

BASICS OF INCOME TAX

1. Introduction to Income Tax

Income tax is imposed by the Government on the income earned by individuals, businesses, and other entities during a particular financial year. It is one of the most important sources of revenue for the government. The tax collected from citizens is used to finance various public services and development activities in the country. In simple terms, income tax is the tax that a person or organization pays to the government based on the income they earn. For example, if a person earns ₹8,00,000 in a year through salary, business, or any other source, the government may charge a certain amount of tax on that income according to the provisions of the tax laws.

The main purpose of collecting income tax is to generate revenue for the government so that it can provide essential public services and carry out welfare and development programs. The funds collected through income tax are used for building roads and highways, providing education through schools and colleges, developing hospitals and healthcare facilities, and maintaining defence and national security. Income tax also helps in reducing income inequality in society because people with higher incomes are required to pay a higher amount of tax compared to those with lower incomes.

In India, income tax is governed by the Income Tax Act, 1961, which provides the legal framework for the taxation of income. This law explains who is required to pay tax, the different types of income that are taxable, the applicable tax rates, the deductions and exemptions available to taxpayers, and the procedures for filing income tax returns.

2. Different types of taxes in India

Taxes collected by the government can broadly be classified into Direct Taxes and Indirect Taxes. These classifications are based on who ultimately bears the burden of the tax.

- ✓ **Direct tax** – It is a type of tax that is paid directly by the person or entity on whom it is imposed, and the burden of this tax cannot be shifted to another person. In other words, the person who earns the income is responsible for paying the tax to the government. Direct taxes are usually imposed on income, profits, or wealth. The most common example of direct tax in India is income tax, which is paid by individuals and businesses on the income they earn during a financial year. Since the taxpayer pays the tax directly to the government, it creates a direct relationship between the taxpayer and the government.
- ✓ **Indirect tax** – It is a tax where the burden of the tax can be shifted from one person to another. In this case, the tax is usually collected by an intermediary such as a seller, manufacturer, or service provider, but it is ultimately paid by the final consumer. Indirect taxes are generally included in the price of goods and services. When a customer purchases a product or service, the tax is already included in the price, and the seller later deposits that tax with the government. A common example of indirect tax in India is Goods and Services Tax (GST), which is charged on the sale of goods and services.

Therefore, the main difference between direct tax and indirect tax lies in the transfer of the tax burden. In direct taxes, the burden cannot be transferred and must be borne by the person on whom the tax is imposed, whereas in indirect taxes, the burden can be passed on to the final consumer through the price of goods and services.

3. Taxable entities in India

Under the Income Tax law in India, tax is not imposed only on individuals. The law identifies various categories of persons or entities that can earn income and are therefore liable to pay income tax. These are known as taxable entities or persons under the Income Tax Act. A taxable entity refers to any individual or organization that earns income and is required to pay tax on that income according to the provisions of the Income Tax Act, 1961. They are as follows:

- ✓ **Individual** – It refers to a natural person who earns income through salary, business, profession, interest, rent, or other sources. For example, a salaried employee working in a company or a freelancer providing services independently would both be treated as individuals for income tax purposes.
- ✓ **Hindu Undivided Family (HUF)** - An HUF consists of members of a family who are related by blood and live together as a joint family. Under the Income Tax Act, an HUF is treated as a separate taxable entity, and the income earned by the family assets can be taxed in the name of the HUF.
- ✓ **Company** – They are artificial persons created under the law and are required to pay income tax on the profits they earn from their business activities. For example, private limited companies and public limited companies fall under this category.
- ✓ **AOP / BOI** - An Association of Persons (AOP) refers to a group of two or more persons who voluntarily come together for a common purpose, usually to earn income or carry out a particular activity. The members of an AOP can be individuals, companies, firms, or any other entities. The key feature of an AOP is that the members jointly undertake an activity with the objective of earning income. For example, if several persons jointly invest in a property and earn rental income from it, they may be treated as an AOP for income tax purposes. A Body of Individuals (BOI) is somewhat similar to an AOP but consists only of individuals. In a BOI, two or more individuals come together and earn income collectively, but they may not necessarily have a formal agreement or a clear intention to form an association. Unlike an AOP, where members can include companies or other entities, a BOI can only be formed by individuals.
- ✓ **Artificial Judicial Person** - An Artificial Juridical Person refers to an entity that is not a natural human being but is recognized as a person by law. Such entities have a separate legal identity and can own property, enter into contracts, and earn income in their own name. Since they can earn income, they are also liable to pay income tax under the Income Tax Act. Examples of artificial juridical persons include deities in temples, universities established by law, and certain statutory bodies that are recognized as legal persons.
- ✓ **Firm / LLP** - A firm refers to a business organization formed when two or more persons come together to carry on a business and share its profits according to an agreement known as a partnership deed. The relationship between the partners is governed by the Indian Partnership Act, 1932. For income tax purposes, a partnership firm is treated as a separate taxable entity, and the income earned by the firm is taxed in the name of the firm itself. A Limited Liability Partnership (LLP) is a modern form of partnership that combines the features of a partnership and a company. It is governed by the Limited Liability Partnership Act, 2008. In an LLP, the partners have limited liability, meaning their personal assets are generally protected from the debts of the business. Similar to a partnership firm, an LLP is also treated as a separate taxable entity under the Income Tax Act, and tax is paid on the income earned by the LLP.
- ✓ **Local Authority** - A local authority refers to a body or organization created by the government to manage and administer local areas such as cities, towns, or villages. These authorities are responsible for providing basic public services and maintaining local infrastructure. They may earn income through taxes, fees, or other sources, and therefore they are also recognized as taxable entities under the Income Tax Act. Examples of local authorities include municipal corporations, municipalities, district boards, and panchayats, which perform functions such as maintaining roads, providing water supply, managing sanitation, and overseeing local development.
- ✓ **Co-operative Society** - A co-operative society is an organization formed by a group of individuals who voluntarily come together to achieve a common economic or social objective and to promote the mutual interests and welfare of its members rather than earning profits. These societies operate on the principle of mutual help and democratic management, where members contribute to the capital and participate in decision-making. Co-operative

societies may be formed for various purposes such as housing, credit facilities, farming, marketing, or consumer services, and since they can earn income from their activities, they are treated as separate taxable entities under the Income Tax Act.

4. Residential Status

Residential status refers to the classification of a person as resident or non-resident in India for income tax purposes. It is an important concept under the Income Tax Act because the tax liability of a person depends on their residential status. In other words, the amount of income that will be taxable in India is determined based on whether a person is a resident or a non-resident during a particular financial year.

Residential status is not determined by a person's nationality or citizenship, but mainly by the number of days a person stays in India during the financial year and the preceding years, as specified under the Income Tax Act. Therefore, a person may be an Indian citizen but still be treated as a non-resident for tax purposes if they do not satisfy the required conditions of stay in India.

Based on these conditions, individuals are classified into three categories: Resident, Resident but Not Ordinarily Resident (RNOR), and Non-Resident (NR). They are as follows:

- ✓ **ROR** - A person is considered a Resident and Ordinarily Resident if they meet the basic conditions for being a resident and also satisfy the additional conditions related to their stay in India in the previous years. Generally, this means that the person has been staying in India regularly and has strong economic ties with the country. For a person who is classified as Resident and Ordinarily Resident, the global income is taxable in India. This means that all income earned by the person, whether it is earned in India or outside India, must be reported and may be taxed in India according to the provisions of the Income Tax Act. Therefore, individuals who have a permanent presence in India and regularly reside in the country are usually treated as Resident and Ordinarily Resident for tax purposes.
- ✓ **RNOR** - A Resident but Not Ordinarily Resident (RNOR) is a person who qualifies as a resident in India but does not satisfy certain additional conditions required to be treated as a Resident and Ordinarily Resident (ROR) under the Income Tax Act. This status is generally given to individuals who have recently returned to India after living abroad for a long period or who do not have a long history of stay in India. A person who is classified as RNOR is not taxed on their entire global income. Instead, they are taxed on income that is received in India, income that accrues or arises in India, and income from a business or profession controlled or set up in India. Income earned outside India that has no connection with India is generally not taxable for an RNOR.
- ✓ **NR** - A Non-Resident (NR) is a person who does not satisfy the conditions required to be treated as a resident in India during a particular financial year. In simple terms, if an individual does not stay in India for the minimum number of days specified under the Income Tax Act, they will be considered a non-resident for tax purposes. A person who is classified as a Non-Resident is generally taxed only on the income that is received in India or the income that accrues or arises in India. Income that is earned and received outside India is usually not taxable in India for a non-resident. Therefore, the tax liability of a non-resident in India is limited only to the income that has a connection with India.

5. Basic Concepts

- ✓ **Previous Year** - The Previous Year refers to the financial year in which the income is actually earned by a person or entity. It is the period during which the taxpayer earns income that will later be assessed for tax purposes. Under the Income Tax Act, the previous year generally begins on 1st April and ends on 31st March of the following year.
- ✓ **Assessment Year** - The Assessment Year is the year that immediately follows the previous year and is the period during which the income earned in the previous year is assessed and taxed by the government. In other words, the assessment year is the year in which the taxpayer files the income tax return and the income of the previous year is evaluated for tax purposes.
- ✓ **Assessee** - An assessee refers to a person or entity who is liable to pay tax under the Income Tax Act or whose income is subject to assessment under the Act. The term assessee includes not only a person who is required to pay income tax but also a

person against whom any proceedings have been initiated for the assessment of income, loss, or refund.

- ✓ **Gross Total Income** – It refers to the total income earned by a person from all sources before allowing any deductions under the Income Tax Act. It is the sum of income calculated under the different heads of income as specified in the Income Tax Act.
- ✓ **Total Income** - Total Income refers to the income on which tax is actually calculated under the Income Tax Act. It is derived after allowing all the eligible deductions from the Gross Total Income.
- ✓ **Exempt Income** – It refers to the income that is not subject to tax under the Income Tax Act. Although the income may be earned by a person, it is specifically excluded from taxation as per the provisions of the law. This means that no tax is required to be paid on such income.
- ✓ **Perquisites** - Commonly known as perks, refer to the additional benefits or facilities provided by an employer to an employee apart from the regular salary or wages. These benefits are given as part of the employee's compensation and may be provided in cash or in kind.
- ✓ **Allowances** – It refers to a fixed amount of money given by an employer to an employee in addition to the basic salary to meet certain specific expenses. These payments are made regularly as part of the employee's salary structure and are generally intended to cover particular needs related to the job or personal expenses.
- ✓ **Capital assets** - A capital asset refers to any property or asset owned by a person, whether connected with business or not, that can generate value or be transferred. Under the Income Tax Act, capital assets generally include land, buildings, houses, vehicles, jewelry, shares, securities, and other investments owned by a taxpayer.
- ✓ **Casual income** – It refers to income that is earned occasionally or by chance and is not received on a regular basis. Such income does not arise from a person's normal profession, business, or employment and is usually received unexpectedly.
- ✓ **Assessment** - Assessment refers to the process by which the Income Tax Department examines and verifies the income declared by a taxpayer and determines the amount of tax payable under the Income Tax Act. During this process, the information provided by the taxpayer in the income tax return is reviewed to ensure that the income, deductions, and tax calculations are correct.
- ✓ **Deductions** - Deductions refer to certain amounts that are allowed to be subtracted from the Gross Total Income while calculating the Total Income of a taxpayer under the Income Tax Act. These deductions are provided by the government to encourage savings, investments, and certain types of expenditures.

6. Heads of Income

Under the Income Tax Act, the income earned by a taxpayer is classified into different categories known as heads of income. This classification helps in determining how the income should be calculated and taxed. Each type of income has specific rules for computation, deductions, and taxation, and therefore the Income Tax Act divides income into separate heads to ensure proper assessment. They are as follows:

- ✓ **Income from salary** - Income from Salary refers to the income earned by an employee from an employer in return for the services provided during employment. This type of income is received as part of an employment agreement and usually includes basic salary, allowances, perquisites, bonuses, and commissions paid by the employer to the employee. For income to be taxed under the head "Income from Salary," there must exist an employer–employee relationship between the person who pays the income and the person who receives it. The salary may be paid in different forms such as monthly wages, advance salary, arrears of salary, allowances, and various benefits provided by the employer. Income from salary is taxed in the year in which it is due or received, whichever is earlier. While calculating taxable salary, certain exemptions and deductions allowed under the Income Tax Act may be applied.
- ✓ **Income from house property** – It refers to the income earned from a property consisting of any building or land attached

to it, such as a house, apartment, shop, or office space. This type of income arises when a person owns a property and receives rent or any other income from letting out that property. For income to be taxed under this head, the person must be the owner of the property. The property may be used for residential or commercial purposes and may be either self-occupied or let out to tenants. If the property is rented, the rent received by the owner is considered income under this head. The Income Tax Act provides certain deductions while calculating income from house property, such as deductions for municipal taxes and standard deduction for maintenance. After applying these deductions, the remaining amount is treated as the taxable income from house property.

- ✓ **PGBP** – It refers to the income earned by a person from carrying on any business or professional activity. Business generally involves activities such as trade, commerce, manufacturing, or any activity carried out with the intention of earning profit, while a profession usually involves specialized knowledge or skills, such as those of doctors, lawyers, chartered accountants, architects, and consultants. The income earned from these activities, after deducting the expenses incurred for running the business or profession, is taxed under the head Profits and Gains from Business or Profession. These expenses may include costs such as rent, salaries to employees, electricity, office expenses, and other operational costs that are necessary for carrying out the business or professional work. Therefore, the net profit earned from business or professional activities is considered taxable income under this head according to the provisions of the Income Tax Act.
- ✓ **Capital gains** – It refers to the profit or gain that arises when a capital asset is sold, transferred, or exchanged. The difference between the sale price of the asset and its original purchase price is known as capital gain, and this gain may be taxable under the Income Tax Act. Capital assets can include land, buildings, houses, shares, securities, jewellery, and other investments owned by a taxpayer. When these assets are sold for a price higher than their purchase cost, the profit earned is treated as capital gains. Capital gains are generally classified into short-term capital gains and long-term capital gains, depending on the period for which the asset was held before being transferred. The tax treatment may differ for each category according to the provisions of the Income Tax Act.
- ✓ **Income from other sources** - Income from Other Sources is a residual head of income under the Income Tax Act. It includes those incomes that do not fall under any of the other four heads of income, namely Income from Salary, Income from House Property, Profits and Gains from Business or Profession, and Capital Gains. This head covers various types of income that are not specifically classified elsewhere. Common examples include interest received from savings accounts or fixed deposits, dividend income, gifts received in certain cases, lottery or prize winnings, and family pension. Such incomes are taxable under the head “Income from Other Sources” according to the provisions of the Income Tax Act.

7. Computation of total income

- ✓ The computation of total income refers to the process of calculating the taxable income and the final tax liability of a person under the Income Tax Act. It involves determining the income earned by a taxpayer from different sources, classifying it under the appropriate heads of income, and then applying the necessary deductions and adjustments to arrive at the final taxable income.
- ✓ The process begins by calculating income under the five heads of income, namely Income from Salary, Income from House Property, Profits and Gains from Business or Profession, Capital Gains, and Income from Other Sources. The income computed under all these heads is then added together to determine the Gross Total Income (GTI).
- ✓ After calculating the Gross Total Income, the taxpayer is allowed to claim certain deductions under Chapter VI-A of the Income Tax Act, such as deductions for specified investments, insurance premiums, medical insurance, and other eligible expenses. Once these deductions are subtracted from the Gross Total Income, the remaining amount is known as the Total Income or Taxable Income.
- ✓ The tax liability is then calculated on the total income according to the applicable income tax slab rates. After calculating the

tax, the government may allow certain rebates that reduce the amount of tax payable by the taxpayer. In some cases, if the total income exceeds a specified limit, an additional charge known as surcharge may be applied on the tax amount.

- ✓ Finally, a Health and Education Cess is also levied on the tax payable. This cess is currently charged at 4% of the total tax plus surcharge and is used by the government to support spending on health and education. After adding the cess, the final tax liability of the taxpayer is determined.

8. Slab Rates in Income Tax

Income tax in India is charged according to a slab rate system, where the rate of tax increases as the income of a person increases. This means that different portions of a person's income are taxed at different rates based on the income brackets specified by the government. The slab rate system is designed to ensure that individuals with higher incomes pay a higher rate of tax compared to those with lower incomes. They are as follows:

- ✓ **New slab rates applicable to AY 2027-2028**

<u>Total Income (Rs.)</u>	<u>Tax Rate</u>
Upto 4,00,000	NIL
4,00,001 – 8,00,000	5%
8,00,001 – 12,00,000	10%
12,00,001 – 16,00,000	15%
16,00,001 – 20,00,000	20%
20,00,001 – 24,00,000	25%
Above 24,00,000	30%

Under this regime, a rebate under section 87A is available up-to Rs. 60,000 for individuals with taxable income up to ₹12,00,000, which can reduce the tax liability to zero in many cases. Additionally, the calculated tax is subject to surcharge (for higher income levels) and Health and Education cess at 4%. These slab rates apply to individuals, HUFs, AOPs, and BOI who choose to be taxed under the new tax regime. Surcharge slab rate under new regime:

<u>Net Taxable Income</u>	<u>Surcharge on income tax</u>
Up-to 50,00,000	NIL
50,00,001 – 1,00,00,000	10%
1,00,00,001 – 2,00,00,000	15%
2,00,00,001 – 5,00,00,000	25%
Above 5,00,00,000	25% (capped)

✓ Old slab rates applicable to AY 2026-2027

1. For Individuals below 60 years

<u>Taxable Income</u>	<u>Tax Rate</u>
Up-to 2,50,000	NIL
2,50,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%
Above 10,00,000	30%

Under this regime, a rebate under section 87A is available up-to Rs. 12,500 for individuals with taxable income up to ₹5,00,000

2. For senior citizens, 60-79 years

<u>Taxable Income</u>	<u>Tax Rate</u>
Up-to 3,00,000	NIL
3,00,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%
Above 10,00,000	30%

3. For super senior citizens, 80 years & above

<u>Taxable Income</u>	<u>Tax Rate</u>
Up-to 3,00,000	NIL
3,00,001 – 5,00,000	5%
5,00,001 – 10,00,000	20%

Surcharge slab rate under old regime:

<u>Net Taxable Income</u>	<u>Surcharge on income tax</u>
Up-to 50,00,000	NIL
50,00,001 – 1,00,00,000	10%
1,00,00,001 – 2,00,00,000	15%
2,00,00,001 – 5,00,00,000	25%
Above 5,00,00,000	37% (capped)

9. Income tax return (ITR)

An Income Tax Return (ITR) is a form submitted by a taxpayer to the Income Tax Department to report their income, deductions, and taxes paid during a financial year. Filing an ITR helps the government track tax compliance, allows the taxpayer to pay any remaining tax or claim refunds if excess tax has been deducted, and serves as a legal proof of income. It is mandatory for individuals whose income exceeds the basic exemption limit and is also used to carry forward losses, claim deductions, and support financial transactions like loans or visas.

✓ **Who should file ITR?**

An individual, Hindu Undivided Family (HUF), or other taxpayer must file ITR if their total income exceeds the basic exemption limit (₹2,50,000 for individuals below 60 years, ₹3,00,000 for senior citizens, ₹5,00,000 for super senior citizens in AY 2026-27). Apart from this, filing ITR is also required in these cases, even if income is below the exemption limit:

- Individuals who want a refund of TDS or advance tax paid.
- Residents having foreign assets or income abroad.
- Those who have income from more than one source (salary + capital gains, house property, etc.).
- Business or professional income (including presumptive income under Section 44AD/44ADA).
- Property owners earning rental income.
- Individuals claiming deductions or exemptions under sections like 80C, 80D, HRA, etc.
- Individuals who hold investments in stocks, mutual funds, or cryptocurrencies (capital gains).
- Companies, firms, LLPs, trusts, and political parties as mandated by the Income Tax Act.

✓ **Due dates of filing ITR**

- Individuals (non-audit cases): 31st July
- Individuals / entities whose accounts require audit: 30th September
- Companies requiring Transfer Pricing audit: 30th November
- Belated ITR (after due date): Can be filed before 31st March, but penalty and interest may apply.

✓ **Consequences of non-filing**

A penalty can be levied, ranging from ₹1,000 to ₹10,000 depending on income and delay, along with interest of 1% per month on any unpaid tax. They will also lose the chance to claim refunds for excess tax deducted and cannot carry forward losses from business, profession, or capital gains to future years (except house property losses). Additionally, non-filing can cause legal and financial difficulties, such as problems while applying for loans, visas, or government tenders, and repeated non-filing may invite notices or penalties from the Income Tax Department.

10. ITR Forms

Income Tax Returns are filed using different forms based on the type of taxpayer and nature of income. They are as follows:

- ✓ **ITR-1 (Sahaj)** – It is a simplified Income Tax Return form meant for resident individuals below 60 years of age whose income is straightforward. It can be used by those earning salary or pension, having one house property, and earning interest from banks or post office. The total income should not exceed ₹50 lakh, and the taxpayer should not have income from business or profession, capital gains, or foreign assets. This form is designed to make filing quick and easy for salaried individuals with basic income sources.
- ✓ **ITR-2** – It is an Income Tax Return form for individuals and Hindu Undivided Families (HUFs) who do not have income from business or profession. It is used by taxpayers who may have multiple house properties, capital gains, foreign assets or income, and income from salary or other sources. Unlike ITR-1, ITR-2 is suitable for those with

more complex income situations, such as investments in shares, mutual funds, or rental properties, but who do not run a business or professional activity.

- ✓ **ITR-3** – It is an Income Tax Return form designed for individuals and Hindu Undivided Families (HUFs) who have income from business or profession. It is used by taxpayers who earn business or professional income along with other types of income such as salary, house property, capital gains, or other sources. This form is suitable for those whose income is more complex and includes running a business, freelancing, or practicing a profession, and it allows reporting of all such income in a single return.
- ✓ **ITR-4 (Sugum)** – It is an Income Tax Return form for individuals, Hindu Undivided Families (HUFs), and firms (other than LLPs) who opt for the Presumptive Taxation Scheme under Sections 44AD, 44ADA, or 44AE. It is used by taxpayers who earn business or professional income on a presumptive basis, along with income from salary, one house property, and other sources. ITR-4 simplifies filing for small business owners and professionals by allowing them to declare income presumptively, without maintaining detailed books of account.
- ✓ **ITR-5** – It is an Income Tax Return form meant for partnership firms, Limited Liability Partnerships (LLPs), Association of Persons (AOPs), Body of Individuals (BOIs), and other similar entities. It is used to report business or professional income, along with any other income these entities may earn. This form is not for individuals or companies, and it covers entities that are required to file returns but do not fall under the company category, making it suitable for various non-corporate organizations.
- ✓ **ITR-6** – It is an Income Tax Return form used by companies (other than those claiming exemption under Section 11, like charitable or religious trusts). It is meant to report business or professional income and other taxable income of the company. This form is not applicable to individuals, HUFs, or firms, and is specifically designed for companies that are liable to pay income tax under the normal provisions of the Income Tax Act.
- ✓ **ITR-7** – It is an Income Tax Return form used by trusts, political parties, charitable or religious institutions, and other entities claiming exemption under the Income Tax Act. It is meant for organizations that need to report their income while claiming exemptions under sections like 11, 12, or 13. This form is not for individuals or companies, and it ensures that exempt entities declare their income and maintain compliance with tax regulations.

11. TDS & TCS

TDS (Tax Deducted at Source) is a system where tax is collected in advance by the government at the point of income payment. The person or entity making the payment, called the deductor, deducts a certain percentage of tax before paying the income to the recipient, called the deductee, and deposits it with the government. TDS applies to various incomes like salary, interest, rent, professional fees, commission, or payments to contractors. Proof of TDS is given through Form 16 (for salary) or Form 16A (for other payments), and the deducted tax can be claimed as a credit while filing Income Tax Return. In simple terms, TDS ensures that tax is collected in advance, reducing the burden at the end of the financial year and preventing tax evasion.

TCS (Tax Collected at Source) is a system where the seller collects tax from the buyer at the time of sale of certain goods or services and deposits it with the government. It applies to transactions like the sale of alcohol, scrap, minerals, motor vehicles above a certain value, or foreign remittances. The seller, called the collector, is responsible for collecting the tax at the prescribed rate and issuing a TCS certificate as proof. The buyer can claim this tax as credit while filing their Income Tax Return. In simple terms, TCS ensures that tax is collected in advance by the seller on specified high-value transactions.

12. Advance Tax

Advance Tax is the system of paying income tax in installments during the financial year instead of paying it all at the end. It applies when a taxpayer's total tax liability exceeds ₹10,000 and is meant to help the government collect tax regularly

while reducing the burden on the taxpayer. If advance tax is not paid or underpaid, interest is charged under Sections 234B and 234C.

<u>Due Dates</u>	<u>Tax %</u>
Up-to 15 th June	15%
Up-to 15 th September	45%
Up-to 15 th December	75%
Up-to 15 th March	100%

13. Income Tax Refund

An Income Tax Refund is the amount returned by the government to a taxpayer when the tax paid or deducted exceeds their actual tax liability for the financial year. This can happen if excess TDS, TCS, or advance tax has been paid. After filing the Income Tax Return, the Income Tax Department verifies the income and tax details, and if the taxpayer has paid more tax than required, the excess amount is credited back to their bank account. In simple terms, a tax refund is getting back the extra tax you have paid to the government.

14. Tax Audit

Tax Audit is an examination of a taxpayer's accounts, books, and financial statements by a Chartered Accountant to ensure that the income declared and deductions claimed are correct as per the Income Tax Act. It is mainly applicable to businesses and professionals to verify their compliance with tax laws.

For businesses/professionals requiring tax audit, the due date for filing the Tax Audit Report (Form 3CA/3CB and 3CD) is 30th September of the assessment year.

Tax audit is required under Section 44AB for:

- ✓ Business - Turnover or gross receipts exceed ₹1 crore (₹2 crore for digital transaction cases as per recent amendments).
- ✓ Profession - Gross receipts exceed ₹50 lakh.

Presumptive Income (Section 44AD) - Tax audit is needed if declared income is less than 6%/8% of turnover or less than the presumptive income threshold.