

PGRR Centre for Distance Education Osmania
University
M.COM (FINAL) Year
Amendments in Taxation
For The Assessment Year 2024-25

The rates of Tax as announced under the Finance Act 2024 for the assessment year 2024-25 are as under.

TAX RATES

Normal tax rates for Individual & HUF:

The normal tax rates applicable to a resident individual will depend on the age of the individual. However, in case of a non-resident individual the tax rates will be same irrespective of his age. For the purpose of ascertainment of the applicable tax slab, an individual can be classified as follows:

- Resident individual below the age of 60 years.
- Resident individual of the age of 60 years or above at any time during the year but below the age of 80 years.
- Resident individual of the age of 80 years or above at any time during the year. •
- Non-resident individual irrespective of the age.

I. In case of an Individual (resident or non-resident) or HUF or Association of Person or Body of Individual or any other artificial juridical person

Old Tax Regime Slab Rate FY 2023-24		New Tax Regime Slab Rate FY 2023-24	
Net Taxable Income	Tax Rate	Net Taxable Income	Tax Rate
Up to ₹ 2,50,000	Nil	Up to ₹ 2,50,000	Nil
₹ 2,50,001 to Rs 5,00,000	5% above ₹ 2,50,000	₹ 2,50,001 to Rs 5,00,000	5% above ₹ 2,50,000
		₹ 5,00,001 to ₹ 7,50,000	₹ 12,500 + 10% above ₹ 5,00,000
		₹ 7,50,001 to ₹ 10,00,000	₹ 37,500 + 15% above ₹ 7,50,000

₹ 5,00,001 to ₹ 10,00,000	₹ 12,500 + 20% above ₹ 5,00,000	₹ 10,00,001 to ₹ 12,50,000	₹ 75,000 + 20% above ₹ 10,00,000
		₹ 12,50,001 to ₹ 15,00,000	₹ 1,25,000 + 25% above ₹ 12,50,000
Above ₹ 10,00,000	₹ 1,12,500 + 30% above ₹ 10,00,000	Above ₹ 15,00,000	₹ 1,87,500 + 30% above ₹ 15,00,000

Less: Rebate under Section 87A [see Note]

Add: Surcharge and Health & Education Cess [see Note]

II. In case of a resident or non-resident senior citizen (who is 60 years or more at any time during the previous year but less than 80 years on the last day of the previous year)

Old Tax Regime Slab Rate FY 2023-24		New Tax Regime Slab Rate FY 2023-24	
Net Taxable Income	Tax Rate	Net Taxable Income	Tax Rate
Up to ₹ 3,00,000	Nil	Up to ₹ 2,50,000	Nil
₹ 3,00,001 to Rs 5,00,000	5% above ₹ 3,00,000	₹ 2,50,001 to Rs 5,00,000	5% above ₹ 2,50,000
		₹ 5,00,001 to ₹ 7,50,000	₹ 12,500 + 10% above ₹ 5,00,000
		₹ 7,50,001 to ₹ 10,00,000	₹ 37,500 + 15% above ₹ 7,50,000
₹ 5,00,001 to ₹ 10,00,000	₹ 10,000 + 20% above ₹ 5,00,000	₹ 10,00,001 to ₹ 12,50,000	₹ 75,000 + 20% above ₹ 10,00,000
		₹ 12,50,001 to ₹ 15,00,000	₹ 1,25,000 + 25% above ₹ 12,50,000
Above ₹ 10,00,000	₹ 1,10,000 + 30% above ₹ 10,00,000	Above ₹ 15,00,000	₹ 1,87,500 + 30% above ₹ 15,00,000

Less: Rebate under Section 87A [see Note]

Add: Surcharge and Health & Education Cess [see Note]

III. In case of a resident or non-resident super senior citizen (who is 80 years or above at any time during the previous year)

Old Tax Regime Slab Rate FY 2023-24		New Tax Regime Slab Rate FY 2023-24	
Net Taxable Income	Tax Rate	Taxable Income	Tax Rate
Up to ₹ 5,00,000	Nil	Up to ₹ 2,50,000	Nil
		₹ 2,50,001 to Rs 5,00,000	5% above ₹ 2,50,000
		₹ 5,00,001 to ₹ 7,50,000	₹ 12,5000 + 10% above ₹ 5,00,000
		₹ 7,50,001 to ₹ 10,00,000	₹ 37,500 + 15% above ₹ 7,50,000
₹ 5,00,001 to ₹ 10,00,000	20% above ₹ 5,00,000	₹ 10,00,001 to ₹ 12,50,000	₹ 75,000 + 20% above ₹ 10,00,000
		₹ 12,50,001 to ₹ 15,00,000	₹ 1,25,000 + 25% above ₹ 12,50,000
Above ₹ 10,00,000	₹ 1,00,000 + 30% above ₹ 10,00,000	Above ₹ 15,00,000	₹ 1,87,500 + 30% above ₹ 15,00,000

Add: Surcharge and Health & Education Cess [see Note]

Note :

1. The rates of Surcharge and Health & Education cess are same under both the tax regimes.
2. Rebate u/s 87A : Resident Individual whose total income is not more than ₹ 5,00,000 is also eligible for a rebate of upto 100% of Income tax or ₹ 12,5000, whichever is less. This Rebate is available in both tax regimes.

a) SURCHARGE:

Surcharge is levied on the amount of income-tax at following rates if the total income of an assessee exceeds specified limits:

<i>Nature of Income</i>	<i>Range of Total Income</i>			
<i>Up to ₹ 50 lakh</i>	<i>More than ₹ 50 lakh but up to ₹ 1 crore</i>	<i>More than ₹ 1 crore but up to ₹ 2 crore</i>	<i>More than ₹ 2 crore but up to ₹ 5 crore</i>	<i>More than ₹ 5 crore</i>
<i>Individual, HUF or Artificial Judicial Person</i>				
Short-term capital gain covered under Section 111A	10%	15%	25%	37%
Long-term capital gain covered under Section 112A	10%	15%	25%	37%
Any other income*	10%	15%	25%	37%
<p>* The Finance (No. 2) Act, 2019 has been amended to withdraw the enhanced surcharge, i.e., 25% or 37%, as the case may be, from income chargeable to tax under section 111A, 112 and 112A. Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.</p> <p>However, where other income of a person does not exceed ₹ 2 crores but after including the incomes as referred to in section 111A and 112A, the total income exceeds ₹ 2 crores then irrespective of the amount of other income, surcharge shall be levied at the rate of 15% on the amount of tax payable on both normal income as well as income referred to in section 111A and 112A.</p>				
<i>AOP or BOI</i>				
Short-term capital gain covered under Section 111A	10%	15%	25%	37%

Long-term capital gain covered under Section 112A	10%	15%	25%	37%
Short term or Long term capital gains on transfer of certain securities under section 115AD(1)(b)	10%	15%	25%	37%
Any other Income*	10%	15%	25%	37%

* The Finance (No. 2) Act, 2019 has been amended to withdraw the enhanced surcharge, i.e., 25% or 37%, as the case may be, from income chargeable to tax under section 111A, 112A and 115AD.

Hence, the maximum rate of surcharge on tax payable on such incomes shall be 15%.

However, where other income of a person does not exceed ₹ 2 crores but after including the incomes as referred to in section 111A, 112A and 115AD, the total income exceeds ₹ 2 crores then irrespective of the amount of other income, surcharge shall be levied at the rate of 15% on the amount of tax payable on both normal income as well as income referred to in section 111A, 112A and 115AD.

a) The surcharge shall be subject to marginal relief:

- i) Where income exceeds ₹ 50 lakhs, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 50 lakhs by more than the amount of income that exceeds ₹ 50 lakhs.
- ii) where income exceeds ₹ 1 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 1 crore by more than the amount of income that exceeds ₹ 1 crore
- iii) where income exceeds ₹ 2 crore, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 2 crore by more than the amount of income that exceeds ₹ 2 crore
- iv) where income exceeds ₹ 5 crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of ₹ 5 crore rupees by more than the amount of income that exceeds ₹ 5 crore rupees

b) Health and Education Cess:

The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of 4% of such income-tax and surcharge.

c) Rebate under Section 87A:

The rebate is available to a resident individual if his total income does not exceed ₹ 5,00,000. The amount of rebate shall be 100% of income-tax or ₹ 12,500, whichever is less.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on —MAT/AMT in tutorial section.

Notes:

- W.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- W.e.f. Assessment Year 2023-24, the rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Non-resident individual/HUF

<i>Net income range</i>	<i>Income-tax rates</i>	<i>Health and Education Cess</i>
Up to Rs. 2,50,000	<i>Nil</i>	<i>Nil</i>
Rs. 2,50,000 – Rs. 5,00,000	5% of (total income <i>minus</i> Rs. 2,50,000) [*]	4% of income-tax
Rs. 5,00,000 – Rs. 10,00,000	Rs. 12,500 + 20% of (total income <i>minus</i> Rs. 5,00,000)	4% of income-tax
Above Rs. 10,00,000	Rs. 1,12,500 + 30% of (total income <i>minus</i> Rs. 10,00,000)	4% of income-tax

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

Rate of Surcharge									
Assessment Year 2023-24					Assessment Year 2022-23				
Range of Income					Range of Income				
<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crore s to Rs.10 Crores</i>	<i>Exceedin g Rs. 10 Crores</i>	<i>Rs. 50 Lakhs to Rs. 1 Crore</i>	<i>Rs. 1 Crore to Rs. 2 Crores</i>	<i>Rs. 2 Crores to Rs. 5 Crores</i>	<i>Rs. 5 crore s to Rs.10 Crores</i>	<i>Exceedin g Rs. 10 Crores</i>
10%	15%	25%	37%	37%	10%	15%	25%	37%	37%

However, marginal relief is available from surcharge in following manner-

- in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 2 crore by more than the amount of income that exceeds Rs. 2 crore.
- in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess: Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on —MAT/AMT|| in tutorial section.

Notes:

- W.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT shall be at the rate of 9% instead of existing rate of 18.50%.
- W.e.f. Assessment Year 2023-24, the rate of AMT shall be 15% instead of existing rate of 18.5% in case of a co-operative society.

Special tax Rate for Individual and HUFs

The Finance Act, 2024, has provided an option to Individuals and HUF for payment of taxes at the following reduced rates from Assessment Year 2024-25 and onwards:

Total Income (Rs)	Rate
Up to 2,50,000	Nil
From 2,50,001 to 5,00,000	5%
From 5,00,001 to 7,50,000	10%
From 7,50,001 to 10,00,000	15%
From 10,00,001 to 12,50,000	20%
From 12,50,001 to 15,00,000	25%
Above 15,00,000	30%

Surcharge: Surcharge is levied on the amount of income-tax at following rates if total income of an assessee exceeds specified limits:-

Range of Income				
Rs. 50 Lakhs to Rs. 1 Crore	Rs. 1 Crore to Rs. 2 Crores	Rs. 2 Crores to Rs. 5 Crores	Rs. 5 crores to Rs. 10 Crores	Exceeding Rs. 10 Crores
10%	15%	25%	37%	37%

Notes: The maximum rate of surcharge on tax payable on dividend income or capital gain referred to in Section 111A, Section 112, Section 112A or Section 115AD shall be 15%.

However, marginal relief is available from surcharge in following manner-

- e) in case where net income exceeds Rs. 50 lakh but doesn't exceed Rs. 1 Crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income tax on total income of Rs 50 Lakh by more than the amount of income that exceeds Rs 50 Lakhs.
- f) in case where net income exceeds Rs. 1 crore but doesn't exceed Rs. 2 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- g) in case where net income exceeds Rs. 2 crore but doesn't exceed Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs.2 crore by more than the amount of income that exceeds Rs. 2 crore.
- h) in case where net income exceeds Rs. 5 crore, marginal relief shall be available from surcharge in such a manner that the amount payable as income tax and surcharge shall not

exceed the total amount payable as income-tax on total income of Rs. 5 crore by more than the amount of income that exceeds Rs. 5 crore.

Health and Education Cess : Health and Education Cess is levied at the rate of 4% on the amount of income-tax plus surcharge.

AMT :

The assessee opting for this scheme have been kept out of the purview of Alternate Minimum Tax (AMT). Further the provision relating to the computation, carry forward and set off of AMT credit shall not apply to these assesseees.

Note: A resident individual (whose net income does not exceed Rs. 5,00,000) can avail rebate under section 87A. It is deductible from income-tax before calculating education cess. The amount of rebate is 100 per cent of income-tax or Rs. 12,500, whichever is less.

Conditions to be satisfied:

The option to pay tax at lower rates shall be available only if the total income of assessee is computed without claiming following exemptions or deductions:

- a) Leave Travel concession [Section 10(5)]
- b) House Rent Allowance [Section 10(13A)]
- c) Official and personal allowances (other than those as may be prescribed) [Section 10(14)]
- d) Allowances to MPs/MLAs [Section 10(17)]
- e) Allowances for income of minor [Section 10(32)]
- f) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- g) Standard Deduction [Section 16(ia)]
- h) Entertainment Allowance [Section 16(ii)]
- i) Professional Tax [Section 16(iii)]
- j) Interest on housing loan [Section 24(b)]
- k) Additional depreciation in respect of new plant and machinery [Section 32(1)(ia)];
- l) Deduction for investment in new plant and machinery in notified backward areas [Section 32AD];
- m) Deduction in respect of tea, coffee or rubber business [Section 33AB];
- n) Deduction in respect of business consisting of prospecting or extraction or production of petroleum or natural gas in India [Section 33ABA];
- o) Deduction for donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- p) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(ia)];
- q) Deduction for donation made to university, college, or other institution for doing research in

- r) Deduction for donation made for or expenditure on scientific research [Section 35(2AA)];
- s) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- t) Deduction for expenditure on agriculture extension project [Section 35CCC];
- u) Deduction for family Pension [Section 57(iia)]
- v) Deduction in respect of certain incomes other than specified under Section 80JAA, 80CCD(2) and deduction under section 80LA for Unit located in IFSC [Part C of Chapter VI-A].

Total income of the assessee is calculated after claiming depreciation under section 32, other than additional depreciation, and without adjusting brought forward losses and depreciation from any earlier year (if such loss or depreciation pertains to any deduction under the aforesaid sections). Further, loss under the head house property can't be set off against other heads of Income. Moreover, such loss and depreciation will not be carried forward.

If the assessee has any unabsorbed depreciation, relating to additional depreciation, which has not been given full effect, the corresponding adjustment shall be made to WDV of the block of assets in the prescribed manner

In case the assessee has business or professional income, this option shall be exercised on or before the due date for furnishing the returns of income. Once the assessee has exercised the option for any previous year, it cannot be subsequently withdrawn for the same or any other previous year. The option once exercised for any previous year can be withdrawn only once in subsequent previous year (other than the year in which it was exercised) and thereafter, he shall never be eligible to exercise this option again except where such person ceases to have any business income.

If assessee does not have business or professional income, the option must be exercised along with the return of income for every previous year. If an assessee, after opting for Section 115BAC, claims any of prescribed deduction or allowance in any previous year, then the option to pay tax at concessional rate shall become invalid for that year.

Normal tax rates applicable to a firm

A firm is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

AMT : In the case of a non-corporate taxpayers to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on —MAT/AMT in tutorial section.

Normal Tax rates applicable to a domestic company

Income-tax rates applicable in case of domestic companies for assessment year 2022-23 and 2023-24 are as follows:

<i>Domestic Company</i>		
	<i>Assessment Year 2022-23</i>	<i>Assessment Year 2023-24</i>
- Where its total turnover or gross receipt during the previous year 2019-20 does not exceed Rs. 400 crore	25%	NA
- Where its total turnover or gross receipt during the previous year 2020-21 does not exceed Rs. 400 crore	NA	25%
- Any other domestic company	30%	30%

Surcharge : In addition to tax at above rate, surcharge is levied @ 7% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 12% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

MAT : In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange. For provisions relating to MAT refer tutorial on —MAT/AMTII in tutorial section.

Special Tax rates applicable to a domestic company

The special Income-tax rates applicable in case of domestic companies for assessment year 2022-23 and 2023-24 are as follows:

<i>Domestic Company</i>		
	<i>Assessment Year 2022-23</i>	<i>Assessment Year 2023-24</i>
- Where it opted for Section 115BA	25%	25%
- Where it opted for Section 115BAA	22%	22%
- Where it opted for Section 115BAB	15%	15%

Surcharge : The rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income.

Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such

income-tax and surcharge.

MAT : The domestic company who has opted for special taxation regime under section 115BAA & 115BAB is exempted from provision of MAT. However, no exemption is available in case where section 115BA has been opted.

In that case, the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% (plus surcharge and cess as applicable) in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange. For provisions relating to MAT refer tutorial on —MAT/AMT‡ in tutorial section.

Normal tax rates applicable to a foreign company

A foreign company is taxed at a flat rate of 40%. Apart from tax @ 40%, Health and Education Cess is levied @ 4% of income-tax.

Surcharge : In addition to tax at above rate, surcharge is levied @ 2% on the amount of income-tax if net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore and @ 5% on the amount of income-tax if net income exceeds Rs. 10 crore. In a case where surcharge is levied, health and education cess of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a foreign company whose net income exceeds Rs. 1 crore but does not exceed Rs. 10 crore the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

In case of a foreign company whose net income exceeds Rs. 10 crore, marginal relief is available from surcharge in such a manner that the amount payable as income-tax and surcharge shall not exceed the total amount payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

MAT : In the case of a corporate taxpayer to whom the provisions of Minimum Alternate Tax (MAT) applies, tax payable cannot be less than 15% (+HEC) of "Book profit" as per section 115JB. However, as per Explanation 4 to section 115JB as amended by Finance Act, 2016 with retrospective effect from 1/4/2001, it is clarified that the MAT provisions shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if—

(i) the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section 90 or the Central Government has adopted any agreement under sub-section (1) of section 90A and the assessee does not have a permanent establishment in India in accordance with the provisions of such agreement; or [As amended by Finance Act, 2016]
(ii) the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) and the assessee is not required to seek registration under any law for the time being in force relating to companies. For provisions relating to MAT refer tutorial on —MAT/AMT‡ in tutorial section.

Normal tax rates applicable to a Co-operative societies

<i>Net income range</i>	<i>Rate of income-tax</i>
Up to Rs. 10,000	10%
Rs. 10,000 - Rs. 20,000	20%
Above Rs. 20,000	30%

Apart from tax at above rate, Health and Education Cess is levied @ 4% of income-tax.

Surcharge : Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore . In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

Note: From Assessment Year 2023-24 onwards, the rate of surcharge in the case of co-operative societies having income between 1 crore to 10 crores is reduced from 12% to 7%.

However, marginal relief is available from surcharge in such a manner that in the case of a person having a net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

Similarly, if the net income exceeds Rs. 10 crore, the amount payable as income-tax and surcharge shall not exceed the total income payable as income-tax and surcharge on total income of Rs. 10 crore by more than the amount of income that exceeds Rs. 10 crore.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on —MAT/AMT in tutorial section.

Special tax rates applicable to a Co-operative societies

The Finance Act, 2020 has inserted a new section 115BAD in Income-tax Act to provide an option to the co-operative societies to get taxed at the rate of 22% *plus* 10% surcharge and 4% cess. The resident co-operative societies have an option to opt for taxation under newly section 115BAD of the Act w.e.f. Assessment Year 2022-23. The option once exercised under this section cannot be subsequently withdrawn for the same or any other previous year.

If the new regime of Section 115BAD is opted by a co-operative society, its income shall be computed without providing for specified exemption, deduction or incentive available under the Act. The societies opting for this section have been kept out of the purview of Alternate Minimum Tax (AMT). Further, the provision relating to computation, carry forward and set- off of AMT credit shall not apply to these assesseees.

The option to pay tax at lower rates shall be available only if the total income of co- operative society is computed without claiming following exemptions or deductions:

- a) Deduction for units established in Special Economic Zones (SEZ) [Section 10AA];
- b) Additional depreciation in respect of new plant and machinery [Section 32(1)(ia)];
- c) Deduction for investment in new plant and machinery in notified backward areas [Section 32AD];
- d) Deduction in respect of tea, coffee or rubber business [Section 33AB];
- e) Deduction in respect of business consisting of prospecting or extraction or production of

- petroleum or natural gas in India [Section 33ABA];
- f) Deduction for donation made to approved scientific research association, university college or other institutes for doing scientific research which may or may not be related to business [Section 35(1)(ii)];
- g) Deduction for payment made to an Indian company for doing scientific research which may or may not be related to business [Section 35(1)(ia)];
- h) Deduction for donation made to university, college, or other institution for doing research in social science or statistical research [Section 35(1)(iii)];
- i) Deduction for donation made to National Laboratory or IITs, etc. for doing scientific research which may or may not be related to business [Section 35(2AA)];
- j) Deduction in respect of capital expenditure incurred in respect of certain specified businesses, i.e., cold chain facility, warehousing facility, etc. [Section 35AD];
- k) Deduction for expenditure on agriculture extension project [Section 35CCC];
- l) Deduction in respect of certain incomes other than specified under Section 80JJAA [Part C of Chapter VI-A].

Where a co-operative society exercises option for availing benefit of lower tax rate under section 115BAD, it shall not be allowed to claim set-off of any brought forward losses or depreciation attributable to any restricted exemption or deduction in the Assessment Year for which the option has been exercised and for any subsequent Assessment Year.

Normal tax rates applicable to local authorities

A local authority is taxed at a flat rate of 30%. Apart from tax @ 30%, Health and Education Cess is levied @ 4% of income-tax.

Surcharge : Surcharge is levied @ 12% on the amount of income-tax where net income exceeds Rs. 1 crore. In a case where surcharge is levied, HEC of 4% will be levied on the amount of income-tax plus surcharge.

However, marginal relief is available from surcharge in such a manner that in the case of a person having net income exceeding Rs. 1 crore, the amount payable as income tax and surcharge shall not exceed the total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.

AMT : In the case of a non-corporate taxpayer to whom the provisions of Alternate Minimum Tax (AMT) applies, tax payable cannot be less than 18.5% (+SC+HEC) of "adjusted total income" computed as per section 115JC. For provisions relating to AMT refer tutorial on —MAT/AMT in tutorial section.

However, w.e.f. Assessment Year 2019-20, In case of a unit located in an IFSC which derives its income solely in convertible foreign exchange, the rate of AMT under section 115JF shall be at the rate of 9% instead of existing rate of 18.50%.

Note: This information is provided for the benefit of students, who are attempting Taxation subject of M.Com Final Year for the Academic Year 2024-25. Students are required to read the Taxation books of AY 2024-25 to get the detailed information.

2. Rules Assessment Year 2024-25 is applicable those who are writing Exams in the months of April/May 2025.

