Direct Tax Law & Accounts — Complete Notes

As per LU datesheet

M.Com Sem I · LU · MCCC-03 · All 5 Units (Important Topics 2026) · One-file revision of all five units of Direct Tax Law & Accounts, built around the Important Topics 2026 list. Each unit section covers the ★★★ and ★★ topics with model answers; numericals follow in the solved examples.

Units I–II

- ★ Residential status
- ★ Clubbing, losses
- ★ Five heads

Unit III

- ★ Old vs new regime
- ★ IISBAC
- · HUF

MCCC-03 All Units

mind map

Unit IV

- ★ Firm, 40(b)
- ★ Company rates
- ★ MAT IISJB

Unit V

- ★ CBDT, assessments
- · TDS, advance tax
- · Appeals, DTAA

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Exam date: As per LU datesheet	**Time:** As per LU datesheet	**Duration:** 3 hours	**Paper:** MCCC-03

Exam-hall strategy: Read the whole paper first → start with the question you know best → draw neat, labelled diagrams → box every final answer and formula → keep the last 5 minutes for checking.

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Important Topics 2026 & Expected Questions

Topic list from LUUPDATE's Important Topics 2026 for M.Com Sem I (University of Lucknow, NEP 2025-26). Exam: 10 questions, attempt any 5, 14 marks each (MM 70, 3 hours). ★★★ = must study, ★★ = high chance, ★ = if time permits.

#	Tag	Question / Topic	Unit / Priority
1	★★★	Residential status of an individual and incidence of tax	Unit I Must study
2	★★★	Agricultural income; computation of gross total income	Unit I Must study
3	★★★	Clubbing of income; set-off and carry forward of losses	Unit I Must study
4	★★	Deductions under Chapter VI-A (80C, 80D, 80G); exempted income	Unit I High chance
5	★★	Tax planning, tax management, tax avoidance and tax evasion	Unit I High chance
6	★★★	Salaries – allowances, perquisites, pension and commutation of pension	Unit II Must study
7	★★★	House property – self-occupied and let-out property	Unit II Must study
8	★★★	Capital gains – types and computation; exemptions	Unit II Must study
9	★★	Business/profession; income from other sources	Unit II High chance
10	★★★	Total income and tax of an individual – old vs new regime (Sec 115BAC)	Unit III Must study
11	★★	Assessment of HUF – features and computation	Unit III High chance
12	★★★	Assessment of a firm – remuneration and interest to partners, Sec 40(b)	Unit IV Must study
13	★★★	Assessment of a company – tax rates, Sec 115BAA, MAT Sec 115JB (numerical)	Unit IV Must study
14	★★★	Income tax authorities – CBDT; types of assessment	Unit V Must study
15	★★	Advance tax, TDS, TCS; e-filing of ITR	Unit V High chance
16	★★	Appeals and revision; avoidance of double taxation (DTAA)	Unit V High chance
17	★	Income-tax Act, 2025 – 'tax year' concept (effective 1-4-2026)	Unit V If time permits

Also revise: Income-tax Act 2025, tax year, s.5, s.6, s.11, s.123, s.202, clubbing ss.96–99, losses ss.108–113, McDowell, Azadi Bachao, GAAR.; s.15–19, s.20–25, s.26–66, s.33, s.67–91, s.92–95, standard deduction ₹75,000, LTCG 12.5%, STCG 20%.; s.202 default regime, s.156 rebate ₹60,000, marginal relief, surcharge slabs, 4% cess, HUF old/new regime, Mitakshara, Dayabhaga.; 25%/30% normal, 22% concessional (25.168%), foreign company 35%, POEM, book profit, remuneration limit (₹3 lakh/90% on first ₹6 lakh, 60% balance), interest 12%, firm rate 30%.; s.263 return, s.392/s.393 TDS, s.394 TCS, faceless assessme

Flowcharts & Diagrams — See It at a Glance

→ FLOWCHART: Computing Total Income & Tax

Determine residential status → Compute income under five heads → Clubbing; set-off of losses → Gross total income → Less: deductions (old regime mostly) → Total income (rounded) → Tax at slab rates → rebate (s.156) → cess 4%

→ FLOWCHART: Income from House Property

Gross annual value (expected/actual rent) → Less: municipal taxes paid by owner → = Annual value / net annual value (s.21) → Less: 30% standard deduction (s.22) → Less: interest on borrowed capital → = Income from house property

→ FLOWCHART: Tax Computation of an Individual

Compute income under each head (salary, HP, PGBP, CG, other sources) → Clubbing and set-off → gross total income → Deductions (mostly old regime) → total income (rounded to ₹10) → Tax on normal income at slab rates → Add tax on special-rate income (LTCG, STCG, winnings) → Less rebate s.156 (if eligible) / marginal relief → Add surcharge (if any) + 4% cess → less TDS/advance tax → payable/refund

Scope of Total Income (s.5)

Income	ROR	RNOR	NR
Received/deemed received in India	✓	✓	✓
Accrues/arises in India	✓	✓	✓
Outside India, business controlled from India	✓	✓	✗
Outside India, other income	✓	✗	✗

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Slab Rates — Tax Year 2026-27

New regime (default)	Rate
Up to ₹4,00,000	Nil
4–8 lakh	5%
8–12 lakh	10%
12–16 lakh	15%
16–20 lakh	20%
20–24 lakh	25%
Above 24 lakh	30%

Old regime (below 60): 0–2.5L nil; 2.5–5L 5%; 5–10L 20%; above 10L 30% (seniors 3L, super seniors 5L exemption).

Advance Tax Instalments

Due date	Cumulative % of tax
15 June	15%
15 September	45%
15 December	75%
15 March	100%

Payable when estimated tax (after TDS) is ₹10,000 or more; presumptive taxpayers pay 100% by 15 March; resident seniors without business income exempt. Interest for default/deferment.

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Detailed Revision Notes

Unit I – Introduction to Income Tax

Note on the Law Used ★★★

- These notes follow the **Income-tax Act, 2025**, in force from **1 April 2026** (first tax year 2026-27), which replaced the Income-tax Act, 1961
- The single term **"tax year"** replaces "previous year" and "assessment year"
- Old section numbers are shown in brackets only where helpful for reading older books (e.g. old 80C → new s.123)
- Rates and limits are as applicable for tax year 2026-27; always check the latest Finance Act and CBDT notifications

Individual (s.6) ★★★

- **Resident** if in India for 182 days or more in the tax year, or 60 days in the year and 365 days in the 4 preceding years
- For Indian citizens leaving for employment and visiting Indian citizens/PIOs, the 60-day rule is replaced (182 days; 120 days if Indian income exceeds ₹15 lakh)
- **Deemed resident** — Indian citizen with Indian income above ₹15 lakh not liable to tax elsewhere
- **RNOR** — resident who was NR in 9 of 10 preceding years or in India ≤ 729 days in 7 preceding years (and certain deemed/visiting cases)
- Otherwise **ROR**

Exempt Income (s.11 with Schedules) ★★★

- Agricultural income (but used for rate purposes)
- Sum received by member from HUF
- Partner's share of firm's profit
- Leave travel concession, HRA, gratuity, commuted pension, leave encashment within limits (several only in old regime)
- Scholarships for education
- Interest on certain government securities, PPF interest and maturity
- Income of specified funds, institutions, political parties (conditions)
- Life insurance maturity proceeds subject to conditions

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Deductions ★★★

- **s.123 (old 80C):** LIC, PPF, ELSS, EPF, tuition fees, housing loan principal — up to ₹1.5 lakh
- **s.124 (old 80CCD):** NPS — own contribution; **employer's contribution allowed in new regime**
- **s.126 (old 80D):** health insurance premium
- **s.133 (old 80G):** donations
- **s.153 (old 80TTA/TTB):** interest on savings (seniors: deposits)
- **New regime (s.202):** most deductions not allowed — mainly standard deduction ₹75,000, employer NPS, family pension deduction

Clubbing of Income (ss.96–99) ★★★

- Income of others included in the taxpayer's income to stop tax avoidance
- Transfer of income without transfer of asset; revocable transfer
- Spouse's remuneration from concern where individual has substantial interest (unless due to spouse's qualifications)
- Income from assets transferred to spouse/ son's wife without adequate consideration
- **Minor child's income** clubbed with the parent having higher income (exemption ₹1,500 per child); not for income from manual work/skill or disability cases

Set-off & Carry Forward (ss.108–113, 121) ★★★

- **Intra-head set-off (s.108)** — loss of one source against another source under the same head (exceptions: speculation, LTCL, specified activities)
- **Inter-head set-off (s.109)** — against other heads, subject to restrictions (no business loss against salary; capital loss only against capital gains)
- **Carry forward:** HP loss (s.110), capital loss (s.111), business loss (s.112), speculation loss (s.113) — see table
- **Return of loss (s.121)** must be filed by the due date to carry forward (except HP loss and unabsorbed depreciation)
- In the new regime, HP loss cannot be set off against other heads

Tax Avoidance vs Tax Evasion ★★★

Basis	Tax planning	Tax avoidance	Tax evasion
Legality	Legal, within spirit of law	Legal in form, against spirit (uses loopholes)	Illegal
Means	Using provisions as intended	Artificial arrangements	Concealment, false accounts
Consequence	Valid saving	May be denied by GAAR / anti-avoidance rules	Penalty, prosecution
Example	PPF investment	Circular transactions to claim losses	Hiding sales, fake expenses

- **Case law:** McDowell & Co. (SC, 1985) — colourable devices cannot be part of tax planning; Union of India v. Azadi Bachao Andolan (SC, 2003) — treaty-based planning permissible; Vodafone (SC, 2012)
- **GAAR** (General Anti-Avoidance Rules, in force since 2017) — arrangements whose main purpose is a tax benefit and lacking commercial substance can be disregarded

Unit II – Heads of Income

Chargeability & Components (ss.15–19) ★★★

- Employer–employee relationship essential; taxed on due or receipt basis, whichever is earlier
- **Components:** basic salary, dearness allowance, bonus, commission, fees, advance salary, arrears, leave encashment, pension, gratuity
- **Allowances:** fully taxable (DA, city compensatory), partly exempt (HRA, children education — old regime), fully exempt (allowances to UN officials, certain foreign allowances)
- **Perquisites:** rent-free accommodation, motor car, free education, ESOPs, interest-free loans — valued as per rules
- **Deductions (s.19):** standard deduction ₹75,000 (new) / ₹50,000 (old); entertainment allowance (govt employees, old); professional tax (old)

Retirement Benefits ★★

- **Gratuity** — exempt within limits (₹20 lakh ceiling for non-govt employees covered by law; govt employees fully exempt)
- **Commuted pension** — partly exempt for non-govt; uncommuted taxable
- **Leave encashment** at retirement — exempt within limit (₹25 lakh for non-govt)
- **Provident fund** — recognised PF benefits; employer contribution above limits taxable
- Retrenchment and VRS compensation — exempt within limits

House Property (ss.20–25) ★★★

- Owner of building or land appurtenant; not used for own business
- **Annual value (s.21):** higher of expected rent (municipal/fair rent, limited by standard rent) and actual rent; less municipal taxes paid
- **Self-occupied property** — annual value nil (up to two houses)
- **Deductions (s.22):** 30% standard deduction of annual value; interest on borrowed capital (let-out: full; self-occupied: up to ₹2 lakh in old regime only)
- Pre-construction interest in 5 equal instalments
- Arrears of rent and unrealised rent recovered: taxable after 30% deduction

Capital Gains (ss.67–91) ★★★

- **Chargeable:** profit on transfer of a capital asset in the tax year
- **Capital asset** — property of any kind; excludes stock-in-trade, personal effects (except jewellery, art), rural agricultural land
- **Transfer** — sale, exchange, relinquishment, extinguishment, compulsory acquisition
- **Exemptions:** s.82 (old 54) — LTCG on residential house reinvested in another house; s.86 (old 54F) — LTCG on other asset invested in house; bonds and others with conditions
- Indexation generally removed; grandfathering for equity bought before 1 Feb 2018

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Business or Profession (ss.26–66) ★★★

- Income from trade, commerce, manufacture, profession, vocation
- **Principles:** real income; each tax year separate; legal and illegal business both taxable; mercantile or cash system
- **Allowable:** rent, repairs, insurance, depreciation (s.33), bad debts, scientific research, other business expenses
- **Disallowed:** personal expenses, capital expenditure, penalties for law violation, cash payments above limit, payments without TDS (partly)
- **Depreciation (s.33)** — block of assets, WDV method; half rate if used less than 180 days in the year
- **Presumptive taxation** for small businesses and professionals (deemed % of turnover/ receipts)

Unit III – Tax Liability of Individual & HUF

Format of Computation ★★★

- Income from salaries (after standard deduction s.19)
- Income from house property
- Profits and gains of business or profession
- Capital gains (STCG/LTCG separately)
- Income from other sources
- **Gross total income** (after clubbing and set-off)
- Less deductions (s.123, s.124, s.126, s.133, s. 153 — mostly old regime)
- **Total income** rounded to nearest ₹10

Rebate (s.156) & Marginal Relief ★★★

- **New regime:** resident individual with total income up to ₹12,00,000 — rebate up to ₹60,000 → nil tax
- **Old regime:** total income up to ₹5,00,000 — rebate up to ₹12,500
- **Marginal relief** (new regime): if income slightly exceeds ₹12 lakh, tax payable cannot exceed the income above ₹12 lakh
- Example: total income ₹12,10,000 → tax ₹61,500, but income above 12 lakh = ₹10,000 → tax ₹10,000 + cess ₹400 = **₹10,400**
- Salaried with ₹12,75,000 salary → ₹12,00,000 after SD → nil tax

Persons, Status & Regime ★★

- Individual: resident (ROR/RNOR) or non-resident — rebate only for residents
- Senior citizen (60+) and super senior (80+) — higher exemption only in old regime; no advance tax for resident seniors without business income
- Agricultural income — exempt but used for rate purposes (partial integration) when net agricultural income > ₹5,000 and non-agricultural income > exemption limit
- Employer's NPS contribution deductible in both regimes (within limits)

Assessment of HUF ★★★

- Taxed as a separate entity on income from joint family property and business
- **Residence:** resident unless control and management wholly outside India; ROR/RNOR depends on Karta
- Same slab rates as individuals; may choose new or old regime
- No rebate s.156 (available only to individuals); no standard deduction (no salary)
- Deductions under old regime: s.123 (LIC, ELSS etc. for members), s.126 health insurance for members
- Amount received by a member from HUF income is exempt in member's hands
- Income of property converted by member into HUF property is clubbed with that member

Unit IV — Tax Liability of Company & Firm

Computation Points ★★★

- **Disallowed:** income-tax paid, penalties/fines for law violation, CSR expenditure under Companies Act s.135, provisions for unascertained liabilities, payments without TDS (partly), cash payments above limit, personal expenses
- **Allowed:** tax depreciation (block WDV; additional depreciation for new plant in manufacturing under normal regime), interest on business loans, bad debts written off, contributions to approved funds
- Dividends received taxable as other sources; deduction for dividends distributed by the company (inter-corporate dividend relief) as per law
- Losses: business loss carry forward 8 years; unabsorbed depreciation indefinitely

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Regimes & MAT ★★★

- **Normal regime** — 25% (turnover ≤ ₹400 crore) or 30% with all deductions and incentives
- **Concessional regime** — 22% + 10% surcharge + 4% cess = **25.168%**; must forgo specified exemptions/incentives (additional depreciation, certain deductions); once opted cannot be withdrawn
- **Minimum Alternate Tax (MAT)** — companies under the normal regime pay at least a minimum percentage of **book profit**; MAT credit carried forward and set off when normal tax exceeds MAT
- **Buy-back, dividend, amalgamation** provisions; company must file return electronically every year (even with loss)

Assessment as Firm ★★★

- Partnership firm and LLP taxed as a "firm" — separate person
- **Conditions for deduction of interest/ remuneration:** written partnership deed; deed specifies individual shares, interest rate and remuneration; certified copy filed with the first return
- If conditions fail — no deduction for interest and remuneration
- Rate: **30%** + surcharge 12% (income > ₹1 crore) + 4% cess; AMT applies to LLPs claiming certain deductions

Interest & Remuneration ★★★

- **Interest** to partners on capital/loans — allowed up to 12% simple p.a.; excess disallowed
- **Remuneration** (salary, bonus, commission) — only to working partners; authorised by deed; for period after deed; within limit on book profit
- **Book profit** = net profit computed as per PGBP rules, adding back remuneration to partners
- Interest paid by partner to firm, or by firm to partner in representative capacity — special rules

Unit V — Assessment of Tax

Income-tax Authorities ★★★

- **CBDT** (Central Board of Direct Taxes) under the Department of Revenue, Ministry of Finance — policy, rules, instructions
- Principal Chief Commissioners → Chief Commissioners → Principal Commissioners/ Commissioners → Additional/Joint Commissioners → Deputy/Assistant Commissioners → Income-tax Officers → Inspectors
- **Powers:** discovery and production of evidence (like a civil court), survey, search and seizure, calling for information, penalties
- **Faceless** assessment and appeals — no personal contact; national e-assessment framework

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Types of Assessment ★★★

- **Self-assessment** — taxpayer computes and pays tax with the return
- **Summary assessment / processing** — automated check by CPC; intimation of tax/refund
- **Scrutiny assessment** — detailed examination after notice (faceless)
- **Best judgement assessment** — when the assessee fails to file or comply
- **Reassessment** — income escaping assessment, with time limits and procedure
- **Search assessment** — after search and seizure

Advance Tax – Concept ★★★

- "Pay as you earn" — tax paid during the year in instalments
- Estimated by the taxpayer; dates in table
- Interest for non-payment/short payment and for deferment of instalments
- Helps government cash flow and reduces burden at year end

TDS & TCS ★★★

- **TDS** — tax deducted at source by the payer at prescribed rates and deposited with government; s.392 covers salary (at average rate of tax), s.393 covers all other payments through tables (interest, rent, contractors, professional fees, commission, dividends, payments to non-residents, etc.)
- **TCS (s.394)** — collected by sellers on specified goods/transactions
- **Compliance:** TAN, deposit by due date, quarterly statements, certificates to deductees, credit visible in Form 26AS/AIS
- **Consequences of default:** interest, disallowance of expenses, penalty, treated as assessee in default
- **Lower/nil deduction** certificates; declarations by individuals without taxable income
- Higher rates for non-filers / no PAN

Appeals ★★★

- **First appeal** — to Commissioner (Appeals)/ Joint Commissioner (Appeals), faceless; fee depends on income
- **ITAT** — appeal by assessee or department; final authority on facts
- **High Court** — only on substantial question of law
- **Supreme Court** — on certificate or special leave
- Time limits for filing appeals; Dispute resolution schemes for small cases; revision by Commissioner

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DTAA – Key Points ★★★

- Taxpayer may apply DTAA or domestic law, whichever is more beneficial
- **Tax Residency Certificate (TRC)** from home country required to claim treaty benefits
- **Permanent establishment (PE)** — business profits taxed in source country only if PE exists there
- Treaty rates for dividends, interest, royalties, fees for technical services
- Anti-abuse: GAAR, limitation of benefits, **Multilateral Instrument (MLI)** under OECD BEPS project — principal purpose test
- Foreign tax credit claimed by filing the prescribed form with the return

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Solved Numericals & Illustrations (all units)

Illustration 1 — Residential Status

Mr A (foreign citizen) stayed in India 70 days in tax year 2026-27 and 400 days in the 4 preceding years. → 60 + 365 condition met → **resident**. If he was NR in 9 of last 10 years → **RNOR**. Mr B (Indian citizen) left India for a job abroad, stayed 100 days → special rule (182 days) applies → **non-resident**.

Illustration 2 — Set-off

Salary ₹8,00,000; business loss ₹1,50,000; STCG ₹60,000; LTCL ₹40,000. Business loss cannot be set off against salary → set off against STCG ₹60,000; balance ₹90,000 carried forward. LTCL cannot be set off against STCG → carried forward. **GTI = ₹8,00,000**.

Illustration 3 — Clubbing

Mrs X earns ₹10 lakh; Mr X ₹15 lakh. Their minor son earns interest ₹20,000 on a deposit gifted by grandparents. → Clubbed in Mr X's income (higher income): ₹20,000 − ₹1,500 = **₹18,500**. If the son had earned from his own skill (e.g. acting), no clubbing.

Illustration 1 — Salaried Individual: New vs Old Regime

Gross salary ₹15,00,000. Old-regime investments: s.123 ₹1,50,000; health insurance (s.126) ₹25,000.

Item	New regime	Old regime
Gross salary	15,00,000	15,00,000
Less standard deduction	75,000	50,000
Less deductions	—	1,75,000
Total income	**14,25,000**	**12,75,000**
Tax	0 + 20,000 + 40,000 + 33,750 = 93,750	12,500 + 1,00,000 + 82,500 = 1,95,000
Cess 4%	3,750	7,800
Tax payable	**97,500**	**2,02,800**

New regime saves ₹1,05,300. If salary were ₹12,50,000: total income ₹11,75,000 → tax ₹57,500 → rebate s.156 → **nil**.

Illustration 2 — House Property (let-out)

Rent ₹3,00,000 (higher than expected rent); municipal tax ₹20,000; interest on loan ₹1,50,000. Annual value 2,80,000 − 30% (84,000) − interest 1,50,000 = **₹46,000**.

Illustration 3 — LTCG on Listed Shares

Shares held 2 years; LTCG ₹2,25,000. Exempt ₹1,25,000 → taxable ₹1,00,000 × 12.5% = ₹12,500 + cess ₹500 = **₹13,000**.

Illustration 1 — Individual (resident, age 45, new regime)

Particulars	₹
Salary 12,00,000 − standard deduction 75,000	11,25,000
House property (let out) — AV 2,80,000 − 30% − interest 1,50,000	46,000
Interest on fixed deposits	40,000
STCG on listed shares	60,000
LTCG on listed shares (2,25,000; ₹1,25,000 exempt)	2,25,000
Total income	**14,96,000**

Tax on normal income ₹12,11,000: 20,000 + 40,000 + 15% × 11,000 = **₹61,650**. STCG 20% = 12,000; LTCG 12.5% × 1,00,000 = 12,500. Total 86,150 (no rebate — income above ₹12 lakh). Cess 4% = 3,446 → **tax ₹89,600** (rounded).

Illustration 2 — HUF

Business income ₹9,00,000; bank interest ₹50,000; old-regime investments under s.123 ₹1,50,000. **New regime:** total income 9,50,000 → 20,000 + 15,000 = 35,000 + cess 1,400 = **₹36,400** (no rebate for HUF). **Old regime:** total income 8,00,000 → 12,500 + 60,000 = 72,500 + cess 2,900 = **₹75,400**. New regime is better.

Illustration 1 — Domestic Company (turnover ₹80 crore)

Net profit as per P&L ₹50,00,000 after charging: book depreciation ₹5,00,000, penalty for legal violation ₹50,000, CSR expenditure ₹2,00,000. Tax depreciation ₹6,00,000. Taxable income = 50,00,000 + 5,00,000 + 50,000 + 2,00,000 − 6,00,000 = **₹51,50,000**. **Normal regime (25%):** 12,87,500 + cess 51,500 = **₹13,39,000** (no surcharge: income ≤ ₹1 crore). **Concessional regime (25.168%): ₹12,96,152** → concessional regime cheaper here.

Illustration 2 — Partnership Firm

Book profit (after allowable interest, before remuneration) ₹10,00,000; remuneration paid to working partners as per deed ₹8,00,000. Allowable: first ₹6,00,000 → higher of ₹3,00,000 and 90% (₹5,40,000) = 5,40,000; balance ₹4,00,000 × 60% = 2,40,000 → **₹7,80,000**. Disallowed ₹20,000. Firm's income = 10,00,000 − 7,80,000 = **₹2,20,000** → tax 30% = 66,000 + cess 2,640 = **₹68,640**. Partners taxed on ₹7,80,000 remuneration; share of profit exempt.

Illustration 1 — Advance Tax Schedule

Estimated tax for 2026-27 after TDS: ₹2,00,000. By 15 June ₹30,000 (15%); by 15 Sept ₹90,000 cumulative (add ₹60,000); by 15 Dec ₹1,50,000 (add ₹60,000); by 15 March ₹2,00,000 (add ₹50,000).

Illustration 2 — Company Effective Rate

Concessional regime: 22% + surcharge 10% = 24.2%; + cess 4% → 24.2 × 1.04 = **25.168%**. Profit ₹10 crore → tax ≈ **₹2.52 crore**.

Illustration 3 — TDS on Salary (concept)

Employee with estimated salary ₹15,00,000 under the new regime → estimated tax ₹97,500 (Unit 11). Employer deducts ₹97,500 ÷ 12 = **₹8,125 per month** under s.392, deposits it and issues a certificate; the employee claims credit in the return.

Practice Set with Answers

Cover the answer column, try each question yourself, then check.

#	Question	Answer
1	New Act effective?	1 April 2026.
2	Term replacing PY/AY?	Tax year.
3	Heads of income section?	s.13.
4	Salary sections?	ss.15–19.
5	Standard deduction new regime?	₹75,000.
6	HP annual value section?	s.21.
7	Default regime section?	s.202.
8	Rebate section?	s.156.
9	New regime rebate?	Up to ₹60,000 if income ≤ ₹12 lakh.
10	Company with POEM in India?	Resident.
11	Normal rate (turnover ≤ ₹400 cr)?	25%.
12	Concessional effective rate?	25.168%.
13	Return section?	s.263.
14	TDS on salary section?	s.392.
15	TDS on other payments?	s.393.

Common Mistakes to Avoid

- Using PY/AY instead of tax year
- Old section numbers only
- Old slabs used for new regime
- Standard deduction wrong amount
- Rebate given above ₹12 lakh
- Rebate for HUF
- Using old remuneration limits
- CSR allowed
- Quoting unverified new section numbers
- Mixing TDS and TCS

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Answer Plans — What to Write for Each Question

Q. Basic definitions
Person, assessee, tax year, income, GTI, total income.

Q. Residential status
Tests → RNOR → scope table → example.

Q. Salary
Components → allowances → perquisites → deductions.

Q. House property
Annual value → deductions → numerical.

Q. Computation format
Heads → GTI → deductions → total income.

Q. Tax liability
Slabs → special rates → rebate → surcharge → cess.

Q. Types of companies
Domestic/foreign, widely/closely held, residence.

Q. Company computation
Adjustments → rates → cess.

Last-Minute Sheet — All Units

Act	Income-tax Act 2025 · from 1-4-2026 · tax year · heads s.13
Residence	s.6 · 182 days or 60 + 365 · RNOR · scope s.5
Salary	ss.15–19 · SD ₹75,000 new / ₹50,000 old
HP	AV (s.21) − 30% − interest (s.22)
New slabs	4/8/12/16/20/24 lakh → 0/5/10/15/20/25/30%
Relief	Rebate s.156 ₹60,000 (≤ ₹12L, residents) · marginal relief
Company	Domestic/foreign · POEM · 25%/30% · 22% (25.168%) · foreign 35% · MAT on book profit
Disallow	Income-tax, penalties, CSR, personal, unascertained provisions
Companies	25%/30% normal · 22% concessional (25.168%) · foreign 35% · MAT for normal regime
Procedure	Return s.263 · self, summary, scrutiny, best judgement, reassessment · faceless

Before you enter the exam hall: revise the mind map, the flowcharts and the formula sheet once more. Read the paper fully, draw labelled diagrams, box your answers, and keep 5 minutes for checking. **You have prepared well. All the best!** Team LUUPDATE

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