

Contents

	PAGE
◆ <i>A few words from the authors</i>	I-5
◆ <i>About the authors</i>	I-7
◆ <i>Section-wise Index</i>	I-23
◆ <i>Amendments at a glance effected by the Finance (No. 2) Act, 2019</i>	I-29
◆ <i>Gist of relevant Circulars, Clarifications and Notifications issued during January 1, 2003 to June 2019</i>	I-72
◆ <i>Gist of landmark rulings of Supreme Court/High Courts [2003 - June 2019]</i>	I-421
1 Basic concepts	
1. Assessment year	1
2. Previous year	1
3. Person	5
4. Assessee	6
5. Charge of income-tax	6
6. Income	7
7. Gross total income	17
8. Total income and tax liability	21
9. Agricultural income	29
10. Difference between exemption and deduction	29
11. Assessment	29
12. Definition of "manufacture"	30
13. Capital asset	30
14. Company	30
15. Fair market value	30
16. Capital receipts vs. Revenue receipts	30
17. Capital expenditure vs. Revenue expenditure	36
18. Method of accounting	37
19. Definitions of amalgamation, demerger, infrastructure capital company and infrastructure capital fund	38
20. Rules of interpretation	38
2 Residential status and tax incidence	
22. What is relevance of residential status	53
23. Residential status - General norms	53
24. Residential status of an individual	54
25. Residential status of a Hindu undivided family	59
26. Residential status of the firm and association of persons	61
27. Residential status of a company	61
28. Residential status of "every other person"	66
29. Relation between residential status and incidence of tax	66
30. Receipt of income	68
31. Accrual of income	71
32. Income deemed to accrue or arise in India	74

	PAGE
32A. Fund Managers in India not to constitute business connection of offshore funds	91
33. Hints for tax planning in respect of residential status	93
34. Problems on residential status and tax incidence	93

3

Incomes exempt from tax

38. Incomes exempt under section 10	97
39. Special provisions in respect of newly established undertakings in free trade zone, etc.	125
39A. Special provisions in respect of newly established units in Special Economic Zone	125
40. Special provisions in respect of newly established hundred per cent export-oriented undertakings	129
42. Special provision in respect of export of artistic hand-made wooden articles	129
43. Income exempt under section 13A	129
44. Exemption to Electoral Trust	130

4

Salaries

46. Essential norms of salary income	131
47. Basis of charge	133
48. Place of accrual of salary income	134
49. Tax treatment of different forms of salary income	135
50. Allowance	153
51. Perquisites	160
52. Valuation of perquisites	164
53. Deduction from salary income	190
54. Tax on salary of non-resident technicians	190
55. Salaries of other foreign citizens	190
56. Employees' provident fund	191
57. Approved superannuation fund	194
58. Approved gratuity fund	194
59. Deduction under section 80C	194
60. Relief under section 89	195
61. Meaning of salary for different computations	198
62. Hints for tax planning	200
63. Problems on salary income	201
Annex 1 : Frequently Asked Questions (FAQs) about computation of salary income	212

5

Income from house property

86. Chargeability	213
87. Applicability of section 22 in certain typical situations	218
88. Principle of mutuality <i>vis-a-vis</i> section 22	220
89. Property income exempt from tax	221
90. Computation of income from a let out house property	221
91. Computation of income from self-occupied property	230
92. Special provisions when unrealised rent is realised subsequently	236
93. Mode of taxation of arrears of rent in the year of receipt	237

	PAGE
94. Hints for tax planning	237
95. Problems on computation of property income	238
App. Frequently Asked Questions (FAQs) about mode of computation of annual value	251

6

Profits and gains of business or profession

101. Chargeability	255
102. General principles governing assessment of business income	268
103. Method of accounting	274
104. Scheme of deductions and allowances	275
105. Basic principles governing admissibility of deduction under sections 30 to 44DB	275
106. Deductions expressly allowed in respect of expenses/allowances	277
107. Rent, rates, taxes, repairs and insurance of building	277
108. Repairs and insurance of machinery, plant and furniture	278
109. Depreciation	279
110. Investment allowance for acquisition and installation of new plant and machinery	322
110A. Investment allowance in backward area in Andhra Pradesh, Bihar, Telangana or West Bengal	322
111. Tea/coffee/rubber development account	323
112. Site restoration fund	326
113. Reserves for shipping business	327
114. Expenditure on scientific research	327
115. Expenditure on acquisition of patent rights, copyrights, know-how	337
116. Expenditure for obtaining right to use spectrum for telecommunication services	337
117. Amortization of telecom licence fees	338
118. Expenditure on eligible projects or scheme	340
119. Deduction in respect of expenditure on specified business	341
120. Payment to the associations and institutions carrying out rural development programmes	345
120A. Weighted deduction for expenditure incurred on agricultural extension project	346
120B. Weighted deduction for expenditure for skill development	346
121. Amortisation of preliminary expenses	347
121A. Amortisation of expenditure in the case of amalgamation/demerger	350
121B. Amortisation of expenditure under voluntary retirement scheme	351
122. Amortisation of expenditure on prospecting, etc., for development of certain minerals	351
123. Insurance premium	354
124. Insurance premium paid by a federal milk co-operative society	354
125. Insurance premium on health of employees	354
126. Bonus or commission to employees	354
127. Interest on borrowed capital	355
127A. Discount on zero coupon bonds	358
128. Employer's contribution to recognised provident fund and approved superannuation fund	359
128A. Employer's contribution to notified pension scheme	360
129. Contribution towards approved gratuity fund	360
130. Employees' contribution towards staff welfare schemes	361
131. Write off allowance for animals	361
132. Bad debts	361
133. Provision for bad and doubtful debts relating to rural branches of commercial banks	365

	PAGE
134. Transfer to special reserve	368
135. Family planning expenditure	370
136. Contribution towards Exchange Risk Administration Fund	371
137. Revenue expenditure incurred by entities established under any Central, State or Provincial Act	371
137A. Contribution to credit guarantee trust fund	371
137B. Commodities transaction tax/Securities transaction tax	371
138. Expenditure for purchase of sugarcane by a co-operative society engaged in sugar manufacturing	371
138A. Marked to market loss	372
139. Expenditure on advertisement	372
140. Expenses deductible from commission earned by life insurance agents, UTI agents, post office/Government securities agents and agents of notified mutual funds	373
141. General deduction	374
142. Amounts expressly disallowed under the Act	431
143. Amount not deductible under section 40(a)	432
144. Amount not deductible in the case of partnership firm	442
145. Amounts not deductible in the case of an association of persons and body of individuals	442
146. Amount not deductible under section 40(c)/(d)	442
147. Payments to relative	442
148. Payments exceeding Rs. 10,000 paid otherwise than by account payee cheques or bank drafts	445
149. Expenditure on payment of salary or perquisite to employees	449
150. Fees for services payable to a former employee	449
151. Provision for payment of gratuity	449
152. Interest on public deposit	450
153. Restriction on contributions by employers to non-statutory funds	450
154. Disallowance of marked to market loss	451
155. Disallowance of unpaid liability	451
156. Deemed profit	461
157. Income from undisclosed sources	465
158. Maintenance of accounts by certain persons	467
159. Audit of accounts of certain persons	469
160. Special provisions consequential to changes in the rate of exchange of currency	471
161. Special provision for deduction in the case of trade, professional or similar associations	473
162. Special provisions	473
163. Valuation of stock	496
164. Hints for tax planning	501
165. Problems on computation of income from business/profession	506

7

Capital gains

166. Chargeability	516
167. Meaning of capital asset	516
168. Types of capital assets	520
169. Transfer of capital asset	523
170. Computation of capital gain	535
171. Full value of consideration	538
172. Expenditure on transfer	540

	PAGE
173. Cost of acquisition	541
174. Cost of improvement	554
175. Indexed cost of acquisition and indexed cost of improvement	556
176. Computation of capital gain in certain special cases	560
177. Reference to Valuation Officer	589
178. Capital gains exempt from tax	590
179. Capital gains arising from transfer of residential house	591
180. Capital gains arising from the transfer of land used for agricultural purpose	597
181. Capital gains on compulsory acquisition of land and buildings forming part of industrial undertaking	599
182. Capital gain not to be charged on investment in certain bonds	600
182A. Capital gain not to be charged on investment in units of a specified fund	603
183. Capital gains on transfer of a long-term capital asset other than a house property	604
184. Capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area	610
185. Exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area to any Special Economic Zone	612
185A. Capital gain on transfer of residential property	613
185B. Extension of time-limit for acquiring new asset	617
186. Short-term/long-term capital gains - How charged to tax	618
187. Hints for tax planning	634
188. Problems on computation of capital gains	636

8

Income from other sources

191. Basis of charge	644
192. Relevance of method of accounting	647
193. Dividend	647
194. Winnings from lotteries, crossword puzzles, horse races and card games, etc.	659
195. Sum received from employees as their contribution towards staff welfare schemes	660
196. Interest on securities	660
197. Income from machinery, plant or furniture let on hire	664
198. Income from composite letting of building, machinery, plant or furniture	664
199. Money/property is received without consideration or for inadequate consideration	666
200. Share premium in excess of fair market value	675
201. Advance money received in course of negotiations for transfer of a capital asset	678
201A. Compensation on termination of employment or modification of terms of employment	679
202. Interest on KVP, IVP, NSC, etc.	679
203. Deductions	680
204. Other points	682
205. Problems on computation of income from other sources	683

9

Income of other persons included in assessee's total income

206. Transfer of income without transfer of assets	689
207. Revocable transfer of assets	689
208. When an individual is assessable in respect of remuneration of spouse	690
209. When an individual is assessable in respect of income from assets transferred to spouse	693

	PAGE
210. When individual is assessable in respect of income from assets transferred to son's wife	697
211. When individual is assessable in respect of income from assets transferred to a person for the benefit of spouse	698
212. When an individual is assessable in respect of income from assets transferred to a person for the benefit of son's wife	699
213. Income of minor child	699
214. Conversion of self-acquired property into joint family property and subsequent partition	701
215. Other profits	702
216. Recovery of tax	702
217. Hints for tax planning	703
218. Problems explaining clubbing provisions	704

10

Set off and carry forward of losses

226. Mode of set off and carry forward - The three steps	709
227. Inter-source adjustment - How made	709
228. Inter-head adjustment - How made	710
229. Carry forward of loss	712
230. Loss of partnership firms	726
231. Loss of closely held companies	726
232. Carry forward and set off of loss and depreciation - When permissible in the hands of amalgamated and demerged company or co-operative bank	726
233. Problems illustrating the provisions of set off and carry forward of losses	727

11

Deductions from gross total income and tax liability

234. Essential rules governing deductions	731
235. Deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.	732
235A. Deduction in respect of deposit under National Savings Scheme	740
236. Equity Linked Savings Scheme	741
237. Deduction in respect of pension fund	742
237A. Deduction in respect of contribution to a National Pension System (NPS)	742
237B. Deduction in respect of subscription to long-term infrastructure bonds - When available under section 80CCF	745
237C. Deduction in respect of investment made under any equity saving scheme	745
238. Deduction in respect of medical insurance premia	746
239. Deduction in respect of maintenance including medical treatment of a dependent being a person with disability - When and to what extent available	749
240. Deduction in respect of medical treatment, etc.	750
241. Deduction in respect of payment of interest on loan taken for higher studies	753
241A. Deduction in respect of interest on loan taken for residential house property	754
241B. Deduction in respect of interest on loan taken for certain house property	754
241C. Deduction in respect of interest on loan taken for purchase of electric vehicle	755
242. Deduction in respect of donation to certain funds, charitable institutions, etc.	755
243. Deduction in respect of rent paid	762
244. Deduction in respect of certain donations for scientific research or rural development	763
245. Deduction in respect of contributions given by companies to political parties or electoral trust	764

	PAGE
246. Deduction in respect of contributions given by any person to political parties or electoral trust	764
247. Deduction in respect of profits and gains from projects outside India	765
248. Deduction in respect of profits and gains from housing projects aided by World Bank	765
249. Tax incentives for exports	765
250. Deduction in respect of earnings in convertible foreign exchange	765
251. Deduction in respect of profit from export of computer software	765
252. Deduction in respect of profits and gains from export or transfer of films software	765
253. Deduction in respect of profits and gains from industrial undertaking or enterprises engaged in infrastructure development etc. - How to find out	765
253A. Deductions in respect of profits and gains by an undertaking or enterprise engaged in development of Special Economic Zone	778
253B. Deduction in respect of eligible start-up	779
254. Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings - How to avail	780
254A. Deduction in respect of profits from housing projects	801
255. Deduction in respect of profits and gains of certain undertakings in certain special category of States - How to find out	803
255A. Deduction in the case of hotels and convention centre in NCR	806
255B. Deduction in respect of certain undertakings in North-Eastern States	807
256. Deduction in respect of profits and gains from the business of collecting and processing of bio-degradable waste	808
257. Deduction in respect of employment of new employees	808
258. Deduction in respect of interest on certain securities, investments, etc.	811
259. Deduction in respect of certain income of Offshore Banking Units and International Financial Services Centre	811
260. Deduction in respect of royalties from certain foreign enterprises	811
261. Deduction in respect of income of a co-operative society	812
262. Deduction in respect of certain income of producer companies	812
263. Deduction in respect of royalty income of authors	812
264. Deduction in respect of remuneration or professional income from certain foreign sources	814
265. Deduction in respect of royalty on patents	814
266. Deduction in respect of interest on deposits in savings accounts	815
267. Deduction in respect of interest on deposits in case of senior citizens	816
268. Deduction in case of a person with disability	816
269. Deductions from tax liability	817
270. Rebate for resident individuals	818

12

Agricultural income

278. Definition	819
279. Income which is partly agricultural and partly from business	825
280. Partially integrated taxation of non-agricultural income with income derived from agriculture	827
281. Computation of net agricultural income	828

13

Typical problems on assessment of individuals

285. Tax incidence on individuals	836
286. Taxable income - How computed	836

	PAGE
287. Tax liability	837
288. Problems on computation of taxable income	841

14**Tax treatment of Hindu undivided families**

295. Meaning of Hindu undivided family	851
296. Hindu coparcenary	851
297. Different schools of Hindu law	851
298. Jain and Sikh families	852
299. Assessment as Hindu undivided family - Basic conditions	852
300. Taxable income - How to compute	853
301. Rates of tax	855
302. Partition of a Hindu undivided family	855
303. Problems on Hindu undivided families	857

15**Special provisions governing assessment of firms and association of persons**

313. Meaning of partnership	864
314. Scheme of taxation of firms	864
315. When remuneration/interest is deductible	864
316. What are the conditions a firm should fulfil under section 184	865
317. What are the conditions for claiming deduction of remuneration to partners under section 40(b)	866
318. What are the conditions for claiming deduction of interest to partners under section 40(b)	872
319. Carry forward and set-off of loss in the case of change in the constitution of firm	873
320. Computation of income of firm	876
321. Computation of tax of firm	878
322. Assessment of partners of a firm	885
323. How to compute income of an association of persons (AOP) or body of individuals (BOI)	888
324. Computation of income of an AOP/BOI	890
325. Computation of tax of AOP or BOI	890
326. Assessment of member of AOP/BOI	892
327. Hints for tax planning	898
328. Problems on computation of taxable income of firms/partners and association of persons	905

16**Taxation of companies**

333. Definitions	912
334. Taxable income and tax liability - How computed	914
335. Carry forward and set-off of losses in the cases of certain companies	917
336. Minimum alternate tax	919
337. Tax on distributed profits of domestic companies	941
337A. Tax on income distributed to unitholders	946
337B. Tax on income received from venture capital companies and venture capital funds	947

	PAGE
337C. Additional income-tax on distributed income by company for buy-back of unlisted shares	948
338. Problems on computation of taxable income of a corporate-assessee	949

17 Assessment of co-operative societies

339. Meaning of co-operative society	973
340. Taxable income and tax liability - How computed	973
341. Deduction in respect of income of co-operative societies	974
342. Problems on computation of income of a co-operative society	982

18 Assessment of charitable and other trusts

343. Meaning of trust	984
344. Tax exemption	984
345. Charitable purpose	984
346. Essential conditions for exemption	988
347. How to find out exemption u/s 11	993
348. Accumulation of income	1001
349. Forfeiture of exemption	1002
350. Public charitable/religious trust - How chargeable to tax	1012
351. Private discretionary trust	1014
352. Income from property held under trust partly for religious purposes and partly for other purposes	1015
352A. Oral trust	1016
352B. Tax on distributed income by securitization trusts	1017
352C. Special provisions pertaining to business trust	1018
352D. Pass through status to Category I and Category II Alternative Investment Funds	1021

19 Return of income and assessment

353. Voluntary return	1025
354. Return of loss	1028
355. Extension of time	1029
356. Belated return	1029
357. Revised return	1030
358. Defective or incomplete return	1031
359. Scheme to facilitate submission of returns through Tax Return Preparers	1034
359A. Power of Board to dispense with furnishing of documents	1034
359B. Filing of return in electronic form	1034
360. Return by whom to be verified	1034
361. Permanent Account Number (PAN)	1035
361A. Quoting of Aadhaar number	1039
362. What is self-assessment	1040
363. Inquiry before assessment	1042
364. Summary assessment without calling the assessee	1046
365. Assessment in response to notice under section 143(2)	1048
366. Best judgment assessment	1054

	PAGE
366A. Reference to dispute resolution panel	1056
367. Reassessment	1058
368. Issue of notice for reassessment	1067
369. What are the provisions regarding rectification of mistake	1076
370. Time limit for completion of assessments/reassessments	1080
371. Provisions of section 155	1086
372. Problems on return of income and assessment	1087
372A. Obligation to furnish annual information return pertaining to financial transactions	1091
372B. Submission of statement by a non-resident having liaison office in India	1093
372C. Furnishing of information or document by an Indian concern	1093

20 Penalties and prosecutions

373. Penalties for defaults in brief	1094
374. Penalty for concealment/under-reporting of Income	1104
375. Who can levy penalty	1130
376. Power of Commissioner to reduce or waive penalty	1131
377. Procedure for imposition of penalty	1135
378. Time-limit for completion of penalty proceedings	1136
379. Offences and prosecutions	1138
380. Onus of proof	1142

21 Advance payment of tax

381. Income liable for advance tax	1144
382. Advance tax liability - Under different situations	1144
383. Interest payable by the assessee or Government	1146
384. Problems illustrating advance tax provisions	1146

22 Interest

385. Interest payable by the assessee	1148
386. Interest payable to assessee	1163
387. Procedure to be followed in calculation of interest	1168
388. Waiver or reduction of interest under sections 234A, 234B and 234C	1168
389. Chief Commissioner/Director General (Investigation) to reduce penal interest in certain cases	1168
390. Power of CBDT and Settlement Commission to reduce/waive interest	1169
391. Writ petition	1169
392. Problems illustrating computation of interest	1169

23 Tax deduction or collection at source

404. Scheme of tax deduction at source	1178
405. Deduction of tax from salaries	1181
405A. Tax deduction at source from withdrawal from employees provident fund scheme	1186
406. Deduction of tax at source from interest on securities	1189
407. Deduction of tax at source from dividends	1190

	PAGE
408. Deduction of tax at source from interest other than interest on securities	1191
409. Deduction of tax at source from winnings from lotteries or crossword puzzles	1195
410. Deduction of tax at source from winnings from horse races	1196
411. Deduction of tax at source from payments to contractors or sub-contractors	1196
412. Deduction of tax at source from insurance commission	1202
412A. Tax deduction from payment of life insurance policy	1203
413. Payment to non-resident sportsman or sports association	1204
414. Deduction of tax from payments in respect of National Savings Scheme	1204
415. Deduction of tax at source on payments on account of repurchase of units by Mutual Funds or UTI	1205
416. Deduction of tax from commission, etc., on sale of lottery tickets	1205
417. Deduction of tax at source from commission or brokerage	1205
418. Deduction of tax at source from income by way of rent	1208
418A. Tax deduction at source on purchase of immovable property	1212
418B. Tax deduction from payment of rent by certain individuals/HUFs	1212
418C. Tax deduction from payment under joint development agreement	1213
419. Tax deduction at source on fees for professional or technical services, royalty or directors fees	1213
420. Tax deduction from payment of compensation in certain cases	1217
420A. Deduction of tax at source from interest payable on infrastructure debt fund	1218
420AA. Tax deduction from income from units of business trust	1219
420AB. Tax deduction from income in respect of units of investment fund	1219
420ABB. Tax deduction from income in respect of investment in Securitization fund	1220
420B. Tax deduction by an Indian specified company or business trust from interest to a non-resident/foreign company	1220
420C. Tax deduction at source on interest on bonds/Government securities	1221
420D. TDS on certain payments by individual/HUF	1222
420E. TDS on payments of certain amounts in cash	1223
421. Deduction of tax at source from other sums	1224
422. Tax deduction from any income payable to non-resident unit-holders of Mutual Fund	1230
423. Deduction of tax at source in respect of units referred to in section 115AB	1230
424. Deduction of tax from income or long-term capital gain from foreign currency bonds/Global Depository Receipts	1230
425. Deduction of tax at source from income of Foreign Institutional Investors from securities	1230
426. Payment without tax deduction or with deduction at lower rate	1231
427. Time of tax deposit, annual reports, etc.	1235
428. Other points for consideration	1237
429. Tax collection at source	1246

24

Refund of excess payments

430. Right to claim refund - When arises	1253
431. Who can claim refund	1253
432. How to claim refund	1253
433. Other points	1254

25

Appeals and revisions

435. Meaning of appeal	1256
-------------------------------	------

	PAGE
436. Appellate hierarchy	1256
437. Appeal to the Commissioner (Appeals)	1257
438. Revision by the Commissioner of Income-tax	1268
439. Appeal to the Appellate Tribunal	1275
440. Appeal to High Court	1286
441. Appeal to the Supreme Court	1292
442. Provision for avoiding repetitive appeals	1293
443. Procedure for appeal by revenue when an identical question of law is pending before Supreme Court	1293
444. Consequence of non-filing of appeal in respect of cases where the tax effect is less than the prescribed monetary limit	1294

26

Income-tax authorities

445. Tax authorities	1296
446. Central Board of Direct Taxes	1296

27

Settlement of cases

457. Introduction	1299
458. Meaning of case	1299
459. Settlement Commission	1300
460. Application for settlement of cases	1300
461. Procedure on receipt of application under section 245C	1303
462. Power of Settlement Commission to order provisional attachment to protect revenue	1306
463. Power of Settlement Commission to reopen completed proceedings	1307
464. Powers and procedure of Settlement Commission	1307
465. Inspection, etc., of reports	1308
466. Powers of Settlement Commission to grant immunity from prosecution, etc.	1308
467. Abatement of proceeding before Settlement Commission	1309
468. Order of settlement to be conclusive	1310
469. Other points	1310

28

Special measures in respect of transactions with persons located in notified jurisdictional area

471. Special measures in respect of certain transactions	1312
472. Notified jurisdictional area	1312
473. Applicability of transfer pricing provisions	1312
474. Disallowance of payment to financial institutions located in notified jurisdictional area	1313
475. Disallowance of other expenditure	1313
476. Amount received to be treated as income in some cases	1313
477. TDS at higher rate	1313
478. Provisions illustrated	1313

	PAGE
29	General Anti-avoidance Rule
480.	Applicability of general anti-avoidance rule 1316
481.	Impermissible avoidance arrangement 1316
482.	Procedure for invoking GAAR 1318
483.	Clarifications given by Board 1318
30	Advance ruling for non-residents
486.	Advance ruling 1320
487.	Procedure for filing application 1321
488.	Procedure on receipt of application 1323
489.	Applicability of advance ruling 1325
490.	Advance ruling to be void in certain circumstances 1325
491.	Powers of authority 1326
491A.	Authority for advance rulings 1326
31	Search, seizure and assessment
492.	Powers regarding discovery, production of evidence, etc. 1328
493.	Search and seizure 1329
494.	Requisitioning of books of account, etc. 1337
495.	Application of assets seized or requisitioned 1338
496.	Power to call for information 1339
497.	Power of survey 1340
498.	Power to collect certain information 1343
498A.	Power to call for information by prescribed income-tax authority 1343
499.	Scheme of assessment in case of search or requisition 1344
500.	Prior approval in the case of search 1350
32	Transfer pricing
506.	Taxation of international transaction 1351
507.	Computation of the arm's length price 1355
508.	Arm's length price - Computation of 1356
509.	Computation of arm's length price in cases where more than one price is determined under most appropriate method 1363
510.	Reference to transfer pricing officer 1373
510A.	Power of Board to make Safe Harbour Rules 1377
511.	Maintenance of books of account and furnishing of report in respect of international group 1379
512.	Report from accountant 1384
513.	Specified domestic transactions 1384
514.	Advance Pricing Agreement (APA) 1385
514A.	Secondary adjustment in certain international transactions 1387

	PAGE
514B. Provisions pertaining to thin capitalisation	1389
514C. Important judicial rulings	1392

33 Business restructuring

515. Restructuring business	1393
516. Amalgamation	1393
517. Demerger	1401
518. Conversion of sole proprietary business into company	1411
519. Conversion of firm into company	1412
520. Slump sale	1414
521. Transfer of assets between holding and subsidiary companies	1420
522. Amalgamation or demerger of co-operative banks	1425
523. Conversion of private company/unlisted public company into Limited Liability Partnership (LLP)	1427

34 Tax planning

525. Tax planning	1432
526. Tax planning with reference to setting up of a new business	1434
527. Tax planning with reference to financial management decisions	1436
528. Tax planning with reference to specific managerial decisions	1437
529. Tax planning in respect of employees' remuneration	1441
530. Tax planning in respect of non-residents	1443
531. Tax planning in respect of amalgamation or demerger of companies or business restructuring	1448

35 Miscellaneous

532. Introduction of Tonnage Tax	1449
533. Securities Transaction Tax	1452
534. Tax clearance certificate	1454
535. What is equalisation levy	1455
537. Income-tax on fringe benefit	1457
538. Commodities transaction tax	1457
540. Facility for electronic communication	1457
541. Introduction of Document Identification Number	1457
542. Power to withdraw approvals	1458
543. Restriction on cash transactions	1458

ANNEXURES

1. Tax rates	1461
2. Rates of depreciation	1485
3. The Eleventh Schedule, Thirteenth Schedule, Fourteenth Schedule/ Investment ceiling in the case of small scale industrial undertaking	1492
4. Notified backward districts	1499
5. Case studies	1501