



Income Tax Department

Government of India

2.f List of benefits available to Small Businessmen

[AY 2015-16]

S.N.	Particulars	Section	Benefits/Deductions allowed
A.	Presumptive Taxation Scheme		
1.	Computation of income from eligible business on presumptive basis under Section 44AD provided turnover of eligible business does not exceed Rs. 1 crore (Subject to certain conditions).	44AD	Presumptive income of eligible business shall be 8 % of gross receipt or total turnover (if turnover of eligible business does not exceed Rs. 1 crore).
2.	Presumptive income of business of plying, hiring or leasing of goods carriage if taxpayer does not own more than 10 goods carriage (Subject to certain conditions)	44AE	Rs. 7,500 for every month during which the goods carriage is owned by the taxpayer
B.	Deductions from business profits		
1.	Rent, rates, taxes, repairs (excluding capital expenditure) and insurance for premises	30	Actual expenditure incurred excluding capital expenditure
2.	Repairs (excluding capital expenditure) and insurance of machinery, plant and furniture	31	Actual expenditure incurred excluding capital expenditure
3.	Depreciation on buildings, machinery, plant or furniture, know-how, patents, copyrights, trademarks, licenses, franchises, or any other business or commercial rights of similar nature, being intangible assets (subject to certain conditions)	32	Allowed at prescribed percentage on WDV in the case of any block of assets
4.	Insurance premium covering risk of damage or destruction of stocks/stores	36(1)(i)	Actual expenditure incurred
5.	Insurance premium covering life of cattle owned by a member of co-operative society engaged in supplying milk to federal milk co-operative society	36(1)(ia)	Actual expenditure incurred
6.	Medical insurance premium paid by any mode other than cash, to insure employee's health	36(1)(ib)	Actual expenditure incurred

	under (a) scheme framed by GIC of India and approved by Central Government; or (b) scheme framed by any other insurer and approved by IRDA		
7.	Bonus or commission paid to employees which would not have been payable as profit or dividend if it had not been paid as bonus or commission	36(1)(ii)	Actual expenditure incurred
8.	Interest on borrowed capital (Subject to certain conditions)	36(1)(iii)	Actual interest incurred except interest to be capitalized with actual cost of capital asset shall be allowed as deductions
9.	Employer's contributions to recognized provident fund and approved superannuation fund [subject to certain limits and conditions]	36(1)(iv)	Actual expenditure incurred
10.	Any sum paid by assessee-employer by way of contribution towards a pension scheme, as referred to in section 80CCD , on account of an employee to the extent it does not exceed 10 per cent of the employee's salary in the previous year.	36(1)(iva)	Actual expenditure incurred subject to the limit of 10 per cent of the employee's salary* *Salary = Basic Pay + Dearness Allowance (to the extent it forms part of retirement benefits)+ turnover based commission
11.	Contributions to approved gratuity fund (Subject to certain limits and conditions)	36(1)(v)	Actual expenditure incurred
12.	Employer's contribution towards approved gratuity fund created exclusively for the benefit of employees under an irrevocable trust shall be allowed as deduction (subject to certain conditions)	36(1)(va)	Actual expenditure incurred not exceeding the 8.33% of salary of each employee
13.	Allowance in respect of animals which have died or become permanently useless (Subject to certain conditions)	36(1)(vi)	Actual cost of acquisition of such animals <i>less</i> realization on sale of carcasses of animals
14.	Bad debts which have been written off as irrecoverable (Subject to certain conditions)	36(1)(vii)	Actual bad debts which have been written off from books of accounts
15.	Securities Transaction Tax paid	36(1)(xv)	Actual expenditure incurred if corresponding income is included as income under the head profits and gains of business or profession
16.	Amount equal to commodities transaction tax paid by an assessee in respect of taxable	36(1)(xvi)	Actual expenditure incurred if corresponding income is

	commodities transactions entered into in the course of his business during the previous year is allowed as deduction		included as income under the head profits and gains of business or profession
17.	Any other expenditure [not being personal or capital expenditure and expenditure mentioned in sections 30 to 36] laid out wholly and exclusively for purposes of business or profession	37(1)	Actual expenditure incurred
18.	Interest, salary, bonus, commission or remuneration paid to partners (subject to certain conditions and limits)	40(b)	<p>a) Interest, in accordance with terms of partnership deed but not exceeding simple interest at 12 per annum</p> <p>b) Remuneration to working partners:</p> <ul style="list-style-type: none"> ■ If book profit is negative: Rs. 1,50,000 ■ If book profit is positive: <ul style="list-style-type: none"> (i) Rs. 1,50,000 or 90% of book profit, whichever is more, on first Rs. 3 lakhs of book profit (ii) 60% of balance book profit
C. Maintenance of books of accounts and audit thereof			
1.	Compulsory maintenance of prescribed books of account – Specified Profession (Subject to certain conditions and circumstances)	44AA	Persons carrying on specified profession and their gross receipts exceed Rs. 1,50,000 in all the three years immediately preceding the previous year
2.	Compulsory maintenance of books of account – Other business or profession (Subject to certain conditions and circumstances)	44AA	1) If total sales, turnover or gross receipts exceeds Rs. 10,00,000 in any one of the three years immediately preceding the previous

			year; or 2) If income from business or profession exceeds Rs. 1,20,000 in any one of the three years immediately preceding the previous year
3.	Compulsory Audit of books of accounts (Subject to certain conditions and circumstances)	44AB	1) If total sales, turnover or gross receipts exceeds Rs. 1 Crore in any previous year, in case of business; or 2) If gross receipts exceeds Rs. 25 Lakhs in any previous year, in case of profession.
D. Exemptions and Deductions			
1.	Amount received by individual member from HUF. [Subject to the provisions of Section 64(2)]	10(2)	Entire amount is exempt from tax
2.	Share of profit received by partners from a partnership firm.	10(2A)	Entire amount is exempt from tax
3.	Any sum of money or immovable property or movable property received without consideration or for inadequate consideration from a relative or member of HUF (subject to certain conditions and circumstances).	56(2)(vii)	The whole amount received from specified relatives or in specified circumstances shall not be included in taxable income.
4.	Rent paid for furnished/unfurnished residential accommodation (Subject to certain conditions)	80GG	Least of the following shall be exempt from tax: a) Rent paid in excess of 10% of total income*; b) 25% of the Total Income; or c) Rs. 2,000 per month. Total Income = Gross total income minus long term capital gains, short term capital gains under section 111A , deductions under sections 80C to 80U (other than 80GG) and income under section 115A
E. Tax Deducted at Source and Advance Tax			
1.	Lower rate of TDS under Section 194C in case of payments above threshold limit to a contractor or sub-contractor (Subject to certain conditions)	194C	Deduction of tax at source at 1% if recipient is an Individual or HUF

2.	No TDS from interest paid on debentures issued by a company in which public are substantially interested. Provided interest is paid by account payee cheque to an individual and HUF.	193	No TDS if interest during the financial year does not exceed Rs. 5,000
3.	No obligation to deduct tax at source under Section 194A , 194C , 194H , 194-I and 194J if an Individual or HUF carries on a business or profession and total sales, turnover or gross receipts from such business or profession does not exceed the monetary limit specified under Section 44AB during the financial year immediately preceding the financial year in which sum is to be credited or paid.	-	Not liable to deduct tax at source
4.	No deduction of tax shall be made under Sections 194 and 194EE , if resident individual furnishes to the payer a written declaration in prescribed form that tax on his estimated total income of the previous year will be <i>nil</i> .	197A(1)	No tax shall be deducted from specified payments if the sum paid does not exceed the maximum amount which is not chargeable to tax
5.	No deduction of tax shall be made under Sections 193 , 194 , 194A , 194EE and 194K if resident senior citizen furnishes to the payer a written declaration in prescribed form that tax on his estimated total income of the previous year will be <i>nil</i> .	197A(1C)	No tax shall be deducted from specified payments
6.	Exemption from payment of advance tax by a resident senior citizen or resident super senior citizen not having any income from business or profession (who is at least 60 Years of age at any time during the previous year)	207(2)	Not liable to pay advance tax
7.	Exemption from payment of advance tax by a taxpayer who has opted for presumptive taxation scheme under Section 44AD	44AD	Not liable to pay advance tax
8.	Liability for payment of advance tax	208	Taxpayer is liable to advance tax only if his advance tax liability exceeds Rs. 10,000
F.	Basic exemption limits		
1.	Maximum amount of income which is not chargeable to Income-tax	Rs. 2,50,000	Individual/HUF taxpayer
2.	Maximum amount of income which is not chargeable to Income-tax in the hands of a resident senior citizen (who is at least 60 Years of age at any time during the previous year but less than 80 Years of age on the last day of the previous year)	Rs. 3,00,000	Resident Senior Citizen
3.	Maximum amount of income which is not	Rs.	Resident Super Senior

	chargeable to Income-tax in the hands of a resident super senior citizen (who is at least 80 Years of age at any time during the previous year)	5,00,000	Citizen
4.	Rebate to resident individual whose total income does not exceed Rs. 5,00,000 [Section 87A]	Tax payable subject to maximum of Rs. 2,000	Resident Individual
5.	HUF is assessed to tax as a separate entity	HUF is treated as a person distinct from Individual members or Karta.	HUF

[As amended by Finance (No. 2) Act, 2014]