

Intermediate Course Study Material (Modules 1 & 2)

PAPER 3

Taxation

Section – A: Income-tax Law

**[As per the Income-tax Act, 2025 as amended
by the Finance Act, 2026]**

Tax Year 2026-27

**(Relevant for May, 2027, September, 2027
and January, 2028 Examinations)**

MODULE – 1



BOARD OF STUDIES (ACADEMIC)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

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BEFORE WE BEGIN.....

BoS (A) – Value added Study Materials

The Board of Studies (Academic) is the department which serves as the Institute's interface with its students. BoS(A) leaves no stone unturned in providing best-in-class academic support services through value-added study materials wherein concepts and provisions are explained in lucid language with suitable illustrations and examples to facilitate understanding and application of the concepts and provisions.

"Quiz Time" MCQs incorporated at appropriate places during the discussion of topics help students assess their level of understanding of the provisions studied. Further, the "Test Your Knowledge" questions at the end of each chapter are intended to strengthen analytical and application-oriented problem-solving skills.

The Board of Studies (Academic) also publishes "Saransh", wherein concepts and provisions are presented in attractive colours in the form of tables, diagrams and flow charts to facilitate easy retention and quick revision of topics. Further, the Case Scenario Booklet containing application-oriented and case scenario-based MCQs is designed to strengthen students' analytical abilities and practical understanding of the provisions of law.

In addition, Revision Test Papers are provided to assist students in revising concepts and updating themselves with the latest developments, while Mock Test Papers help students assess their level of preparedness for the examinations.

Professional Knowledge and Skills required at Intermediate Level

At the Intermediate Level, you are expected to not only acquire professional knowledge but also the ability to apply such knowledge in problem solving. The process of learning should also help you inculcate the requisite professional skills, i.e., the intellectual skills and communication skills, necessary for achieving the desired professional competence.

Significant Components of Income-tax Law

Taxation is one of the core competence areas of chartered accountants. The subject of "Taxation" at the Intermediate level is divided into two sections, namely, Section

A: Income-tax law and Section B: Goods and Services Tax. Income-tax is a direct tax i.e., it is a tax levied directly on the income of a person. Income-tax law, at the Intermediate level, largely involves application of provisions of the Income-tax Act, 2025 in problem solving. The Income-tax Act, 2025 has replaced the six-decade old Income-tax Act, 1961 with effect from 1st April, 2026. The tax laws of the country undergo significant changes every year on the passing of the Finance Act of that year. Apart from these significant amendments ushered in every year through the Finance Act, notifications and circulars are also issued from time to time by the Central Board of Direct Taxes (CBDT), the statutory authority in charge with the administration of direct taxes, to implement the provisions of the Act and clarify issues regarding the meaning and scope of certain provisions. Thus, the Income-tax Act, 2025, the Income-tax Rules, 2026, circulars and notifications issued by the CBDT are the significant components of income-tax law.

Notifications/Circulars issued under the repealed Income-tax Act, 1961 which are not inconsistent with the provisions of the Income-tax Act, 2025 continue to remain relevant

The Income-tax Act, 2025, as amended by the Finance Act, 2026, and the Income-tax Rules, 2026 made thereunder, have come into effect from 1st April, 2026.

Section 536(2)(j) of the Income-tax Act, 2025 provides that any agreement entered into, appointment made, approval granted, recognition granted, circular, direction, instruction, notification, order, rule or scheme framed under the repealed Income-tax Act, 1961 shall, insofar as the same is not inconsistent with the corresponding provisions of the Income-tax Act, 2025, be deemed to have been entered into, made, granted, issued or framed under the corresponding provisions of the new Act and shall continue to remain in force accordingly.

Accordingly, Notifications and Circulars issued under the repealed Income-tax Act, 1961, which are not inconsistent with the corresponding provisions of the Income-tax Act, 2025, continue to remain relevant. Therefore, such Notifications and Circulars have been appropriately incorporated in the Study Material.

Scope of Coverage of the subject – Read the Syllabus along with Study Guidelines

The syllabus of the subject “Income-tax law” has to be read along with the Study Guidelines. The Study Guidelines specify the topic-wise exclusions from the syllabus. The provisions of the excluded sections are not discussed in the Study Material. However, a reference may have been made to these sections at certain

places either by way of a footnote or otherwise, wherever required. As regards section 11 read with Schedules II, III & IV, the Study Guidelines specify the topic-wise inclusions.

Know the relevant Finance Act and Tax Year applicable for Examination

This Study Material on Income-tax law is based on the provisions of the Income-tax Act, 2025 as amended by the Finance Act, 2026, and the significant notifications and circulars issued and legislative amendments made upto 30th April, 2026. The computational problems have been solved on the basis of the provisions of income-tax law applicable for Tax Year (T.Y.) 2026-27. The Study Material is, therefore, relevant for May, 2027, September, 2027 and January, 2028 examinations.

The significant notifications/circulars issued and other legislative amendments, if any, made upto 31.10.2026, 28.2.2027 and 30.6.2027 but not covered in this material, relevant for May, 2027, September, 2027 and January, 2028 examinations, respectively, will be webhosted as Statutory Update at the BoS Knowledge Portal.

Framework of the Study Material – Two Modules with Five Sections comprising of 9 Chapters

Efforts have been made to present the complex law of income-tax in a lucid manner. Care has been taken to present the chapters in a logical sequence to facilitate easy understanding by the students. The nine Chapters in the Study Material are grouped into five Sections, namely, Sections I to V and weightages are assigned to each Section. The Section-wise weightages and Skill-wise weightages are webhosted separately at the BOS Knowledge Portal. The Study Material is divided into two modules - Module 1 comprises of chapters covered in Sections I and II and Module 2 comprises of chapters covered in Sections III, IV and V.

Module	Section	Chapters	
1	Section I	Chapter 1	Basic Concepts
		Chapter 2	Residential Status and Scope of Total Income
	Section II	Chapter 3	Heads of Income
2	Section III	Chapter 4	Income of other persons included in total income of assessee

		Chapter 5	Set-off or Carry Forward and Set-off of Losses
		Chapter 6	Deductions from Gross Total Income
	Section IV	Chapter 7	Tax Deduction or Collection at Source and Advance Tax
		Chapter 8	Provisions for filing Return of Income and Self-assessment
	Section V	Chapter 9	Income-tax Liability - Computation and Optimisation

Special features of the Study Material – Section Overview, Scenario and Crossword Puzzle

Each of the five Sections begin with a Section Overview followed by an interesting Scenario. Crossword Puzzles have been included in Sections I to IV. These are the special features of this Study Material.

	Elements of each Section	About each Element
1.	Section Overview	In order to ensure that you have an enhanced learning experience, Overview of each Section is given before the chapters in that section. The Section Overview contains a broad description of the provisions which would be covered in the chapters comprised therein.
2.	Scenario	In each Section, learning commences with a Scenario which is essentially a story which is later divided into components and "Points to Ponder" are raised in respect of each component thereof to instill curiosity and interest in you. After reading the Scenario and the "Points to Ponder" raised in respect thereof, you are expected to read the chapters in that Section, analyze the tax consequences and write your responses in the space provided in the last column of the table against the respective Scenario component. By relating the various components of the Scenario to the relevant provisions of income-tax law, you would be able to grasp the provisions quickly and appreciate the application of the provisions in different situations.

		The Scenario in Section V comprising of “Chapter 9 Income-tax Liability – Computation and Optimisation” requires integration of your learning in the first eight chapters to compute the total income and tax liability of an individual under the alternative tax regimes by filling up the blank spaces in the income computation sheet and tax computation sheet forming part thereof. Thereafter, based on the computation, you are required to write your response as to which tax regime is more beneficial for the individual. Through this exercise, you will be able to effectively comprehend the manner of computation of total income and tax liability under the alternative tax regimes.
3.	Crossword Puzzle	There is no doubt that use of gamification will make learning more interesting. In order to make learning of income-tax law more engaging and enjoyable, Crossword puzzles have been included in Sections I to IV, which you have to solve after reading the Chapters in the Section.

Framework of Chapters – Uniform Structure comprising of specific components

The various chapters/units of each subject at the Intermediate level have been structured uniformly and comprises of the following components:

	Components of each Chapter	About the component
1.	Learning Outcomes	Learning outcomes which you need to demonstrate after learning each topic have been detailed in the first page of each chapter/unit. Demonstration of these learning outcomes would help you to achieve the desired level of technical competence
2.	Chapter Overview	As the name suggests, the flow chart/table/diagram given at the beginning of each chapter would give a broad outline of the contents covered in the chapter.
3.	Proforma for computation of income under different heads	Chapter 3 Heads of Income has five units, each unit dealing with a particular head of income. Units 1,3,4 and 5 begin with a detailed proforma for computation of income under that head. The proforma has been given separately for

		computation under the default tax regime and optional tax regime in Units 1 and 3.
4.	Content	The concepts and provisions of income-tax law are explained in a student-friendly manner with the aid of examples/illustrations/diagrams/flow charts. Diagrams and Flow charts would help you understand and retain the concept/provision learnt in a better manner. Examples and illustrations would help you understand the application of concepts/provisions. These value additions would, thus, help you develop conceptual clarity and get a good grasp of the topic.
5.	Quiz MCQs	Time "Quiz Time" MCQs have been incorporated at appropriate places in the chapters to promote interactive and application-oriented learning. Answers to these "Quiz Time" MCQs are given at the end of respective chapter. These MCQs are intended to reinforce conceptual understanding of the provisions discussed in the chapter and enable students to assess their comprehension instantly. These MCQs also encourage analytical thinking and active learner engagement, thereby making the learning process more interesting and effective.
6.	Let us Recapitulate	A summary of the chapter is given at the end to help you revise what you have learnt. It would especially facilitate quick revision of the chapter the day before the examination.
7.	Test Your Knowledge	The questions and answers at the end of each chapter would help you to apply what you have learnt in problem solving, and, thus, sharpen your application skills. In effect, it would test your understanding of concepts/provisions as well as your ability to apply the concepts/provisions learnt in solving problems and addressing issues.

We hope that these student-friendly features in the Study Material makes your learning process more enjoyable, enriches your knowledge and sharpens your application skills.

Happy Reading and Best Wishes!

SYLLABUS

PAPER – 3 : TAXATION

(One paper — Three hours – 100 Marks)

SECTION A: INCOME TAX LAW (50 MARKS)

Objective:

- (a) To develop an understanding of the provisions of income-tax law
- (b) To acquire the ability to apply such provisions to solve problems and address application-oriented issues.

Contents:

- 1. Basic Concepts
 - (i) Income-tax law: An introduction
 - (ii) Significant concepts in income-tax law, including person, assessee, tax year, income, agricultural income
 - (iii) Basis of Charge
 - (iv) Procedure for computation of total income and tax payable in case of individuals
- 2. Residential status and scope of total income
 - (i) Residential status
 - (ii) Scope of total income
- 3. Heads of income and the provisions governing computation of income under different heads
 - (i) Salaries
 - (ii) Income from house property
 - (iii) Profits and gains of business or profession
 - (iv) Capital gains
 - (v) Income from other sources

4. Provisions relating to clubbing of income, set-off or carry forward and set-off of losses, deductions from gross total income
5. Advance Tax, Tax deduction at source and tax collection at source
6. Provisions for filing return of income and self-assessment
7. Computation of total income and income-tax payable by an individual under the alternative tax regimes under the Income-tax Act, 2025 to optimise tax liability

Note: If any new legislation(s) are enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in the place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation(s) on income tax law ceases to be in force, the syllabus will accordingly exclude such legislation(s) with effect from the date to be notified by the Institute.

Further, the specific inclusions/exclusions in any topic covered in the syllabus will be effected by way of Study Guidelines every year, if required. Specific inclusions/exclusions in a topic may also arise due to additions/deletions made every year by the Annual Finance Act.

SECTION B: GOODS AND SERVICES TAX (50 MARKS)

Objective:

- (a) To develop an understanding of the provisions of goods and services tax law.
- (b) To acquire the ability to apply such provisions to address/solve issues in moderately complex scenarios.

Contents:

1. GST Laws: An introduction including Constitutional aspects
2. Levy and collection of CGST and IGST
 - (i) Application of CGST/IGST law
 - (ii) Concept of supply including composite and mixed supplies
 - (iii) Charge of tax including reverse charge
 - (iv) Exemption from tax
 - (v) Composition levy

3. Basic concepts of:
 - (i) Classification
 - (ii) Place of supply
 - (iii) Time of supply
 - (iv) Value of supply
 - (v) Input tax credit
4. Computation of GST liability
5. Registration
6. Tax invoice; Credit and Debit Notes; Electronic way bill
7. Accounts and Records
8. Returns
9. Payment of tax

Note – If any new legislation(s) is enacted in place of an existing legislation(s), the syllabus will accordingly include the corresponding provisions of such new legislation(s) in place of the existing legislation(s) with effect from the date to be notified by the Institute. Similarly, if any existing legislation ceases to have effect, the syllabus will accordingly exclude such legislation with effect from the date to be notified by the Institute. Students shall not be examined with reference to any particular State GST Law.

Consequential/corresponding amendments made in the provisions of the Goods and Services Tax laws covered in the syllabus of this paper which arise out of the amendments made in the provisions not covered in the syllabus will not form part of the syllabus. Further, the specific inclusions/exclusions in the various topics covered in the syllabus will be effected every year by way of Study Guidelines. The specific inclusions/exclusions may also arise due to additions/ deletions every year by the annual Finance Act.

STUDY GUIDELINES

Paper-3A: Income-tax Law

List of topic-wise exclusions from the syllabus

Topics of the Syllabus		Exclusions (Provisions which are excluded from the corresponding topic of the Syllabus)				
1.	Basic Concepts	-				
2.	Residential status and scope of total income	Section 9(5)(b) – Interest deemed to accrue or arise in India in relation to PE Section 9(9)(b) – business connection through agent Section 9(9)(d)/(e)/(g) – Significant Economic Presence Section 9(10) – Indirect Transfers Section 9(12) - Fund management activity carried out by an eligible investment fund through an eligible fund manager not to constitute business connection in India				
3.	Heads of income and the provisions governing computation of income under different heads					
	Salaries	-				
	Income from house property	-				
	Profits and gains of business or profession	1. Income computation and disclosure standards (ICDSs) notified under section 276(2) and the related provisions in the Income-tax Act, 2025; 2. The provisions contained in the following sections given hereunder: <table><tr><th>Section</th><th>Particulars</th></tr><tr><td>30(b)</td><td>Insurance premium paid by a Federal Milk Co-operative Society</td></tr></table>	Section	Particulars	30(b)	Insurance premium paid by a Federal Milk Co-operative Society
Section	Particulars					
30(b)	Insurance premium paid by a Federal Milk Co-operative Society					

	31(1)	Special provision for bad and doubtful debts made by Banks, Public Financial Institution, State Financial Corporation, State Industrial Investment Corporation, NBFC
	32(c)	Deduction of contribution by a public financial institution to Credit guarantee fund trust for small industries
	32(e)	Deduction for Special Reserve created and maintained by Specified Entities engaged in eligible business
	32(f)	Deduction for expenditure incurred by entities established under any Central, State or Provincial Act
	32(g)	Deduction of expenditure incurred by a co-operative society for purchase of sugarcane at price equal to or less than the price fixed by the Government
	32(h)	Deduction for marked to market loss or other expected loss
	32(j)	Allowance of difference between the actual cost of animals used for the purposes of business or profession otherwise than as stock in trade and the amount realised from the carcasses or animals
	33(5)	Depreciation in case of succession of firm/ sole proprietary concern by a company or business reorganization, amalgamation or demerger of companies or succession of business otherwise than on death
	35(d)	Non-deduction for any amount paid by way of royalty, licence fee, service fee, privilege fee, service charge, etc., which is levied exclusively on, or which is appropriated, directly or indirectly, from a State Government undertaking by the State Government (SG)

	35(f)	Any payment of interest, salary, bonus, commission or remuneration by AoP or Bol to a member of such AoP or Bol
	36(9)	Non-deduction in respect of marked to market loss or other expected loss
	39(4)	Actual cost of asset in case of amalgamation or demerger of companies, transfer of asset from holding to subsidiary company or <i>vice a versa</i> , acquired under a scheme of corporatization of a recognized stock exchange [Section 39(4) (Table: S. No. 1, 2, 6, 11)]
	40	Special Provision for Computation of Cost of Acquisition of Certain Assets
	41(2)	WDV of assets in case of transfer of asset from holding to subsidiary company or <i>vice a versa</i> and amalgamation
	41(3)	WDV of assets of demerged company in case of demerger
	41(4)	WDV of assets of resulting company in case of demerger
	41(5)	WDV of assets of LLP in case of business reorganization
	41(6)	WDV of assets under a scheme of corporatization of a recognized stock exchange
	41(7)	WDV of assets in case of succession of business otherwise than on death
	43	Taxation of foreign exchange fluctuation as per ICDS
	44(7)	Amortisation of certain preliminary expenses in case of amalgamation
	44(8)	Amortisation of certain preliminary expenses in case of demerger
	45(2)	Expenditure on scientific research on in-house research and development facility by a company engaged in business of bio-technology or manufacturing of article or thing etc.

		47	Expenditure on agricultural extension project and skill development project
		48	Tea Development Account/ Coffee Development Account/ Rubber Development Account
		49	Site Restoration Fund
		50	Special provision for deduction in the case of trade, professional or similar association
		51	Deduction of expenditure on prospecting certain minerals
		52	Amortisation of expenditure for telecommunications services, amalgamation, demerger, listed in SI No. 1, 3 and 4
		54	Special provisions for deduction in case of business for prospecting etc. for mineral oil
		55	Insurance Business
		56	Special Provision in case of interest income of Specified Financial Institutions
		57	Revenue recognition for construction and service contracts
		59	Computation of royalty and fee for technical services in hands of non-residents
		60	Deduction of head office expenditure in the case of non-residents
		61	Special provision for computation of income on presumptive basis in respect of certain business activities of certain non-residents
		64	Special provision for computing deductions in case of business re-organisation of co-operative banks
		65	Interpretation for the purposes of section 64
	Capital gains	• Distribution of capital assets or stock in trade on dissolution or reconstitution of firm/AOP or BOI [Section 8] • Receipts from unit linked insurance policy [Section 67(5)]	

- Profits or gains arising from transfer made by the depository or participant of beneficiary interest in any securities [Section 67(7) and (8)]
- Introduction of capital asset as capital contribution in a firm/AOP or BOI [Section 67(9)]
- Distribution of money or capital assets on reconstitution of firm/AOP or BOI [Section 67(10) and (11)]
- Taxability of capital gains in case of Specified Agreement [Section 67(14) to (16)]
- Taxability of difference between repurchase of units referred under section 80CCB(2) of the Income-tax Act, 1961 and capital value of such units [Section 67(17) and (18)]

Section	Particulars
2(101)(c)	Consequent to excluded clauses of section 70(1), section 2(101)(c)(B)(X) relating to period of holding of unit or units in the segregated portfolio and section 2(101)(c)(C)(VI) relating to period of holding of share(s) of a company acquired by non-resident on redemption of GDRs.
70(1)(g)/(h)/(i)/(l)/(m)/(n)/(o)/(p)/(q)/(r)/(s)/(t)/(u)/(v)/(w)/(za)/(zd)/(ze)/(zf)/(zg)/(zi)/(zj)/(zk)/(zl)	• Any transfer of a capital asset being a share or shares held in an Indian company, in a scheme of amalgamation, by amalgamating foreign company to the amalgamated foreign company [Section 70(1)(g)] • Any transfer, in a scheme of amalgamation, of a capital asset, being a share of a foreign company [Section 70(1)(h)] • Any transfer of a capital asset, in a scheme of amalgamation of a banking company with a banking institution [Section 70(1)(i)]

			• Any transfer in a demerger, of a capital asset, being a share or shares held in an Indian company, by the demerger foreign company to the resulting foreign company [Section 70(1)(l)] • Any transfer in case of a demerger of a capital asset, being a share of a foreign company [Section 70(1)(m)] • Any transfer in a business reorganization by the predecessor co-operative bank to the successor co-operative bank [Section 70(1)(n)] • Any transfer by a shareholder, in a business reorganisation, of a capital asset being a share or shares held by him in the predecessor co-operative bank if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank or to the converted banking company [Section 70(1)(o)] • Any transfer of bonds of an Indian company or Global Depository Receipts purchased in foreign currency referred to in section 209 [Section 70(1)(p)] • Any transfer, made outside India, of a capital asset being Rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident [Section 70(1)(q)] • Any transfer of a capital asset, being GDR, rupee denominated bonds, derivative or other notified securities by a non-resident in foreign currency
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			on a recognized stock exchange located in any IFSC [Section 70(1)(r)] • Any transfer of capital asset, being a Government Security, made outside India by a non-resident to another non-resident [Section 70(1)(s)] • Any transfer, in a relocation, of a capital asset by the original fund to the resulting fund [Section 70(1)(t)] • Any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund [Section 70(1)(u)] • Any transfer of capital asset by IIFCL to an institution established for financing the Infrastructure and Development, set up under an act of Parliament and notified by the Central Government [Section 70(1)(v)] • Any transfer of capital asset by a public sector company to another public sector company notified by the Central Government or to the Central Government or to a State Government under a plan approved by the Central Government [Section 70(1)(w)] • Any transfer by way of conversion of Foreign Currency Exchangeable Bonds into shares or debentures of a company [Section 70(1)(za)] • Any transfer of a capital asset or intangible asset by a firm to a company [Section 70(1)(zd)]
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			- Any transfer of a capital asset or intangible asset by a private company or unlisted public company to a LLP [Section 70(1)(ze)] - Any transfer of a capital asset or intangible asset where a sole proprietary concern is succeeded by a company [Section 70(1)(zf)] - Any transfer in a scheme for lending of any securities under an agreement or arrangement which is subject to SEBI guidelines [Section 70(1)(zg)] - Any transfer of a capital asset being share of a SPV to a business trust in exchange of units allotted by the trust to the transferor [Section 70(1)(zi)] - Any transfer of unit or units by a unit holder under consolidated scheme of mutual fund [Section 70(1)(zj)] - Any transfer of unit or units by a unit holder under consolidated plan of mutual fund scheme [Section 70(1)(zk)] - Any transfer of a capital asset, being an interest in a joint venture, held by a public sector company, in exchange of share of a company incorporated outside India by the Government of a foreign State [Section 70(1)(zl)]
		71	Withdrawal of exemption in certain cases
		72(4)	Mode of computation of capital gains with respect to units of a business trust in the hands of unitholders

		72(5)	Cost of acquisition subsequent to distribution of money or capital assets on reconstitution of firm/AOP or BOI
		72(7)	Appreciation of rupee against foreign currency on redemption of Rupee Denominated Bonds by non-resident
		73	• Items listed in Table to section 73(1) consequent to excluded clauses of section 70(1) • Cost of acquisition of share(s) of a company acquired by a non-resident on redemption of GDRs referred under section 209(1) (Table: S. No. 2) [Section 73(1) (Table: S. No. 6)] • Cost of acquisition of a unit or units in the segregated portfolio [Section 73(1) (Table: S. No. 11)] • Cost of acquisition of the original units held by the unitholder in the main portfolio [Section 73(1) (Table: S. No. 12)] • Cost of acquisition of capital asset transferred by holding to its 100% subsidiary Indian company or vice versa in case of attraction of section 71(1) [Section 73(1) (Table: S. No. 16)] • Cost of acquisition of an asset declared under the Income Declaration Scheme, 2016 [Section 73(1) (Table: S. No. 18)] • Cost of acquisition of specified capital asset to an assessee, being an individual or HUF under Land Pooling Scheme in case of transfer of reconstituted plot or land after the expiry of two years from the end of the financial year in which the possession was handed over to the

			assessee [Section 73(1) (Table: S. No. 19)]
			• Cost of acquisition of capital asset, being share in the project referred under section 67(14) [Section 73(1) (Table: S. No. 20)] • Cost of acquisition of capital asset of entities in case of levy of tax on accreted income under section 352 [Section 73(1) (Table: S. No. 21)]
		87	Exemption of Capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area
		88	Exemption of capital gains on transfer of certain capital assets in case of shifting of an industrial undertaking from an urban area to any SEZ
		90(12)	Cost of acquisition in respect of capital asset, being equity share or shares or trading or clearing rights allotted to a shareholder of a recognised stock exchange of India under a scheme for demutualization or corporatization
	Income from Other Sources	Section 92(2)(k) – Specified sum received by a unit holder from a business trust during the tax year with respect to a unit held by him at any time during the tax year.	
4.	Income of other persons included in total income of assessee	Section 100: Liability of person in respect of income included in the income of another person	
5.	Set-off, or carry forward and set-off of losses	Section	Particulars
		116	Carry forward and set-off of accumulated business losses and unabsorbed depreciation in certain cases of Amalgamation/ Demerger, etc.

		117	Treatment of accumulated losses and unabsorbed depreciation in a scheme of amalgamation in certain cases.														
		118	Carry forward and set off of accumulated losses and unabsorbed depreciation in business reorganisation of co-operative banks														
		119	Carry forward and set-off of losses not permissible in certain cases														
		120	No set off of losses against undisclosed income consequent to search, requisition and survey														
6.	Deductions from gross total income	Deductions in respect of certain income: <table><tr><th>Section</th><th>Particulars</th></tr><tr><td>138 to 143</td><td>Profit-linked deductions under Chapter VIII</td></tr><tr><td>145</td><td>Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.</td></tr><tr><td>147</td><td>Deduction in respect of certain incomes of Offshore Banking units and International Financial Services Centers</td></tr><tr><td>148</td><td>Deduction in respect of certain inter-corporate dividends</td></tr><tr><td>149</td><td>Deduction in respect of income of co-operative societies</td></tr><tr><td>150</td><td>Deduction in respect of income of federal co-operative</td></tr></table>		Section	Particulars	138 to 143	Profit-linked deductions under Chapter VIII	145	Deduction in respect of profits and gains from business of collecting and processing of bio-degradable waste.	147	Deduction in respect of certain incomes of Offshore Banking units and International Financial Services Centers	148	Deduction in respect of certain inter-corporate dividends	149	Deduction in respect of income of co-operative societies	150	Deduction in respect of income of federal co-operative
Section	Particulars																
138 to 143	Profit-linked deductions under Chapter VIII																
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147	Deduction in respect of certain incomes of Offshore Banking units and International Financial Services Centers																
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149	Deduction in respect of income of co-operative societies																
150	Deduction in respect of income of federal co-operative																
7.	Tax deduction or collection at source and Advance tax	<table><tr><th>Section</th><th>Particulars</th></tr><tr><td>393(1)</td><td> • Payment under specified agreement [Section 393(1) (Table: S. No. 3(ii)] • Income from units of business trust [Section 393(1) (Table: S. No. 4(ii)] </td></tr></table>	Section	Particulars	393(1)	• Payment under specified agreement [Section 393(1) (Table: S. No. 3(ii)] • Income from units of business trust [Section 393(1) (Table: S. No. 4(ii)]											
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		- Income in respect of units of investment fund [Section 393(1) (Table: S. No. 4(iii))] - Income in respect of investment in securitization trust [Section 393(1) (Table: S. No. 4(iv))] - Payment of certain sums by e-commerce operator to e-commerce participant [Section 393(1) (Table: S. No. 8(v))] - Payment on transfer of Virtual digital asset [Section 393(1) (Table: S. No. 8(vi))]
		393(2) Payments to non-residents
		393(3) Payments in respect of deposits under NSS [Section 393(3) (Table: S. No. 6)]
		393(4) Items listed in Sl. No. in Table to section 393(4) consequent to exclusions of Sl No. of tables in section 393(1) to 393(3)
		399 Processing
		401 Bar against direct demand on assessee
		407 Payment of advance tax by assessee in pursuance of order of Assessing Officer
8.	Provisions for filing Return of Income and Self-assessment	-
9.	Income-tax liability - Computation and optimization	Section 10 – Apportionment of income between spouses governed by Portuguese Civil Code Section 158 - Relief from taxation in income from retirement benefit account maintained in a notified country

List of topic-wise inclusion of exempted income specified in Schedules II, III and IV read with section 11 in the syllabus

	Topics of the Syllabus	Inclusion (Provisions which are included in the Syllabus)
1.	Basic Concepts	Agricultural income [Schedule II (Table: S. No. 1)]
2.	Residential Status and Scope of Total Income	Allowance payable outside India by the Government to a citizen of India [Schedule III (Table: S. No. 9)]
3.	Heads of Income	
	Salaries	• Payment from Statutory Provident Fund or PPF [Schedule II (Table: S. No. 3)] • Payment from Recognised Provident Fund [Schedule II (Table: S. No. 4)] • Payment from Superannuation Fund [Schedule II (Table: S. No. 8)] • Leave travel concession [Schedule III (Table: S. No. 8)] • Income-tax paid by employer on non-monetary perquisite [Schedule III (Table: S. No. 10)] • Special Allowance in relation to rent paid by assessee [Schedule III (Table: S. No. 11)] • Special Allowance or benefit to meet expenses relating to duties [Schedule III (Table: S. No. 12)] • Special Allowance or benefit to meet expenses relating to personal expenses [Schedule III (Table: S. No. 13)] • Pension received by recipient of gallantry awards [Schedule III (Table: S. No. 14)] • Disability pension received (including service element and disability element) by disabled personnel of armed forces [Schedule III (Table: S. No. 38A)]
	Income from house property	-

Profits and gains of business or profession	• Share income of a partner [Schedule III (Table: S. No. 2)] • Amount of any subsidy received from or through the concerned Board under a scheme [Schedule III (Table: S. No. 21)]
Capital Gains	• Capital gains on compulsory acquisition of agricultural land situated within specified urban limits [Schedule III (Table: S. No. 18)] • Income received in a transaction of reverse mortgage [Schedule III (Table: S. No. 35)] • Income in respect of any award or agreement made under the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 [Schedule III (Table: Sl. No. 38C)]
Income from Other Sources	• Payment of maturity proceeds by LIC (other than ULIPs) [Schedule II (Table: S. No. 2)] • Educational scholarship [Schedule II (Table: S. No. 9)] • Awards for public interest and other awards by the Government [Schedule II (Table: S. No. 10)] • Interest, premium on redemption or other payment on notified securities, bond, annuity certificates, saving certificates or other saving certificates [Schedule II (Table: S. No. 11)] • Interest on Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015 [Schedule II (Table: S. No. 12)] • Interest on bond issued by local authority or by a State Pooled Finance entity [Schedule II (Table: S. No. 13)] • Compensation received on account of disaster [Schedule III (Table: S. No. 3)] • Daily allowance received by MP or MLA [Schedule III (Table: S. No. 5)] • Constituency allowance received by MP [Schedule III (Table: S. No. 6)]

		• Constituency allowance received by MLA [Schedule III (Table: S. No. 7)] • Family pension received by any member of the family of recipient of gallantry awards [Schedule III (Table: S. No. 15)] • Family pension received by widow/children/nominated heirs of member of the armed forces [Schedule III (Table: S. No. 16)] • Gratuity received widow/children/dependents on death of an employee [Schedule III (Table: S. No. 38)] • Any interest on compensation amount awarded by Motor Accident Claims Tribunal to individual or his legal heir [Schedule III (Table: S. No. 38B)] • Interest on moneys standing to the credit of individual in his NRE A/c [Schedule IV (Table: S. No. 1)]
4.	Income of other persons included in total income of assessee	Minor's income included in the hands of parent [Schedule III (Table: S. No. 17)]
5.	Set-off, or carry forward and set-off of losses	-
6.	Deductions from gross total income	• Payment from Sukanya Samriddhi Account [Schedule II (Table: S. No. 5)] • Payment from NPS Trust [Schedule II (Table: S. No. 6)] • Payment from Agniveer Corpus Fund to a person enrolled under Agnipath Scheme or to his nominee [Schedule II (Table: S. No. 7)] • Payment from NPS Trust to an assessee, being a subscriber to the UPS, at the time of his superannuation or voluntary retirement or retirement [Schedule II (Table: S. No. 15)] • Lumpsum amount received by an assessee, being a subscriber to the UPS [Schedule II (Table: S. No. 16)]

		Payment from NPS Trust on partial withdrawal of an employee's account or the account of the minor [Schedule III (Table: S. No. 4)]
7.	Tax deduction or collection at source and advance tax	-
8.	Provisions for filing Return of Income and Self-assessment	-
9.	Income-tax liability - Computation and optimisation	Amount received by a member from the income of HUF [Schedule III (Table: S. No. 1)]

Note - As far as the Income-tax Rules, 2026 are concerned, only the significant Rules included in the respective chapters of the Study Material as well as in the Statutory Update for May, 2027, September, 2027 and January, 2028 examinations, respectively, would be relevant at the Intermediate level. Even in respect of those sections and rules which are included in the syllabus, the coverage is restricted to the extent of the content discussed in the Study Material and Statutory Update.

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