

STUDY GUIDELINES

New Intermediate Paper 3: Taxation Section A: Income-tax Law

List of topic-wise exclusions from the syllabus

Topics of the Syllabus		Exclusions (Provisions which are excluded from the corresponding topic of the Syllabus)							
1.	Basic Concepts	-							
2.	Residential status and scope of total income	Section 9A - Certain activities not to constitute business connection in India							
3.	Heads of income and the provisions governing computation of income under different heads								
	Salaries	-							
	Income from house property	-							
	Profits and gains of business or profession	1. Income computation and disclosure standards (ICDSs) notified under section 145 and the related provisions in the Income-tax Act, 1961;							
		2. The provisions contained in the following sections given hereunder:							
		<table><tr><th>Section</th><th>Particulars</th></tr><tr><td>33AB</td><td>Tea Development Account/ Coffee Development Account/ Rubber Development Account</td></tr><tr><td>33ABA</td><td>Site Restoration Fund</td></tr><tr><td>35(2AB)</td><td>Expenditure on scientific research on in-house research and development facility by a company engaged in business of bio-technology or manufacturing of article or thing etc.</td></tr></table>	Section	Particulars	33AB	Tea Development Account/ Coffee Development Account/ Rubber Development Account	33ABA	Site Restoration Fund	35(2AB)
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33AB	Tea Development Account/ Coffee Development Account/ Rubber Development Account								
33ABA	Site Restoration Fund								
35(2AB)	Expenditure on scientific research on in-house research and development facility by a company engaged in business of bio-technology or manufacturing of article or thing etc.								

	35ABA	Expenditure for obtaining right to use spectrum for telecommunication services
	35ABB	Expenditure for obtaining licence to operate telecommunication services
	35CCA	Expenditure by way of payment to associations and institutions for carrying out rural development programmes
	35CCC	Expenditure on agricultural extension project
	35CCD	Expenditure on skill development project
	35DD	Amortisation of expenditure in case of amalgamation or demerger
	35E	Deduction of expenditure on prospecting and development of certain minerals
	36(1)(ia)/ (vi)/(viiia)/ (viii)/(xii)/ (xiv)/ (xvii)	<ul style="list-style-type: none"> • Insurance premium paid by a Federal Milk Co-operative Society [Section 36(1)(ia)] • Allowance for animals used for the purposes of business or profession, otherwise than as stock in trade [Section 36(1)(vi)] • Special provision for bad and doubtful debts made by Banks, Public Financial Institution, State Financial Corporation, State Industrial Investment Corporation [Section 36(1)(viiia)] • Deduction for Special Reserve created and maintained by Specified Entities engaged in eligible business [Section 36(1)(viii)] • Deduction for expenditure incurred by entities established under any Central, State or Provincial Act [Section 36(1)(xii)] • Deduction of contribution by a public financial institution to Credit guarantee fund trust for small industries [Section 36(1)(xiv)]

		<ul style="list-style-type: none"> • Deduction of expenditure incurred by a co-operative society for purchase of sugarcane at price fixed by the Government [Section 36(1)(xvii)]
	40(a)(ib)	Consideration paid or payable to a non-resident for specified service on which equalization levy is deductible under Chapter VIII of the Finance Act, 2016 and such levy has not deducted or after deduction has not been paid on or before the due date of filing return of Income
	40(a)(iib)	Any amount paid by way of royalty, licence fee, service fee, privilege fee, service charge, etc., which is levied exclusively on, or any amount appropriated, directly or indirectly, from a State Government undertaking by the State Government (SG)
	40(ba)	Any payment of interest, salary, bonus, commission or remuneration by AoP or BoI to a member of such AoP or BoI
	42	Special provisions for deduction in case of business for prospecting etc. for mineral oil
	43C	Special Provision for Computation of Cost of Acquisition of Certain Assets
	43D	Special Provision in case of income of Public Financial Institutions, public companies etc.
	44	Insurance Business
	44A	Special provision for deduction in the case of trade, professional or similar association
	44B to 44DB	<ul style="list-style-type: none"> • Special provision for computing the profits and gains of shipping business in case of non-residents [Section 44B] • Special provision for computing profits and gains in connection with the business of exploration etc., of mineral oils [Section 44BB]

		<ul style="list-style-type: none">• Special provision for computing profits and gains of the business of operation of aircraft in the case of non-residents [Section 44BBA]• Special provision for computing profits and gains of foreign companies engaged in the business of civil construction etc. in certain turnkey power projects [Section 44BBB]• Deduction of head office expenditure in the case of non-residents [Section 44C]• Special provisions for computing income by way of royalties etc. in case of non-residents [Section 44DA]• Special provision for computing deductions in the case of business reorganisation of co-operative banks [Section 44DB]				
	Capital gains	<ul style="list-style-type: none">• Distribution of capital assets or stock in trade on dissolution or reconstitution of firm/AOP or BOI [Section 9B]• Receipts from unit linked insurance policy [Section 45(1B)]• Profits or gains arising from transfer made by the depository or participant of beneficiary interest in any securities [Section 45(2A)]• Introduction of capital asset as capital contribution in a firm/AOP or BOI [Section 45(3)]• Distribution of money or capital assets on reconstitution of firm/AOP or BOI [Section 45(4)]• Taxability of capital gains in case of Specified Agreement [Section 45(5A)] <table><tr><th>Section</th><th>Particulars</th></tr><tr><td>2(42A)</td><td>Sub-clauses consequent to excluded clauses of section 47, sub-clause (he) of clause (i) of Explanation 1 relating to</td></tr></table>	Section	Particulars	2(42A)	Sub-clauses consequent to excluded clauses of section 47, sub-clause (he) of clause (i) of Explanation 1 relating to
Section	Particulars					
2(42A)	Sub-clauses consequent to excluded clauses of section 47, sub-clause (he) of clause (i) of Explanation 1 relating to					

			<p>period of holding of share(s) of a company acquired by non-resident on redemption of GDRs referred to in section 115AC(1)(b) and sub-clause (hg) relating to period of holding of unit or units in the segregated portfolio and sub-clause (hh) relating to period of holding of original units or units in the main portfolio.</p>
		<p>47(via)/(viaa) /(viab)/(vic)/ (vica)/(vicb)/ (vicc)/(viiia)/ (viiiaa)/ (viiab)/ (viiac)/ (viiad)/ (viiiae)/ (viiiaf)/(xa)/ (xii)/(xiii)/ (xiiia)/(xiiib)/ (xiv)/(xv)/ (xvii)/ (xviii)/(xix)/ (xx)</p>	<ul style="list-style-type: none"> Any transfer of a capital asset being a share or shares held in an Indian company, in a scheme of amalgamation, by amalgamating foreign company to the amalgamated foreign company [Section 47(via)] Any transfer of a capital asset, in a scheme of amalgamation of a banking company with a banking institution [Section 47(viaa)] Any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company [Section 47(viab)] Any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerger foreign company to the resulting foreign company [Section 47(vic)] Any transfer in a business reorganisation, of a capital asset by the predecessor co-operative bank to the successor co-operative bank or to the converted banking company [Section 47(vica)] Any transfer by a shareholder, in a business reorganisation, of a capital asset being a share or shares held by him in the predecessor co-operative

			<p>bank if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank or to the converted banking company [Section 47(vicb)]</p> <ul style="list-style-type: none"> • Any transfer in case of a demerger of a capital asset, being a share of a foreign company [Section 47(vicc)] • Any transfer of bonds of an Indian company or Global Depository Receipts purchased in foreign currency referred to in section 115AC(1) [Section 47(viia)] • Any transfer, made outside India, of a capital asset being Rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident [Section 47(viiaa)] • Any transfer of a capital asset, being GDR, rupee denominated bonds, derivative or other notified securities by a non-resident in foreign currency on a recognized stock exchange located in any IFSC [Section 47(viiab)] • Any transfer, in a relocation, of a capital asset by the original fund to the resulting fund [Section 47(viiac)] • Any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund [Section 47(viiad)] • Any transfer of capital asset by IIFCL to an institution established for financing the Infrastructure and
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			<p>Development, set up under an act of Parliament and notified by the Central Government [Section 47(viiae)]</p> <ul style="list-style-type: none"> • Any transfer of capital asset by a public sector company to another public sector company notified by the Central Government or to the Central Government or to a State Government under a plan approved by the Central Government [Section 47(vii af)] • Any transfer of by way of conversion of Foreign Currency Exchangeable Bonds into shares or debentures of a company [Section 47(xa)] • Any transfer of land under a scheme prepared and sanctioned under section 18 of the Sick Industrial Companies (Special Provisions) Act, 1985, by a sick industrial company which is managed by its workers' co-operative [Section 47(xii)] • Any transfer of a capital asset or intangible asset by a firm to a company, where a firm is succeeded by a company, or any transfer of a capital asset where an AOP or BOI is succeeded by a company consequent to demutualisation or corporatisation of a recognised stock exchange in India [Section 47(xiii)] • Any transfer of a membership right by a member of recognised stock exchange in India for acquisition of shares and trading or clearing rights in accordance with a scheme for demutualization or corporatisation approved by SEBI [Section 47(xiiia)]
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			<ul style="list-style-type: none"> Any transfer of a capital asset or intangible asset by a private company or unlisted public company to a LLP [Section 47(xiiib)] Any transfer of a capital asset or intangible asset where a sole proprietary concern is succeeded by a company [Section 47(xiv)] Any transfer in a scheme for lending of any securities under an agreement or arrangement which is subject to SEBI guidelines [Section 47(xv)] Any transfer of a capital asset being share of a SPV to a business trust in exchange of units allotted by the trust to the transferor [Section 47(xvii)] Any transfer of unit or units by a unit holder under consolidated scheme of mutual fund [Section 47(xviii)] Any transfer of unit or units by a unit holder under consolidated plan of mutual fund scheme [Section 47(xix)] Any transfer of a capital asset, being an interest in a joint venture, held by a public sector company, in exchange of share of a company incorporated outside India by the Government of a foreign State [Section 47(xx)]
		47A	Withdrawal of exemption in certain cases
		49	<ul style="list-style-type: none"> Sub-sections consequent to excluded clauses of section 47 Cost of acquisition of share(s) of a company acquired by a non-resident on redemption of GDRs referred under section 115AC(1)(b) [Section 49(2ABB)]

			<ul style="list-style-type: none"> • Cost of acquisition of shares in case of business reorganization of a co-operative bank [Section 49(2E)] • Cost of acquisition of a unit or units in the segregated portfolio [Section 49(2AG)] • Cost of acquisition of the original units held by the unitholder in the main portfolio [Section 49(2AH)] • Cost of acquisition of capital asset transferred by holding to its 100% subsidiary Indian company or vice versa in case of attraction of section 47A [Section 49(3)] • Cost of acquisition of an asset declared under the Income Declaration Scheme, 2016 [Section 49(5)] • Cost of acquisition of specified capital asset to an assessee, being an individual or HUF under Land Pooling Scheme in case of transfer of reconstituted plot or land after the expiry of two years from the end of the financial year in which the possession was handed over to the assessee [Section 49(6)] • Cost of acquisition of capital asset, being share in the project referred under section 45(5A) [Section 49(7)] • Cost of acquisition of capital asset of entities in case of levy of tax on accreted income under section 115TD [Section 49(8)]
		54G	Exemption of Capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area

		54GA	Exemption of capital gains on transfer of certain capital assets in case of shifting of an industrial undertaking from an urban area to any SEZ								
		55(2)(ab)	Cost of acquisition in respect of capital asset, being equity share or shares allotted to a shareholder of a recognised stock exchange of India under a scheme for demutualization or corporatization								
	Income from Other Sources	Section 56(2)(xii) – Specified sum received by a unit holder from a business trust during the previous year with respect to a unit held by him at any time during the previous year.									
4.	Income of other persons included in assessee's total income	Section 65: Liability of person in respect of income included in the income of another person									
5.	Aggregation of income; Set-off, or carry forward and set-off of losses	<table><tr><th>Section</th><th>Particulars</th></tr><tr><td>67A</td><td>Method of computing a member's share in income of association of persons or body of individuals</td></tr><tr><td>72A</td><td>Carry forward and set-off of accumulated business losses and unabsorbed depreciation in certain cases of Amalgamation/ Demerger, etc.</td></tr><tr><td>72AA</td><td>Provisions relating to carry forward and set-off of accumulated losses and unabsorbed depreciation of a –<ul style="list-style-type: none">- banking company against the profit of a banking institution or a company subsequent to a strategic disinvestment under a scheme of amalgamation; or- one or more corresponding new bank with any other corresponding new bank; or- government company with any other government company under a scheme of amalgamation</td></tr></table>		Section	Particulars	67A	Method of computing a member's share in income of association of persons or body of individuals	72A	Carry forward and set-off of accumulated business losses and unabsorbed depreciation in certain cases of Amalgamation/ Demerger, etc.	72AA	Provisions relating to carry forward and set-off of accumulated losses and unabsorbed depreciation of a – <ul style="list-style-type: none">- banking company against the profit of a banking institution or a company subsequent to a strategic disinvestment under a scheme of amalgamation; or- one or more corresponding new bank with any other corresponding new bank; or- government company with any other government company under a scheme of amalgamation
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		72AB	Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation in business reorganisation of co-operative banks
		78	Carry forward and set-off of losses in case of change in constitution of firm or succession
		79	Carry forward and set-off of losses in case of certain companies
		79A	No set off of losses consequent to search, requisition and survey
6.	Deductions from gross total income	Deductions in respect of certain income:	
		Section	Particulars
		80-IA to 80-IE	Profit-linked deductions under Chapter VI-A
		80JJA	Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.
		80LA	Deduction in respect of certain incomes of Offshore Banking units and International Financial Services Centers
		80M	Deduction in respect of certain inter-corporate dividends
		80P	Deduction in respect of income of co-operative societies
		80PA	Deduction in respect of certain income of Producer Companies
7.	Advance tax, tax deduction at source and tax collection at source	Section	Particulars
		194E	Payments to non-resident sportsmen or sports associations
		194EE	Payments in respect of deposits under NSS
		194F	Payments on account of repurchase of units by Mutual Fund or UTI
		194-IC	Payment under specified agreement

		194LB to 194LD	<ul style="list-style-type: none"> • Interest income from Infrastructure Debt Fund [Section 194LB] • Income from units of business trust [Section 194LBA] • Income in respect of units of investment fund [Section 194LBB] • Income in respect of investment in securitization trust [Section 194LBC] • Income by way of interest payable to non-residents by Indian company [Section 194LC] • Income by way of interest on certain bonds and Government securities payable to a Foreign Institutional Investor or a Qualified Foreign Investor [Section 194LD]
		194-O	Payment of certain sums by e-commerce operator to e-commerce participant
		194S	Payment on transfer of Virtual digital asset
		195	Other sums (payable to non-residents)
		196A to 196D	<ul style="list-style-type: none"> • Income in respect of units of non-residents [Section 196A] • Income from units referred to in section 115AB [Section 196B] • Income from foreign currency bonds or shares of Indian company [Section 196C] • Income of Foreign Institutional Investors from securities [Section 196D]
		202	Deduction only one mode of recovery
		206CB	Processing of statements of tax collected at source
8.	Provisions for filing return of income and self-assessment	Sections 139(4A) to 139(4F) dealing with provisions for filing of return of charitable or religious trusts, research institutions, political party, university, college or other institution, business trust, investment fund.	

		Section	Particulars
		139(6)	Particulars to be furnished with the Return
		139(6A)	Particulars to be furnished with return of income in the case of an assessee engaged in business or profession
		139C & 139D	Power of CBDT to dispense with furnishing documents etc. with the return and filing of return in electronic form
9.	Income-tax liability - Computation and optimization	Section 5A – Apportionment of income between spouses governed by Portuguese Civil Code Section 89A - Manner and year of taxation of income of a specified person accrued in a specified account	

List of topic-wise inclusion of clauses of section 10 in the syllabus

	Topics of the Syllabus	Inclusion (Provisions which are included in the Syllabus)	
1.	Basic Concepts	Agricultural income [Section 10(1)]	
2.	Residential Status and Scope of Total Income	-	
3.	Heads of Income		
	Salaries	Section	Particulars
		10(5)	Leave travel concession
		10(6)	Remuneration received by Individuals, who are not citizen of India
		10(7)	Allowance payable outside India by the Government to a citizen of India
		10(10)	Gratuity
		10(10A)	Commutation of pension

		10(10AA)	Leave Encashment
		10(10B)	Retrenchment Compensation
		10(10C)	Voluntary Retirement Receipts
		10(10CC)	Income-tax paid by employer on non-monetary perquisite
		10(11)	Payment from Statutory Provident Fund or PPF
		10(12)	Payment from Recognised Provident Fund
		10(13)	Payment from Superannuation Fund
		10(13A)	House Rent Allowance
		10(14)	Special Allowance or benefit to meet expenses relating to duties or personal expenses
		10(18)	Pension received by recipient of gallantry awards
	Income from house property	-	
	Profits and gains of business or profession	Section	Particulars
		10(2A)	Share income of a partner
		10(30)	Income of Tea Board
		10(31)	Income of Rubber Board and Coffee Board
	Capital Gains	Section	Particulars
		10(34A)	Income received on buy-back of shares of domestic company
		10(37)	Capital gains on compulsory acquisition of agricultural land situated within specified urban limits
		10(43)	Income received in a transaction of reverse mortgage

	Income from Other Sources	Section	Particulars
		10(4)(ii)	Interest on moneys standing to the credit of individual in his NRE A/c
		10(10BC)	Compensation received on account of disaster
		10(10D)	Payment of maturity proceeds by LIC (other than ULIPs)
		10(15)(i)/(vi)/(vii)	Interest income arising to certain persons
		10(16)	Educational scholarship
		10(17)	Payment to MPs & MLAs
		10(17A)	Awards for literary, scientific and artistic works and other awards by the Government
		10(19)	Family pension received by widow/children/nominated heirs of armed forces members
4.	Income of other persons included in assessee's total income	Minor's income included in the hands of parent [Section 10(32)]	
5.	Aggregation of income; Set-off, or carry forward and set-off of losses	-	
6.	Deductions from gross total income	Section	Particulars
		10(11A)	Payment from Sukanya Samriddhi Account
		10(12A)	Payment from NPS Trust to an assessee on closure of his account or on his opting out of the pension scheme
		10(12B)	Payment from NPS Trust to an employee on partial withdrawal
		10(12C)	Payment from Agniveer Corpus Fund to a

			person enrolled under Agnipath Scheme or to his nominee
		10AA	Tax holiday for units established in SEZ
7.	Advance tax, tax deduction at source and tax collection at source	-	
8.	Provisions for filing return of income and self-assessment	-	
9.	Income-tax liability - Computation and optimisation	Amount received by a member from the income of HUF [Section 10(2)]	

Note - As far as the Income-tax Rules, 1962 are concerned, only the significant Rules included in the respective chapters of the Study Material as well as in the Statutory Update for May, 2024 examination and November, 2024 examination, respectively, would be relevant at the Intermediate level. Even in respect of those sections and rules which are included in the syllabus, the coverage is restricted to the extent of the content discussed in the Study Material and Statutory Update.