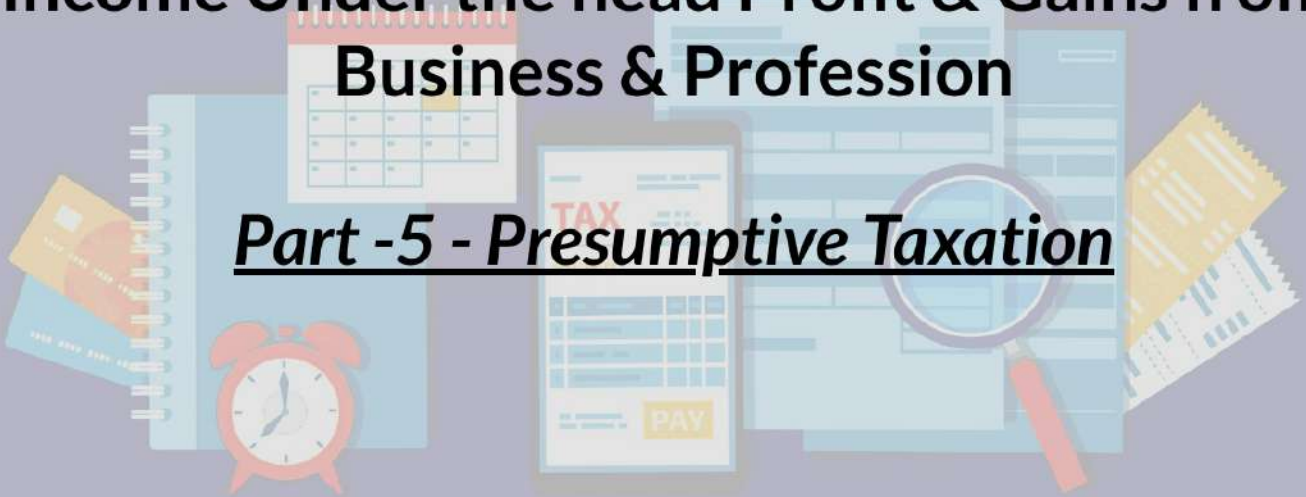




What is Presumptive Tax Scheme?

Income Under the head Profit & Gains from
Business & Profession

Part -5 - Presumptive Taxation



Section 44AA : Compulsory Maintenance of Books of Accounts



Specified Professional



Gross Receipts / Income exceeds
₹ 150000 in all three Previous Years

Who are Specified Professional ?



- Legal
- Medical
- Engineering
- Architectural
- Accountancy
- Technical consultancy
- Interior Decoration
- Authorized representatives
- Film artists & CS,
- Information technology persons.



Section 44AA : Compulsory Maintenance of Books of Accounts in case of ***Non Specified Professionals***

Income from Business/Profession	<u>Individual/HUF</u> > ₹ 2.5 Lakhs	<u>Business</u> > ₹ 1.2 Lakhs
	or	or
Gross Turnover/Receipts	> ₹ 25 Lakhs	> ₹ 10 Lakhs



In any one of the last three Previous Years
or Current Year in case of Newly setup business



Meaning of Presumptive Taxation

- As per Section 44AA, a taxpayer engaged in business or profession is **required to maintain books of accounts**.
- To give **relief to small taxpayers** from this tedious work, the Income-tax Act has framed the presumptive taxation scheme under **section 44AD, 44ADA, 44AE**.
- A person adopting the presumptive taxation scheme can **declare income at a prescribed rate** and, in turn, is **relieved from tedious job of maintenance of books of account**.



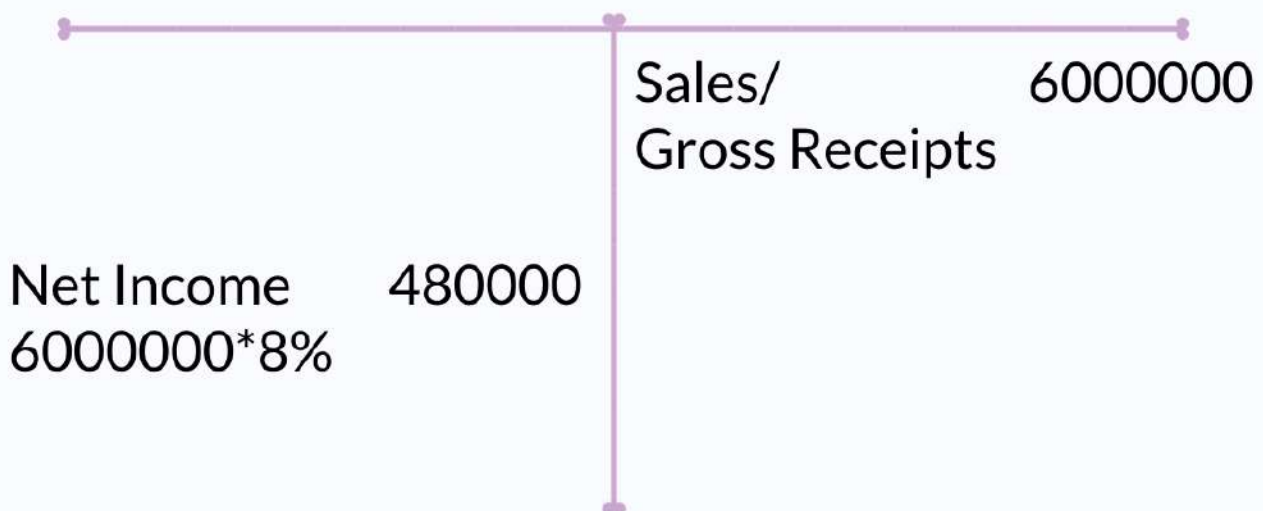
Section 44AD: Provisions for computing profits and gain of BUSINESS on presumptive basis.

Assesse

Must Be	Should be engaged in	Should not	Turnover of Eligible Business
<ul style="list-style-type: none">◆ Individual◆ HUF◆ Firm (Except LLP)	<p>any bussiness Except business u/s 44AE</p>	<ul style="list-style-type: none">◆ Carry on 44AE business◆ Carry Agency buiness◆ Earn Commission Income	<p>should not exceed ₹ 2 crores.</p>

If ALL above conditions are satisfied then presumptive income will be: **8% of Total Turnover / Gross Receipts.**

Section 44AD: Provisions for computing profits and gain of BUSINESS on presumptive basis.





Section 44AD: Provisions for computing profits and gain of BUSINESS on presumptive basis.

In case of Payment



which is received before
the due date of ROI

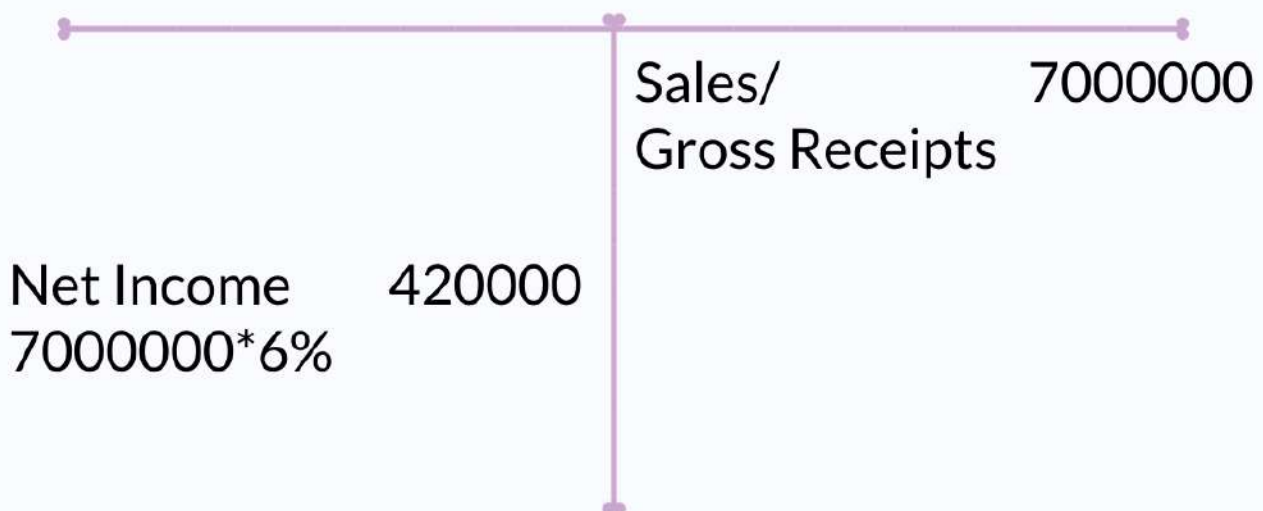


By Account payee cheque / draft
or use of ECS through a bank account



In such a case, Deemed business profit would be **computed @ 6% (instead 8%)**.

Section 44AD: Provisions for computing profits and gain of BUSINESS on presumptive basis.



Section 44AD: Provisions for computing profits and gain of BUSINESS on presumptive basis.



Profits as per presumptive scheme should be declared for at least 5 years in continuation.

For Example : FY 2019-20- Opted for Presumptive Taxation

FY 2020-21

FY 2021-22

FY 2022-23

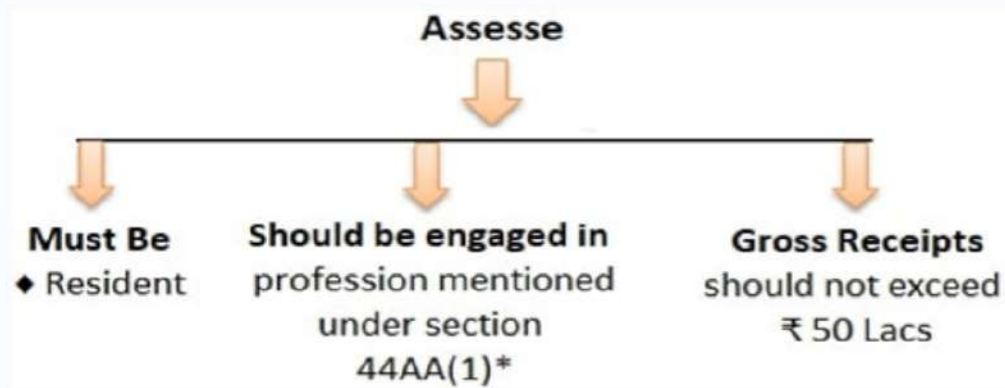
FY 2023-24

FY 2024-25





Section 44ADA: Provisions for computing profits and gain of PROFESSION on presumptive basis.



In Such Case Deemed Business Profits would be computed @ 50%

Section 44ADA: Provisions for computing profits and gain of PROFESSION on presumptive basis.





Section 44AE: Special provision for computing profits and gains of business of plying, hiring or leasing goods carriages

Applicability	Any Person carrying on business of plying, hiring or leasing goods carriages and not owning more than 10 goods carriages at any time during the previous year.
Minimum amount of Presumptive Income	
Goods Carriage	Presumptive Income
Heavy goods Vehicle [Weight more than 12,000 kg]	INR 1,000 per ton of gross vehicle weight
Other than heavy goods vehicle	INR 7,500 for every month or part of a month

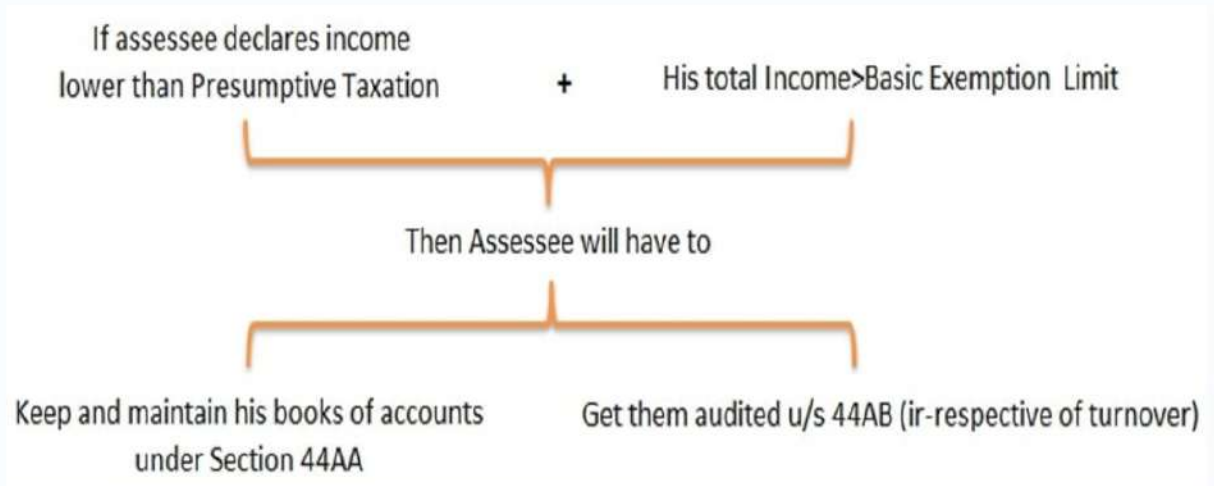


Section 44AE: Special provision for computing profits and gains of business of plying, hiring or leasing goods carriages

<u>Trucks</u>	<u>Income</u>
13000 kg	$13 * 1000 * 12 = ₹ 156000$
8000 kg	$7500 * 12 = ₹ 90000$



Maintenance of Books of Accounts and Tax Audit in Presumptive Taxation





Consequences for Adoption of Presumptive taxation

