

INTERMEDIATE COURSE STUDY MATERIAL GROUP-I

TAXATION SECTION-A: INCOME TAX LAW MODULE 2 OF 2

(Income-tax Law as amended by the Finance Act, 2023)
Assessment Year 2024-25
Relevant for May, 2024 and November, 2024 Examinations







This Study Material has been prepared by the faculty of the Board of Studies (Academic). The objective of the Study Material is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarification or have any suggestion for further improvement of the material contained herein, they may write to the Director of Studies.

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the Study Material has not been specifically discussed by the Council of the Institute or any of its committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

Permission of the Institute is essential for reproduction of any portion of this material.

© THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior permission, in writing, from the publisher.

Basic draft of this publication was prepared by CA. Vandana D Nagpal

Edition : June, 2023

Committee/Department : Board of Studies (Academic)

E-mail : bosnoida@icai.in

Website : www.icai.org

Price : ₹ /- (For All Modules)

ISBN No. : 978-81-19472-00-0

Published by : The Publication & CDS Directorate on behalf of

The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marq, New Delhi 110 002 (India)

Printed by :

CONTENTS

MODULE - 1

Chapter 1 : Basic Concepts

Chapter 2 : Residence and Scope of Total Income

Chapter 3: Heads of Income

MODULE – 2

Chapter 4 : Income of Other Persons included in Assessee's Total Income

Chapter 5 : Aggregation of Income, Set-off and Carry Forward of Losses

Chapter 6 : Deductions from Gross Total Income

Chapter 7: Advance Tax, Tax Deduction at Source and Tax

Collection at Source

Chapter 8 : Provisions for filing Return of Income and Self-assessment

Chapter 9 : Income-tax Liability - Computation and Optimisation

DETAILED CONTENTS: MODULE – 2

SECTI	ON III .	1 – 1	1
Scena	ario		.2
Cross	word P	uzzle1	10
CHAP INCO		4: INCOME OF OTHER PERSONS INCLUDED IN ASSESSEE'S TOTA	L
Learn	ing Ou	tcomes4	.1
Chap	ter Ove	rview4	.2
Conte	ents:		
1.	Clubb	oing of income – An introduction4	.3
2.	Incom	ne of other persons includible in Assessee's total income4	.3
	2.1	Transfer of Income without Transfer of Asset [Section 60]4	.3
	2.2	Income arising from revocable transfer of assets [Section 61]4	.4
3.	Incom	ne of other persons includible in individual's total income4	.5
	3.1	Clubbing of income arising to spouse4	.5
	3.2	Clubbing of Income arising to Son's Wife4.	11
	3.3	Clubbing of minor's income [Section 64(1A)]4.	13
4.	Cross	Transfers4.	16

5.	Conversion of self-acquired property into property of a Hindu	
	Undivided family [Section 64(2)]	4.18
6.	Incomes includes loss	4.19
7.	Distinction between section 61 and section 64	4.19
Let u	ıs Recapitulate	4.20
Test	your Knowledge	4.24
CHA LOSS	PTER 5: AGGREGATION OF INCOME, SET-OFF AND CARRY FORWAR	RD OF
Lear	ning Outcomes	5.1
Chap	oter Overview	5.2
Cont	ents:	
1.	Aggregation of Income	5.4
2.	Concept of set-off and carry forward of losses	5.4
3.	Inter source adjustment [Section 70]	5.4
4.	Inter head adjustment [Section 71]	5.6
5.	Carry forward & set-off of loss from house property [Section 71B]	5.7
6.	Carry forward and set-off of business losses [Sections 72]	5.10
7.	Losses in Speculation Business [Section 73]	5.12
8.	Carry forward & set-off of losses of specified businesses [Section 73A]	5.13
9.	Losses under the head 'Capital Gains' [Section 74]	5.14

10.		s from the activity of owning and maintaining race horses on 74A(3)]	5.16
11.	Order	of set-off of losses	5.18
12.	Submi	ssion of return of losses [Section 80]	5.19
Let us	Recap	itulate	5.20
Test y	our Kn	owledge	5.24
СНАР	TER -6:	DEDUCTIONS FROM GROSS TOTAL INCOME	
Learni	ing Out	comes	6.1
Chapt	er Ove	rview	6.2
Conte	nts:		
1.	Gener	al provisions	6.3
2.	Deduc	tions in respect of certain payments	6.9
	2.1	Deduction in respect of investment in specified assets [Section 80C]	6.9
	2.2	Deduction in respect of contribution to certain pension funds [Section 80CCC]	6.22
	2.3	Deduction in respect of contribution to pension scheme notifie the Central Government [Section 80CCD]	-
	2.4	Limit on deductions under sections 80C, 80CCC & 80CCD(1) [Section 80CCE]	6.26
	2.5	Deduction in respect of contribution to Agnipath Scheme [Section 80CCH]	6.30

 2.7 Deduction in respect of maintenance including medical treatment of a dependant disabled [Section 80DD] 2.8 Deduction in respect of medical treatment etc. [Section 80DDB] 	5.40 5.41
2.8 Deduction in respect of medical treatment etc. [Section 80DDB]	5.41
2.9 Deduction in respect of interest loan taken for higher education [Section 80E]	5.43
2.10 Deduction for interest on loan borrowed for acquisition of residential house property by an individual [Section 80EE]	
2.11 Deduction for interest payable on loan borrowed for acquisition of residential house property [Section 80EEA]	5.45
2.12 Deduction in respect of interest payable on loan taken for purchase of electric vehicle [Section 80EEB]	5.47
2.13 Deduction in respect of donations to certain funds, charitable institutions etc. [Section 80G]	5.51
2.14 Deduction in respect of rent paid [Section 80GG]	5.57
2.15 Deduction in respect of donations for scientific research and rural development [Section 80GGA]	5.59
2.16 Deduction in respect of contributions given by companies to political parties [Section 80GGB]	5.61
2.17 Deduction in respect of contributions given by any person to political parties [Section 80GGC]	5.62
3. Deduction in respect of certain incomes	5.63
3.1 Deduction in respect of employment of new employees [Section 80JJAA]	5.63

	3.2	Deduction in respect of royalty income, etc., of authors of certain books other than text books [Section 80QQB]	6.68
	3.3	Deduction in respect of royalty on patents [Section 80RRB]	6.70
4.	Dedu	ction in respect of other income	6.71
	4.1	Deduction in respect of interest on deposits in savings accounts [Section 80TTA]	6.71
	4.2	Deduction in respect of interest on deposits in case of senior citizens [Section 80TTB]	6.72
5.	Other	Deductions	6.76
6.	Dedu	ction under section 10AA	6.77
Let us	s Recap	itulate	6.85
Test y	your Kn	owledge	
		owledge	
SECT	ION IV.		1 – 12
Overv Scena	view		1 - 12
Overv Scena Cross	view ario word P		1 – 12 1 2
Overv Scena Cross CHAF	view word P PTER-7: ECTION	uzzle	1 – 12 1 2 11 ND TAX

Contents:

1.	Dedu	ction of Tax at Source and Advance Payment [Section 190]	7.4
2.	Direct	t Payment [Section 191]	7.4
3.	Dedu	ction of Tax at Source	7.5
	3.1	Salary [Section 192]	7.5
	3.2	Interest on securities [Section 193]	7.9
	3.3	Interest other than interest on securities [Section 194A]	7.11
	3.4	Payments to contractors and sub-contractors [Section 194C]	7.17
	3.5	Commission or brokerage [Section 194H]	7.23
	3.6	Rent [Section 194-I]	7.26
	3.7	Payment of rent by certain individuals or Hindu undivided family [Section194-IB]	7.30
	3.8	Fees for professional or technical services [Section 194J]	7.32
	3.9	Payment made by an individual or a HUF for contract work or by way of commission or brokerage or fees for professional services [Section 194M]	7.37
	3.10	TDS on cash withdrawal [Section 194N]	7.41
	3.11	Other TDS provisions	7.44
	3.12	Income payable "net of tax" [Section 195A]	7.62
	3.13	Interest or dividend or other sum payable to Government, Reserve Bank or certain	
		Corporations [Section 196]	7.63
4.	Certif	icate for deduction of tax at a lower rate [Section 197]	7.63

5.	No D	eduction in Certain Cases [Section 197A]	7.64	
6.	Misce	Miscellaneous Provisions		
	6.1	Tax deducted is income received [Section 198]	7.66	
	6.2	Credit for tax deducted at source [Section 199]	7.66	
	6.3	Duty of person deducting tax [Section 200]	7.67	
	6.4	Correction of arithmetic mistakes and adjustment of incorrect claim during computerized processing of TDS statements [Section 200A]	7.68	
	6.5	Consequences of failure to deduct or pay [Section 201]	7.69	
	6.6	Certificate for tax deducted [Section 203]	7.70	
	6.7	Person responsible for paying taxes deducted at source [Section 204]	7.73	
	6.8	Bar against direct demand on assessee [Section 205]	7.74	
	6.9	Mandatory requirement of furnishing PAN in all TDS statements, bills, vouchers and correspondence between deductor and deductee [Section 206AA]	7.74	
	6.10	Higher rate of TDS for non-filers of income-tax return [Section 206AB]	7.75	
7.	Adva	Advance Payment of Tax [Sections 207 to 219]		
	7.1	Liability for payment of advance tax	7.76	
	7.2	Computation of advance tax	7.77	
	7.3	Instalments of advance tax and due dates	7.79	
	7.4	Credit for advance tax [Section 219]	7.80	

	7.5	Interest for non-payment or short-payment of advance tax [Section 234B]	7.80
	7.6	Interest payable for deferment of advance tax [Section 234C].	7.81
8.	Tax c	ollection at source – Basic concept	7.83
Let u	ıs Recap	oitulate	7.103
Test	your Kı	nowledge	7.129
	PTER –	- 8: PROVISIONS FOR FILING RETURN OF INCOME AN	
Lear	ning Ou	itcomes	
Chap	oter Ove	erview	8.3
Cont	tents:		
1.	Retur	n of income	8.4
2.	Comp	oulsory filing of return of income [Section 139(1)]	8.4
3.	•	fied class or classes of persons to be exempted from filing of Income [Section 139(1C)]	8.10
4.	Retur	n of Loss [Section 139(3)]	8.10
5.	Belate	ed Return [Section 139(4)]	8.11
6.	Revis	ed Return [Section 139(5)]	8.11
7.	Intere	est for default in furnishing Return of Income [Section 234A]	8.13
8.	Self-A	Assessment [Section 140A]	8.15
9.	Upda	ted Return of Income [Section 139(8A)]	8.16
10.	Тах о	n Updated Return [Section 140B]	8.18

11.	Defective Return [Section 139(9)]	8.22
12.	Fee for default in furnishing return of income [Section 234F]	8.23
13.	Permanent Account Number (PAN) [Section 139A]	8.23
14.	Quoting of Aadhar Number [Section 139AA]	8.34
15.	Scheme for submission of returns through Tax Return Preparers [Section 139B]	8.37
16.	Persons authorised to verify Return of Income [Section 140]	8.40
Let u	s Recapitulate	8.44
Test	your Knowledge	8.52
SECT	ION V	1 – 16
	viewario	
CHAI	PTER - 9 : INCOME TAX LIABILITY – COMPUTATION AND OPTIN	IISATION
	ning Outcomester Overview	
Cont	ents:	
1.	Meaning of Total Income	9.3
2.	Income to be considered while computing Total Income of Indivi	duals9.3
3.	Computation of Total Income and Tax Payable by an Individual	9.4
4.	Tax Planning Considerations in respect of Salary Income	9.20
Test	your Knowledge	9.30