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CA|CMA FINAL

## DIRECT TAX AND INTERNATIONAL TAXATION

CA Rahul Satija

Applicable for November 24 Attempt and Onwards

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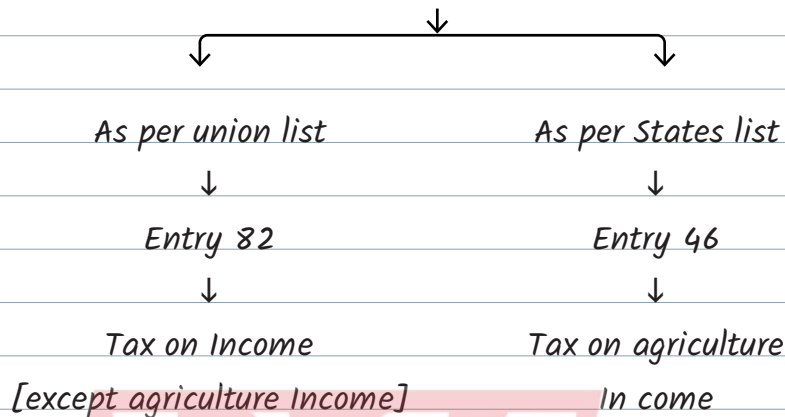
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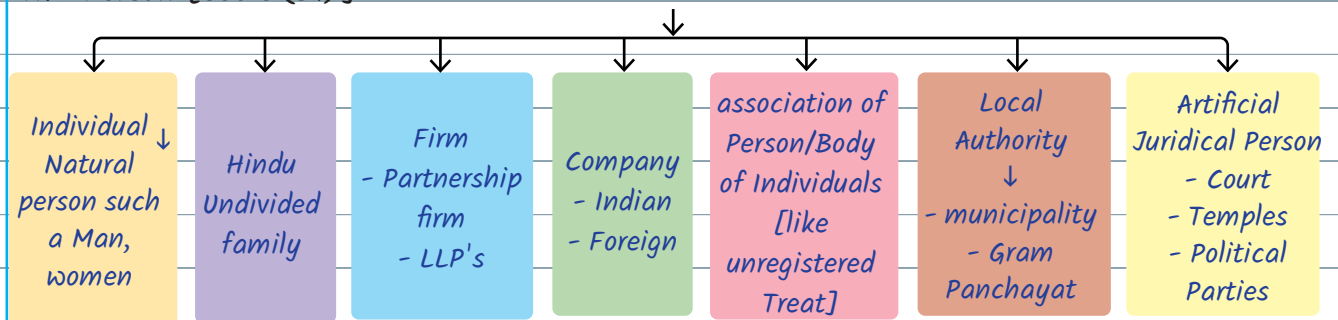
**Part I Overview of Direct Taxes**

1. Taxes means unilateral payment in the form of compulsory finance charge to Govt & Direct Taxes means taxes on Income on the person who earns such income.
2. Constitutional Right to Tax



3. Source of Income Tax laws
  1. Income Tax Act 1961.
  2. Income Tax Rules, 1962
  3. Annual finance Act,
  4. Circulars by CBDT (Binding to AO)
  5. Notifications by CBDT [due date extension, forms]
  6. Supreme Court, High Court Judgments

4. Basic Definition
  - A. Person [sec 2(31)]





B. Assessee

It means any person who is liable to pay any tax or any other sum under IT Act, 1961. It includes person in respect of which any proceeding initiated, deemed assessee or assessee in default.

C. Assessment Year.

Year of tax payment, starting from 1 April to 31 March following the Previous year.

D. Previous year.

year in which income is earned is previous Year. It is preceding to Assessment Year. It generally starts with 1st April & ends with 31st March. But in case of new established business, PY will commence from date of establishment of such business

E. Certain cases where income is taxed in Previous Year Itself.

1. Shipping Business of Non Resident
2. Income of person leaving for long duration without any intention of returning (marriage)
3. AOP / BOI / AJP formed for particular event / purpose
4. person trying to escape taxes by transferring assets.
5. Income of discontinued Business

5. Steps to Calculate Total Income.

	PY xx	AY xx
Particulars	₹	₹
Income from Salary.	xx	
Income from House Property	xx	
Income from Business & profession.	xx	
Income from Capital Gain	xx	
Income from other forces	xx	
Clubbing of Income		
Set off & Carry forward of loss		
gross total Income	xx	xx
(-) Deduction U/C VI A	(xx)	
Net Total Income / Total Income	xx	xx

## Basics, Normal Tax Rates, Alternate Tax Regimes & Special Tax Rates

Tax payable on such Income	xx
Add Surcharge [on Tax payable]	xx
Add Health & Education cess [4% of Tax + Sc]	xx
Total Tax liability	xx
(-) TDs/TCS Credit	(xx)
(-) Advance Tax	(xx)
(-) Relief U/S 89/90/91	(xx)
Net Tax payable / Refundable.	xx

This rounded off to nearest 10

### Part 2 General Tax Rates for Assessment Year 2024-25

1. for Individual, Huf, AOP, BOI, Artificial Juridical Person

(Resident or Non Resident]

If Total Income (NTI)	Rate
Upto ₹ 2,50,000 (Basic exemption limit)	Nil
from ₹ 2,50,000 upto ₹ 5,00,000	5%
from ₹ 5,00,000 upto ₹ 10,00,000	20%
above ₹ 10,00,000	30%

2. for Senior citizen who is 60 years of age but less than 80 years.

[Birthday on 1 April 2024. means 60 age completed on 31 march ] [only Resident]

If total income (NTI)	Rate
Upto ₹ 3,00,000 (Basic exemption limit)	Nil
from ₹ 5,00,000	5%
upto ₹ 10, 00, 000	20%
above ₹ 10,00,000	30%

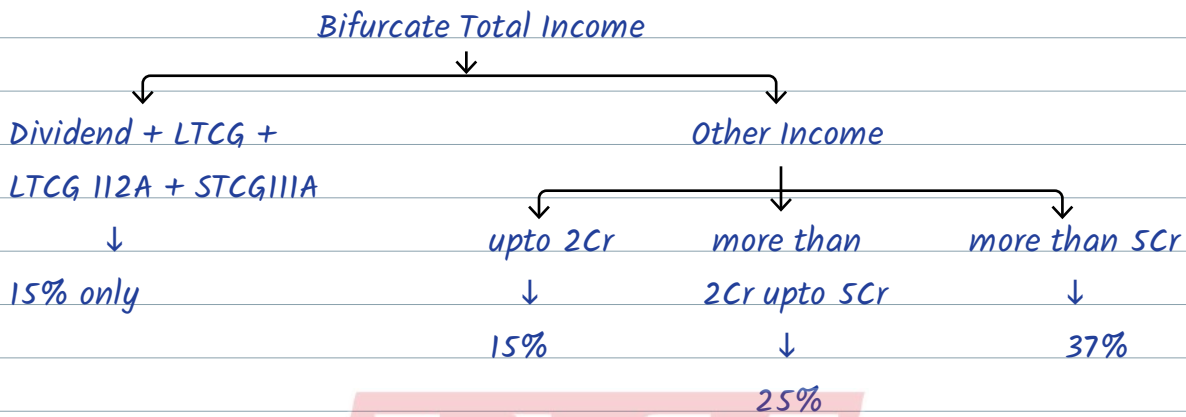
3. Senior Citizen of 80 years of age or above [Resident]

If Total Income (NTI)	Rate
Upto ₹ 5,00,000 (Basic exemption limit)	Nil
From ₹ 5,00,000 upto ₹ 10,00,000	20%
Above ₹ 10,00,000	30%

Common Point for 1,2,3

Surcharge for Assessee being Individual, HUF, AOP, BOT, AJP

S NO.	Total Income	Surcharge
(i)	Total Income upto & so lacks	Nil
(ii)	Total Income more than 50 lakh upto 1 crores.	10%
(iii)	Total Income more than 1 crores upto 2 crores.	15%
(iv)	Total Income more than 2Cr. upto 5 Crore.	15% 37%
(v)	Total Income is more than 5 crore	



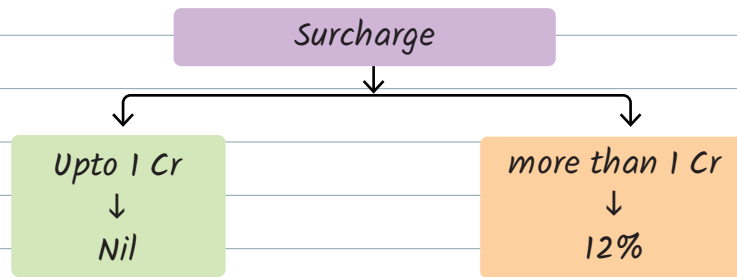
**Crux:-** Once Total Income of 2 Cr is crossed remove dividend, LTCG 112A, LTCG STCG III A & then check whether exceeds 2 Cr or 5 Cr limit]

Example

Mr. Rahul

Case	CG & Dividend Income	Other Income	Total Income	Surcharge Rate on Tax on CG & Dividend	Surcharge Rate on Tax on other Income
1.	15 Lacs	25 Lacs	40 lacs	-	-
2.	45 Lacs	50 Lacs	95 lacs	10%	10%
3.	55 Lacs	65 Lacs	120 lacs	15%	15%
4.	2.3 Cr	25 Lacs	2.55 Cr	15%	15%
5.	1 Cr	2.6 Cr	3.6 Cr	15%	25%
6.	4 Cr	3 Cr	7 Cr	15%	25%
7.	4 CR	6 Cr	10 Cr	15%	37%
8.	10 Cr	10 Cr	20 Cr	15%	37%

4. firm / Local Authority / LLP  
Flat Rate = 30%



5. Company
- |   |     |
|---|-----|
| a. Domestic company [having Turnover of PY 2021-21 upto 400 Cr] | 25% |
| b. Domestic company other than above                            | 30% |
| c. Foreign company  | 40% |

Surcharge in case of Company

	Domestic co	foreign co.
Total Income > 1 Crore upto 10 Cr	7%	2%
Total Income > 10 Crores	12%	5%

6. Cooperative Society

Total Income	Tax Rate
Upto 10,000	10%
> 10,000 upto 20,000	20%
> 20,000	30%

Surcharge

Total Income > 1 crore upto 10 Cr	7 %
Total Income > 10 crores.	12 %

7. In all cases Health & education less @ 4%. shall be added to Tax including Surcharge.

Example Mr. Rahul Age 30. Total income for PY 2023-24 in as follows

- |                            |          |
|----------------------------|----------|
| i) Capital Gain U/S 112A   | 1.2Cr    |
| ii) Capital Gain U/S 112   | 40 lakhs |
| iii) Capital Gain U/S 111A | 3 Cr     |
| iv) Dividend Income        | 20 lakhs |
| v) Other Income            | 3 Crores |



computation of Tax liability for AY 2024-25 [ Normal Provision]

Solution :-

Particular	Tax Rate	Income	Tax
LTCG 112A	10 %	1.2 Cr	11,90,000
LTCG 112	20 %	40L	8,00,000
STCG 111A	15 %	3 Cr	45,00,000
Other Income [3 Cr + 20 L]	slab Rate	3.2 Cr	94,12,500
		7.8 Cr	
	Total Tax		1,59,02,500

Surcharge @ 15% on LTCG/STCG

$[11,90,000 + 8,00,000 + 45,00,000] \times 15\%$  9,73,500

Surcharge @ 15% on Dividend Income

$588281 \times 15\%$  88242

$[201/3.2Cr \times 94,12,500]$

Surcharge @ 25% On Balance Income 22,06,054

$88,24,219 \times 25\%$

$[9412500 - 588281]$

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1,91,70,296

Add education Cess @ 4%

7,66,812

Net Tax liability

1,99,37,107

Or

1,99,37,110

Marginal Relief in Surcharge.

1. This relief is given in case where there is significant rise to total taxes due change

In surcharge Bracket with little increase in Income.

Eg. person earning 4.99 Cr pays 25% Surcharge

person earning 5.01 Cr Pays 37% Surcharge

2. calculation of Marginal Relief

Step 1: Calculate Tax on Original Total Income [without cess]

Step 2: Calculate Tax on

• ₹ 50 lacs/1 cr./2 cr./5 cr. [Individual etc.]

• ₹ 1 cr. [Firm etc.]

• ₹ 1 cr./10 cr. [Company]

as per case [without Case]

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