

CHAPTER VI

AGGREGATION OF INCOME

Total
income.

101. In computing the total income of an assessee, there shall be included all income on which no income-tax is payable under Chapter XVIIIA-4.

Unexplained
credits.

102. (1) Where any sum is found credited in the books of account maintained by the assessee for any tax year, and— 5

(a) the assessee offers no explanation about the nature and source of such credit; or

(b) the explanation offered by assessee is not satisfactory in the opinion of the Assessing Officer, 10

then, the sum so credited shall be charged to income-tax as income of the assessee of that tax year.

(2) If the sum so credited consists of loan or borrowing, or any such amount, by whatever name called, the explanation offered by such assessee shall be deemed to be not satisfactory, unless,— 15

(a) the person in whose name such credit is recorded in the books of such assessee also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory. 20

(3) If the assessee is a company (not being a company in which the public are substantially interested), and the sum so credited consists of share application money, share capital, share premium, or any such amount, by whatever name called, the explanation offered by such assessee company shall be deemed to be not satisfactory, unless— 25

(a) the person, being a resident in whose name such credit is recorded in the books of such company also offers an explanation about the nature and source of such sum so credited; and

(b) such explanation, in the opinion of the Assessing Officer referred to in sub-section (1), has been found to be satisfactory. 30

(4) Nothing contained in sub-section (2) or (3) shall apply if the person, in whose name the sum referred to in those sub-sections is recorded, is a venture capital fund or a venture capital company as referred to in Schedule V (Table: Sl. No. 6).

Unexplained
investment.

103. Where in any tax year, any investment has been made by the assessee which is not recorded in the books of account, if any, maintained by such assessee, or, the Assessing Officer finds that the amount of such investment exceeds the amount recorded in such books of account where the investment is found recorded, and the assessee— 35

(a) offers no explanation about the nature and source of such investment, or such excess amount, as the case may be; or

(b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer, 40

then, the value of such investment, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of that tax year.

Unexplained
asset.

104. (1) Where in any tax year, any asset has been found to be owned by or belonging to the assessee which is not recorded in the books of account, if any, maintained by such assessee, or the Assessing Officer finds that the amount of such asset exceeds the amount recorded in such books of account where the asset is found recorded, and the assessee— 45

(a) offers no explanation about the nature and source of acquisition of such asset, or such excess amount, as the case may be; or

(b) the explanation offered by the assessee, is not satisfactory in the opinion of the Assessing Officer,

5 then, the value of such asset, or such excess amount, as the case may be, shall be deemed to be the income of the assessee of the tax year in which such asset has been found to be owned by, or belonging to, the assessee.

(2) In this section, “asset” includes money, bullion, jewellery, virtual digital asset or other valuable article.

10 **105.** (1) Where any expenditure has been incurred by the assessee in any tax year, and—

Unexplained expenditure.

(a) the assessee offers no explanation about the source of such expenditure or part thereof; or

15 (b) the explanation offered by the assessee is not satisfactory in the opinion of the Assessing Officer,

then, the amount covered by such expenditure or part thereof, shall be deemed to be the income of the assessee for that tax year.

(2) Irrespective of any other provision of this Act, the amount deemed as income in sub-section (1) shall not be allowed as a deduction under this Act.

20 **106.** (1) Where any amount (including interest thereof) is borrowed or repaid through a negotiable instrument or a hundi, other than an account payee cheque, or through any mode as specified by the Board in this behalf, the amount so borrowed or repaid shall be deemed to be the income of the person borrowing or repaying, as the case maybe, for the tax year in which the amount was borrowed or repaid.

Amount borrowed or repaid through negotiable instrument, hundi, etc.

25 (2) Where the amount borrowed under sub-section (1) has been deemed to be the income of any person, such person shall not be liable to be assessed again in respect of such amount under that sub-section on repayment of such amount.

107. Income referred to in sections 102, 103, 104, 105 and 106 shall be charged to tax as per the provisions of section 195.

Charge of tax.

30 CHAPTER VII

SET OFF, OR CARRY FORWARD AND SET OFF OF LOSSES

35 **108.** (1) Unless provided otherwise in this Act, for any tax year, if net result of computation from any source under any head of income (other than “Capital gains”) is a loss, then assessee shall be entitled to set off such loss against his income from any other source under the same head for that tax year.

Set off of losses under the same head of income.

(2) Any loss, as a result of computation made under sections 72 to 90, for any tax year, arising from transfer of a capital asset as arrived at under a similar computation made for the tax year in respect of any other capital asset being,—

40 (a) a long-term capital asset, shall be set off only against gains, if any, from transfer of another long-term capital asset; and

(b) a short-term capital asset, shall be set off against gains, if any, from transfer of any capital asset.

45 **109.** (1) Subject to the provisions of this Chapter, for any tax year, if income computed under any head of income (other than “Capital gains”) is a loss, such loss shall be set off against income of the assessee under any other head, including “Capital gains”, if any, assessable for that tax year, subject to the following conditions:—

Set off of losses under any other head of income.