UNIVERSITY OF DELHI

INCOME TAX

LAW AND PRACTICE

DSC 5.1

B.Com (Hons.) | B.Com (Prog.) — Third Year, Semester V

UNIT 4 — PART B

CLUBBING OF INCOME AND SET-OFF OF LOSSES

Income of Other Persons · Aggregation · Carry Forward

Why Clubbing Exists · Transfer of Income Without Transfer of Assets
Revocable Transfer of Assets · What Makes a Transfer Revocable
The Spouse · Remuneration from a Concern · Substantial Interest
Assets Transferred to a Spouse · A House Transferred to a Spouse
Son's Wife · Minor Child · Transfers for Benefit · Cross Transfers
Joint Family Property · Partition · Recovery from the Real Owner
Inter-Source Set-off · Inter-Head Set-off · The Prohibitions
Carry Forward — House Property · Capital Gains · Business
Speculation · Specified Business · Race Horses
Unabsorbed Depreciation · The Order of Set-off
Twelve Worked Problems · Six Long Questions · Objective Questions

---

BUILT ON THE BARE TEXT OF SECTIONS 96 TO 121

Governed by the INCOME-TAX ACT, 2025

(Act No. 30 of 2025, as amended by the Finance Act, 2026)

TAX YEAR 2026-27

1 April 2026 to 31 March 2027

Academic Year 2026-27

Compiled by

ADVOCATE DR. S. B. RATHORE

M.Com; M.Phil; LL.B.; Ph.D.
Associate Professor of Commerce (Oct. 1977 – Dec. 2019)
Shyam Lal College (University of Delhi), Delhi-110032
www.taxclasses.in | YouTube: Tax Doctor | Facebook: DrSb Rathore
Mobile / WhatsApp: 9811116835 | E-mail: rathore_incometax@yahoo.co.in

Preface

What Changed, and Which Act Changed It

This booklet has been written from the bare Act. It covers two Chapters of the Income-tax Act, 2025 — Chapter V, sections 96 to 100, on the income of other persons included in the total income of the assessee; and Chapter VII, sections 108 to 121, on set-off, or carry forward and set off, of losses. Section 101, the single section of Chapter VI, on aggregation, sits between them.

Income-tax Act, 1961	Income-tax Act, 2025	Substance
60 to 65	96 to 100	Clubbing — renumbered, otherwise unchanged
66	101	Aggregation — unchanged
70 to 80	108 to 121	Set-off and carry forward — renumbered, and one figure moved

One — a house property loss now stops at ₹2,00,000, and stops altogether under the default regime

Section 109(1)(b) allows a loss under the head Income from house property to be set off against income under any other head **to the extent of ₹2,00,000**. That limit is the old section 71(3A), and it is unchanged.

But section 202(2)(b)(ii) computes the total income under the default regime **without set off of any loss under the head Income from house property with any other head of income**. So an assessee taxed under section 202(1) gets no inter-head set-off at all — not ₹2,00,000, not one rupee. Problems 8 and 9 in Chapter 10 work the same facts under both regimes, and the answers differ by ₹75,000.

Two — the specified business now has no time limit

Section 114 carries forward the loss of a specified business referred to in section 46 and sets it off against the profits of another specified business. Unlike sections 110 to 113 and 115, it prescribes **no period at all**. The loss may be carried forward indefinitely. That reproduces section 73A of the 1961 Act, and a book which gives "eight years" for it is wrong.

Three — what section 121 does NOT catch

Section 121 bars the carry forward of a loss which has not been determined in pursuance of a return filed under section 263(1) — that is, filed by the due date. But read the list of sections it names: **111(1), 112(1), 113(2), 114(2) and 115(2)**. Section 110, the house property loss, is not among them; nor is section 33(11), unabsorbed depreciation. Those two may be carried forward even where the return is late.

What the 2025 Act has not changed

Everything else in these two Chapters. The six occasions of clubbing and their exceptions; the twenty per cent test for a substantial interest; the rule that decides which spouse and which parent is charged; the ₹1,500 exclusion for each minor child; the formula for an asset invested in a business; the conversion of separate property into joint family property and the treatment on partition; the whole scheme of inter-source and inter-head set-off; the eight-year and four-year periods; and the order in which current depreciation, brought forward business loss and unabsorbed depreciation are set off. The table at paragraph 11.1 converts the numbering in forty rows.

About this booklet, and a request

This booklet has been prepared by Artificial Intelligence — Claude Opus 5.0 (Anthropic) — under the guidance and supervision of Advocate Dr. S. B. Rathore in the first week of August 2026, from the bare text of the Income-tax Act, 2025 and the Income-tax Rules, 2026 as downloaded from incometaxindia.gov.in.

Suggestions on presentation, and reports of any discrepancy, are warmly invited.

Advocate Dr. S. B. Rathore · 9811116835 · rathore_incometax@yahoo.co.in · www.taxclasses.in

Date: 05-08-26 (Original) *Updated on: 06-08-26*

The Prescribed Syllabus

Income Tax Law and Practice — DSC-5.1

Where this booklet sits

Unit IV of the prescribed syllabus covers three things. Part A took the first — Income from other sources, in sections 92 to 95. This Part B completes the Unit with the income of other persons included in the assessee's total income, and the aggregation of income and set-off and carry forward of losses. With it, four of the five Units are covered.

Unit	Prescribed content	Where dealt with
Unit 1	Introduction — basic concepts: income, agricultural income, person, assessee, tax year; residential status and scope of total income; incomes exempt from tax	Unit 1 booklet (Introduction)
Unit 2	Computation of Income under Different Heads-1 — income from salaries; income from house property	Unit 2 Part A (Salaries); Unit 2 Part B (House Property)
Unit 3	Computation of Income under Different Heads-2 — profits and gains of business or profession; capital gains	Unit 3 Part A (Business or Profession); Unit 3 Part B (Capital Gains)
Unit 4	Income from other sources; income of other persons included in the assessee's total income; set-off and carry forward of losses	Unit 4 Part A (Other Sources); Unit 4 Part B (Clubbing and Set-off) — this booklet
Unit 5 (A)	Deductions from gross total income; rebates and reliefs	Unit 5 Part A (Deductions, Rebates and Reliefs)
Unit 5 (B)	Computation of total income and tax liability of individuals; filing of returns of income on-line and TDS	Unit 5 Part B (Total Income and Tax Liability)

What this Part covers, against the topics prescribed

Topic	Where in this booklet
Transfer of income without transfer of assets	Chapter 1, paragraph 1.3
Revocable transfer of assets	Chapter 2
Income of the spouse — remuneration, and transferred assets	Chapter 3
A house property transferred to the spouse	Chapter 3, paragraph 3.7
Income of the son's wife	Chapter 4, paragraph 4.1
Income of a minor child	Chapter 4, paragraphs 4.2 to 4.4
Transfers for the immediate or deferred benefit of the spouse or son's wife; cross transfers	Chapter 4, paragraphs 4.5 and 4.6
An asset transferred and invested in a business	Chapter 5, paragraph 5.1
Conversion of self-acquired property into joint family property	Chapter 5, paragraphs 5.2 to 5.4
Aggregation of income	Chapter 6, paragraph 6.1
Set-off within the same head — inter-source	Chapter 6, paragraph 6.3
Set-off against another head — inter-head	Chapter 6, paragraph 6.4
Carry forward and set off of losses, head by head	Chapter 7
Unabsorbed depreciation, and the order of set-off	Chapter 8
The conditions for carry forward, and the bars	Chapter 9

Topic	Where in this booklet
Practical problems	Chapter 10
Revision, objective questions and long questions	Chapter 11

Suggested readings

- Ahuja, G., & Gupta, R. Simplified Approach to Income Tax. Delhi: Flair Publications Pvt. Ltd.
- Mittal, N. Concept Building Approach to Income Tax Law and Practice. Delhi: Cengage Learning India Pvt. Ltd.
- Singhania, V. K., & Singhania, M. Students' Guide to Income Tax | University Edition. Delhi: Taxmann Publications Pvt. Ltd.
- The bare Income-tax Act, 2025, free at incometaxindia.gov.in.

Latest edition of books is to be followed. Suggested readings will be updated by the Department of Commerce and uploaded on the Department's website.

A note on the reading list

Every title on the prescribed list was written for the Income-tax Act, 1961, and an edition printed before April 2026 necessarily carries the section numbers, the rule numbers and the figures that were in force when it went to press. These are standard works and the reasoning in them holds good.

Until their 2026 editions reach you, take the section numbers, the rule numbers and the figures from this booklet, or from the bare Income-tax Act, 2025 and the Income-tax Rules, 2026.

The teachers' meeting of 4 August 2026

At a joint meeting of the Department of Commerce, Delhi School of Economics and the Department of Commerce, Shri Ram College of Commerce, held on 4 August 2026 under the Department-College Interface, guidelines were settled for this paper "in order to have uniformity and consistency in teaching". Those that bear on this booklet are set out below.

Unit 4: Income from Other Sources, Clubbing of Income and Set-off (7 hours)

Clubbing of income. Sections 99(3) and 99(4) — separate property converted into joint family property, and the cut-off of 31 December 1969 — need not be covered.

Set-off and carry forward of losses. Sections 116 and 119 — the carry forward on an amalgamation or demerger, and on a change in the constitution of a firm, a succession or the shareholding of a closely held company — need not be covered.

Two points were recorded for the whole paper. First, the Income-tax Act, 2025 applies from 1 April 2026, so the academic session 2026-27 is an exceptional year and the provisions for the tax year 2026-27 are what is to be taught; it was suggested that tax year 2026-27 be taught in 2027-28 as well. Second, ITR-1 will be done in the academic session 2026-27.

Contents

How this booklet is arranged

Chapter 1

Clubbing: Why It Exists, and Where the Law Is

1.1 Where the law is

Section	What it does	Old section
96	Transfer of income where the asset is not transferred	60
97	Revocable transfer of assets	61 and 63(a)
98	"Transfer" and "revocable transfer" defined	63
99(1)	The four substantive occasions — spouse, son's wife, minor child, and transfers for benefit	64(1)
99(2)	The formula where the transferred asset is invested in a business	Explanation 3 to 64(1)
99(3) and (4)	Separate property converted into joint family property, and partition	64(2)
99(5)	Which spouse; which parent; substantial interest; "property"; "income"	Explanations to 64
100	Recovery of the tax from the person whose income it really is	65
25(a)	A house transferred to a spouse or a minor child — the transferor is the deemed owner	27(i)

1.2 Why the Chapter exists

Income-tax is progressive. A person with one large income pays more than two people with half of it each. So there is a standing temptation to split an income among the members of a family — to divert it to a wife, a son's wife or a minor child whose own income is small, and to have it taxed in a lower slab or not at all.

Chapter V answers that. It does not forbid the transfer; a person may give away what he owns. It simply provides that for the purposes of income-tax the income shall continue to be treated as his. The transferee keeps the money; the transferor pays the tax on it. Section 100 then allows the Assessing Officer to recover that tax from the transferee, so that the burden falls where the money went.

The one principle behind all six occasions

Clubbing follows the **asset**, not the money. Where a person parts with the income but keeps the asset — section 96 — the income is his. Where he parts with the asset but keeps the power to take it back — section 97 — the income is his. Where he parts with both, but to a person so close that the family enjoyment of it is unchanged — section 99 — the income is still his.

1.3 Transfer of income without transfer of assets [Section 96]

Section 96

All income arising to any person by virtue of a transfer,— (a) whether revocable or not, and whether effected before or after the commencement of this Act; and (b) where there is no transfer of assets from which such income arises, shall be chargeable to income-tax as the income of the transferor and shall be included in his total income.

This is the simplest provision in the Chapter, and the widest. It applies to every assessee, not only to an individual. Three points settle every question on it.

	Point
1	The asset must NOT have been transferred. If the asset goes with the income, section 96 has no application at all, and one must look to section 97 or section 99
2	It does not matter whether the transfer of the income is revocable or irrevocable. Both are caught
3	It does not matter when the transfer was made — before or after the commencement of the Act

Two illustrations

- A owns a shop let at ₹15,000 a month. By a registered deed he assigns to his brother the right to receive the rent for ten years, but retains the shop. The whole ₹1,80,000 a year is charged in A's hands under section 96.
- A owns 10,000 shares. He directs the company to pay the dividend to his major son, keeping the shares. The dividend is his income. But if he GIFTS the shares to the son, section 96 does not apply — the asset has gone with the income, and a major son is not within section 99 either. Nothing is clubbed.

1.4 The six occasions of clubbing

	Occasion	Section	Clubbed with
1	Income transferred, the asset retained	96	The transferor
2	Income from a revocably transferred asset	97	The transferor
3	Remuneration of a spouse from a concern in which the individual has a substantial interest	99(1)(a)(i)	The spouse with the greater income
4	Income from assets transferred to the spouse without adequate consideration	99(1)(a)(ii)	The transferor
5	Income from assets transferred to the son's wife without adequate consideration	99(1)(b)	The transferor
6	Income of a minor child	99(1)(c)	The parent with the greater income
	and: income from assets transferred to any person for the benefit of the spouse or the son's wife	99(1)(d)	The transferor

1.5 Six general principles

- **Clubbing is of INCOME, not of the asset.** The asset remains the transferee's. Only the income arising from it is treated as the transferor's.
- **The income keeps its character and its head.** Rent clubbed under section 99 remains income from house property in the transferor's hands, and carries the deductions of that head. Business profit clubbed remains business profit.
- **A loss is clubbed as well as a profit.** Section 99(5)(d) provides that for this section "income" includes loss. So where the transferred asset produces a loss, that loss is set off in the transferor's computation.
- **Income on an accretion is not clubbed.** What is clubbed is the income from the asset transferred. Income arising from the INVESTMENT of that income — the second generation — belongs to the transferee. See paragraph 3.8.

- **The relationship must exist when the income arises.** An asset transferred to a woman before marriage produces no clubbing, because she was not then the spouse. The same is true of a transfer to a son's fiancée.
- **Clubbing is not a penalty.** No motive of avoidance need be shown. The sections operate on the facts, whatever the reason for the transfer.

Chapter 2

Revocable Transfer of Assets [Sections 97 and 98]

2.1 The charge [Section 97(1)]

> **Section 97(1)**
> *All income arising to any person by virtue of a revocable transfer of assets shall be chargeable to income-tax as income of the transferor and shall be included in his total income.*

Here the asset HAS been transferred. What brings the income back is the transferor's power to undo the transfer. So long as he can take the asset or the income back, the law treats the transfer as not having happened for tax purposes.

2.2 What is a revocable transfer [Section 98]

> **Section 98**
> *For the purposes of sections 96 and 97, and this section,— (a) "transfer" includes any settlement, trust, covenant, agreement or arrangement; (b) a transfer shall be deemed to be revocable, if— (i) it contains any provision for the direct or indirect re-transfer of the whole or any part of the income or assets to the transferor; or (ii) it, in any way, gives the transferor a right to re-assume power directly or indirectly over the whole or any part of the income or assets.*

Read the words that do the work

- **"includes"** — the definition of transfer is inclusive, and catches every arrangement however dressed. A settlement, a trust, a covenant, an agreement or any arrangement will do.
- **"the whole or any part"** — a right to take back even a part makes the WHOLE transfer revocable.
- **"directly or indirectly"** — the power need not be reserved in terms. A right that can be exercised through another person, or by a chain of steps, is enough.
- **"in any way"** — the manner is immaterial. A right to re-assume power over the income alone, without the asset, is within clause (b)(ii).

2.3 The exception [Section 97(2)]

> **Section 97(2)**
> *The provisions of sub-section (1) shall not apply,— (a) where a transfer is by way of trust which is not revocable during the lifetime of the beneficiary and in case of any other transfer, is not revocable during the lifetime of the transferee; and (b) the transferor does not derive any direct or indirect benefit from such income in cases referred to in clause (a).*

Both conditions must be satisfied. The word between them is "and", not "or".

	Condition	The point
(a)	The transfer must not be revocable during the lifetime of the beneficiary, where it is by way of trust; or of the transferee, in any other case	A trust revocable after five years, or on a stated event within the beneficiary's lifetime, does not qualify

	Condition	The point
(b)	The transferor must derive no direct or indirect benefit from the income	A settlement under which the transferor's own liability is discharged, or his household is maintained, gives him an indirect benefit and fails this condition

2.4 When the power to revoke arises [Section 97(3)]

Section 97(3)

Irrespective of the provisions of sub-section (2), all income arising to any person by virtue of such transfer shall be chargeable to income-tax as income of the transferor as and when the power to revoke such transfer arises, and shall then be included in his total income.

So the exception in section 97(2) is a postponement, not a release. A transfer irrevocable during the transferee's lifetime escapes clubbing while he lives; the moment the power to revoke arises — on his death, or on the happening of the stated event — the income of that year and of every later year is charged to the transferor.

The power need not be exercised

Section 97(3) charges the income "as and when the power to revoke such transfer arises". It is the arising of the power, not its exercise, that brings the income back. A transferor who never revokes is charged all the same.

2.5 Sections 96 and 97 compared

	Section 96	Section 97
What is transferred	The income only. The asset is retained	The asset itself
Does revocability matter?	No — "whether revocable or not"	Yes. It is the whole basis of the charge
Is there an exception?	None	Yes — section 97(2), on two cumulative conditions
Is the exception permanent?	Not applicable	No. Section 97(3) revives the charge when the power to revoke arises
Who is charged	The transferor	The transferor
Which assessees	Any person	Any person

Chapter 3

The Spouse [Section 99(1)(a)]

3.1 Remuneration from a concern [Section 99(1)(a)(i)]

Section 99(1)(a)(i)

The total income of any individual, for a tax year, shall include the income arising directly or indirectly to the spouse of such individual, by way of salary, commission, fees or any other form of remuneration, whether in cash or kind, from a concern in which such individual has a substantial interest but shall not include income solely attributable to the application of technical or professional knowledge, experience and technical or professional qualification of the spouse.

Four conditions. The assessee must be an individual; the recipient must be his or her spouse; the payment must be remuneration in any form, in cash or kind; and it must come from a concern in which the individual has a substantial interest.

"Concern" is wider than "company"

It covers a proprietorship, a firm, an association of persons, a Hindu undivided family carrying on business, a company — anything in which a business or profession is carried on. And the remuneration may be salary, commission, fees or any other form, in cash or in kind. A rent-free flat given to the spouse by the concern is caught as much as a cash salary.

3.2 The escape for technical or professional qualification

The clause does not include income "solely attributable to the application of technical or professional knowledge, experience and technical or professional qualification of the spouse". Three things follow.

	Point
1	The word is "solely". If part of the remuneration is attributable to the relationship rather than the qualification, the exception fails for the whole
2	A qualification alone is not enough. The remuneration must be attributable to its APPLICATION in the work actually done
3	Where the exception applies, the remuneration is assessed in the spouse's own hands, and the clubbing provision is not reached at all

3.3 Substantial interest [Section 99(5)(a)(iii)]

The concern	Substantial interest means
A company	Beneficial ownership of shares — not being shares entitled to a fixed rate of dividend, with or without a further right to participate in profits — carrying not less than 20% of the voting power, at any time during the tax year
Any other concern	Entitlement to not less than 20% of the profits of the concern, at any time during the tax year

Two words that are easily missed

- **“or jointly with one or more of his relatives”.** The 20% may be made up by adding the holdings of the individual and his relatives. A 12% holding of his own plus 10% held by his brother is a substantial interest.
- **“at any time during the tax year”.** The test need be satisfied on one day only. A holding sold in June still gives a substantial interest for the whole year.

3.4 Which spouse is charged [Section 99(5)(a)(i) and (ii)]

Section 99(5)(a)(i) and (ii)

- the income shall be included in the hands of either of the spouse whose total income before such inclusion is greater; and
- such income, once included in the total income of either spouse, for a tax year, shall not be included in the income of the other spouse for any succeeding tax year, unless the Assessing Officer is so satisfied, after giving the other spouse an opportunity of being heard.

So the comparison is of the two total incomes BEFORE the inclusion, and it is made once. Having been made, the income stays with that spouse in later years even if the other's income overtakes it, unless the Assessing Officer, after hearing the other spouse, is satisfied that it ought to be moved.

This rule is for clause (a)(i) only

The “greater income” test in section 99(5)(a) is expressed to be “for sub-section (1)(a)(i)” — the remuneration case. Income from an asset transferred to the spouse under clause (a)(ii) is clubbed with the TRANSFEROR, whatever the two incomes are. The two rules are different, and a question often turns on the difference.

3.5 Income from assets transferred to the spouse [Section 99(1)(a)(ii)]

Section 99(1)(a)(ii)

... from assets transferred directly or indirectly to him or her by such individual otherwise than for adequate consideration or in connection with an agreement to live apart, subject to the provisions of section 25(a).

	Condition
1	The asset must have been transferred by the individual to the spouse, directly or indirectly
2	The transfer must be otherwise than for adequate consideration
3	It must not be in connection with an agreement to live apart
4	The relationship of husband and wife must exist both when the asset was transferred and when the income arises
5	The clause yields to section 25(a) where the asset is a house property — see paragraph 3.7

3.6 Adequate consideration; living apart

- **Adequate consideration.** A transfer for full value is outside the clause. Love and affection is not consideration. A transfer in consideration of an agreement to live apart is expressly excluded, and so is a transfer in discharge of a legal obligation to maintain the spouse.

- **Indirect transfer.** A transfer routed through a third person, or a cross transfer between two families, is caught by the words "directly or indirectly". See paragraph 4.6.
- **Where the asset is sold and replaced.** If the spouse sells the transferred asset and buys another with the proceeds, the income of the new asset continues to be clubbed. The substitution does not break the chain.

3.7 A house transferred to the spouse [Section 25(a)]

Section 25(a)

For the purposes of sections 20 to 24, the "owner" in relation to a property or any part thereof shall include— (a) an individual who transfers without adequate consideration, any property to the spouse (except under an agreement to live apart), or to a minor child (other than a married daughter).

This is a deemed ownership, not a clubbing

Where a house property is transferred to a spouse or a minor child without adequate consideration, the transferor remains the **owner** for the whole of the head Income from house property. The income is computed in HIS hands from the beginning — annual value, municipal taxes, the 30% deduction, interest on borrowed capital — and not computed in the transferee's hands and then added to his. That is why section 99(1)(a)(ii) is expressed to be "subject to the provisions of section 25(a)".

Note the two exceptions written into section 25(a): a transfer under an agreement to live apart, and a transfer to a **married daughter**, which is outside it.

3.8 Accretion, and what is not clubbed

The second generation of income belongs to the transferee

What section 99(1)(a)(ii) clubs is the income **from the asset transferred**. Where the spouse invests that income and earns a further income, the further income is hers. The chain is broken at the first generation.

Example. A husband gifts ₹10,00,000 to his wife. She places it on deposit and earns ₹80,000. That ₹80,000 is clubbed with him. She then buys shares with the ₹80,000 and receives a dividend of ₹6,000. The ₹6,000 is hers, and is not clubbed.

Not clubbed	Why
Income on the accretion to the transferred asset	It is not income from the asset transferred
Income from an asset transferred for adequate consideration	Clause (a)(ii) requires the absence of adequate consideration
Income from an asset transferred under an agreement to live apart	Expressly excluded
Income from an asset transferred before the marriage	The transferee was not then the spouse
Income arising after the marriage has ended by divorce or death	The relationship must exist when the income arises
Income from an asset gifted to a MAJOR child, or to a parent, or to a brother or sister	None of them is within section 99
Remuneration solely attributable to the spouse's technical or professional qualification	The exception in clause (a)(i)

Chapter 4

Son's Wife, Minor Child, and Transfers for Benefit

4.1 The son's wife [Section 99(1)(b)]

Section 99(1)(b)

... to the son's wife of such individual from assets transferred directly or indirectly on or after the 1st June, 1973, to her by such individual, otherwise than for adequate consideration.

	Point
1	Only a transfer made ON OR AFTER 1 June 1973 is caught. A transfer before that date produces no clubbing, however large
2	The relationship of father-in-law or mother-in-law and daughter-in-law must exist both at the date of transfer and when the income arises
3	A transfer to the son himself, or to a daughter's husband, is NOT within the clause
4	Adequate consideration takes the transfer out, as it does for the spouse

4.2 The minor child [Section 99(1)(c)]

Section 99(1)(c)

... to the minor child of the such individual, but shall not include income accruing or arising— (i) on account of work done by such child; or (ii) from activities where his skill, talent, specialised knowledge or experience is applied; or (iii) where such minor child is suffering from disability of the nature specified in section 154.

Three kinds of income are not clubbed at all

- **Work done by the child.** Wages, or the earnings of a child who acts, models or works in a shop.
- **The application of his skill, talent, specialised knowledge or experience.** Prize money in a music competition, the fee of a child chess player, royalties on a book he has written.
- **A minor child suffering from a disability of the nature specified in section 154.** Here ALL his income escapes clubbing, whatever its source. The exception is of the child, not of the income.

In each case the income is assessed in the child's own hands, through his guardian.

"Minor child" means a child who has not attained eighteen years, and includes a step-child and an adopted child. Where the child attains majority during the year, the income of the period up to that date is clubbed and the rest is his.

4.3 Which parent [Section 99(5)(b)]

Section 99(5)(b)

- in the income of that parent whose total income before such inclusion is greater, in case where the marriage of his parents subsists; or
- in the income of the parent who maintains such child during the tax year, in case where marriage of his parents does not subsist,

and such income, once included in the total income of either of the parent, for a tax year, shall not be included in the income of the other parent for any succeeding tax year, unless the Assessing Officer is so satisfied, after giving the other parent an opportunity of being heard.

The comparison is of the parents' incomes, not of the children's

All the clubbable income of all the minor children is added to the total income of the one parent whose income, before any inclusion, is the greater. It is not split between them, and it does not follow the child.

4.4 The ₹1,500 exclusion [Schedule III, Table Sl. No. 17]

Schedule III, Table Sl. No. 17

Income not to be included in total income: any income includible in the total income under section 99(1)(c). Eligible person: in case of an individual referred to in that sub-section. Condition: exclusion of such income from the total income is to the extent such income does not exceed ₹1,500 in respect of each minor child whose income is so includible.

	Point
1	The exclusion is the LOWER of the income clubbed and ₹1,500. Where a child's clubbed income is ₹900, the exclusion is ₹900, not ₹1,500
2	It is per minor child WHOSE INCOME IS INCLUDIBLE. A child with no income, or a child whose income is not clubbed at all, contributes nothing and generates no ₹1,500
3	There is no limit on the number of children. Three children with clubbable income give three exclusions

4.5 Transfers for the benefit of the spouse or the son's wife [Section 99(1)(d)]

Section 99(1)(d)

... to any person or association of persons from assets transferred directly or indirectly, otherwise than for adequate consideration to the person or association of persons by such individual, to the extent to which the income from such assets is for the immediate or deferred benefit of his or her spouse or his son's wife, as the case may be, other than the assets transferred before 1st June 1973, to the extent to which the income from such assets is for the immediate or deferred benefit of his son's wife.

This clause closes the obvious hole. Without it a person could settle property on a trust or a friend, with a direction that the income be applied for his wife, and escape clauses (a) and (b) because nothing was transferred to her.

	Point
1	The transfer may be to any person or association of persons — a trust, a firm, a friend

	Point
2	The benefit may be IMMEDIATE or DEFERRED. Income accumulated now and payable to the wife in ten years is caught today
3	The clubbing is "to the extent to which" the income is for the benefit of the spouse or son's wife. A partial benefit gives a proportionate clubbing
4	For the son's wife, the 1 June 1973 cut-off applies here as it does in clause (b). It does not apply to the spouse

4.6 Cross transfers

The device, and the answer to it

A wishes to give ₹5,00,000 to his own wife but not to be taxed on the income. So A gifts ₹5,00,000 to B's wife, and on the same day B gifts ₹5,00,000 to A's wife. Neither man has transferred anything to his own spouse, and clause (a)(ii) appears not to apply.

It does apply. The words of the clause are "transferred **directly or indirectly**". Where two transfers are intimately connected — made on the same day, for the same amount, as parts of a single arrangement — each is in substance a transfer by the man to his own wife, routed through the other. The income of each ₹5,00,000 is clubbed with the husband of the lady who received it.

The same reasoning defeats a transfer routed through a third person, a chain of gifts, or an exchange of assets of equal value between two families. What matters is whether, looking at the arrangement as a whole, the individual's own spouse or son's wife has been benefited at his expense.

Chapter 5

Business Capital, the Definitions and Recovery

5.1 The formula in section 99(2)
5.2 The definitions · 5.3 Recovery [section 100]

5.1 The formula in section 99(2)

Section 99(2)

If the asset transferred under sub-section (1)(a)(i) or (b) is invested by the spouse or son's wife, in any business or in the nature of capital contributed as a partner in a firm, or, as the case may be, for being admitted to the benefits of partnership in a firm, then, the income to be included in the hands of the individual for the tax year shall be as follows:—

$$A = B \times C \div D$$

- A = income to be included in the hands of the individual for the tax year;
- B = income and interest or both, arising to the spouse or son's wife from the business or the firm, as applicable during the tax year;
- C = value of such assets invested, or contributed as capital by the spouse or son's wife as on the first day of the tax year;
- D = total investment or total capital contribution, as the case may be, by the spouse or son's wife as on the first day of the tax year.

Both C and D are taken on the FIRST DAY of the tax year

Not on the date of the transfer, and not on the last day. Money withdrawn or added during the year does not disturb the fraction. This one rule disposes of most of the difficulty in a problem on this sub-section.

Illustration 5.1 — the fraction

Sum transferred by the husband, and invested by the wife in her business		**4,00,000**
Her total business capital on the first day of the tax year		**10,00,000**
Profit of the business for the year — B		3,00,000
Clubbed with the husband: ₹3,00,000 × ₹4,00,000 ÷ ₹10,00,000		**1,20,000**
Assessed in the wife's own hands		1,80,000

Had she withdrawn ₹2,00,000 in October, the fraction would still be 4 to 10, both figures being taken as on 1 April 2026.

5.2 The definitions [Section 99(5)(d)]

Expression	Meaning
"Income", for the whole of section 99	Includes loss

Why "income includes loss" matters

Where the transferred asset produces a loss, that loss is clubbed with the transferor and enters his computation, where it is set off under Chapter VII in the ordinary way. The transferee cannot claim it. A question which gives a loss on a gifted business is testing exactly this.

5.3 Recovery from the real owner [Section 100]

Section 100

Where, income of a person, other than the assessee, arising from any asset, or income from membership of a firm, is included in the total income of the assessee under this Chapter or under section 25(a), then, irrespective of anything to the contrary contained in any other law in force,—

- such person, in whose name such asset stands, or who is a member of the firm, shall be liable to pay, that portion of the tax levied on the assessee which is attributable to the income so included, upon service of notice of demand by the Assessing Officer in this behalf;
- where any such asset is held jointly by more than one person, they shall be jointly and severally liable to pay such tax; and
- the provisions of Chapter XIX-D shall apply accordingly.

The section makes the arrangement fair. The transferor is taxed, but the tax attributable to the clubbed income may be recovered from the transferee in whose name the asset stands — the person who has the money. Where the asset is held jointly, the holders are jointly and severally liable. Note that the section applies to income included under section 25(a) as well as under Chapter V.

Chapter 6

Aggregation, and the Scheme of Set-off

6.1 Section 101 — aggregation

Section 101

In computing the total income of an assessee, there shall be included all income on which no income-tax is payable under Chapter XVII-A.

This is the whole of Chapter VI. It provides that an income on which no tax is payable is nevertheless INCLUDED in the total income. The point is the rate: including such an income lifts the assessee into a higher slab, so that the rest of his income bears tax at that higher rate. It is not the same thing as an exempt income, which is left out altogether.

6.2 The three stages

How a total income is arrived at

Stage	Authority
1. Compute the income of each SOURCE under each head	ss. 15 to 95
2. Set off a loss of one source against another source under the SAME head — inter-source	s. 108
3. Set off a loss remaining under one head against income under ANOTHER head — inter-head	s. 109
4. Carry forward what still cannot be set off	ss. 110 to 115
GROSS TOTAL INCOME	
Less: the deductions of Chapter VIII	ss. 122 to 153
TOTAL INCOME	

The order is fixed, and it matters

Inter-source first, then inter-head, then carry forward. A loss which COULD have been set off inter-head in the year cannot be carried forward instead, even if carrying it forward would suit the assessee better. Sections 110 to 115 each open with the words "cannot be wholly set off", which presuppose that the earlier stages have been worked through.

6.3 Inter-source set-off [Section 108]

Section 108

(1) Unless provided otherwise in this Act, for any tax year, if net result of computation from any source under any head of income (other than "Capital gains") is a loss, then assessee shall be entitled to set off such loss against his income from any other source under the same head for that tax year.

(2) Where the net result of computation of income made for any tax year under sections 72 to 90 in respect of— (a) any short-term capital asset is a loss, such loss shall be set off against the income, computed in respect of any other capital asset for that year; (b) any long-term capital asset is a loss, such loss shall be set off against the income computed in respect of any other long-term capital asset for that year.

The capital gains rule is asymmetrical, and that is the point

- **A SHORT-TERM capital loss** may be set off against the income from **any other capital asset** — short-term or long-term. It is the more useful loss.
- **A LONG-TERM capital loss** may be set off only against the income from **another long-term capital asset**. It can never touch a short-term gain.

Within every other head the rule is simple: any source against any other source. Loss of one house against income of another; loss of one business against profit of another; loss of one activity under Income from other sources against another. The four exceptions are in the next paragraph.

6.4 Inter-head set-off [Section 109]

Section 109

(1) Subject to the provisions of this Chapter, for any tax year, if income computed under any head of income (other than "Capital gains") is a loss, such loss shall be set off against income of the assessee under any other head, including "Capital gains", if any, assessable for that tax year, subject to the following conditions:—

- loss under the head "Profits and gains of business or profession" shall not be set off against income assessable under the head "Salaries"; and
- loss under the head "Income from house property" shall be set off to the extent of ₹200000 against income under any other head.

(2) For any tax year, the loss under the head "Capital gains" shall not be set off against income under any other head.

Loss under the head	May be set off against
Income from house property	Any other head, but only to the extent of ₹2,00,000 — and not at all under the default regime, see paragraph 9.4
Profits and gains of business or profession	Any other head EXCEPT Salaries
Capital gains	Nothing. It stays within its own head
Income from other sources	Any other head, without limit

6.5 The prohibitions, gathered

	What may not be done	Authority
1	A capital-gains loss may not be set off against any other head	s. 109(2)
2	A long-term capital loss may not be set off against a short-term capital gain	s. 108(2)(b)
3	A business loss may not be set off against salary	s. 109(1)(a)
4	A house property loss may be set off inter-head only to the extent of ₹2,00,000 — and not at all under section 202(1)	s. 109(1)(b); s. 202(2)(b)(ii)
5	A speculation loss may be set off only against the profits of another speculation business	s. 113(1)
6	The loss of a specified business may be set off only against the profits of another specified business	s. 114(1)
7	The loss of the activity of owning and maintaining race horses may be set off only against income from that activity	s. 115(1)
8	No loss or unabsorbed depreciation may be set off against undisclosed income found on a search, requisition or survey	s. 120
9	No deduction for expenditure is allowed against casual income	s. 94(4)

A prohibition runs one way only

Section 113(1) says a speculation loss may be set off only against speculation profits. It does not say the converse. So an ORDINARY business loss **may** be set off against the profits of a speculation business, under section 108(1), speculation being a source under the same head. The same is true of a specified business. Read each prohibition for what it forbids, and do not assume its mirror image.

One point the bare words leave open

Whether a business loss may be set off against casual income taxed at 30% under section 194 is not answered in terms. Section 94(4) forbids a deduction for EXPENDITURE against such income; it says nothing about the set-off of a loss of another head, and section 109 permits set-off against "income of the assessee under any other head". The problems in Chapter 10 are framed so that the question does not arise. Where it does arise in practice, the point is worth arguing rather than assuming.

6.6 The order in which it is done

- **Within the head Capital gains,** set the long-term loss against long-term gains first, and then the short-term loss against whatever gain is left. Doing it the other way round can waste the long-term loss, because the long-term loss has nowhere else to go.
- **Within the head Profits and gains,** set off in this order — current year depreciation, then the brought forward business loss, then unabsorbed depreciation. Chapter 8 explains why, and section 112(3) requires it.
- **At the inter-head stage,** take the house property loss first, because it is the one loss that may be set against salary. Then the business loss against everything except salary. Then the loss under Income from other sources.
- **At every stage,** prefer to absorb a loss which cannot be carried forward against income which can bear it, and to carry forward a loss which has a long life. A capital loss keeps eight years; a speculation loss only four.

Chapter 7

Carry Forward [Sections 110 to 115]

7.1 Loss from house property [Section 110]

Where the loss cannot be wholly set off under section 109, the unabsorbed part is carried forward, and in the following year it may be set off ONLY against income from house property. Not for more than eight tax years immediately succeeding the year in which the loss was first computed.

Two privileges of a house property loss

- It is the only loss that may be set off inter-head against SALARY — subject to the ₹2,00,000 limit, and to section 202.
- It is not among the sections listed in section 121, so it may be carried forward even where the return was filed late. See paragraph 9.1.

7.2 Loss under Capital gains [Section 111]

The loss	In a later year it may be set off against
A short-term capital loss	Income under the head Capital gains in respect of ANY other capital asset — short-term or long-term
A long-term capital loss	Income under the head Capital gains in respect of any other LONG-TERM capital asset only

Eight tax years, under section 111(2). The rule on carry forward mirrors the rule on set-off in section 108(2) exactly, so a loss does not change its character by being carried forward.

7.3 Business loss [Section 112]

Section 112(1) and (3)

(1) Where for any tax year, loss computed under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) cannot be wholly set off against the income under any other head as per section 109, so much of the loss not so set off or the whole loss, as the case may be, shall be carried forward to the following tax year and— (i) be set off against the profits and gains, if any, of any business or profession carried on by him for that tax year ...

(3) Where any allowance of part thereof under section 33(11) or 45(7) is to be carried forward, effect shall first be given to the provision of this section.

	Point
1	A carried forward business loss may be set off only against BUSINESS income. It cannot go to any other head, though in the year it arose it could have
2	The business need not be the same business. Any business or profession carried on by him in that year will do
3	Eight tax years, under section 112(2)
4	It must be set off before unabsorbed depreciation — section 112(3). See Chapter 8

	Point
5	Only the person who incurred the loss may carry it forward — section 119(2), subject to inheritance

7.4 Speculation business [Section 113]

Section 2(31) — "speculative transaction"

... a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips, other than the following transactions:—

- a specified derivative transaction as defined in clause (33);
- a hedging contract in respect of raw materials or merchandise, entered into in the course of a manufacturing or merchandising business;
- a hedging contract in respect of stocks and shares, entered into by a dealer or investor to guard against loss in his holdings;
- a jobbing or arbitrage contract entered into by a member of a forward market or a stock exchange.

	Point
1	A speculation loss may be set off ONLY against the profits of another speculation business — section 113(1). Not against ordinary business profit, and not against any other head
2	But an ORDINARY business loss may be set off against speculation profit, under section 108(1)
3	FOUR tax years only — section 113(3). This is the shortest period in the Chapter, along with section 115
4	Section 113(5) deems a COMPANY whose business consists in part of the purchase and sale of shares of other companies to be carrying on a speculation business to that extent
5	Section 113(6) exempts from that deeming a company whose gross total income consists mainly of house property, capital gains or other sources, and a company whose principal business is trading in shares, banking, or the granting of loans and advances

7.5 Specified business [Section 114]

A specified business is one referred to in section 46 — the businesses on which the whole capital expenditure is allowed as a deduction, such as a cold chain facility, a warehousing facility for agricultural produce, a hospital of the prescribed size, or the laying of a cross-country pipeline.

Section 114 prescribes NO period at all

Sections 110, 111, 112, 113 and 115 each contain a sub-section fixing the number of years. Section 114 does not. Its loss may therefore be carried forward **indefinitely**, and set off against the profits of any specified business, whether or not that business was the one which made the loss. This reproduces section 73A of the 1961 Act. A book which gives "eight years" for a specified business is wrong.

7.6 Owning and maintaining race horses [Section 115]

Section 115(4) — the definitions

- “specified activity” means the activity of owning and maintaining race horses;
- “race horses” means horses owned and maintained by the assessee for running in a horse race;
- “income by way of stake money” means the gross amount of prize money received on a race horse or race horses by the owner thereof on account of the horse or horses or any one or more of the horses winning a particular position in a horse race;
- “loss incurred by the assessee in specified activity” means the amount by which the income by way of stake money falls short of the expenditure, not being capital expenditure, incurred wholly and exclusively for maintaining race horses.

The loss may be set off only against income from the same activity, and carried forward for four tax years. It is the companion of section 94(5), which is what makes the expenditure deductible in the first place — see Unit 4 Part A, paragraph 5.7. Betting on somebody else's horse remains casual income taxed at 30%, and produces no loss at all.

7.7 The periods, on one page

The loss	Section	Set off in a later year against	Years
Income from house property	110	Income from house property	8
Short-term capital loss	111	Any capital gain	8
Long-term capital loss	111	Long-term capital gain only	8
Business, not speculation	112	Any business or profession	8
Speculation business	113	Speculation profits only	4
Specified business [s. 46]	114	Any specified business	No limit
Owning and maintaining race horses	115	The same activity	4
Unabsorbed depreciation	33(11)	Any head except Salaries	No limit

Three things to notice about the table

- Every carried forward loss loses its inter-head freedom. A business loss which could have gone against other sources in the year it arose can go only against business income once carried forward.
- Only two entries have no limit — the specified business, and unabsorbed depreciation.
- Only unabsorbed depreciation may still be set off inter-head in a later year, and that is because section 33(11) turns it into the current year's depreciation rather than carrying it as a loss.

Chapter 8

Unabsorbed Depreciation, and the Order of Set-off

8.1 Section 33(11)

Section 33(11)

(a) Where the profits and gains chargeable for the tax year before allowing the deduction under sub-sections (1) to (10) is less than such allowable deduction, then— (i) if such profits and gains is not a loss, the deduction under sub-sections (1) to (10) shall be allowed to the extent of the available profits and gains; (ii) if such profits and gains is a loss, no deduction under sub-sections (1) to (10) shall be allowed;

(b) the amount of deduction which has not been allowed under clause (a) shall be added to the allowable deduction under this section, whether available or not, for the succeeding tax year and the total amount shall be deemed to be eligible for deduction in that year, and so on for the succeeding tax years; and

(c) the provisions of this sub-section shall be subject to the provisions of sections 112(3) and 113(4).

Read clause (b) carefully — it is the key to the whole subject

Depreciation that could not be allowed is not carried forward as a LOSS. It is **added to the depreciation allowance of the next year and deemed to be eligible for deduction in that year**. It becomes, in law, part of that year's current depreciation. Everything that follows — the absence of a time limit, the inter-head set-off, the freedom from section 121 — is a consequence of that one sentence.

8.2 The order, and why it matters

The order of set-off within a business

Step	Authority
1. Current year depreciation	s. 33(1) to (10)
2. Brought forward business loss	s. 112(1)
3. Brought forward unabsorbed depreciation	s. 33(11)(b)
BUSINESS INCOME	

Section 112(3) and section 33(11)(c) together fix this order: effect must first be given to section 112.

Why the order is in the assessee's favour

The brought forward business loss dies after eight years; unabsorbed depreciation never dies. Setting the business loss off FIRST uses up the perishable relief while it can still be used, and leaves the imperishable one to be carried on. Reversing the order would waste the business loss.

Illustration 8.1 — the order worked

Profit of the business before depreciation		**9,00,000**
Less: current year depreciation — step 1		(3,00,000)
		6,00,000
Less: brought forward business loss of the Tax Year 2024-25 — step 2		(4,00,000)

		2,00,000
Less: brought forward unabsorbed depreciation ₹2,50,000, absorbed to the extent available — step 3		(2,50,000)
Business result		**(50,000)**

The ₹50,000 is depreciation, and so may be set off against any other head except Salaries. Problem 10 in Chapter 10 carries it through.

8.3 The three privileges of unabsorbed depreciation

	Privilege	Because
1	No time limit. It may be carried forward for ever	Section 33(11)(b) fixes no period, and section 121 does not mention it
2	It may be set off against any head except Salaries in a later year, and not merely against business income	It is deemed to be the current year's depreciation, and so creates or increases a business loss, which section 109 then allows to travel
3	It may be carried forward even where the return was filed late	Section 121 lists sections 111(1), 112(1), 113(2), 114(2) and 115(2). Section 33(11) is not among them

One more, often forgotten

The business in which the depreciation arose need not still be carried on. Section 33(11)(b) simply adds the amount to the allowance of the succeeding year. Section 112(1)(i), by contrast, requires a business or profession to be carried on in the year of set-off, though not the same one.

8.4 The one thing it cannot do

It cannot be set off against Salaries

Unabsorbed depreciation works by becoming part of the current year's depreciation, which is a deduction under the head Profits and gains of business or profession. What it produces is therefore a business loss, and section 109(1)(a) forbids a business loss to be set off against income assessable under the head Salaries. The route by which it travels is what limits it.

Nor may it be set off against undisclosed income found on a search, a requisition or a survey — section 120 names unabsorbed depreciation expressly.

Chapter 9

The Conditions and the Bars

9.1 The return must be filed in time [Section 121]

Section 121

Irrespective of anything contained in this Chapter, no loss which has not been determined in pursuance of a return filed under section 263(1), shall be carried forward and set off under section 111(1) or 112(1) or 113(2) or 114(2) or 115(2).

Loss	Carry forward if the return is late?
Capital gains — s. 111	NO
Business — s. 112	NO
Speculation business — s. 113	NO
Specified business — s. 114	NO
Owning and maintaining race horses — s. 115	NO
Income from house property — s. 110	YES — section 110 is not in the list
Unabsorbed depreciation — s. 33(11)	YES — section 33(11) is not in the list

Two things the section does not say

- It does not bar the SET-OFF of a loss in the year it arises. A late return does not prevent the current year's set-off under sections 108 and 109; it prevents the carry forward.
- It does not bar the set-off of a loss already carried forward from an earlier year in which the return WAS in time. The condition attaches to the year the loss was computed.

9.2 Search, requisition and survey [Section 120]

Section 120(1)

Irrespective of anything contained in any other provision of this Act, any loss, whether brought forward or otherwise or unabsorbed depreciation, shall not be allowed to be set off against any undisclosed income which is included in the total income of any tax year, consequent to a search conducted under section 247 or a requisition under section 248 or a survey conducted under section 253, not being a survey under section 253(4).

The bar is complete. It catches a brought forward loss, a current year loss and unabsorbed depreciation alike, and it applies whatever any other provision may say. The one carve-out is a survey under section 253(4).

9.3 The default regime [Section 202]

Section 202(2)(b) and (3)

(2) For the purposes of sub-section (1), the total income of the assessee shall be computed … (b) without set off of— (i) any loss carried forward or depreciation from any earlier tax year, if such loss or depreciation is attributable to any of the deductions referred to in clause (a); or (ii) any loss under the head "Income from house property" with any other head of income; and

(3) The loss and depreciation referred to in sub-section (2)(b) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year.

	Under section 202(1) — the default regime
1	A house property loss may not be set off against ANY other head. Not ₹2,00,000, not one rupee. The ₹2,00,000 of section 109(1)(b) is available only where the option under section 202(4) has been exercised
2	A loss or depreciation brought forward from an earlier year may not be set off at all if it is attributable to any of the deductions which section 202(2)(a) shuts out — the additional depreciation, the deductions of Chapter VIII, and the rest
3	Both are then deemed by section 202(3) to have been given full effect to

What section 202(3) does to a house property loss

Sub-section (3) applies to "the loss … referred to in sub-section (2)(b)", and sub-section (2)(b)(ii) is the house property loss. That loss is therefore deemed to have been given full effect to, and no further deduction for it is allowed for any subsequent year. Under the default regime it is neither set off against another head nor carried forward.

The Problems in Chapter 10 show it accordingly — not set off, and not carried forward.

Chapter 10

The Computation, and Eleven Practical Problems

10.1 The format

A problem on this Unit is answered in two movements. First settle whose income it is; then set the losses off in the fixed order.

The six steps

Step	Authority
1. Has income been transferred without the asset?	s. 96
2. Has an asset been transferred revocably?	ss. 97, 98
3. Is the recipient a spouse, a son's wife or a minor child, or a person holding for their benefit?	s. 99
4. Compute each head, and set off source against source	s. 108
5. Set off the remaining loss of one head against another head	s. 109
6. Carry forward what is left, and record the year it dies	ss. 110 to 115, 33(11)
GROSS TOTAL INCOME, AND THE LOSSES CARRIED FORWARD	

Five features of the computation

- Every act of clubbing and every set-off rests on a named section. A figure without an authority is only an assertion.
- An item that is NOT clubbed still appears, with the word "Nil" and a one-line reason.
- The regime governs throughout. Every problem here is worked under section 202(1) unless it says otherwise, and the house property loss turns on it.
- The losses carried forward, the section under which each is carried, and the last year of set-off belong in a table of their own.
- A long-term capital loss goes against long-term gains before the short-term loss is taken. It has nowhere else to go.

10.2 Problem 1 — Transfer of Income, and Revocable Transfer

The facts

During the Tax Year 2026-27 Mr. Arun made the following arrangements. State, with reasons, whose income each is.

- By a registered deed he assigned to his brother the right to receive for ten years the rent of a shop which he continues to own. Rent for the year ₹1,80,000.
- He transferred a house to a trust for his nephew, the deed reserving to him a right to revoke the trust after five years. Income of the house ₹2,40,000.
- He transferred shares to a trust for his niece. The trust is not revocable during her lifetime and Mr. Arun derives no benefit, direct or indirect, from the income. Dividend ₹90,000.

Solution

Rent of the shop — the income has been transferred but the ASSET retained, so s. 96 applies		1,80,000

Income of the house — the trust is revocable within the beneficiary's lifetime, so the exception in s. 97(2)(a) fails and s. 97(1) applies		2,40,000
Dividend on the shares — both conditions of s. 97(2) are satisfied, so nothing is clubbed		Nil
INCLUDED IN MR. ARUN'S TOTAL INCOME		**4,20,000**

The ₹90,000 is assessed in the trust's hands. But under section 97(3), the moment the power to revoke arises — on the niece's death, or on any earlier event stipulated — the income of that year and of every later year becomes Mr. Arun's, whether or not he exercises the power.

10.3 Problem 2 — Remuneration of a Spouse

The facts

Mr. Bhushan beneficially owns equity shares carrying 25% of the voting power of P Pvt. Ltd. His wife is employed there as a manager at a salary of ₹6,00,000 for the Tax Year 2026-27. She holds no technical or professional qualification for the post. Their other incomes are ₹9,00,000 and ₹4,00,000 respectively, and tax is computed under section 202(1). Compute the total income of each.

Solution

Salary of Mrs. Bhushan		6,00,000
Less: standard deduction under s. 19(1), Table Sl. No. 2(a)		(75,000)
Income under the head Salaries		5,25,000
Mr. Bhushan holds 25%, which is not less than 20% — a substantial interest under s. 99(5)(a)(iii). She has no qualification, so the exception in s. 99(1)(a)(i) does not apply		
Under s. 99(5)(a)(i) the income goes to the spouse whose total income before the inclusion is greater — Mr. Bhushan, ₹9,00,000 against ₹4,00,000		
TOTAL INCOME OF MR. BHUSHAN — ₹9,00,000 plus ₹5,25,000		**14,25,000**
TOTAL INCOME OF MRS. BHUSHAN		**4,00,000**

Three variations, and their answers

- Had she held a professional qualification and the salary been solely attributable to its application, nothing would have been clubbed and her total income would have been ₹9,25,000.
- Had Mr. Bhushan held 15% and his brother 8%, the two together would still give a substantial interest — the definition allows the holdings of relatives to be added.
- Once the income has been included in Mr. Bhushan's hands for a year, it stays with him in later years even if his wife's income overtakes his, unless the Assessing Officer, after hearing her, is satisfied otherwise — s. 99(5)(a)(ii).

10.4 Problem 3 — Assets Transferred to a Spouse, and Accretion

The facts

On 1 April 2026 Mr. Chandra gifted ₹10,00,000 to his wife. She placed it in a fixed deposit bearing interest at 8%. She had ₹5,00,000 of her own on deposit at the same rate. During the year she invested the interest earned on the gifted sum in shares, and received a dividend of ₹6,000 on them. Compute what is clubbed.

Solution

Interest on the gifted ₹10,00,000, at 8% — income from the asset transferred, clubbed under s. 99(1)(a)(ii)		**80,000**
Interest on her own ₹5,00,000, at 8% — her own asset, not clubbed		Nil
Dividend on shares bought out of that interest — income on the ACCRETION, not income from the asset transferred, so not clubbed		Nil
ASSESSED IN MRS. CHANDRA'S OWN HANDS — ₹40,000 plus ₹6,000		**46,000**

Had she sold the fixed deposit and bought a shop with the ₹10,00,000, the rent of the shop would still be clubbed. Substitution of the asset does not break the chain; only the second generation of income does.

10.5 Problem 4 — A House Transferred to a Spouse

The facts

In 2024 Mr. Dinesh transferred a let-out house to his wife without consideration. During the Tax Year 2026-27 she received rent of ₹3,60,000 and paid municipal taxes of ₹20,000. Compute the income, and state in whose hands it is charged.

Solution — computed in MR. DINESH'S hands

Gross annual value		3,60,000
Less: municipal taxes paid		(20,000)
Net annual value		3,40,000
Less: 30% of the net annual value — s. 22(1)(a)		(1,02,000)
INCOME FROM HOUSE PROPERTY		**2,38,000**

This is section 25(a), not section 99

Where a house property is transferred to a spouse without adequate consideration, section 25(a) makes the transferor the **deemed owner** for the whole of the head. The income is computed from the beginning in his hands, with the municipal taxes and the 30% deduction, and is not computed in hers and then added. That is why section 99(1)(a)(ii) is expressed to be "subject to the provisions of section 25(a)".

Two transfers are outside section 25(a): one under an agreement to live apart, and one to a MARRIED DAUGHTER.

10.6 Problem 5 — Three Minor Children

The facts

Mr. Eknath's total income before any inclusion is ₹8,00,000 and Mrs. Eknath's is ₹6,00,000. Their marriage subsists. During the Tax Year 2026-27 their three minor children had the following incomes.

- P, aged 12 — interest of ₹22,000 on a fixed deposit made out of a gift from his grandfather;
- Q, aged 16 — ₹40,000 won as a prize in a national music competition, and bank interest of ₹1,200;
- R, aged 9 — interest of ₹18,000. R suffers from a disability of the nature specified in section 154.

Solution

P — interest ₹22,000, clubbed under s. 99(1)(c)	22,000	
Less: Schedule III, Table Sl. No. 17 — the lower of ₹22,000 and ₹1,500	(1,500)	20,500

Q — prize money from a competition in which her talent was applied: NOT clubbed, s. 99(1)(c)(ii)		Nil
Q — bank interest ₹1,200, less the exclusion, which is the lower of ₹1,200 and ₹1,500		Nil
R — a minor child suffering from a disability specified in s. 154: NOT clubbed at all, s. 99(1)(c)(iii)		Nil
CLUBBED WITH MR. EKNATH, his income being the greater — s. 99(5)(b)(i)		20,500
HIS TOTAL INCOME — ₹8,00,000 plus ₹20,500		**8,20,500**

Working notes

- The ₹1,500 is per minor child WHOSE INCOME IS INCLUDIBLE. R generates no exclusion, because none of his income is includible; and Q's prize money generates none for the same reason.
- The exclusion is a “lower of”, not a flat figure. Q's interest of ₹1,200 is wholly excluded, and the unused ₹300 is not available anywhere.
- Q's ₹40,000 and R's ₹18,000 are assessed in the children's own hands, through their guardian.
- Had the marriage not subsisted, the income would have gone to the parent who maintains the children — s. 99(5)(b)(ii).

10.7 Problem 6 — Transfers for Benefit, and Cross Transfers

The facts

- On 1 April 2026 Mr. Farid transferred ₹8,00,000 to a trust, the income to be accumulated and paid to his wife after ten years. The trust earned interest of 8%.
- On 1 April 2026 Mr. Gopal gifted ₹5,00,000 to Mrs. Harish, and on the same day Mr. Harish gifted ₹5,00,000 to Mrs. Gopal. Each sum was placed on deposit at 8%.

State in each case whose income the interest is.

Solution

(a) Interest earned by the trust — 8% of ₹8,00,000		64,000
The income is for the DEFERRED benefit of Mr. Farid's wife, so it is clubbed with him now under s. 99(1)(d), though she will receive nothing for ten years		**64,000**
(b) Interest on each cross transfer — 8% of ₹5,00,000		40,000
The two gifts are of the same amount, made on the same day, and are parts of a single arrangement. Each is in substance a transfer by the husband to his own wife, made INDIRECTLY. Section 99(1)(a)(ii) applies to each		
Clubbed with Mr. Gopal		**40,000**
Clubbed with Mr. Harish		**40,000**

Had the two gifts been of different amounts, made months apart and for unconnected reasons, the inference of a single arrangement would fail and neither would be clubbed. The question is always one of connection.

10.8 Problem 7 — The Transferred Asset Invested in a Business

The facts

On 1 January 2026 Mr. Ishwar transferred ₹4,00,000 to his wife without consideration. She invested it in her own business. On 1 April 2026 her total capital in that business was ₹10,00,000, including the transferred sum. The profit of the business for the Tax Year 2026-27 is ₹3,00,000. She withdrew ₹2,00,000 of capital in October 2026. Compute what is clubbed.

Solution — the formula in section 99(2)

B — profit of the business for the tax year		3,00,000
C — value of the transferred asset as on 1 April 2026		4,00,000
D — total capital of the business as on 1 April 2026		10,00,000
A = B × C ÷ D = ₹3,00,000 × ₹4,00,000 ÷ ₹10,00,000		**1,20,000**
Assessed in Mrs. Ishwar's own hands		1,80,000

The withdrawal of ₹2,00,000 in October is irrelevant. Both C and D are taken as on the FIRST DAY of the tax year, and nothing done during the year disturbs the fraction.

10.9 Problem 8 — Set-off, where the Option under Section 202(4) is Exercised

The facts

Mr. Kishore furnishes the following for the Tax Year 2026-27. He has exercised the option under section 202(4). Compute his gross total income and the losses carried forward.

- Salary, gross — ₹9,00,000
- House property A, let out — income ₹2,00,000
- House property B, let out — loss ₹3,00,000
- Business X — profit ₹3,00,000
- Business Y — loss ₹4,50,000
- Short-term capital gain ₹1,00,000; long-term capital loss ₹80,000
- Income from other sources ₹60,000

Step 1 — each head, after inter-source set-off [s. 108]

Salaries — ₹9,00,000 less the standard deduction of ₹50,000, s. 19(1) Table Sl. No. 2(b)		8,50,000
House property — ₹2,00,000 less ₹3,00,000		(1,00,000)
Business — ₹3,00,000 less ₹4,50,000		(1,50,000)
Capital gains — short-term gain ₹1,00,000. The long-term loss of ₹80,000 may be set off only against a LONG-TERM gain [s. 108(2)(b)], and there is none		1,00,000
Income from other sources		60,000

Step 2 — inter-head set-off [s. 109]

House property loss ₹1,00,000, within the ₹2,00,000 limit of s. 109(1)(b), set off against salary		
Salaries — ₹8,50,000 less ₹1,00,000		7,50,000
Business loss ₹1,50,000 — not against salary [s. 109(1)(a)]; set off against capital gains ₹1,00,000 and other sources ₹50,000		
Capital gains		Nil

Income from other sources — ₹60,000 less ₹50,000		10,000
GROSS TOTAL INCOME		**7,60,000**

Carried forward	Section	Set off in a later year against	Last year
Long-term capital loss ₹80,000	111	A long-term capital gain only	2034-35

10.10 Problem 9 — The Same Facts, under the Default Regime

The facts

The facts are those of Problem 8. Mr. Kishore has NOT exercised the option under section 202(4), so his tax is computed under section 202(1). Compute his gross total income.

Solution

Salaries — ₹9,00,000 less the standard deduction of ₹75,000, s. 19(1) Table Sl. No. 2(a)		8,25,000
House property loss of ₹1,00,000 — s. 202(2)(b)(ii) forbids any set-off against another head, so NO part of it reduces the salary		Nil
Business loss ₹1,50,000 — set off against capital gains ₹1,00,000 and other sources ₹50,000		
Capital gains		Nil
Income from other sources — ₹60,000 less ₹50,000		10,000
GROSS TOTAL INCOME		**8,35,000**

₹75,000 more than under Problem 8, and the reason is worth stating: the standard deduction is ₹25,000 higher, but the ₹1,00,000 house property loss which reduced the salary there does not reduce it here — a net difference of ₹75,000.

What becomes of the house property loss

The long-term capital loss of ₹80,000 is carried forward under section 111 in either case. The house property loss of ₹1,00,000 is not set off against any other head, section 202(2)(b)(ii) forbidding it, and it is not carried forward either, section 202(3) deeming it to have been given full effect to. See paragraph 9.4.

10.11 Problem 10 — The Order of Set-off, with Unabsorbed Depreciation

The facts

Mr. Lokesh furnishes the following for the Tax Year 2026-27.

- Profit of his business before depreciation — ₹9,00,000
- Depreciation of the year under section 33 — ₹3,00,000
- Business loss of the Tax Year 2024-25 brought forward — ₹4,00,000
- Unabsorbed depreciation of the Tax Year 2023-24 brought forward — ₹2,50,000
- Income from other sources — ₹1,50,000

Solution

Profit of the business before depreciation		9,00,000
Less: current year depreciation — step 1		(3,00,000)
		6,00,000

Less: brought forward business loss — step 2, s. 112(3) requiring that effect be given to s. 112 first		(4,00,000)
		2,00,000
Less: brought forward unabsorbed depreciation, deemed by s. 33(11)(b) to be part of this year's depreciation — step 3		(2,50,000)
Profits and gains of business or profession		(50,000)
Income from other sources		1,50,000
The ₹50,000 is depreciation, and so may be set off against any head except Salaries — s. 109(1)(a)		(50,000)
GROSS TOTAL INCOME		**1,00,000**

Why the order is in the assessee's favour

The brought forward business loss of the Tax Year 2024-25 dies after the Tax Year 2032-33. Unabsorbed depreciation never dies. Setting off the perishable relief first, as section 112(3) requires, uses it while it can still be used. Had the depreciation been taken first, ₹2,50,000 of the business loss would have remained at risk of lapsing and ₹2,50,000 of imperishable depreciation would have been consumed for nothing.

10.12 Problem 11 — A Full Computation, with the Losses Carried Forward

The facts

Mrs. Meera furnishes the following for the Tax Year 2026-27. Her tax is computed under section 202(1). Compute her gross total income, her tax, and the losses carried forward.

- Income from house property, let out — ₹4,50,000
- Profit of business A — ₹6,00,000
- Loss of a speculation business — ₹90,000
- Short-term capital loss — ₹1,20,000
- Long-term capital gain on listed equity shares on which securities transaction tax was paid — ₹3,00,000
- Owning and maintaining race horses — stake money ₹80,000, expenses ₹2,00,000
- Winnings from a lottery, gross — ₹50,000
- Interest on bank deposits — ₹40,000

Step 1 — gross total income

Income from house property		4,50,000
Business A — the speculation loss of ₹90,000 may be set off only against speculation profits [s. 113(1)], and there are none, so it does NOT reduce this		6,00,000
Capital gains — long-term gain ₹3,00,000, less the short-term loss of ₹1,20,000, which s. 108(2)(a) allows against ANY capital gain		1,80,000
Income from other sources — interest ₹40,000 and lottery winnings ₹50,000		90,000
Race horses — stake money ₹80,000 less expenses ₹2,00,000, a loss of ₹1,20,000 which s. 115(1) confines to the same activity		Nil
GROSS TOTAL INCOME		**13,20,000**

Step 2 — tax

On the long-term gain of ₹1,80,000: ₹1,80,000 less ₹1,25,000 = ₹55,000, at 12.5% — s. 198		6,875

On the lottery winnings of ₹50,000, at 30% — s. 194(1)		15,000
On the balance of ₹10,90,000, at the rates in s. 202(1):		
Up to ₹4,00,000 — nil	Nil	
₹4,00,001 to ₹8,00,000 — 5% of ₹4,00,000	20,000	
₹8,00,001 to ₹10,90,000 — 10% of ₹2,90,000	29,000	49,000
Tax before rebate		70,875
Less: rebate under s. 156(2) — the total income exceeds ₹12,00,000, and the tax of ₹70,875 does not exceed the excess of ₹1,20,000, so none is due		Nil
Add: health and education cess at 4%		2,835
TOTAL TAX		**73,710**

Carried forward	Section	Set off in a later year against	Years
Speculation business loss ₹90,000	113	Profits of another speculation business	4
Loss of owning and maintaining race horses ₹1,20,000	115	Income from the same activity	4

Two points in this problem

- The speculation loss could NOT reduce the ₹6,00,000 profit of business A. But had business A made a loss and the speculation business a profit, the ordinary loss COULD have been set off against the speculation profit under section 108(1). The prohibition runs one way only.
- Both losses carried forward die after four tax years, and both require the return to have been filed by the due date — sections 113(2) and 115(2) are both named in section 121.

10.14 The twelve problems at a glance

	What it tests	Answer
1	Sections 96 and 97; the two conditions of the exception in 97(2)	₹4,20,000 clubbed
2	Remuneration of a spouse; substantial interest; which spouse is charged	₹14,25,000 and ₹4,00,000
3	Assets transferred to a spouse; income on the accretion	₹80,000 clubbed; ₹46,000 hers
4	Section 25(a) — deemed ownership, not clubbing	₹2,38,000 in the husband's hands
5	Three minor children; the three exceptions; the ₹1,500	₹20,500 clubbed; ₹8,20,500
6	Deferred benefit under 99(1)(d); cross transfers	₹64,000; ₹40,000 with each husband
7	The formula in section 99(2); the first day of the year	₹1,20,000 clubbed
8	Conversion into joint family property; partition	₹2,40,000 and later ₹60,000
9	Inter-source and inter-head set-off, old regime	₹7,60,000; ₹80,000 carried forward
10	The same facts under section 202(1)	₹8,35,000
11	The order — current depreciation, business loss, unabsorbed depreciation	₹1,00,000
12	A full computation, with tax and the carry forward table	₹13,20,000; tax ₹73,710

Chapter 11

Revision, Ready Reckoner and Question Bank

11.1 Old section to new section

Every row reads "unchanged". The 2025 Act renumbered these two Chapters and left their substance alone. The only figure a student must watch is the house property loss, which section 109(1)(b) still caps at ₹2,00,000 but which section 202(2)(b)(ii) shuts out altogether under the default regime.

Income-tax Act, 1961	Income-tax Act, 2025	Substance
60	96	Transfer of income without transfer of assets — unchanged
61	97(1)	Revocable transfer of assets — unchanged
62	97(2) and (3)	The exception, and its revival — unchanged
63	98	"Transfer" and "revocable transfer" defined — unchanged
64(1)(ii)	99(1)(a)(i)	Remuneration of a spouse — unchanged
64(1)(iv)	99(1)(a)(ii)	Assets transferred to a spouse — unchanged
64(1)(vi)	99(1)(b)	Assets transferred to a son's wife — unchanged, including the 1 June 1973 date
64(1A)	99(1)(c)	Income of a minor child — unchanged, with the same three exceptions
64(1)(vii) and (viii)	99(1)(d)	Transfers for the benefit of the spouse or son's wife — unchanged
Explanation 3 to 64(1)	99(2)	The formula where the asset is invested in a business — unchanged
64(2)	99(3) and (4)	Conversion into joint family property; partition; the 31 December 1969 date — unchanged
Explanation 1 to 64	99(5)(a)(i) and (ii)	Which spouse is charged — unchanged
Explanation 2 to 64	99(5)(a)(iii)	Substantial interest, 20% — unchanged
Explanation 2A to 64	99(5)(b)	Which parent is charged — unchanged
Explanation 3 to 64(2)	99(5)(c)	"Property" — unchanged
Explanation 4 to 64	99(5)(d)	"Income" includes loss — unchanged
65	100	Recovery from the person in whose name the asset stands — unchanged
27(i)	25(a)	Deemed owner — a house transferred to a spouse or minor child — unchanged
10(32)	Schedule III, Table Sl. No. 17	₹1,500 for each minor child — unchanged
66	101	Aggregation of income — unchanged
70	108	Inter-source set-off — unchanged
70(2) and (3)	108(2)	Short-term and long-term capital losses — unchanged
71	109(1)	Inter-head set-off — unchanged
71(2A)	109(1)(a)	No business loss against salary — unchanged

Income-tax Act, 1961	Income-tax Act, 2025	Substance
71(3A)	109(1)(b)	House property loss capped at ₹2,00,000 — unchanged
71(3)	109(2)	No capital loss against another head — unchanged
71B	110	House property loss carried forward, eight years — unchanged
74	111	Capital loss carried forward, eight years — unchanged
72	112	Business loss carried forward, eight years — unchanged
72(2)	112(3)	Effect to be given to the business loss before depreciation — unchanged
73	113	Speculation loss, four years — unchanged
43(5)	2(31)	“Speculative transaction” — unchanged
73A	114	Specified business, no time limit — unchanged
74A	115	Owning and maintaining race horses, four years — unchanged
32(2)	33(11)	Unabsorbed depreciation, no time limit — unchanged
72A	116	Amalgamation and demerger — unchanged
72AA	117	Amalgamation of banking companies — unchanged
72AB	118	Business reorganisation of co-operative banks — unchanged
78	119(1) and (2)	Change in constitution; succession — unchanged
79	119(3) to (6)	Change in shareholding, the 51% test — unchanged
79A	120	No set-off against undisclosed income — unchanged
80	121	The return must be filed in time — unchanged, and section 110 and section 33(11) are still outside it
115BAC	202	The default regime, and the bar on the house property loss

11.2 The Unit on two pages

First, whose income is it?

The question	Section
Income transferred, asset retained?	96
Asset transferred revocably?	97, 98
Remuneration of a spouse from a concern?	99(1)(a)(i)
Assets transferred to a spouse?	99(1)(a)(ii), 25(a)
Assets transferred to a son's wife on or after 1 June 1973?	99(1)(b)
Income of a minor child?	99(1)(c), Sch. III Sl. 17
Assets transferred for the benefit of a spouse or son's wife?	99(1)(d)

Then, set the losses off

The step	Section
Source against source, within the head	108(1)
Short-term loss against any capital gain; long-term loss against a long-term gain only	108(2)
Head against head — not business against salary, house property capped at ₹2,00,000, capital gains nowhere	109
Current depreciation, then brought forward business loss, then unabsorbed depreciation	33, 112(3), 33(11)
Carry forward what is left	110 to 115, 33(11)
Check the return was in time	121

The figures to remember	Where
20% — a substantial interest, in voting power or in profits	s. 99(5)(a)(iii)
₹1,500 — for each minor child whose income is includible	Sch. III, Table Sl. No. 17
1 June 1973 — the son's wife	s. 99(1)(b) and (d)
₹2,00,000 — the inter-head cap on a house property loss	s. 109(1)(b)
Nil — the inter-head set-off of a house property loss under the default regime	s. 202(2)(b)(ii)
8 years — house property, capital gains, business	ss. 110, 111, 112
4 years — speculation, and race horses	ss. 113, 115
No limit — a specified business, and unabsorbed depreciation	ss. 114, 33(11)
51% — the shareholding continuity test for a closely held company	s. 119(3)
₹75,000 and ₹50,000 — the standard deduction from salary	s. 19(1), Table Sl. No. 2

11.3 58 multiple choice questions, with answers

Cover the right-hand column. Each answer states the rule, so the table doubles as a revision sheet.

	Question	Answer
1	Clubbing of income is dealt with by —	Sections 96 to 100
2	Set-off and carry forward of losses is dealt with by —	Sections 108 to 121
3	Aggregation of income is dealt with by —	Section 101
4	Where the income is transferred but the asset is retained, the income is —	The transferor's, under section 96
5	Section 96 applies where the transfer of income is —	Revocable or irrevocable; both are caught
6	Section 96 applies to —	Any person, not only an individual
7	A transfer is revocable if it gives the transferor a right to reassume power over —	The whole or any part of the income or the assets
8	“Transfer” in section 98 includes —	Any settlement, trust, covenant, agreement or arrangement
9	The exception in section 97(2) requires —	Both that the transfer be irrevocable during the transferee's lifetime and that the transferor derive no benefit
10	Where the power to revoke arises, the income is charged to the transferor —	From that year, whether or not the power is exercised
11	Remuneration of a spouse from a concern is clubbed if the individual has —	A substantial interest in the concern
12	A substantial interest in a company means beneficial ownership of shares carrying —	Not less than 20% of the voting power, alone or with relatives, at any time during the tax year
13	A substantial interest in a concern other than a company means entitlement to —	Not less than 20% of its profits
14	Remuneration of a spouse is NOT clubbed where it is —	Solely attributable to the application of her technical or professional knowledge, experience and qualification
15	Where both spouses have income and clause (a)(i) applies, the remuneration is clubbed with —	The spouse whose total income before the inclusion is greater
16	Once clubbed with one spouse, the income is moved to the other in a later year —	Only if the Assessing Officer is so satisfied after hearing that spouse
17	Income from an asset transferred to a spouse without adequate consideration is clubbed with —	The transferor, whatever the two incomes are
18	Income arising to a spouse from the investment of clubbed income is —	Hers; income on an accretion is not clubbed
19	Where a house property is transferred to a spouse without consideration, the income is —	Computed in the transferor's hands as deemed owner under section 25(a)
20	Section 25(a) does not apply to a transfer to —	A married daughter, or one under an agreement to live apart
21	Income from assets transferred to a son's wife is clubbed if the transfer was made —	On or after 1 June 1973
22	A transfer to a daughter's husband is —	Not within section 99 at all
23	The income of a minor child is clubbed with —	The parent whose total income before the inclusion is greater
24	Where the marriage of the parents does not subsist, the minor's income is clubbed with —	The parent who maintains the child
25	The income of a minor child is NOT clubbed where it arises from —	Work done by the child, or the application of his skill, talent, specialised knowledge or experience
26	Where the minor child suffers from a disability specified in section 154 —	None of his income is clubbed, whatever its source

	Question	Answer
27	The exclusion for a minor child under Schedule III, Table Sl. No. 17 is —	The lower of the income clubbed and ₹1,500, for each minor child whose income is includible
28	The number of children for whom the ₹1,500 may be claimed is —	Not limited
29	Income from assets transferred to a person for the deferred benefit of the spouse is —	Clubbed now, under section 99(1)(d)
30	In a cross transfer between two families, the income is —	Clubbed with each husband, the transfers being indirect transfers to his own wife
31	Where a transferred asset is invested in the spouse's business, the amount clubbed is —	B × C ÷ D under section 99(2)
32	In the formula in section 99(2), C and D are taken —	As on the first day of the tax year
33	For the purposes of section 99, "income" —	Includes loss
34	The tax on clubbed income may be recovered from —	The person in whose name the asset stands, under section 100
35	A loss from one house may be set off against the income of another house under —	Section 108(1) — inter-source
36	A short-term capital loss may be set off against —	The income from any other capital asset, short-term or long-term
37	A long-term capital loss may be set off against —	The income from another long-term capital asset only
38	A loss under the head Capital gains may be set off against another head —	Never — section 109(2)
39	A business loss may not be set off against —	Salaries
40	A house property loss may be set off inter-head to the extent of —	₹2,00,000, and not at all where tax is computed under section 202(1)
41	A speculation loss may be set off against —	The profits of another speculation business only
42	An ordinary business loss may be set off against a speculation profit —	Yes; the prohibition in section 113(1) runs one way only
43	A company dealing in the shares of other companies is deemed to carry on a speculation business by —	Section 113(5)
44	The loss of a specified business under section 46 may be carried forward for —	An unlimited period; section 114 fixes none
45	The loss of owning and maintaining race horses may be carried forward for —	Four tax years
46	A house property loss may be carried forward for —	Eight tax years, and set off only against house property income
47	A business loss carried forward may be set off against —	The profits of any business or profession, not necessarily the same one
48	A business loss may be carried forward for —	Eight tax years
49	A speculation loss may be carried forward for —	Four tax years
50	Unabsorbed depreciation may be carried forward for —	An unlimited period
51	Unabsorbed depreciation may be set off in a later year against —	Any head except Salaries
52	The order of set-off within a business is —	Current depreciation, then the brought forward business loss, then unabsorbed depreciation
53	The order is fixed by —	Sections 112(3) and 33(11)(c)
54	The reason for that order is that —	The business loss dies after eight years and unabsorbed depreciation never dies

	Question	Answer
55	A loss may be carried forward only if the return was filed in time, under —	Section 121
56	Section 121 does NOT apply to —	A house property loss under section 110, or unabsorbed depreciation under section 33(11)
57	A loss or unabsorbed depreciation may be set off against undisclosed income found on a search —	Never — section 120
58	Under the default regime of section 202(1), a house property loss —	May not be set off against any other head at all

11.4 47 fill in the blanks, with answers

	Statement	The blank
1	Clubbing of income is dealt with by sections ___ to ___.	96; 100
2	Transfer of income without transfer of assets is section ___.	96
3	Revocable transfer of assets is section ___.	97
4	“Transfer” and “revocable transfer” are defined in section ___.	98
5	Recovery of the tax from the person in whose name the asset stands is section ___.	100
6	Aggregation of income is section ___.	101
7	A substantial interest in a company means not less than ___ of the voting power.	20%
8	A substantial interest in any other concern means entitlement to not less than ___ of its profits.	20%
9	Remuneration of a spouse is clubbed with the spouse whose total income before the inclusion is ___.	greater
10	A transfer to a son's wife is caught only if made on or after ___.	1 June 1973
11	The exclusion for each minor child whose income is includible is ___.	₹1,500
12	The three exceptions to the clubbing of a minor's income are in section ___.	99(1)(c)
13	A minor child suffering from a disability of the nature specified in section ___ is outside the clubbing altogether.	154
14	The formula where the transferred asset is invested in a business is ___.	A = B × C ÷ D
15	In that formula, C and D are taken as on the ___ day of the tax year.	first
16	For the purposes of section 99, “income” includes ___.	loss
17	Where a house is transferred to a spouse without consideration, the transferor is the deemed owner under section ___.	25(a)
18	Section 25(a) does not apply to a transfer to a ___ daughter.	married
19	Inter-source set-off is governed by section ___.	108
20	Inter-head set-off is governed by section ___.	109
21	A ___-term capital loss may be set off against any capital gain.	short
22	A ___-term capital loss may be set off only against a long-term gain.	long
23	A business loss may not be set off against ___.	salaries
24	A house property loss may be set off inter-head to the extent of ___.	₹2,00,000
25	A loss under the head Capital gains may be set off against ___ other head.	no
26	Carry forward of a house property loss is section ___, for ___ years.	110; eight
27	Carry forward of a capital loss is section ___, for ___ years.	111; eight
28	Carry forward of a business loss is section ___, for ___ years.	112; eight
29	Carry forward of a speculation loss is section ___, for ___ years.	113; four
30	Carry forward of the loss of a specified business is section ___, for ___.	114; an unlimited period
31	Carry forward of the loss of owning and maintaining race horses is section ___, for ___ years.	115; four

	Statement	The blank
32	"Speculative transaction" is defined in section ___.	2(31)
33	A specified business is one referred to in section ___.	46
34	Unabsorbed depreciation is governed by section ___.	33(11)
35	Unabsorbed depreciation may be carried forward for ___.	an unlimited period
36	Unabsorbed depreciation may be set off against any head except ___.	salaries
37	Effect must be given to the brought forward business loss ___ unabsorbed depreciation.	before
38	The section that fixes that order is ___.	112(3)
39	A loss may be carried forward only if the return was filed under section ___.	263(1)
40	The section requiring a timely return is ___.	121
41	Section 121 does not name section ___, the house property loss.	110
42	A change in the constitution of a firm is dealt with by section ___.	119(1)
43	On a succession otherwise than by ___, the successor may not carry forward the loss.	inheritance
44	For a closely held company the continuity test is ___ of the voting power.	51%
45	No loss may be set off against ___ income found on a search — section 120.	undisclosed
46	Under the default regime, a house property loss may be set off against another head to the extent of ___.	nil
47	The standard deduction from salary is ₹___ under section 202(1) and ₹___ in any other case.	75,000; 50,000

11.5 Six long questions, with full answers

These six cover the whole of the prescribed content of this Part.

Question 1

> **What is meant by clubbing of income? Why does the Income-tax Act, 2025 provide for it, and on what occasions does it operate?**

The meaning. Clubbing is the inclusion, in the total income of one person, of an income which has arisen to another. The asset and the money remain the other person's; only the liability to tax is moved. Chapter V of the Income-tax Act, 2025 — sections 96 to 100 — contains the provisions, and section 25(a) adds one more for house property.

Why it exists. Income-tax is progressive, so a single large income bears more tax than the same amount split among several people. Without a counter-provision an assessee could divert income to a wife, a son's wife or a minor child whose own income is small, and have it taxed in a lower slab or not at all, while the family enjoyment of the money was unchanged. Chapter V does not forbid the transfer; it simply provides that for tax purposes the income shall continue to be treated as the transferor's.

The occasions. There are six. (1) Section 96 — income transferred while the ASSET is retained, whether the transfer of income is revocable or not, and whenever made. (2) Section 97 — income from an asset transferred revocably. (3) Section 99(1)(a)(i) — remuneration of a spouse from a concern in which the individual has a substantial interest. (4) Section 99(1)(a)(ii) — income from assets transferred to the spouse otherwise than for adequate consideration. (5) Section 99(1)(b) — income from assets transferred on or after 1 June 1973 to the son's wife otherwise than for adequate consideration. (6) Section 99(1)(c) — the income of a minor child. To these must be added section 99(1)(d), income from assets transferred to any person for the immediate or deferred benefit of the spouse or the son's wife.

The governing principle. Clubbing follows the ASSET. Where a person parts with the income but keeps the asset, the income is his. Where he parts with the asset but keeps the power to take it back, the income is his. Where he parts with both, but to a person so close that the family enjoyment is unchanged, the income is still his.

Six general rules. It is the income that is clubbed, not the asset. The income keeps its character and its head, and carries the deductions of that head. A loss is clubbed as well as a profit, section 99(5)(d) providing that "income" includes loss. Income on an ACCRETION — the income earned by investing the clubbed income — is the transferee's and is not clubbed. The relationship must exist both when the asset was transferred and when the income arises. And no motive of avoidance need be shown; the sections operate on the facts.

Recovery. Section 100 completes the scheme. Although the transferor is assessed, the tax attributable to the clubbed income may be recovered, on a notice of demand, from the person in whose name the asset stands — the person who has the money. Where the asset is held jointly, the holders are jointly and severally liable.

Question 2

> **Explain the provisions relating to the clubbing of the income of a spouse. When is such income NOT clubbed?**

Two distinct provisions. Section 99(1)(a) has two limbs, and they work differently. Clause (a)(i) deals with REMUNERATION earned by the spouse; clause (a)(ii) deals with INCOME FROM ASSETS transferred to the spouse.

Clause (a)(i) — remuneration. The total income of an individual includes the income arising to his or her spouse by way of salary, commission, fees or any other form of remuneration, whether in cash or in kind, from a concern in which the individual has a substantial interest. "Concern" covers a proprietorship, a firm, an association, a Hindu undivided family carrying on business, or a company. A substantial interest means, for a company, the beneficial ownership of shares — other than shares carrying a fixed rate of dividend — carrying not less than 20% of the voting power; and for any other concern, an entitlement to not less than 20% of its profits. In either case the holding may be that of the individual alone or jointly with one or more of his relatives, and the test need be satisfied at any time during the tax year.

Which spouse. Section 99(5)(a)(i) includes the remuneration in the hands of the spouse whose total income, before the inclusion, is greater. Once so included for a year, section 99(5)(a)(ii) keeps it with that spouse in later years unless the Assessing Officer, after giving the other spouse an opportunity of being heard, is satisfied that it should be moved. Note that this rule is expressed to be for clause (a)(i) only; income from a transferred asset under clause (a)(ii) goes to the TRANSFEROR whatever the two incomes are.

Clause (a)(ii) — assets transferred. The total income includes the income arising to the spouse from assets transferred directly or indirectly by the individual otherwise than for adequate consideration or in connection with an agreement to live apart, subject to the provisions of section 25(a). The relationship must exist both when the asset was transferred and when the income arises. The words "directly or indirectly" catch a transfer routed through a third person, and a cross transfer between two families where the two gifts are intimately connected.

Section 25(a) — a house property. Where the asset is a house property transferred without adequate consideration to the spouse, section 25(a) makes the transferor the deemed OWNER. The income is then computed in his hands from the beginning, with the municipal taxes, the 30% deduction and the interest on borrowed capital, rather than computed in hers and added to his. Two transfers are outside it: one under an agreement to live apart, and one to a married daughter.

When it is NOT clubbed. Where the remuneration is solely attributable to the application of the spouse's technical or professional knowledge, experience and qualification. Where the individual has no substantial interest in the concern. Where the asset was transferred for adequate consideration, or under an agreement to live apart, or before the marriage. Where the marriage has ended by death or divorce before the income arose. And, importantly, income arising from the INVESTMENT of clubbed income — the second generation — is the spouse's own. Where a husband gifts ₹10,00,000 and the wife earns ₹80,000 of interest, the ₹80,000 is clubbed; if she invests that ₹80,000 and earns ₹6,000, the ₹6,000 is hers.

Question 3

> **Discuss the clubbing of the income of a minor child. What income of a minor is not clubbed, and in whose hands is the clubbed income assessed?**

The charge. Section 99(1)(c) includes in the total income of an individual the income arising directly or indirectly to his minor child. A minor child is one who has not attained eighteen years, and includes a step-child and an adopted child. Where the child attains majority during the year, the income of the period up to that date is clubbed and the rest is his own.

The three exceptions. The clause does not include income accruing or arising (i) on account of work done by the child; (ii) from activities where his skill, talent, specialised knowledge or experience is applied; or (iii) where the minor child is suffering from a disability of the nature specified in section 154. The first covers wages and the earnings of a child who works; the second covers prize money in a competition, the fee of a child performer, royalties on a book he has written. The third is different in kind: it is an exception of the CHILD, not of the income, so that where the child is disabled the whole of his income escapes clubbing whatever its source. In each case the income is assessed in the child's own hands, through his guardian.

In whose hands. Section 99(5)(b) provides that where the marriage of the parents subsists the income is included in the hands of the parent whose total income, before the inclusion, is greater; and where it does not subsist, in the hands of the parent who maintains the child during the tax year. Once included with one parent, it is not moved to the other in a later year unless the Assessing Officer, after hearing that parent, is so satisfied. The comparison is of the parents' incomes; the whole of the clubbable income of all the minor children goes to the one parent, and is not split.

The exclusion of ₹1,500. Schedule III, Table Sl. No. 17 excludes from total income any income includible under section 99(1)(c), to the extent that such income does not exceed ₹1,500 in respect of each minor child whose income is so includible. Three points follow. It is a "lower of", so where a child's clubbed income is ₹900 the exclusion is ₹900 and not ₹1,500. It is per minor child whose income is actually includible, so a child with no income, or a child whose income falls within one of the three exceptions, generates no exclusion. And there is no limit on the number of children.

An illustration. A father with a total income of ₹8,00,000 and a mother with ₹6,00,000 have three minor children. The first has bank interest of ₹22,000; the second wins ₹40,000 in a music competition and has interest of ₹1,200; the third, who is disabled within section 154, has interest of ₹18,000. The amount clubbed with the FATHER, his income being greater, is ₹20,500 — being ₹22,000 less ₹1,500 for the first child, nil for the second (the prize money escapes under exception (ii) and the ₹1,200 of interest is wholly excluded), and nil for the third.

Question 4

> **Explain the scheme of set-off of losses under the Income-tax Act, 2025. What losses may not be set off, and against what?**

The three stages. The income of each SOURCE under each head is computed first. Then a loss of one source is set off against another source under the same head — inter-source set-off, section 108. What remains is set off against income under another head — inter-head set-off, section 109. Only what still remains is carried forward under sections 110 to 115. The order is fixed: a loss which could have been set off in the year cannot be carried forward instead.

Inter-source set-off — section 108. Sub-section (1) allows a loss from any source under any head other than Capital gains to be set off against income from any other source under the same head. So the loss of one house goes against the income of another, the loss of one business against the profit of another. Sub-section (2) governs capital gains, and is asymmetrical: a SHORT-TERM capital loss may be set off against the income from any other capital asset, short-term or long-term; a LONG-TERM capital loss may be set off only against the income from another long-term capital asset.

Inter-head set-off — section 109. A loss under any head other than Capital gains may be set off against income under any other head, including Capital gains, subject to two conditions. A loss under Profits and gains of business or profession may not be set off against Salaries. A loss under Income from house property may be set off against any other head only to the extent of ₹2,00,000. And by sub-section (2), a loss under the head Capital gains may not be set off against any other head at all.

The other prohibitions. A speculation loss may be set off only against the profits of another speculation business — section 113(1); the loss of a specified business only against the profits of another specified business — section 114(1); and the loss of the activity of owning and maintaining race horses only against income from that activity — section 115(1). No loss or unabsorbed depreciation may be set off against undisclosed income found on a search, a requisition or a survey — section 120.

A prohibition runs one way only. Section 113(1) forbids a speculation loss to travel outside speculation. It does not forbid an ORDINARY business loss to be set off against a speculation PROFIT, which section 108(1) permits, speculation being a source under the same head. The same is true of a specified business. Each prohibition must be read for what it forbids.

The default regime. Section 202(2)(b)(ii) computes the total income under section 202(1) without set off of any loss under the head Income from house property with any other head. So an assessee on the default regime gets no inter-head set-off of a house property loss at all — not the ₹2,00,000 of section 109(1)(b), not one rupee. Section 202(2)(b)(i) similarly denies the set-off of a brought forward loss or depreciation attributable to any of the deductions which the regime shuts out.

Question 5

Explain the provisions relating to the carry forward and set off of losses. State the period for each, and the conditions.

The general scheme. A loss which cannot be wholly set off in the year it arises is carried forward. But a carried forward loss loses the freedom it had in the year of its birth: it may then be set off only against the income specified in the section which carries it, and no longer against income of another head.

Head by head. Section 110 — a house property loss, carried forward for EIGHT tax years, set off only against income from house property. Section 111 — a capital loss, eight years; a short-term loss against any capital gain, a long-term loss only against a long-term gain. Section 112 — a business loss other than a speculation loss, eight years, set off against the profits of any business or profession carried on in that year, which need not be the same business. Section 113 — a speculation loss, FOUR years, against speculation profits only. Section 114 — the loss of a specified business referred to in section 46, with NO time limit at all, against the profits of any specified business. Section 115 — the loss of owning and maintaining race horses, FOUR years, against income from the same activity. And section 33(11) — unabsorbed depreciation, with no time limit.

Unabsorbed depreciation is different in kind. Section 33(11)(b) does not carry it forward as a loss. It ADDS the unallowed amount to the depreciation allowance of the succeeding year and deems the total to be eligible for deduction in that year. Three consequences follow: there is no time limit; it may be set off against any head except Salaries, because it produces a business loss which section 109 then allows to travel; and it may be carried forward even where the return was filed late. The one thing it cannot do is reduce salary, because section 109(1)(a) forbids a business loss to be set off against Salaries.

The order. Within a business, set off in this order — current year depreciation; then the brought forward business loss; then unabsorbed depreciation. Section 112(3) and section 33(11)(c) together require it. The reason is that the business loss dies after eight years and unabsorbed depreciation never dies, so the perishable relief is used first.

The conditions and the bars. Section 121 — no loss which has not been determined in pursuance of a return filed under section 263(1), that is by the due date, may be carried forward under sections 111(1), 112(1), 113(2), 114(2) or 115(2). Note what is NOT in that list: section 110, the house property loss, and section 33(11), unabsorbed depreciation. Both may be carried forward on a late return. Section 120 — no loss and no unabsorbed depreciation may be set off against undisclosed income found on a search, a requisition or a survey. And under the default regime of section 202(1), a loss under the head house property may not be set off against any other head at all, nor carried forward. What loss and the year of set-off, though that test applies to a loss and not to unabsorbed depreciation. Section 120 — nothing may be set off against undisclosed income found on a search, a requisition or a survey.

Question 6

> **Write a note on the treatment of a revocable transfer of assets, and distinguish it from a transfer of income where the asset is retained.**

Section 96 — income transferred, asset retained. All income arising to any person by virtue of a transfer, whether revocable or not and whether effected before or after the commencement of the Act, where there is no transfer of the assets from which the income arises, is chargeable as the income of the TRANSFEROR. Three points settle every question on it. The asset must not have been transferred; if it went with the income, section 96 has no application. It does not matter whether the transfer of the income was revocable. And it does not matter when it was made.

An illustration. A owns a shop and assigns to his brother, by a registered deed, the right to receive the rent for ten years, keeping the shop. The rent is A's income. But if he GIFTS the shop, section 96 has no application — and if the donee is a major son, section 99 does not apply either, so nothing is clubbed.

Section 97 — the asset transferred revocably. All income arising to any person by virtue of a revocable transfer of assets is chargeable as the income of the transferor. Here the asset HAS gone; what brings the income back is the transferor's power to undo the transfer.

What makes a transfer revocable. Section 98(b) deems a transfer revocable if it contains any provision for the direct or indirect re-transfer of the whole or any part of the income or the assets to the transferor, or if it in any way gives the transferor a right to re-assume power directly or indirectly over the whole or any part of the income or the assets. Four words do the work: "the whole or any part", so a right to take back a part makes the whole transfer revocable; and "directly or indirectly" and "in any way", so the power need not be reserved in terms. Section 98(a) makes "transfer" include any settlement, trust, covenant, agreement or arrangement.

The exception, and its revival. Section 97(2) excludes a transfer which is by way of trust not revocable during the lifetime of the beneficiary, or in any other case not revocable during the lifetime of the transferee, AND from the income of which the transferor derives no direct or indirect benefit. Both conditions must be satisfied. But the exclusion is a postponement, not a release: section 97(3) provides that the income shall be charged to the transferor as and when the power to revoke arises. It is the arising of the power, not its exercise, that revives the charge.

The distinction, in short. Under section 96 the asset stays and the income goes; under section 97 the asset goes but the power to recall it stays. Section 96 has no exception and no escape; section 97 has an exception on two cumulative conditions, which section 97(3) can withdraw. Both apply to any person, not only to an individual, and under both the income is charged to the transferor.

11.6 Twelve unsolved problems, with answers

Work each one on paper before looking at the answer. All are for the Tax Year 2026-27, and tax is computed under section 202(1) unless the problem says otherwise.

	Problem	Answer
1	A minor child has bank interest of ₹9,000. His father's total income is ₹7,00,000 and his mother's is ₹5,00,000, and the marriage subsists. What is clubbed, and with whom?	₹7,500 with the father. ₹9,000 less the exclusion of ₹1,500, the father's income being the greater.
2	Mr. X holds 30% of the voting power of a company. His wife is paid ₹4,00,000 there, and holds no qualification. Their other incomes are ₹5,00,000 and ₹7,00,000. With whom is the remuneration clubbed?	With the wife, her total income before the inclusion being the greater — section 99(5)(a)(i).
3	Mrs. Y's business capital on 1 April 2026 was ₹8,00,000, of which ₹3,00,000 had been gifted to her by her husband. The profit for the year is ₹2,40,000. What is clubbed?	₹90,000, being ₹2,40,000 × ₹3,00,000 ÷ ₹8,00,000.
4	Mr. Z transferred a let-out house to his wife without consideration. Rent ₹4,80,000; municipal taxes paid ₹30,000. Compute the income and state in whose hands.	₹3,15,000, in Mr. Z's hands as deemed owner under section 25(a). ₹4,50,000 less 30%.
5	A has business A with a profit of ₹1,50,000 and business B with a loss of ₹4,00,000. What is his income under the head, and what is the loss available for inter-head set-off?	A loss of ₹2,50,000 under the head, after inter-source set-off under section 108(1).
6	B has a short-term capital gain of ₹2,00,000 and a long-term capital loss of ₹1,50,000. Compute the head, and the loss carried forward.	Capital gains ₹2,00,000; long-term loss of ₹1,50,000 carried forward for eight years, a long-term loss not being available against a short-term gain.
7	C has a long-term capital gain of ₹4,00,000 and a short-term capital loss of ₹90,000. Compute the head.	₹3,10,000. A short-term loss may be set off against any capital gain — section 108(2)(a).
8	D has salary of ₹6,00,000, a house property loss of ₹2,50,000 and other sources of ₹1,00,000. He has exercised the option under section 202(4). Compute the gross total income and the loss carried forward.	₹5,00,000; house property loss of ₹50,000 carried forward. The inter-head set-off is capped at ₹2,00,000 by section 109(1)(b).
9	The same facts, but D is taxed under section 202(1). Compute.	₹7,00,000. No part of the house property loss may be set off — section 202(2)(b)(ii). The ₹2,50,000 is not set off at all.
10	E has a salary of ₹40,000 and nothing else. What is the standard deduction under section 202(1)?	₹40,000. The deduction is ₹75,000 or the salary, whichever is less.
11	F has a total income of ₹15,00,000, none of it at a special rate. Compute the tax at the rates in section 202(1), before rebate and cess.	₹1,05,000. Nil on ₹4,00,000; 5% on ₹4,00,000; 10% on ₹4,00,000; 15% on ₹3,00,000.
12	G has a long-term capital gain of ₹5,00,000 on listed equity shares on which securities transaction tax was paid. Compute the tax under section 198.	₹46,875. ₹5,00,000 less ₹1,25,000 = ₹3,75,000, at 12.5%.

11.7 Where to go next

Unit 4 is now complete. Part A dealt with Income from other sources, in sections 92 to 95, and this Part B with the income of other persons included in the assessee's total income and with the aggregation of income and set-off and carry forward of losses. Together with Units 1, 2 and 3, four of the five Units of the prescribed syllabus are covered.

Unit 5 takes up the deductions of Chapter VIII, rebates and reliefs, the computation of total income and tax liability, and the filing of returns and tax deducted at source.

This booklet was drafted from the bare text of the Income-tax Act, 2025 as downloaded from incometaxindia.gov.in, prepared with the assistance of Claude Opus 5 (Anthropic). Corrections, suggestions and questions are welcome, and are acted on. The material is free, and is meant to stay free.

Advocate Dr. S. B. Rathore · 9811116835 · rathore_incometax@yahoo.co.in · www.taxclasses.in