 10% of income tax where total income exceeds Rs. 50,00,000.
- ▶ 15% of income tax where total income exceeds Rs. 1,00,00,000.

Health and Education cess :

- ▶ 4% of income tax and surcharge.

Note : Rebate u/s 87A as discussed above in case of the resident individual are not available to AOP BOI & HUF whether resident or not .

[5] Income Tax Slab Rate for Co-operative Society:

Net income range	Income-Tax Rate
Up to Rs. 10,000	10%
Rs. 10,000 - 20,000	20%
Above Rs. 20,000	30%

Surcharge:

- ▶ 12% of tax where total income exceeds Rs. 1 crore.

Health and Education cess :

- ▶ 4% of income tax and surcharge.

[6] Income Tax Slab Rate for Local Authority:

- ▶ A local authority is taxable at 30%.

Surcharge:

- ▶ 12% of tax where total income exceeds Rs. 1 crore.

Health and Education cess :

- ▶ 4% of income tax and surcharge.

[7] Advance Tax :

Below advance tax liability is For both individual and corporate taxpayers.

Due Date Advance Tax Payable (For Assesse other than covered u/s 44AD/44ADA)

On or before 15th June	15% of advance tax
On or before 15th Sep.	45% of advance tax
On or before 15th Dec.	75% of advance tax
On or before 15th March	100% of advance tax

For taxpayers who have opted for Presumptive Taxation Scheme

Business Income (Assesse covered u/s 44AD(1) & 44ADA(1))

Due Date Advance Tax Payable Before 15th March 2020 100% of advance tax

- ▶ Advance tax is not payable when the tax liability does not exceed Rs 10,000/-.
- ▶ Senior citizen not having any business or professional income is not required to pay advance tax.

1.2 TDS RATE CHART

Section	Nature of Payment	Threshold (Rs.)	TDS Rate (%)	
			Indv/HUF	Others
192	Salaries	–	Base on Slab	
192	A Premature withdrawal from EPF	50,000	10%	–
193	Interest on Securities	10,000	10%	10%
194	Dividends	2,500	10%	10%
194A	Interest (Banks): For Individual/ those who are 60 years or older, TDS will only be deducted if the interest income exceeds Rs.50,000 in a given financial year.	40,000 / 50,000	10 %	10%
194A	Interest (Others)	5,000	10%	10%
194B	Winning from Lotteries	10,000	30%	30%
194BB	Winning from Horse Race	10,000	30%	30%
194C	Contractor – Single Transaction	30,000	1%	2%
194C	Contractor – During the F.Y. (including Transporter with more than 10 carriages)	1,00,000	1%	2%
194C	Transporter (44AE) declaration with PAN (upto 10 Carriages)	-	-	-
194D	Insurance Commission (15G – 15H allowed)	15,000	5%	10%
194DA	Life Insurance Policy	1,00,000	1%	1%
194E	Non-Resident Sportsmen or Sports Association	–	20%	20%
194EE	NSS	2,500	10%	10%
194F	Repurchase Units by Mfs	–	20%	20%
194G	Commission – Lottery	15,000	5%	5%
194H	Commission / Brokerage	15,000	5%	5%
194I	Rent of Land and Building	2,40,000	10%	10%
194I	Rent of Plant / Machinery / Equipment	2,40,000	2%	2%
194IA	Transfer of certain immovable property other than agriculture land	50,00,000	1%	1%
194IB	Rent by Individual / HUF (wef 01.06.2017)	50000/PM	5%	0%
194J	Professional Fees / Technical Fees / etc.	30,000	10%	10%
194J	Payment to Call Centre Operator (wef 01.06.2017)	30,000	2%	2%
194LA	Compensation on transfer of certain immovable property other than agricultural land	2,50,000	10%	10%

Note 1: Surcharge & HEC is not deductible on payments made to residents, other than salary.

Note 2: Note 2: TDS Rate without PAN-20% Flat (if TDS Rate is lower than 20%)

Note 3: In case of non-resident, surcharge would be applicable on TDS

TDS Provision For NRI

- ▶ TDS on Interest on Non-Resident Ordinary Account (NRO) is of 30% . No TDS on Interest earned on Non-Resident External (NRE) accounts and Foreign Currency Non-Resident (FCNR) accounts.
- ▶ TDS on Rent House Property or other Rent & Commission / Brokerage or any other Income is 30%
- ▶ NRI Investments in Shares / Mutual Funds attract TDS and below are the TDS rate applicable on MF redemptions by NRIs for FY 2019-20.
- ▶ TDS on Dividend is exempted if DDT is paid.

Tax Deducted at Source (TDS) Rates for NRI Mutual Fund Investors for 2019-20

	STCG	LTCG
Equity Oriented (MF)	15%	10%
Other than Equity Oriented (MF)	30% (Assuming Investor in highest tax bracket)	Listed-20% (with Indexation) and Unlisted-10% (without Indexation)

- ▶ Under Sec.195, when an NRI sells a property, the buyer is liable to deduct TDS @ 20% on Long Term Capital Gains. In case the property has been sold before 2 years (reduced from the date of purchase), a TDS of 30% shall be applicable (on Short Term Capital Gains).

Note 1: Note:-STCG and LTCG along with applicable surcharge, and Health and Education Cess will be deducted at the time of redemption of units in case of NRIs

1.3 TCS RATE CHART

TCS Rate Chart for F.Y.2019-20 (A.Y.2020-21)

Section	Nature of Payment	TCS Rate (%)
206C	Scrap	1%
206C	Tendu Leaves	5%
206C	Timber obtained under a forest lease or other mode	2.5%
206C	Any other forest produce not being a timber or tendu leave	2.5%
206C	Alcoholic Liquor for human consumption	1%
206C	Parking Lot, Toll Plaza, Mining and Quarrying	2%
206C	Minerals, being coal or lignite or iron ore (applicable from July 1, 2012)1%	1%
206C	Sale of motor vehicle of the value exceeding Rs. 10 Lacs (wef 01.06.2016) Motor vehicle clause not applicable on Central Government, a State Govt. an embassy, a High Commission, Legation, Commission, Consulate and the Trade Representation of a foreign State; Local Authority; a Public Sector Company which is engaged in the business of carrying passengers (wef 01.04.2017)	1%

Note 1: TCS Rates without PAN Double of TCS rates as above or 5%, whichever is higher

1.4 CAPITAL GAIN AND CII

1.4 | COST INFLATION INDEX

Sl. No.	Financial Year	Cost Inflation Index	Sl. No.	Financial Year	Cost Inflation Index
1	2001-02	100	10	2010-11	167
2	2002-03	105	11	2011-12	184
3	2003-04	109	12	2012-13	200
4	2004-05	113	13	2013-14	220
5	2005-06	117	14	2014-15	240
6	2006-07	122	15	2015-16	254
7	2007-08	129	16	2016-17	264
8	2008-09	137	17	2017-18	272
9	2009-10	148	18	2018-19	280

Summary of Capital Gain Exemption

Section	Exemption to	Sale of	Purchase of	Time Period of Purchase	Quantum of Deduction	Consequences if new assets sold within 3 years
54	Individual or HUF Only	Residential House (Long Term Capital Asset 2 years or more)	New Residential House*	If Purchased One year before or 2 years after sale date or If Constructed, Within 3 years	Amt Invested or LTCG which ever is less	STCG on Sale of New Asset (While Calculating Cost, Capital Gain exempt earlier will be reduced from COA)
54F	Individual or HUF Only	Any LTCA except Residential house	New Residential House(Only 1 Residential House now allowed and that too in India due to amendment)	If Purchased One year before or 2 years after sale date or If Constructed, Within 3 years	Capital Gains* Amt Invested/net Consideration received. Deduction cant be more than amount of capital gains	STCG On Sale of New Asset + LTCG which was exempt earlier also taxable

*Note : If the amount of capital gain doesn't exceed Rs. 2 crore, this assess can purchase or construct 2 resident house properties from A.Y. 2020-21. This concession is available only once in life time.

Section	Exemption to	Sale of	Purchase of	Time Period of Purchase	Quantum of Deduction	Consequences if new assets sold within 3 years
54B	Individual or HUF Only	Agricultural Land used for 2 years immediately preceding the date of transfer for agriculture by assessee/ parent. (Both Long Term and Short Term Covered)	Purchase of New agricultural Land (Urban or Rural)	Within 2 years	Amt Invested or LTCG which ever is less	Rural Land No STCG Urban Land STCG on Sale of New Asset (While Calculating Cost, Capital Gain exempt earlier will be reduced from COA)
54D	Any industrial Undertaking(Any factory) Compulsory Acquired	Land, Building used for 2 years prior to its acquisition for business of industrial undertaking	New Land or Building for industrial purpose	Within 3 years from date of receipt of compensation	Amt Invested or LTCG which ever is less	STCG on Sale of New Asset (While Calculating Cost, Capital Gain exempt earlier will be reduced from COA)
54G	Any industrial Undertaking(Any factory) shifting from Urban Area to Non Urban Ares	Building or Plant Machinery land used for 2 years for business of industrial undertaking	New Land or Building, plant or machine	Within 1 year before OR 3 years after	Amt Invested or LTCG which ever is less.(Amt Invested is Cost of Assets+ Cost of Shifitng)	STCG on Sale of New Asset (While Calculating Cost, Capital Gain exempt earlier will be reduced from COA)
54GA	Any industrial Undertaking(Any factory) shifting from Urban Area to Special Economic Zone(SEZ)	Building or Plant Machinery land used for 2 years for business of industrial undertaking	New Land or Building, plant or machine	Within 1 year before OR 3 years after	Amt Invested or LTCG which ever is less.(Amt Invested is Cost of Assets+ Cost of Shifitng)	STCG on Sale of New Asset (While Calculating Cost, Capital Gain exempt earlier will be reduced from COA)

Section	Exemption to	Sale of	Purchase of	Time Period of Purchase	Quantum of Deduction	Consequences if new assets sold within 3 years
			limited or limited company established in year of claiming exemption Individual or HUF should holds 50% or more shares/voting power			
54EC	Any assessee	Any LTCA	Specified Bonds of NHA1 or RECL(These bonds have maturity of 5 years or more)	Within 6 months from date of transfer of capital assets	Lower of 1. Amt Invested 2. 50 lacs 3. Capital Gains (Earlier Max deduction which could be claimed in 1 year So people used to claim 50 lacs before march and 50 lacs after march, now total 50 lacs could be claimed Max)	On sale of securities or loan taken on securities within 3 years, LTCG exempt earlier will be taxable.

Assets	Duration of the Assets		Tax Rate	
	Short Term	Long Term	STCG	LTCG
Immovable Property e.g. House property	Less than 2 year	More than 2 year	Income Tax Slab rate	20.8% with Indexation
Movable Property e.g. Gold/Jewellery	Less than 3 year	More than 3 year	Income Tax Slab rate	20.8% with Indexation
Listed Shares*	Less than 1 year	More than 1 year	15.75%	Exempt
Equity Oriented Mutual Funds	Less than 1 year	More than 1 year	15.75%	Exempt
Debt Oriented Mutual Funds	Less than 3 year	More than 3 year	Income Tax Slab rate	20.8% with Indexation

- ▶ (Tax rates mentioned above are excluding surcharge @10% on income between Rs 50 lakhs- to Rs1crore & 15% on income above Rs 1 crore)
- ▶ * Applicable only for the Shares sold through stock exchange in India on which Security transaction tax (STT) has been paid & Capital Gain Upto Rs. 1 Lakh.

1.5 REMUNERATION TO PARTNERS

- ▶ Remuneration is allowed only to working partners.
- ▶ It is not allowed if tax is paid on presumptive basis under section 44AD or section 44ADA.
- ▶ Remuneration should be within the permissible limits as mentioned below. Please note that this limit is for total salary to all partners and not per partner.

*CALCULATION OF BOOK PROFIT

Profit as per Profit & Loss a/c –	XXX
Add :	
Remuneration to partners if debited to Profit and loss a/c	XXX
Add :	
Brought forward business loss, deduction under section 80C to 80U if debited to P&L a/c	XXX
Less :	
Income under house property, capital gain, other sources if credited to profit and loss a/c	XXX
Book Profits	XXX

Book Profit*	Amount deductible as remuneration under section 40(b)
If book profit is negative	Rs. 1,50,000
If book profit is positive- On first Rs. 3 lakh of book profit	Rs. 1,50,000 or 90% of book profit whichever is more
On the balance of book profit	60% of book profit

1.6 PRESUMPTIVE TAXATION

Presumptive Computation Of Profit Of Business Of Resident Individual, Huf & Partnership Firms (only) :- ▶ **Deemed Profit–**

[1] FOR SMALL BUSINESSES (Section 44 AD)

- ▶ [Not applicable on LLPs, profession referred u/s 44AA(1), commission/ brokerage income & agency business / Plying, Hiring, or Leasing goods carriage]
- ▶ Turnover upto Rs. 2 Crore

Sr. No.	Rate of Tax	Conditions
1	6% of Gross Receipts	Received by an account payee cheque or account payee bank draft or use of ECS through a banking channel during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year;
2	8% of Gross Receipts	other than those covered in above

[2] FOR SMALL BUSINESSES (Section 44 ADA)

[Applicable for Professionals engaged in Profession referred to u/s 44AA (1)]

Sr. No.	Rate of Tax	Conditions
1	50% of Gross Receipt	Gross Receipt should be upto Rs. 50 Lakhs

Issues related to Presumptive Profit that need Attention

- ▶ An Eligible Assessee is allowed to declare profits in excess of the Deemed Profit;
- ▶ If an Eligible Person wants to declare profit, lower than the Deemed Profit prescribed u/s 44AD or 44ADA, then he is required to get his accounts audited in accordance with Income Tax Act, 1961.
- ▶ An eligible assessee needs to declare profit u/s 44AD/44ADA for 5 consecutive years, otherwise needs to get accounts audited u/s 44AB irrespective of turnover.

- ▶ For Partnership Firms declaring their presumptive profit u/s 44AD or 44ADA, the Partners Remuneration and Interest are not allowed to be deducted from the 'Deemed Profit' derived under the aforesaid sections. They are presumed to be part of the expenses.

BENEFITS OF PRESUMPTIVE COMPUTATION OF PROFITS

- ▶ Exemption from the compliance burden of maintaining books of accounts.
- ▶ Exempted from advance tax and allowed to pay their entire tax liability before the due date of filling the return or actual date of filing their return whichever is earlier.

1.7 Who is mandatorily subject to tax audit?

Following categories of taxpayers are required to get tax audit done:

Category of person	Threshold
Carrying on business (not opting for presumptive taxation scheme)	Total sales, turnover or gross receipts exceed Rs 1 crore
Carrying on business (opting presumptive taxation scheme under section 44AD)	Declares taxable income below the limits prescribed under the presumptive tax scheme and has income exceeding the basic threshold limit
Carrying on profession	Gross receipts exceed Rs 50 lakhs
Carrying on the profession eligible for presumptive taxation under Section 44ADA	Claims profits or gains lower than the prescribed limit under presumptive taxation scheme and income exceeds maximum amount not chargeable to tax
Carrying on the business and is not eligible to claim presumptive taxation under Section 44AD due to opting for presumptive taxation in one tax year and not opting for presumptive tax for any of the the subsequent 5 consecutive years	If income exceeds maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the tax year where presumptive taxation is not opted for

1.8 DEDUCTION

Section	Particulars	Max. Deduction
24	Home loan interest	2,00,000
80C	LIC / PPF / KVP / EPF / SSI / NSC / HOME LOAN PRINCIPAL / SCHOOL FEES/ ELSS/STAMP DUTY	1,50,000
80CCD(1B)	NPS	50,000
80DD	Exp of disabled dependent	75,000 / 1,25,000
80U	own Physical Disability	75,000/1,25,000
80TTA	Interest on Savings Account. Only available to Persons other than Senior citizen / Very senior citizen	10,000
80TTB	Interest on Savings Account. and Interest on deposits with Post Offices, Banks, Co-operative bank. Only available to senior citizen & Very senior Citizen available to Persons other than Senior citizen / Very senior citizen	50,000
80G	Donation (Only if paid by cheque/ Bank Mode) available to any tax payer.	100% or 50% of Donation or 10% adjusted Gross Total Income W.E.IS Lower
80GG	deduction for the rent paid (Available to all Individuals except to those who gets HRA from Employment). Eligibility will be least amount of the following :- 1) Rent paid minus 10 percent the adjusted total income. 2) Rs 5,000 per month 3) 25 percent of the adjusted total income	
80D	Mediclaime For self, spouse and dependent children (Only if paid by cheque/ Bank Mode) Up to Rs. 25,000 [Rs. 50,000 if specified person is a senior citizen or very senior citizen	25,000/50,000
80D	Mediclaime For Parents (Only if paid by cheque/ Bank Mode) Upto Rs. 25,000 shall be allowed [Rs. 50,000 if parent is a Senior citizen / Very Senior Citizen	25,000/50,000
80E	Interest on loan taken for Higher Education	Entire Interest Paid. For Max 8 Years
80GGB/ 80GGC	Contribution given to political parties (other than cash)	Indian Companies any person other than Local Authority & Artificial Judicial Firm
80TTA	Interest on Deposite in Saving Account upto 10,000	Individual/HUF (Other than Senior Citizen)

1.9 CARRY FORWARD AND SET OFF LOSSES

Sr. No.	Type of loss to be carried forward to next year(s)	Profits Against which loss can be set off in the same year	Profit Against which carried forward loss can be set off in next year(s)	For how many years loss can be carried forward	Is it necessary to submit return of loss in time
1.	House property loss	Any income*#	Income under the head "Income from house property"	8 Years	No
2.	Speculations loss	Speculation Profits	Speculation profits	4 Years	Yes
3. Non- Speculations business loss					
(a)	Unabsorbed depreciation, capital expenditure on scientific research and family planning	Any income*	Any income, Not being salary income*	No time limit	No
(b)	Loss from a specified business under section 35AD	Income from a specified business under section 35AD	Income from a specified business under section 35AD	No time limit	Yes
(c)	Other remaining business loss	Any income, Not being salary income*	Any business profit (whether from speculation or otherwise)	8 Years	Yes
4. Capital loss					
(a)	Short-term capital loss	Short or long term capital gain	Any income under the head of "Capital gains"	8 Years	Yes
(b)	Long-term capital loss	Long term capital gain	Long term capital gains	8 Years	Yes
5.	Loss from the activity of owing and maintaining race horses	Income from the activity of owing and maintaining race horses	Income from the activity of owing and maintaining race horses	4 Years	Yes

*Loss cannot be set off against winnings from lotteries, crossword puzzles, races including horse races, card games or any other games or from gambling or betting of any form.

From A.Y. 2018-19, it provides that set off of loss under the head "Income from House Property" against any other head of income shall be restricted to Rs. 2 lakh for any assessment year

Loss from a source can be set off only if its profit is taxable. If profits from a source are exempt then its loss cannot be set off.

1.10 What is Gift tax in India? *Is gift money taxable in India?*

- ▶ The 5 categories of gift money that attracts tax.
- ▶ The following 5 categories of gift will attract tax in India as per the current tax laws.

[1] Any amount of money (in cash, cheque or draft)

If the total amount of money received by an individual from one or more persons during a previous year exceeds Rs. 50,000/-, the whole of such amount will be chargeable to tax. If you receive Rs. 40,000 as gift from anybody, there is no tax liability, but if you receive another Rs. 20,000 in the same year, you have to pay tax on the entire Rs. 60,000, because you have exceeded the limit of Rs. 50,000.

Gift Tax Rate in India 2018-19

Now this Rs. 60000 will be added to your total income and taxed according to your tax slab. Suppose you are in 20% of tax slab and by adding Rs. 60000 you come in 30% tax slab, you would be taxed accordingly.

[2] Gift Tax on Immovable property in India without consideration

If any immovable property (without any consideration) is received, the stamp duty value of which exceeds Rs. 50,000/-, then the stamp duty value will be chargeable to tax in each such transaction.

[3] Immovable property for a consideration which is less than the stamp value

If any immovable property is received for a consideration which is less than the stamp value (stamp duty value exceeds 105% of consideration) of the property by an amount exceeding Rs. 50,000/-, then the difference between stamp duty value and consideration is chargeable to tax in every such transaction.

[4] Gift Tax on Movable property in India without consideration

If aggregate fair market value of movable properties such as shares and securities, jewellery, archaeological collections, drawings, paintings or any work of art received without consideration during a previous year exceeds Rs. 50,000/-, the whole of aggregate fair market value of movable properties will be chargeable to tax.

[5] Movable property for a consideration which is less than the fair market value

If movable property such as shares and securities, jewellery, archaeological collections, drawings, paintings or any work of art is received for a consideration which is less than the aggregate fair market value of the property by an amount exceeding Rs. 50,000/-, then the difference between aggregate fair market value and consideration is chargeable to gift tax.

How much money can be given to a family member as a gift ?

Gift tax India – Blood Relative and Family Exemptions

[1] Any amount / property received from a relative

Yes, you can receive any amount as gift from your relative without any tax liability. Income tax on gift received from parents is tax exempt. Can husband give gift to his wife? The following are the relatives considered for this exemption:

- (a) Spouse of the individual
- (b) Brother or sister of the individual
- (c) Brother or sister of the spouse of the individual
- (d) Brother or sister of either of the parents of the individual
- (e) Any lineal ascendant or descendant of the individual
- (f) Any lineal ascendant or descendant of the spouse of the individual
- (g) Spouse of the person referred to in clauses (b) to (f)

[2] Any amount / property received from a relative

The gifts received by bride and the groom from relatives, friends or anybody on the occasion of their marriage are free from any tax liability. The gift is exempt on the occasion of marriage and not on the day of marriage, hence gift received on tilak, tika and similar religious function prior to marriage day will also be exempt from tax.

[3] Money/property received by way of a Will or inheritance

Any amount or property received by way of a Will or inheritance will be free from any gift tax in India.

How to document the gift transactions for scrutiny by tax authorities?

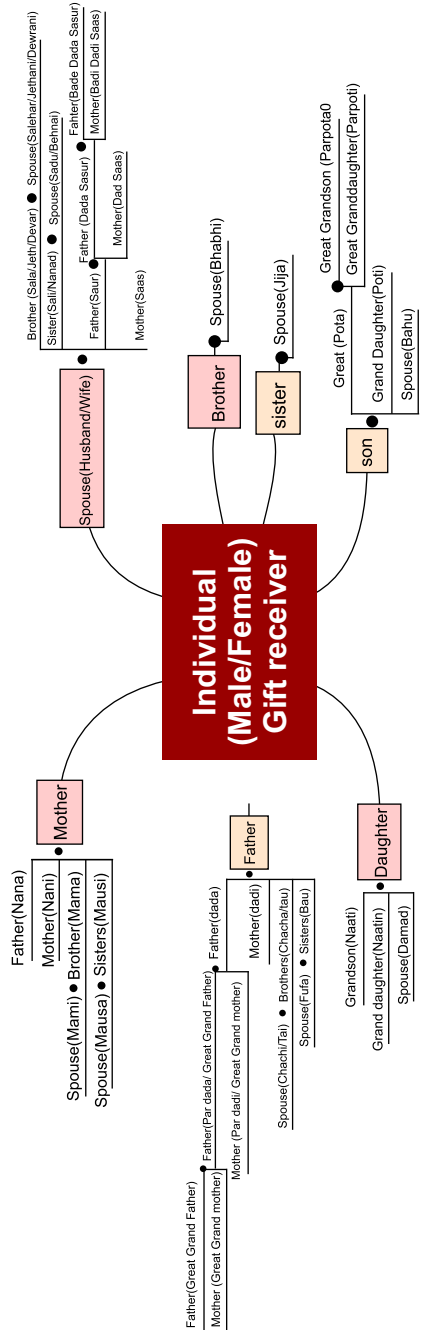
It is recommended that you keep documents for all the gifts received, so that in case of any scrutiny by tax officials, you can present the details. Gifts by way of movable property is required to be made in stamp paper and stamped. Registration of gift deed is not required in this case. But for making a gift of immovable property, the transfer must be effected by a registered gift deed. Gift of immovable property which is not registered is not valid as per law and cannot pass any title to the receiver.

Gift tax in India – Conclusion

- ▶ The Gift Tax was introduced in India in 1958, but gift tax in India is now coming under the Income Tax Act.
- ▶ So, if you are receiving more than Rs. 50,000 in a year from anybody other than your relatives, please remember there is a tax on that gift.

Do you have to pay tax on money given as gift on Cash ?

Cash Gifts above Rs 2 Lakh is subject to Penalty from 1st April, 2017, even if the gifts are from family members.



1.11 TRANSFER PRICING

Transfer pricing can be defined as the value which is attached to the goods or services transferred between related parties. In other words, transfer pricing is the price which is paid for goods or services transferred from one unit of an organization to its other units situated in different countries (with exceptions).

Transactions subject to Transfer pricing

The following are some of the typical international transactions which are governed by the transfer pricing rules:

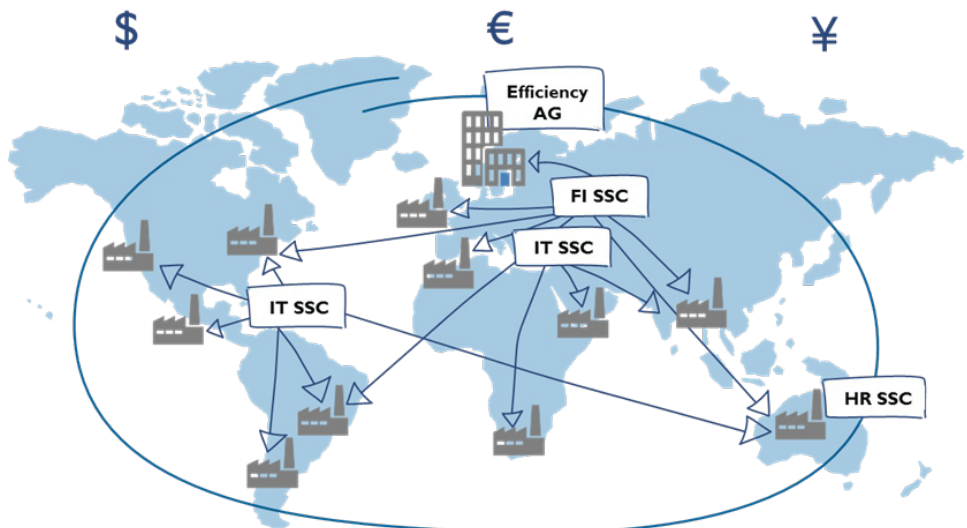
- ▶ Sale of finished goods
- ▶ Purchase of raw material
- ▶ Purchase of fixed assets
- ▶ Sale or purchase of machinery etc.
- ▶ Sale or purchase of Intangibles.

- ▶ Reimbursement of expenses paid/received
- ▶ IT Enabled services
- ▶ Support services
- ▶ Software Development services
- ▶ Technical Service fees
- ▶ Management fees
- ▶ Royalty fee
- ▶ Corporate Guarantee fees
- ▶ Loan received or paid

Purposes of Transfer Pricing

The key objectives behind having transfer pricing are:

- ▶ Generating separate profit for each of the divisions and enabling performance evaluation of each division separately.
- ▶ Transfer prices would affect not just the reported profits of every center, but would also affect the allocation of a company's resources (Cost incurred by one centre will be considered as the resources utilized by them).



1.12 INTEREST AND PENALTY

Interest Rates under Income Tax:

Description	Sec.	Period	Rate (per month or part of it)
(A) Income Tax Return			
Delay in submission	234A	From Due Date to Date of submission of return	1%
Non-submission	234A	From Due Date to Date of completion of assessment u/s. 144/147	1%
(B) Advance Tax			
Failure to pay 90% of assessment. tax	234B	From 1st April of A.Y. to completion of assessment	1%
Deferring Advance tax	234C	From Due Date to Due date of next instalment	1%
(C) TDS			
Failure to deduct	201(1A)	From required date for deduction to actual date of deduction	1%
Failure to deposit in time	201(1A)	From actual date of deduction to actual date of deposit	1.5%
(D) TCS			
Failure to collect tax	206C(7)	From required date for collection to the actual date of collection	1%
(F) Late filing Fees			
Delay in Furnishing of Return	234F	1) Return file After due date but before 31st Dec. 2) Other cases Note : In case Total Income does not exceed Rs. 5 Lakhs. amount of late fees not exceeding Rs. 1,000/-	Rs. 5000/- Rs. 10,000/-

Appeal Fees:

Particulars	CIT(A) u/s 249	ITAT u/s 253
(A) Income assessed by AO :		
Upto Rs. 1 Lacs	Rs. 250	Rs. 500
Rs. 1 Lacs - 2 Lacs	Rs. 500	Rs. 1500
More than Rs. 2 Lacs	Rs. 1000	1% of assessed income or Rs. 10,000 whichever is less
(B) Any matter other than mentioned in (A)	Rs. 250	Rs. 500
(C) Revision Petition to CIT u/s 264 fee Rs. 500		

NATURE OF DEFAULT	MINIMUM PENALTY	MAX. PENALTY
Failure to pay whole or any part of income tax or interest or both.	Such amount as the assessing officer may impose.	Tax in arrears.
Penalty for under reporting and misreporting of income.	50% of tax payable on under reported income and 200% in case of misreporting of income.	
Noncompliance with notice u/s. 142(1), 143(2), 115WD (2), 115WE (2) or non-compliance with directions issued u/s. 142(2A) as required by assessing officer.	Rs 10000* of each failure	Rs 10000** for each failure
Case of partnership firm, if profits are not distributed as per partnership deed and thereby any partner returned his income below the real income.	Upto 150% of the difference between tax on partner's income assessed and tax as income returned.	150% of such difference.
Failure to keep or maintain books of account documents etc. as required under section 44AA.	Rs 25000#	Rs 25000##
Failure to get accounts audited under section 44AB or furnish said report as required under section 44AB	0.5% of total sales turnover or gross receipts	Rs 100000(Rs 150000 with effect from 01/04/2011)
Penalty for failure to collect TCS	Amnt. of tax which a person has failed to collect.	
Taking or accepting any loan or deposit or specified sum (See note 1)in contravention of provision of section 269SS	Amount of loan/deposit so taken or accepted.	
Receiving an amount or Rs 2 lakh or more otherwise than by an account payee cheque/draft/use of electronic clearing system through a bank account in contravention of provision of section 269ST.	100% of the amount of such receipt.	
Repaying any loan or deposit or (w.e.f 01/06/2015) specified advance (See note 1) referred to in section 269T otherwise than in accordance with the provision of section 269T.	Amount of deposit so repaid	
Failure to furnish annual information return(or statement of financial transaction or reportable account) under section 285BA(1)	Rs 100(Rs 500 with effect from 01/04/2018) for each day default.	
Failure to furnish annual information return within period specified in notice under section 285BA(5)(Applicable from 01/04/2014)	Rs 500(Rs 1000 with effect from 01/04/2018) for each day of default commencing from the day immediately following the day on which the time specified in notice for furnishing the return expires.	
Failure to submit (or furnishing incorrect statements in) quarterly TDS/TCS returns (applicable from 01/07/2012)	Rs 10,000	Rs 1,00,000

NOTE 1-Specified advance or sum means any sum of money in the nature of an advance, by whatever name called, in relation to transfer of immovable property whether or not the transfer takes place.

- ▶ * Rs 1000 Upto May 31 2001
- ▶ **Rs 25000 Upto May 31 2001
- ▶ #Rs 2000 Upto May 31 2001
- ▶ ##Rs 100000 Upto May 31 2001

1.13 RESTRICTION ON CASH TRANSACTION

NATURE OF EXPENDITURE	I.T. SECTION	CEILING LIMIT	IN CASE OF VIOLATION
CAPITAL – Payment for Fixed Assets Purchase	43	10000/- per day per asset	The expenditure shall not be included in the cost of asset. No Depreciation benefit.
Payment of Expenses on Specified Business	35AD	10000/- per day per asset	No deduction shall be allowed in respect of such expenditure.
Payment of Business Expenses	40A(3)	10000/- per day to a person	No deduction shall be allowed in respect of such expenditure.
Payment made for plying, hiring or leasing goods carriages	Second Proviso to 40A (3A)	35000/- per day to a person	No deduction shall be allowed in respect of such expenditure.
Any Payment received:- (a) in aggregate from a person in a day; (b) in respect of a single transaction; or (c) in respect of transactions relating to one event or occasion from a person,	269ST	2,00,000/-	Penalty u/s 271DA equal to the amount of such payment received by a person.



5.1 15CA/CB PROCEDURE

