

## ALL TOTAL INCOME ADJUSTMENTS IN 5 PAGES

S.N	Particulars	Adjustment/Remark
1.	Creditors waiving off amount on Settlement	Add as Deemed Income u/s 41(1). If already credited to P&L, then ignore.
2.	Employer Contribution to PF etc	Sec 43B: Pay by Due of filing of return
3.	Employees Contribution to PF etc	First Consider as Income & then take deduction if paid by 15 <sup>th</sup> of following month as per Sec 36(1)(va).
4.	Check all payments TDS implications. In case of NR, it should be taxable in India.	If paid to Resident not deducted in same PY or not paid till due date of filing of return, then disallow 30% & if paid to NR then disallow 100%.
5.	Provision for fair estimate of wages for last 3 years for periodical wage revision	Allowed
6.	Check if loan taken for fixed asset and fixed asset not put to use	Then Int will be capitalize till the date of put to use and claim normal dep & also additional dep in case of manufacturing or power generating assessee when they purchase new P & M. Also check if asset is put to use for less than 180 days. Additional Depreciation not allowed u/s 115BAC(1A)/115BAA/115BAB/115BAD/115BAE
7.	Check implication of Sec 80JJAA	If new employees are hired then check their emoluments is upto Rs. 25,000/-. Further they participate in RPF. They are employed for 240 days atleast. Plus Tax Audit is done. For Manufacturing of Apparel, leather or footwear business it is 150 days. In case of existing company pay by 4 modes. <b>It is also allowed in Sec 115BAA/BAB/BAC/BAD/BAE.</b> Further remember if paid by cash or bearer cheque etc the disallowed u/s 40A(3) as well as 80JJAA.
8.	One time license fees paid/ know how etc purchased	If debited to P&L, then add first & then less 25% depreciation on it if used for 180 days or more.
9.	Cash paid to Road Transporter up to Rs.35,000	Sec 40A(3): Allowed
10.	Municipal Tax paid on HP Let Out	Allowed under Normal Regime & Sec 115BAA. <b>Not allowed under Sec 115BAB. No deduction is allowed u/s 115BAB if it is taxed at Normal Rates.</b>
11.	Donation to Scientific Research Association u/s 35(1)(ii)(iii)(ia)(2AA)	Allowed under Normal Regime. <b>Not allowed u/s 115BAA/BAB/BAC/BAD/BAE.</b>
12.	FMV of 31.01.2018 is given in question	Then grandfathering clause is applicable. Compute COA as per Sec 55(2)(ac). <b>In case of listed share/unit:</b> Take Highest price of 31/01/2018 or previous days if not traded. <b>In case of Unlisted Unit:</b> Take NAV <b>In case of Unlisted Shares:</b> Take Indexation till FY 2017-18
13.	Dividend <b>Received from Domestic (Gross up)</b> or Foreign Company (Do Not Gross up)	Reduce from PGBP Show under IFOS
14.	Donation to Political party or electoral trust	Allowed if paid by other than cash under normal regime. <b>Not allowed u/s 115BAA/BAB/BAC/BAD/BAE.</b>
15.	Profit on sale of asset to 100% Indian Subsidiary or Indian Holding Co.	CG Fully exempt u/s 47. However, if recipient is foreign company, then CG is taxable.
16.	LTCG/STCG on Equity shares on which STT is paid	Taxable u/s 112A <b>@ 10% [Transferred till 22<sup>nd</sup> July] with Rs. 1.25 lac exemption.</b>

		<b>12.5% [Transferred from 23<sup>rd</sup> July] with Rs. 1.25 lac exemption.</b> Taxable u/s 111A @ 15% [Transferred till 22 <sup>nd</sup> July] <b>20% [Transferred from 23<sup>rd</sup> July].</b>
17.	Salary paid to technician for installation of Machinery	Add to P & M and claim Normal dep + Additional dep if manufacturing or power generating assessee. Further dep on this will be allowed even if TDS is not deducted on Salary.
18.	Co. sold Rs 22 lacs goods. Then write off Rs. 12 lacs as Bad debts. Customer died and collected Rs. 11 lacs. Entire 11 lacs is credited to P & L.	Reduce 10 lacs from Net Profit as it is already included in Rs. 22 lacs Sales.
19.	Distribution of dividend by Domestic Company one month before due of return	Take deduction u/s 80M after GTI as lower of (i) Dividend received or (ii) Dividend paid one month prior to due of filing of return. Allowed even as per Sec 115BAA/115BAB.
20.	O/s Interest converted into New Loan or Debentures	Not allowed as per Sec 43B. Allowed when actually paid.
21.	Income Tax including Surcharge & Cess	Disallowed u/s 40(a)(ii)
22.	Provision for Payment of Gratuity based on actuarial valuation	Provision as per Actuary disallowed u/s 40A(7). However, when paid it is allowed.
23.	Exp on foreign travel of directors for opening new branch (Also refer point 92)	Allowed
24.	Amt paid for Online Advertisement	Check if paid to NR with no PE and more than Rs. 1 lac in a PY then deduct EL in same year and pay EL till due date of return. Otherwise 100% Advertisement expense will be disallowed.
25.	Expense on CSR	Disallowed u/s 37(1).
26.	ER contribution to Approved Pension Fund	Sec 36(1)(iva): Allowed only to the extent of <b>14% of Salary [Basic + DA in terms]</b>
27.	Electricity Charges	Allowed on accrual basis. Not covered u/s 43B.
28.	Loss due to hedging contract against future price fluctuation on import of raw material	Allowed as deduction
29.	Loss due to hedging contract due to foreign currency fluctuation on payment for imported machinery	Sec 43A: Add to the Cost of asset and claim Depreciation [ Normal + Additional if applicable]
30.	Amt received for Non Compete Fees	PGBP Income as per Sec 28. Payer will deduct TDS u/s 194J @ 10%
31.	Advance Forfeited on potential transfer of capital asset	If forfeited till 31.03.2014 – Then reduce from COA on Sale If forfeited from 01.04.2014 – Then IFOS
32.	Sale of Unlisted Shares if LTCG	Subject to Indexation till 22 <sup>nd</sup> July & Taxed at 20% for Resident till 22 <sup>nd</sup> July. From 23 <sup>rd</sup> July No Indexation & taxed at 12.5%.
33.	Opening Stock overvalued or undervalued	If overvalued then Add. If undervalued then reduce.
34.	Closing Stock overvalued or undervalued	If overvalued then reduce If undervalued then Add
35.	Last year Company included interest cost in opening & closing stock but in the CY they rectified this mistake	No Effect in PGBP
36.	Cash lost by fire , theft etc	Allowed as deduction as it is a revenue loss
37.	If TDS not deducted or paid by Assessee but tax is paid by payee + Income is included in ROI + Return if furnished by payee	Then disallowed 30%/100% in the CY and allow in the immediately next year as per Sec 40(a)(i)(ia) for both Resident & NR Payee..
38.	If Assessee has received loan from a closely	Then the loan is deemed dividend u/s 2(22)(e) subject to

	held company in which it holds 10% voting power or more at anytime during PY	Accumulated profits.
39.	If a motor vehicle is purchased & put to use between 23/08/2019 to 31/03/2020	Extra 15% depreciation. Therefore 15% will be 30%. 30% will become 45%. <b>However, assessee opting for Sec 115BAA/BAB etc then max 40% allowed.</b>
40.	Expenses incurred towards brining water to factory	Allowed as deduction
41.	Expense incurred. Invoice not available. But indirect evidence available like GIR, online payment etc	Allowed as deduction
42.	Expense for ISO 9001 Certificate	Allowed as revenue expense
43.	Commission paid to a foreign agent for his services in foreign country & TDS not deducted [Procuring orders from outside India]	Allowed as his income is not accrued in India. TDS not applicable in this case.
44.	Payment of Retirement benefits to employee in cash	Allowed in Cash up to Rs. 50,000. Limit of Rs. 10,000 not applicable here.
45.	If dividend received from Domestic Company	Gross up with 10% TDS & show. For Foreign Company don't gross up.
46.	<b>STCG derived from Depreciable Asset for Sec 115BAB Assessee</b>	<b>Tax @ 15% + 10% Surcharge + 4% Cess</b>
47.	<b>STCG derived from Non Depreciable Asset for Sec 115BAB Assessee</b>	<b>Tax @ 22% + 10% Surcharge + 4% Cess</b>
48.	Amt paid for inauguration of new branch	Allowed
49.	Compensatory Penalty	Allowed
50.	Penal Penalty	Not Allowed
51.	VRS	Allowed 1/5 <sup>th</sup> in 5 years u/s 35DDA
52.	Payment for Rural Development u/s 35CCA	<b>Allowed under Normal Regime as well as Alternative Regime u/s 115BAA/115BAB etc</b>
53.	GST & Income Tax Penalty	Not Allowed
54.	Income Tax Interest	Not Allowed
55.	GST Interest	Allowed
56.	Payment for Notified Skill Development	Allowed u/s 35CCD only for Companies under Normal Regime. Land & Bldg not allowed as deduction. <b>Not allowed u/s 115BAA/115BAB.</b>
57.	Loss on destruction of P&M	Not allowed. Scrap shall be reduced from Block, if data of Block is given in question.
58.	Expenses on Dividend Income	Only Interest upto 20% of Gross Dividend allowed for Resident. For NR even this is not allowed.
59.	If TDS not deducted or paid in Last Year but deducted & paid in CY	Then take deduction of expense in the CY of 30% or 100% if paid to Resident or NR.
60.	If last Year New P&M is used for less than 180 days for Mfg or PGU	Then balance 10% additional depreciation will be allowed in the CY.
61.	Expense on issue of convertible debentures , Debentures, bonds, loans.	Allowed
62.	Expense on issue of shares, right shares even if it is not cleared by SEBI	Not Allowed
63.	Expense on Issue of Bonus Shares	Allowed
64.	Expense on increasing Authorised Share Capital	Not Allowed
65.	Freebees to Medical practitioners by Pharma Co	Not Allowed
66.	Donation to Swachh bhara	Allowed. <b>[Not Allowed u/s 115BAA/115BAB]</b>
67.	Donation for Clean Ganga	Only Allowed to Residents. <b>[Not Allowed u/s 115BAA/115BAB]</b>
68.	Brokerage paid by Trader in securities &	Allowed. As per Sec 194H TDS is not required to be

	TDS not deducted	deducted.
69.	Brokerage paid by Trader in commodities & TDS not deducted	Not Allowed. As per Sec 194H TDS is required to be deducted.
70.	Expense on feasibility study where project was abandoned	Allowed.
71.	Industrial tariff concession received from Govt	Taxable as income as per sec 2(24)(xviii).
72.	Check if any business comes under Sec 35AD	Then take 100% deduction of all CAPEX except Land, Goodwill & Financial Instruments. Plus payment of more than Rs. 10,000/- should be made by 4 modes.
73.	GST Refunded by GST Dept but not paid to customer back	Add Back to Net Profit to the extent not paid back to customer.
74.	In case of Closely held Company Check 51% of the shareholders are same in the year of loss & in the year of set off	Check on 31 <sup>st</sup> March. If it is not same, the losses are not allowed to Carry forward. Some Exceptions are there. Kindly see that.
75.	Excess paid to relative & paid in cash at the same time	First apply Sec 40A(2) and then if balance is more than Rs. 10,000 then apply Sec 40A(3).
76.	Repairs of P&M for replacement of worn out part of machinery	Allowed as deduction if replacement does not increase the capacity of P&M.
77.	Employee died on business trip & Co. paid gratuity to his company	Allowed as deduction
78.	CAPEX of Family Planning Expense	Allowed to ONLY Company. Only 1/5 <sup>th</sup> Allowed in 5 years.
79.	Retrenchment Compensation paid when Unit is Closed	Allowed
80.	Retrenchment Compensation paid when entire Company is Closed	Not Allowed
81.	Principal Amt of working capital loan waived by Bank etc	Taxable u/s 41(1) as it is remission of trading liability
82.	Int waived by Bank etc	Not Taxable as not allowed earlier due to 43B.
83.	M-M Loss in respect of Unsettled derivative	Not Allowed
84.	Benefit or perquisite given for B&P allowed as deduction	Allowed only if TDS is deducted u/s 194R if given to resident. Otherwise, 30% disallowed.
85.	Interest received on margin money deposited with bank for business purpose	Taxable under PGBP
86.	Interest on loan from Bank etc not paid till due date of filing of return	Not Allowed as per Sec 43B.
87.	In case of Construction Company	Retention Money Taxable today as per PCC method
88.	STCG on properties received from REIT	Exempt for Investors. Taxable for REIT @ MMR.
89.	Rental Income from REIT	Taxable for Investors under PGBP not HP. <i>However, if it is let out of Residential Property, then taxable under HP as per Finance Act 2024.</i>
90.	Payment to Road Transporter who does not have more than 10 trucks at any time during the PY	Then do not deduct TDS u/s 194C if he gives declaration along with PAN.
91.	Compensation received due to Interim Order of Court	Taxable in the year in which final order is passed.
92.	Expense on foreign travel of directors for new project abandoned. (Also refer point 23)	Not Allowed.
93.	Company received purchase bill of 31st March but omitted to record in BOA	Therefore, record and reduce from Net profit
94.	Commission paid to recovery agent	Allowed if TDS deducted
95.	Bonus of employees first transferred to a trust and then paid to employees before the due date of Return	Allowed as per SC [Shasun Chemicals Ltd]

96.	Check MSME Implication for Micro & Small Enterprise	If <b>agreement is there</b> then pay within 45 days or agreed period (whichever is earlier). If <b>agreement not there</b> then pay within 15 days. If paid as per MSME Due date – Allowed on Accrual Basis in PY 2024-25. If paid after MSME Due Date – Allowed on Payment basis in PY 2024-25 or PY 2025-26.
97.	Subsidy etc received from Govt for Fixed Asset	Reduce from Actual Cost as per Explanation 10 to Sec 43(1).
98.	Fixed Asset purchased and payment made by other than 4 modes of more than Rs. 10,000 to a person in a day	Not part of Actual Cost. Therefore, No Normal as well as Additional Depreciation allowed.
99.	Expense incurred to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette	<i>Not Allowed as per Sec 37(1) after the amendment made by Finance Act 2024.</i>
100.	Income & expense from Carbon credit	Income taxable @ 10% without deduction of expenses
101.	Amt paid by company as a regularization fee for violating a law	Disallowed as per Sec 37(1)
102.	Bank Guarantee towards disputed tax liabilities	Not allowed as per Sec 43B as it is not paid.
103.	Expense incurred for construction of tenements for workers in business where the ownership lies with State Govt	Allowed as Revenue Expense.
104.	Upfront Discounted Interest paid for a 5 year debentures.	Allowed as deduction in one year itself. Do not amortise over 5 years.
105.	Foreign Company Tax Rate	<b>35%</b> Plus Surcharge @ 2% if Total Income > Rs. 1 cr but upto Rs. 10 cr. Plus Surcharge @ 5% if Total Income > Rs. 10 cr. Plus Cess @ 4%
106.	In case of Domestic Co: Normal Company	25% if T/O of PY 2022-23 is upto 400 cr
	Normal Company	30% if T/O of PY 2022-23 is > 400 cr
		Surcharge @ 7% if Total Income > 1 cr. Surcharge @ 12% if Total Income > 10 cr.
	15BAA Domestic Company	22% Normal Tax/ Special Income at Special rates Surcharge 10% & Cess 4% Always Applicable
	15BAB Domestic Company	15% Tax for Manufacturing or Electricity 22% for Other Incomes without any deduction Special Income at Special rates STCG on Dep Asset – 15% STCG on Other Assets – 22% Domestic TP Adjustment – 30% Surcharge 10% & Cess 4% Always Applicable
107.	If Question asks Tax Liability	Then Compute Total Income & Tax
108.	If Question asks Tax Payable	Then Compute Total Income & Tax after deducting TDS/TCS & Advance Tax.

God bless you all.

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