Chapter 1: Income Tax Concept and Computation of Income Tax

This Chapter includes:

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   2. Tax Structure
   3. Hierarchy of Taxes levied and collected by Central Government of India
   4. Central Board of Direct Taxes (CBDT) and Income Tax Department (ITD)

II. Direct Tax

III. Income Tax
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   2. Finance Act and its Implications on Direct Tax
   3. Residential Status
   4. Scope of Income and Tax Implication

IV. Computation of Income Tax
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   2. Deductions under Chapter VI-A
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   4. Proforma of Computation of Total Income
   5. Advance Tax
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   7. Self Assessment Tax
   8. Tax Payment Online
   9. Tax Payment Offline

I. Taxation in India

‘It was only for the good of his subjects that he collected taxes from them, just as the Sun draws moisture from the Earth to give it back a thousand fold’ – Kalidas in Raghuvarsh praising KING DALIP.

Taxes in India are levied by Central Government, State Government and also by Local Authorities. The Constitution of India has defined the authority to levy taxes in India. The Constitution states that ‘No tax shall be levied or collected except by the authority of law’.
Therefore, each tax levied or collected has to be backed by an accompanying law, passed either by the Parliament or the State Legislature.

1. Taxes and its Levying authority (refer Fig.:1.1.1)

![Diagram of tax levying authorities](image)

2. Tax Structure
   Indian Tax Structure is broadly divided into two main categories:-
   A. Direct Tax and
   B. Indirect Tax
   From the above Fig.: 1.1.1, only Income Tax comes under the head Direct Tax while others reside under Indirect Tax.
3. Hierarchy of Taxes levied and collected by Central Government in India (refer Fig.:1.1.2)

![Hierarchy of Taxes](image)

The Central Board of Revenue or Department of Revenue is the apex body charged with administration of Taxes. It is a part of Ministry of Finance which came into existence as a result of the Central Board of Revenue Act, 1924.

4. Central Board of Direct Taxes (CBDT) and Income Tax Department (ITD)

CBDT deals with Direct Taxes in India. The Income Tax Department (ITD) is responsible for collecting Direct Taxes and administering the Income Tax Laws and other direct Tax statutes for Government of India. The field offices of ITD are mentioned by the CBDT. The Income Tax Department is revenue mobilizer for the Government.

II. Direct Tax

Direct Taxes, as the name suggests, are taxes that are directly paid to the government by the taxpayer. It is a tax applied on individuals and organizations directly by the government e.g. income tax, corporation tax, wealth tax etc.

Direct Taxes in India were governed by two major legislations, *Income Tax Act, 1961* and *Wealth Tax Act, 1957*. A new legislation, *Direct Taxes Code* (DTC), was proposed to replace the two acts. However, the Wealth Tax Act was repealed in 2015 and the idea of DTC was dropped. Income Tax is the major source of direct tax in India.
III. Income Tax

1. Basic Concept of Income Tax

   The major tax enactment in India is the Income Tax Act, 1961 passed by the Parliament, which imposes a tax on the income of person. This Act imposes a tax on income under the following five heads:
   A. Income from Salaries
   B. Income from House Property
   C. Profits and Gains from Business or Profession
   D. Income from Capital Gains
   E. Income from Other Sources

   In terms of the Income Tax Act, 1961, a person includes
   A. Individual
   B. Hindu Undivided Family (HUF)
   C. Association of Persons (AOP)
   D. Body of Individuals
   E. Company
   F. Firm
   G. Local Authority
   H. Artificial Judicial Person

2. Finance Act and Its Implications on Direct Tax

   The Finance Act is an important Act in India and the Central Government, through this Act, gives effect to financial proposals at the beginning of every Financial Year. The existing policies, new policies, as well as changes made to existing policies are all included here. The Finance Minister of India usually presents the Budget for India in Parliament on the Last day of February in each year. During such Budget, the Finance Act gets revised and it is to be passed by majority within the Members of Parliament. Every Finance Act is assented by the President of India.

   The most important element is the rules laid down in the Act with respect to Income Tax Rates. The Finance Act is responsible for laying down the tax slabs that applies to taxpayers.

   The Schedule in any Finance Act is a systematic depiction of all the rules and regulations laid down by the Act for that Financial Year. The Schedule gives details on Rates of Income Tax, Surcharge on Income Tax, Rates for Deduction of Tax at Source, Details of Advance Tax, Details of Net Agricultural Income among other details.

3. Residential Status

   The Determination of Residential Status of a person is very important for the purpose of levy of Income Tax, as income tax is levied based on the residential status of a taxpayer. The Residential Status of a taxpayer can be divided in the following categories:
Note:

a) In case of HUF, the determining factor is the control and management affairs of HUF i.e., if its control is situated wholly outside India then HUF will be considered as Non-Resident for that particular year. HUF can be considered Not Ordinarily Resident only if the Karta of the HUF or the manager fulfills the any one of the two conditions specified for Not Ordinarily Resident (NOR).

b) In case of Company or any other Person, the determining factor is its control and management affairs. They cannot enjoy the status of being Not Ordinarily Resident.

The Residential Status of an Individual is to be determined on the basis of period of stay of the Individual in India and is computed separately for each year.
** The Period of 60 days stands extended to 182 days in the case of a citizen of India who leaves for employment outside; a citizen of Indian origin who visits India during the Previous Year.

4. **Scope of Income and Tax Implications**

<table>
<thead>
<tr>
<th>Types of Income</th>
<th>R and OR</th>
<th>R and NOR</th>
<th>NR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Income Received in India</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Income earned in India</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Income from Business or Profession situated outside India but controlled from India</td>
<td>✓</td>
<td>✓</td>
<td>×</td>
</tr>
<tr>
<td>4. Other Income</td>
<td>✓</td>
<td>×</td>
<td>×</td>
</tr>
</tbody>
</table>
IV. Computation of Income Tax

Before filing return with the income tax department, a statement showing computation of total income is to be prepared along with the Return of Income (ROI).

1. Heads of Income
   Income is classified under five heads in the Indian Income Tax Act. Each year, you or your qualified chartered accountant is expected to put all your earnings or incomes under these 5 heads of income for calculating tax. Here is a small primer of what these 5 heads of income mean and what all they consist of:

   **Total of Income from the below Sources will result in Gross Total Income**

   **Income from Salary**
   - Refer to Form 16 issued by your employer.

   **Income from House Property**
   - Rental agreement would form the basis to determine income under this head.

   **Income from Business or Profession**
   - Income of people managing their business as proprietors, or professionals practising as freelancers come in this category.

   **Income from Capital Gains**
   - Property Sale deeds and shares' demat accounts form the basis to calculate income under this head.

   **Income from Other Sources**
   - This head comprises of miscellaneous incomes, such as interest from bank deposits, winning from game shows and lotteries.
2. **Deductions under Chapter VI-A**

Chapter VI-A of Indian Income Tax Act deals with these deductions. For financial year 2015-16 (Assessment Year 2016-17), following are few important deductions which are allowed from gross total income:

<table>
<thead>
<tr>
<th>Deduction under Section</th>
<th>Applicability</th>
<th>Amount of Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>80C : Deduction in respect of Life Insurance Premium, etc.</td>
<td>Individual and HUF</td>
<td>Total Deduction cannot exceed Rs.1,50,000/- under these 3 sections</td>
</tr>
</tbody>
</table>
| 80CCC / 80CCD | Individual | New Section for FY 2015-16  
Additional Deduction upto Rs.50,000/- towards contribution to National Pension Scheme and/or Atal Pension Yojna. |
| 80 CCD(1B) | Individual |  |
| 80CCG : Deduction on Rajiv Gandhi Equity Savings Scheme | Individual (Excl. NRI’s) | Annual Income < 12 lakhs  
Deduction = Lesser of 50% Stock Investment under RGESS or Rs.25,000/-. |
| 80D : Deduction on Medical Insurance Paid | Individual and HUF | Upto Rs.25,000/- for self, spouse and dependent children.  
Upto Rs.30,000/- for senior citizen parents  
Additional Rs.5,000/- for health checkups. |
| 80DD : Deductions on Medical Expenditure for a Handicapped Relative | Individual and HUF | Upto Rs.75,000/- for 40% Disability  
Upto Rs.1,25,000/- for 80% disability towards medical treatment. Certificate of Disability to be furnished. |
| 80DDB : Deductions on Medical Expenditure on Self or Dependent Relative | Individual and HUF | Upto Rs.40,000/- or actual amount paid  
Upto Rs.60,000/- in case of Senior Citizen  
Upto Rs.80,000/- in case of very Senior Citizen. Towards medical expenditure incurred. |
| 80E : Deductions on Loan | Individual | Deduction is also available on interest |
| **for higher studies** | **outgo on educational loan for higher studies.**
| | • Loan could be taken by the assessee, spouse, or children or a student for whom the assessee is a legal guardian. |
| **80G** : Deductions for donations towards Social Causes | **All Assessees** | **The Deductions are segregated under two categories i.e. 100% or 50% but cash donations exceeding Rs.10,000/- is not allowed to claim.** |
| **80GG** : Deduction on House Rent | **Individual** | **The Deduction available is limited to:**
| | • Rent minus 10% of Total Income or 25% of Total Income or Rs.24,000/- (Whichever is Lower)** |
| **80GGB/GGC** : Deductions on Contributions by Companies to Political Parties | **All Assessees** | **Even Donations given to Political Party are allowed for deduction without any restriction, but if it’s in cash and exceeding Rs.10,000/- ; the deduction becomes ineligible.** |
| **80RRB** : Deductions on Income by way of royalty of a patent | **Individual** | **Any Individual Assessee who is patentee can claim deduction upto Rs.3 Lacs.**
| | • Assessee has to furnish a patent certificate duly signed by competent authority. |
| **80TTA** : Deductions on Savings Bank Account | **Individual and HUF** | **Any Interest earned (upto Rs.10,000/-) on your deposits in a saving bank account, co-operative society or post office is tax deductible. This excludes Fixed Deposit Interest Income.** |
| **80U** : Deductions on Person suffering from Physical Disability | **Individual and HUF** | **Physically Disabled Persons can claim deduction under this section of Rs.1,00,000/-**
| | • Assessee is required to obtain certificate from Government Doctor. |

3. **Income Tax Rates**

The government of India imposes an income tax on taxable income of all persons including individuals, Hindu Undivided Families (HUFs), companies, firms, association of persons, body of
individuals, local authority and any other artificial judicial person. Levy of tax is separate on each of the persons. The levy is governed by the Indian Income Tax Act, 1961.

**Assessment Year 2016-17, Relevant to Financial Year 2015-16**

For Individuals (Male or Female), HUF, Association of Persons, Body of Individuals and Artificial Judicial Person aged below 60 years of age,

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.2,50,000</td>
<td>NIL</td>
</tr>
<tr>
<td>Rs.2,50,001 to Rs.5,00,000</td>
<td>10%</td>
</tr>
<tr>
<td>Rs.5,00,001 to Rs.10,00,000</td>
<td>20%</td>
</tr>
<tr>
<td>Above Rs.10,00,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

A. For Individuals (Male or Female) aged above 60 years of age but below 80 years of age (Senior Citizens),

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.3,00,000</td>
<td>NIL</td>
</tr>
<tr>
<td>Rs.3,00,001 to Rs.5,00,000</td>
<td>10%</td>
</tr>
<tr>
<td>Rs.5,00,001 to Rs.10,00,000</td>
<td>20%</td>
</tr>
<tr>
<td>Above Rs.10,00,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

B. For Individuals (Male or Female) aged above 80 years of age (Super Senior Citizens),

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.5,00,000</td>
<td>NIL</td>
</tr>
<tr>
<td>Rs.5,00,001 to Rs.10,00,000</td>
<td>20%</td>
</tr>
<tr>
<td>Above Rs.10,00,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

C. For Co-operative Society,

<table>
<thead>
<tr>
<th>Total Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs.10,000</td>
<td>10%</td>
</tr>
<tr>
<td>Rs.10,001 to Rs.20,000</td>
<td>20%</td>
</tr>
<tr>
<td>Above Rs.20,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

D. For Firms, Local Authorities and Companies; Tax Rate is flat 30%
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**Note:**  
(a) If Total Income in above cases is > 1 Crore, Surcharge levied is @12% subject to marginal relief. (b) Education Cess and Secondary Higher Cess at 2% and 1% respectively is levied on amount of tax including surcharge.  
Last date for Income Tax Return Filing for Non-Audit cases is **31st July**  
Last date for Income Tax Return Filing for Non-Audit cases is **30th September**

4. Proforma of Computation of Total Income

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount (Rs.)</th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME FROM SALARIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic Salary</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Taxable Allowances</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Taxable Value of Perquisites</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Gross Salary</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>Less : Entertainment Allowance</strong></td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Professional Tax</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td><strong>Net Taxable Salary</strong></td>
<td></td>
<td>xx</td>
</tr>
<tr>
<td><strong>INCOME FROM HOUSE PROPERTY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Annual Value (Rent Received)</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>Less : Municipal Taxes Paid</strong></td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Net Annual Value</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>Less : Standard Deduction [30% of NAV]</strong></td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Interest on Loan</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td><strong>Net House Property Income</strong></td>
<td></td>
<td>xx</td>
</tr>
<tr>
<td><strong>INCOME FROM BUSINESS/PROFESSION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Profit as per Profit and Loss A/c</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>Add : Amount shown as expenses but not allowed</strong></td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Income not shown in P/L A/c but Taxable</td>
<td>xx</td>
<td>xx</td>
</tr>
<tr>
<td>Description</td>
<td>Amount</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>Less: Expenses allowed but not claimed</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Income shown in the P/L A/c but Not Taxable</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Net Business Income</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME FROM CAPITAL GAINS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SHORT TERM CAPITAL GAINS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale Consideration</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Less: Expenses on Transfer</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Cost of Acquisition</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Short Term Capital Gain (STCG)</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>LONG TERM CAPITAL GAINS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale Consideration</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Less: Expenses on Transfer</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Indexed Cost of Acquisition</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Long Term Capital Gain (LTCG)</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>INCOME FROM OTHER SOURCES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery/Races/Betting/Game Prizes</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Interest on NSC</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Other Interest</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td>Income from Other Sources</td>
<td>xx</td>
<td></td>
</tr>
<tr>
<td><strong>GROSS TOTAL INCOME</strong></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td><strong>LESS: DEDUCTIONS UNDER CHAPTER VI-A</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sec.80C to Sec.80U</td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td><strong>NET TOTAL INCOME</strong></td>
<td>xxx</td>
<td></td>
</tr>
<tr>
<td>Round off Income to the nearest rupees ten</td>
<td>xxx</td>
<td></td>
</tr>
</tbody>
</table>
5. Advance Tax

Advance tax refers to paying a part of your taxes before the end of the financial year. Also called ‘pay-as-you-earn’ scheme, advance tax is the income tax payable if your tax liability is more than Rs. 10,000 in a financial year. It should be paid in the year in which the income is received. For instance: if your advance tax liability for the financial year 2015-16 has exceeded Rs. 10,000, you are expected to pay it in FY 2015-16 itself.

A. Payment of advance tax: Self employed and businessmen

<table>
<thead>
<tr>
<th>Due Date of Installment</th>
<th>Amount Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>On or before 15th September</td>
<td>Not less than 30% of the advance tax liability</td>
</tr>
<tr>
<td>On or before 15th December</td>
<td>Not less than 60% of the advance tax liability</td>
</tr>
<tr>
<td>On or before 15th March</td>
<td>100% of the advance tax liability</td>
</tr>
</tbody>
</table>
B. Payment of advance tax: Companies

<table>
<thead>
<tr>
<th>Due Date of Installment</th>
<th>Amount Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>On or before 15th June</td>
<td>Not less than 15% of the advance tax liability</td>
</tr>
<tr>
<td>On or before 15th September</td>
<td>Not less than 45% of the advance tax liability</td>
</tr>
<tr>
<td>On or before 15th December</td>
<td>Not less than 75% of the advance tax liability</td>
</tr>
<tr>
<td>On or before 15th March</td>
<td>100% of the advance tax liability</td>
</tr>
</tbody>
</table>

Note that you are not required to submit any supporting documents while paying your advance tax. In case some of your expected income or expenses have undergone a change, you can always re-estimate your income and adjust payments accordingly, before paying the next instalment.

From 01st June 2016, the due date for payment in case of all assessees are revised. Now all are supposed to pay advance tax in 4 instalments (as mentioned in above table).

C. Here's how you can calculate your Advance Tax:

1) While calculating Advance Tax payable, a taxpayer needs to make only a projection or estimate of his income, as the actual income could be calculated only by the Financial Year end.

2) Using the projected income for the financial year, the tax payable is to be calculated as per the tax slabs applicable for the current financial year.

3) From the tax so computed, subtract the tax deducted at source, if any.

4) Include educational cess while calculating advance tax.

5) The amount arrived at is the advance tax payable, in instalments.

6. Interest u/s 234A, 234B, 234C

A. Section 234 A : Interest payable for default in furnishing the return of income

Where the return of income for any assessment year is furnished after the due date or is not furnished, the assessee shall be liable to pay Interest @ 1% per month on the amount of income tax paid after the due date for filing the return.

B. Section 234 B : Interest payable for default in payment of advance tax
An assessee who is liable to pay advance tax has failed to pay such tax or where the advance tax paid by such assessee is less than 90% of the assessed tax, the assessee shall be liable to pay interest @ 1% per month on the amount of income tax paid after the end of the financial year.

C. Section 234 C : Interest payable for deferment of advance tax

If advance tax paid in any instalment(s) is less than the required amount, the assessee shall be liable to pay interest @ 1% for 3 months on shortfall in payment of advance tax due on instalment dates prescribed.

6. Self Assessment Tax

Self assessment tax is the tax which is computed by the taxpayer on his own and then deposited with the Government. The Self Assessment Tax shall be paid before filing of Income Tax Returns. The Self Assessment Tax to be paid shall be accompanied by Challan No. /ITNS 280. This tax can be paid at any of the authorized banks or can even be paid online.

7. Tax Payment Online

You can pay taxes Online by following the necessary steps :

A. Visit the website https://www.tin-nsdl.com/ and click on ‘e-payment : Pay Taxes Online’ link. (refer Fig.:1.4.1)

B. A webpage will appear. Click on the link ‘Click to pay tax online’ (refer Fig.:1.4.2)

C. Now, you will be redirected to a new webpage. Select the relevant challan as applicable. (refer Fig.:1.4.3)

D. Enter PAN / TAN (as applicable) and other mandatory challan details like accounting head under which payment is made, address of the tax payer and the bank through which payment is to be made etc. (refer Fig.:1.4.4)

E. On submission of data entered, a confirmation screen will be displayed. If PAN / TAN is valid as per the ITD PAN / TAN master, then the full name of the taxpayer as per the master will be displayed on the confirmation screen.

F. On confirmation of the data so entered, the taxpayer will be directed to the net-banking site of the bank.

G. The taxpayer has to login to the net-banking site with the user id / password provided by the bank for net-banking purpose and enter payment details at the bank site.

H. On successful payment a challan counterfoil will be displayed containing CIN, payment details and bank name through which e-payment has been made. This counterfoil is proof of payment being made.
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Income Tax Concept and Computation of Income Tax

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Fig.: 1.4.2

Tax Information Network
of Income Tax Department

e-Payment

About Us | FAQs | Downloads | Contact Us | Bank Contact Details | Procedure | Authorized Banks

e-Payment facilitates payment of direct taxes online by taxpayers. To avail of this facility, the taxpayer is required to have a net-banking account with any of the Authorized Banks.

Select applicable challan

TDS on Property

Form 26QB (Payment of TDS on Sale of Property)

Demand Payment for TDS on Property

Demand Payment (Payment against CPC (TDS) raised demand (only for TDS on Sale of Property)

TDS/TCS

Demand Payment

CHALLAN NO./ITNS 291 (Tax Deducted at Source / Tax Collected at Source (TDS/TCS) from corporates or non-corporates)

Non-TDS/TCS

CHALLAN NO./ITNS 280 (payment of Income tax & Corporation Tax)


(payments of Banking Cash Transaction Tax and Fringe Benefits Tax)

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Fig.: 1.4.3

Income Tax Department

Tax Applicable*

1. (15)EMPTAX ON COMPANIES (CORPORATION TAX)
2. (15) INCOME TAX (OTHER THAN COMPANIES)

Permanent Account No* Assessment Year* Assessment Year

Full Name Name (as per Income Tax Department database) will be displayed on confirmation screen.

Pan

 thereof. Name of province/State/ Village

City/State/ District

Pin Code

Email ID

Mobile No.

Type of Payment

1. (100) Advance Payment
2. (105) Self-Assessment Tax
3. (107) Tax on Distributed Profits
4. (107) Tax on Distributed Income

Bank IFSC Code Bank Name

Type the characters you see in the picture below. These characters are case sensitive.

Fig.: 1.4.4

Income Tax Concept and Computation of Income Tax
8. Tax Payment Offline

You can also pay taxes Offline by following the necessary steps:

A. Visit the website [http://www.incometaxindia.gov.in/Pages/default.aspx](http://www.incometaxindia.gov.in/Pages/default.aspx) and click on ‘Forms/Downloads’ tab and click on the option ‘Challans’. (refer Fig.:1.4.5)

B. You will get a list of challans in pdf form as well as fillable form. Select the relevant challan as applicable. (refer Fig.:1.4.6)

C. Enter PAN / TAN (as applicable) and other mandatory challan details like accounting head under which payment is made, address of the tax payer and the bank through which payment is to be made etc. (refer Fig.:1.4.7)

D. Submit the filled form with the amount of tax at the appropriate bank branches.

E. If cheque is issued for the same, it will take few days for processing by the Bank, while if cash is deposited then immediately bank will give you the acknowledgement counterfoil with the rubber stamp containing the Challan Identification Number (CIN) - 7 digits BSR code of the bank branch where tax is deposit, Date of Deposit of Tax and Serial Number of the challan.

The properly stamped counterfoil received from bank is the proof of tax payment.
Income Tax Concept and Computation of Income Tax
**Certificate Course in eTaxation – Direct Tax**

**Income Tax Concept and Computation of Income Tax**

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![Image](image.png)

**Fig.: 1.4.7**