

(b) a non-fungible token or any other token of similar nature, by whatever name called;

(c) any other digital asset, as the Central Government may, by notification, specify,

(d) any crypto-asset being a digital representation of value that relies on a cryptographically secured distributed ledger or a similar technology to validate and secure transactions, whether or not such asset is included in sub-clause (a) or (b) or (c),

where,—

(i) “non-fungible token” means such digital asset as the Central Government may, by notification, specify;

(ii) the Central Government may, by notification, exclude any digital asset from this definition, subject to such conditions as specified therein;

(112) “zero coupon bond” means a bond—

(a) issued by any infrastructure capital company or infrastructure capital fund or infrastructure debt fund or public sector company or scheduled bank on or after the 1st June, 2005;

(b) for which no payment and benefit is received or receivable before maturity or redemption from infrastructure capital company or infrastructure capital fund or infrastructure debt fund or public sector company or scheduled bank; and

(c) which the Central Government may, by notification, specify,

where, the expression “infrastructure debt fund” means the infrastructure debt fund notified by the Central Government under Schedule VII (Table: Sl. No. 46).

Definition of
“tax year”.

3. (1) For the purposes of this Act, “tax year” means the twelve months period of the financial year commencing on the 1st April.

(2) In the case of a business or profession newly set up, or a source of income newly coming into existence in any financial year, the tax year shall be the period beginning with—

(a) the date of setting up of such business or profession; or

(b) the date on which such source of income newly comes into existence, and,

ending with the said financial year.

CHAPTER II

BASIS OF CHARGE

Charge of
income-tax.

4. (1) Income-tax for any tax year shall be charged as per the provisions of this Act at the rate or rates which are enacted by a Central Act for such tax year.

(2) The charge of income-tax under sub-section (1) shall be on the total income of the tax year of every person as per the provisions of this Act.

(3) Income-tax shall also include any additional income-tax, by whatever name called, levied under this Act.

(4) If this Act provides that income-tax is to be charged in respect of income of a period other than the tax year, it shall be charged accordingly.

(5) For the income chargeable under sub-section (2), income-tax shall be deducted or collected at source or paid in advance as provided under this Act.

Scope of total
income.

5. (1) Subject to the provisions of this Act, the total income of any tax year of a person, who is a resident, includes all income from whatever source derived, which—

(a) is received or deemed to be received in India in that year by or on behalf of the person; or

(b) accrues or arises, or is deemed to accrue or arise, to the person in India in that year; or

5 (c) accrues or arises to the person outside India in that year, but when such person is “not ordinarily resident” in India under section 6(13), it shall be included only when it is derived from a business controlled in or a profession set up in India.

(2) Subject to the provisions of this Act, the total income of a tax year of a person, who is a non-resident, includes all income from whatever source derived, which—

10 (a) is received or deemed to be received in India in that year by or on behalf of the person; or

(b) accrues or arises, or is deemed to accrue or arise, to the person in India in that year.

15 (3) Income accruing or arising outside India shall not be deemed to be received in India under this section by reason only of the fact that it is taken into account in a balance sheet prepared in India.

(4) If an income has been included in a person’s total income on the basis that it—

(a) has accrued or arisen; or

(b) is deemed to have accrued or arisen,

20 to the person, it shall not again be included on the basis that it is received or deemed to be received by the person in India.

6. (1) For the purposes of this Act, residence of a person in India shall be determined as per this section.

Residence in
India.

(2) An individual shall be resident in India in a tax year, if he—

25 (a) is in India for a total period of one hundred and eighty-two days or more in that tax year; or

(b) is in India cumulatively for sixty days or more during that year and has been in India cumulatively for three hundred and sixty-five days or more in the four years preceding such tax year.

30 (3) The provisions of sub-section (2)(b) shall not apply in the case of an individual who is a citizen of India and leaves India in any tax year—

(a) as a member of the crew of an Indian ship, as defined in section 3(18) of the Merchant Shipping Act, 1958; or

(b) for employment outside India.

35 (4) The provisions of sub-section (2)(b) shall not apply in the case of an individual—

(a) who is a citizen of India or a person of Indian origin; and

(b) who being outside India, comes on a visit to India in any tax year;

40 (5) Where the person referred to in sub-section (4) has a total income exceeding fifteen lakh rupees during that tax year (other than the income from foreign sources), sub-section (2)(b) shall apply as if the words “sixty days” had been substituted with “one hundred and twenty days” for that year;

(6) For the purposes of sub-section (2), if the individual is—

(a) a citizen of India; and

(b) a member of the crew of a foreign-bound ship leaving India,

45 the total number of days in India, in respect of that voyage, shall be determined in such manner and subject to such conditions, as prescribed.

(7) Irrespective of the provisions of sub-sections (2) to (6), an individual shall be deemed to be resident in India for a tax year, if he—

(a) is a citizen of India;

(b) is not liable to tax in any other country or territory due to domicile, residence, or similar criteria; and 5

(c) has total income exceeding fifteen lakh rupees during the tax year (other than the income from foreign sources).

(8) sub-section (7) shall not apply to an individual, who is resident in India for a tax year under sub-sections (2) to (6).

(9) A Hindu undivided family, firm or other association of persons shall be resident in India in any tax year unless the control and management of its affairs is situated wholly outside India during such tax year. 10

(10)(a) A company is resident in India in any tax year, if—

(i) it is an Indian company; or

(ii) its place of effective management is in India in that tax year; and 15

(b) for the purposes of this sub-section, “place of effective management” means a place where key management and commercial decisions necessary for the conduct of business of the company as a whole are, in substance, made.

(11) Every other person is resident in India in any tax year unless the control and management of its affairs is situated wholly outside India in that year. 20

(12) If a person is resident in India in a tax year for any source of income, he shall be deemed to be resident in India in that tax year for each of the other sources of income.

(13) A person is not ordinarily resident in India in any tax year, if that person is— 25

(a) an individual who has been, or a Hindu undivided family, whose manager has been—

(i) a non-resident in India in nine out of the ten tax years preceding that year; or

(ii) has been in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or 30

(b) a citizen of India or a person of Indian origin,—

(i) whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and 35

(ii) who has been in India cumulatively for one hundred and twenty days or more but less than one hundred and eighty-two days; or

(c) a citizen of India who is deemed to be resident in India under sub-section (7). 40

(14) In this section, “income from foreign sources” means the income, which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.

7. (1) The following incomes shall be deemed to be received in the tax year:—

Income deemed to be received.

(a) the annual accretion in that year to the balance at the credit of an employee participating in a recognised provident fund, to the extent provided in paragraph 6 of Part A of the Schedule XI;

5 (b) the transferred balance in a recognised provident fund, to the extent provided in paragraph 11(4) and (5) of Part A of the Schedule XI;

(c) the contribution made by the Central Government or any other employer in that year to the account of an employee under a pension scheme mentioned in section 124.

10 (2) For inclusion in the total income of an assessee,—

(a) any dividend declared by a company or distributed or paid by it within the meaning of section 2(40)(a) or (b) or (c) or (d) or (e) or (f) shall be deemed to be the income of the tax year in which it is so declared, distributed or paid, as the case may be;

15 (b) any interim dividend shall be deemed to be the income of the tax year in which the amount of such dividend is unconditionally made available by the company to the member who is entitled to it.

20 8. (1) Where a specified person receives during the tax year any capital asset or stock-in-trade or both from a specified entity in connection with the dissolution or reconstitution of such specified entity, then the specified entity shall be deemed to have transferred such capital asset or stock-in-trade, or both, to the specified person in the year in which such capital asset or stock-in-trade, or both, are received by the specified person.

Income on receipt of capital asset or stock in trade by specified person from specified entity.

25 (2) Any profits and gains arising from the deemed transfer mentioned in sub-section (1) by the specified entity shall be—

(i) deemed to be the income of such specified entity of the tax year in which such capital asset or stock-in-trade or both were received by the specified person; and

30 (ii) chargeable to income-tax as income of such specified entity under the head “Profits and gains of business or profession” or under the head “Capital gains”, as per this Act.

35 (3) In this section, fair market value of the capital asset or stock-in-trade, or both, on the date of its receipt by the specified person shall be deemed to be the full value of the consideration received or accruing as a result of such deemed transfer mentioned in sub-section (1).

(4) If any difficulty arises in giving effect to the provisions of this section and section 67(10), the Board may, with the previous approval of the Central Government issue guidelines for removing the difficulty.

40 (5) No guideline under sub-section (4) shall be issued after the expiration of two years from the 1st April, 2026.

45 (6) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive session aforesaid, both houses agree in making any modification in such guideline or both Houses agree that the guideline, should not be issued, the guideline shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that
50 guideline.

(7) In this section,—

(a) “specified entity” means a firm or other association of persons or body of individuals (not being a company or a co-operative society);

(b) “specified person” means a person, who is a partner of a firm or member of other association of persons or body of individuals (not being a company or a co-operative society) in any tax year;

(c) “reconstitution of the specified entity” means, where—

(i) one or more of its partners or members, of such specified entity ceases to be partners or members; or

(ii) one or more new partners or members are admitted in such specified entity in such circumstances that one or more of the persons who were partners or members, of the specified entity, before the change, continue as partner or partners or member or members after the change; or

(iii) all the partners or members, of such specified entity continue with a change in their respective share or in the shares of some of them.

Income
deemed to
accrue or arise
in India.

9. (1) Income deemed to accrue or arise in India shall be the incomes mentioned in sub-sections (2) to (10).

(2) Any income accruing or arising, directly or indirectly, through or from—

(a) any asset or source of income in India;

(b) any property in India;

(c) any business connection in India; or

(d) the transfer of a capital asset situated in India,

shall be deemed to accrue or arise in India.

(3) Any income falling under the head “Salaries”, if it is payable,—

(a) for services rendered in India; or

(b) for the rest period or leave period which is preceded and succeeded by services rendered in India and forms part of the service contract of employment; or

(c) by the Government to an Indian citizen for services rendered outside India,

shall be deemed to accrue or arise in India.

(4) Any dividend paid by an Indian company outside India shall be deemed to accrue or arise in India.

(5)(a) Income by way of interest payable by—

(i) the Government;

(ii) a resident, except where it is payable in respect of any debt incurred, or moneys borrowed and used, for—

(A) a business or profession carried on by that person outside India; or

(B) making or earning any income from any source outside India; or

(iii) a non-resident, if it is in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by that non-resident in India,

shall be deemed to accrue or arise in India;

(b) for the purposes of clause (a)(iii),—

5 (i) any interest payable by the permanent establishment in India of a non-resident person engaged in the business of banking, to the head office or any other permanent establishment or any other part of such non-resident outside India shall be deemed to accrue or arise in India;

(ii) shall be chargeable to tax in addition to any income attributable to the permanent establishment in India; and

(iii) the permanent establishment in India shall—

10 (A) be deemed to be a person separate from, and independent of, the non-resident person of which it is a permanent establishment; and

(B) the provisions of this Act relating to computation of total income, determination of tax and collection and recovery shall apply, accordingly;

15 (iv) “permanent establishment” shall have the meaning assigned to it in section 173(c).

(6)(a) Income by way of royalty payable by—

(i) the Government;

(ii) a resident, except where the royalty is payable for—

20 (A) a business or profession carried on by the resident outside India; or

(B) making or earning any income from any source outside India; or

25 (iii) a non-resident, if the royalty is payable in respect of any right, property or information used or services utilised for the purposes of—

(A) a business or profession carried on by the non-resident in India; or

(B) making or earning any income from any source outside India,

shall be deemed to accrue or arise in India;

30 (b) in this sub-section, “royalty” means consideration (including any lump-sum consideration but excluding any consideration which would be the income of the recipient chargeable under the head “Capital gains”) for the following—

35 (i) the transfer or grant of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or trade mark or similar property;

(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or trade mark or similar property;

40 (iii) the use of any patent, invention, model, design, secret formula or process or trade mark or similar property;

(iv) the imparting of any information concerning technical, industrial, commercial or scientific knowledge, experience or skill;

(v) the use or right to use any industrial, commercial or scientific equipment except the amounts referred in section 61(2) (Table: Sl. No. 5);

(vi) the transfer or grant of all or any rights (including the granting of a licence) in respect of any copyright, literary, artistic or scientific work including— 5

(A) films or video tapes for use in connection with television; or

(B) tapes for use in connection with radio broadcasting;

(vii) the rendering of services in connection with the activities referred to in sub-clauses (i) to (vi);

(c) for the purposes of clause (b),— 10

(i) the transfer or grant of all or any rights in respect of any right, property or information includes transfer or grant of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which that right is transferred;

(ii) royalty includes consideration in respect of any right, property or information, whether or not— 15

(A) the possession or control of that right, property or information is with the payer;

(B) that right, property or information is used directly by the payer; 20

(C) the location of that right, property or information is in India;

(iii) the expression “process” includes transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not that process is secret; 25

(iv) the expression “computer software” means any computer programme recorded on any disc, tape, perforated media or other information storage device and includes any such programme or any customised electronic data.

(7)(a) Income by way of fees for technical services payable by— 30

(i) the Government;

(ii) a resident, except where it is payable for—

(A) a business or profession carried on by the resident outside India; or

(B) making or earning any income from any source outside India; or 35

(iii) a non-resident, if it is payable in respect of services utilised for—

(A) a business or a profession carried on by that non-resident in India; or

(B) making or earning any income from any source in India, 40

shall be deemed to accrue or arise in India;

(b) in this sub-section, “fees for technical services”—

(i) means any consideration (including any lump sum consideration) payable, for rendering of any managerial, technical or consultancy services (including the provision of services of technical or other personnel);

5 (ii) does not include consideration for any construction, assembly, mining or like project undertaken by the recipient or consideration which would be income of the recipient chargeable under the head “Salaries”.

(8)(a) In of this section, a “business connection” in India shall include—

(i) any business carried out in India; or

10 (ii) a significant economic presence in India;

(b) in clause (a), a business carried out in India shall include—

(i) business activity carried out through a person who, acting on behalf of the non-resident,—

15 (A) has and habitually exercises in India, an authority to conclude contracts on behalf of the non-resident or habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by that non-resident and the contracts are—

(I) in the name of the non-resident; or

20 (II) for the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that the non-resident has the right to use; or

(III) for the provision of services by the non-resident; or

25 (B) has no such authority, but habitually maintains in India a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the non-resident; or

(C) habitually secures orders in India, mainly or wholly for the non-resident or for that non-resident and other non-residents controlling, controlled by, or subject to the same common control, as that non-resident;

30 (ii) a business activity carried out through a person who is a broker, general commission agent or any other agent, through whom such activity is carried out, and who is working mainly or wholly on behalf of—

(A) a non-resident (referred to as the principal non-resident); or

(B) such non-resident and other non-residents who—

35 (I) are controlled by the principal non-resident; or

(II) have a controlling interest in the principal non-resident; or

(III) are subject to the same common control as the principal non-resident,

40 and such person shall not be deemed as having an independent status;

(c) in of clause (a), a business carried out in India shall not include any business activity or operations—

45 (i) carried out through a broker, general commission agent or any other agent having an independent status, if such broker, general commission agent or any other agent is acting in the ordinary course of his business;

(ii) which are confined to—

(A) the purchase of goods in India for the purposes of export out of India; or

(B) the collection of news and views in India for transmission out of India, in the case of a person who is engaged in the business of running a news agency or of publishing newspapers, magazines or journals; or

(C) the display of uncut and unassorted diamond in any special zone notified by the Central Government, in the case of a foreign company engaged in the business of mining of diamonds; or

(D) the shooting of any cinematographic film in India, in the case of that person being—

(I) an individual who is not an Indian citizen; or

(II) a firm which does not have a partner who is an Indian citizen or who is resident in India; or

(III) a company which does not have a shareholder who is an Indian citizen or who is resident in India;

(d) a non-resident shall have a significant economic presence in India, where there is—

(i) transaction in respect of any goods, services or property carried out by such non-resident with any person in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the tax year exceeds such amount as prescribed; or

(ii) systematic and continuous soliciting of business activities or engaging in interaction with such number of users in India, as prescribed,

irrespective of whether the agreement for such transactions or activities is entered in India, or the non-resident has a residence or place of business in India, or the non-resident renders any services in India;

(e) the provisions of clause (d) shall not apply to the transactions or activities which are confined to the purchase of goods in India for the purpose of export;

(f) in this sub-section, only the income which is attributable to—

(i) operations carried out in India, when all operations of the business are not carried out in India;

(ii) transactions or activities referred to in sub-section (8)(d), shall be deemed to accrue or arise in India from any business connection;

(g) the income attributable to operations of any business or significant economic presence in this sub-section shall also include income from—

(i) such advertisement which targets a customer who resides in India or a customer who accesses the advertisement through internet protocol address located in India;

(ii) sale of data collected from a person who resides in India or from a person who uses internet protocol address located in India; and

(iii) sale of goods or services using data collected from a person who resides in India or from a person who uses internet protocol address located in India.

(9) In sub-section (2)(d)—

5 (a) an asset or a capital asset, being any share of, or interest in, a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets (whether tangible or intangible) located in India;

(b) the share or interest, referred to in clause (a), shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the specified date, the value of such assets,—

10 (i) exceeds the amount of ten crore rupees; and

(ii) represents at least 50% of the value of all the assets owned by the company or entity, as the case may be;

15 (c) the value of an asset shall be the fair market value on the specified date of such asset without reduction of liabilities, if any, in respect of the asset, determined in the manner, as prescribed;

(d) the expression “specified date” in clause (c) means—

(i) the date on which the accounting period of the company or, as the case may be, the entity ends preceding the date of transfer of a share or an interest; or

20 (ii) the date of transfer, if the book value of the assets of the company or, as the case may be, the entity on the date of transfer exceeds the book value of the assets as on the date referred to in sub-clause (i), by 15%;

(e) the expression “accounting period” in clause (d) means—

25 (i) each period of twelve months ending with the 31st March;

(ii) each period of twelve months ending with a date other than the 31st March, in a case where a company or an entity, referred to in clause (a), regularly adopts a period of twelve months ending on a day other than the 31st March for—

30 (A) complying with the provisions of the tax laws of the territory, of which it is a resident, for tax purposes; or

(B) reporting to persons holding the share or interest;

35 (iii) the period beginning with the date of registration or incorporation of a company or entity and ending with the 31st March or such other day referred to in sub-clause (ii), in a case where a company or entity comes into existence and the later accounting period shall be the successive periods of twelve months; or

40 (iv) the period beginning with the 1st April or such other day referred to in sub-clause (ii) and ending with the date immediately preceding the date on which the company or entity ceases to exist, in a case where the company or the entity ceases to exist before the end of the accounting period;

(f) in case of assets mentioned in clause (a), if—

45 (i) there is a transfer outside India of any share of, or interest in, a company or an entity registered or incorporated outside India by a non-resident transferor; and

(ii) all the assets owned by that company or entity are not located in India,

then the income referred to in sub-section (2)(d) shall be only such part of the income attributable to assets located in India and determined in the manner, as prescribed;

(g) the income referred to in sub-section (2)(d) shall not include income from transfer, outside India, of any share of, or interest in, a company or an entity registered or incorporated outside India,—

(i) if such share of, or interest in, a company or an entity registered or incorporated outside India is held by a non-resident by way of investment, directly or indirectly,—

(A) in Category I or Category II foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, prior to their repeal, made under the Securities and Exchange Board of India Act, 1992;

(B) in Category I foreign portfolio investor under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, made under the Securities and Exchange Board of India Act, 1992;

(ii) if such company or entity directly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,—

(A) does not hold the right of management or control in relation to such company or the entity; and

(B) does not hold voting power or share capital or interest exceeding 5%, of the total voting power or total share capital or total interest, as the case may be, of such company or entity; or

(iii) if such company or entity indirectly owns the assets situated in India and the transferor (whether individually or along with its associated enterprises), at any time in the twelve months preceding the date of transfer,—

(A) does not hold the right of management or control in relation to such company or the entity;

(B) does not hold any right in, or in relation to, such company or entity which would entitle it to the right of management or control in the company or entity which directly owns the assets situated in India; and

(C) does not hold such percentage of voting power or share capital or interest in such company or entity which results in holding of (either individually or along with associated enterprises) a voting power or share capital or interest exceeding 5% of the total voting power or total share capital or total interest, as the case may be, of the company or entity, which directly owns the assets situated in India;

(iv) in of sub-clause (iii), “associated enterprises” shall have the meaning assigned to it in section 159.

(10) Income arising outside India, in the nature of a sum referred to in section 2(49)(u), paid by a person resident in India,—

(a) to a non-resident, not being a company, or to a foreign company; or

(b) to a person not ordinarily resident in India under section 6(13),

5 shall be deemed to accrue or arise in India.

(11) In sub-sections (5), (6) and (7), income of a non-resident shall be deemed to accrue or arise in India and shall be included in his total income, whether or not,—

10 (a) the non-resident has a residence or place of business or business connection in India; or

(b) the non-resident has rendered services in India.

(12)(a) In this section, the fund management activity carried out by an eligible investment fund through an eligible fund manager acting on behalf of such fund, shall not constitute business connection in India of that fund;

15 (b) the eligible investment fund mentioned in clause (a) shall not be said to be resident in India under section 6 merely because the eligible fund manager, undertaking fund management activities on its behalf, is situated in India;

20 (c) nothing contained in this section shall apply to exclude any income from the total income of the eligible investment fund, which would have been so included irrespective of whether the activity of the eligible fund manager constituted the business connection in India of such fund or not;

(d) nothing contained in this section shall have any effect on the scope of total income or determination of total income in the case of the eligible fund manager;

25 (e) the conditions for being an eligible investment fund or an eligible fund manager, or furnishing of requisite statements shall be subject to the provision of Schedule I;

30 (f) the Central Government may, by notification, specify that any one or more of the conditions shall not apply, or shall apply, with such modifications, as specified, in case of an eligible investment fund and its eligible fund manager, if—

(i) the eligible fund manager is located in an International Financial Services Centre; and

(ii) has commenced its operations on or before the 31st March, 2030.

35 (13) In sub-section (2), the expression “through” shall mean and include “by means of”, “in consequence of” or “by reason of”.

40 **10.** If a husband and wife are governed by the community of property system (known as “*COMMUNIAO DOS BENS*” under the Portuguese Civil Code of 1860) in the State of Goa and the Union territories of Dadra and Nagar Haveli and Daman and Diu, then—

(a) their income under any head of income shall not be assessed together as that of community of property;

45 (b) the income mentioned in clause (a) under each head of income other than “Salaries” shall be divided equally between the husband and the wife;

Apportionment
of income
between
spouses
governed by
Portuguese
Civil Code.

(c) the income so divided shall be included separately in the total income of the husband and the wife, and the remaining provisions of this Act shall apply accordingly; and

(d) where either the husband or the wife, has any income under the head “Salaries”, that income shall be included in the total income of the spouse who has actually earned it. 5

CHAPTER III

INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

A.—Incomes not to be included in total income

Incomes not included in total income.

11. (1) In computing the total income of any person for a tax year under this Act, any income enumerated in Schedules II, III, IV, V, and VI shall not be included, subject to fulfilment of conditions specified therein. 10

(2) Wherever the conditions referred to in the Schedules referred in sub-section (1) are not satisfied in any tax year in respect of any income enumerated in the said Schedules, such income shall be charged to tax under this Act for that tax year. 15

(3) The persons enumerated in Schedule VII shall, subject to fulfilment of the conditions specified therein, not be chargeable to tax under this Act for a tax year.

(4) Wherever the conditions referred to in Schedule VII are not satisfied in respect of the persons enumerated in the said Schedule, the income of such person shall be charged to tax under the provisions of this Act. 20

(5) The Central Government may make rules or issue notifications for the purposes of this section as specified in the Schedules II, III, IV, V, VI and VII.

B.—Incomes not to be included in total income of political parties and electoral trusts 25

Incomes not included in total income of political parties and electoral trusts.

12. (1) In computing the total income of any political party or an electoral trust for a tax year under this Act, any income enumerated in Schedule VIII shall not be included, subject to fulfilment of conditions specified therein. 30

(2) Wherever the conditions referred to in Schedule VIII are not satisfied in any tax year in respect of any income enumerated in the said Schedule, such income shall be charged to tax under this Act for that tax year.

(3) The Central Government may make rules or issue notifications for the purposes of this section as specified in the Schedule VIII. 35

CHAPTER IV

COMPUTATION OF TOTAL INCOME

A.—Heads of income

Heads of income.

13. Save as otherwise provided in this Act, all incomes shall, for the purposes of charge of income-tax and computation of total income, be classified under the following heads of income:— 40

(a) Salaries;

(b) Income from house property;

(c) Profits and gains of business or profession;

(d) Capital gains; and 45

(e) Income from other sources.