

## B Presumptive Taxation Scheme u/s 44ADA

- Presumptive taxation scheme for professionals.
- No requirement for small professionals for maintaining detailed books of accounts.
- Eligible Assessee u/s 44ADA-
- A resident individual or a partnership firm other than a limited liability partnership, and
- engaged in a profession referred to in sub-section (1) of Section 44AA and whose total gross receipts do not exceed fifty lakh rupees in a previous year ("seventy-five lakh rupees" by The Finance Act, 2023 w.e.f. 1-4-2024, provided the amount or aggregate of the amounts received during the previous year, in cash, does not exceed 5 percent of the total gross receipts of such previous year).

### Note-

- *The receipt of an amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not an account payee, shall be deemed to be the receipt in cash.*
- *An assessee who claims that his profits and gains from the profession are lower than the profits and gains specified in sub-section (1) of section 44ADA and whose total income exceeds the maximum amount which is not chargeable to income tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (1) of section 44AA, and get them audited, and furnish a report of such audit as required under section 44AB.*

### » Computation of Income under Section 44ADA

- Income will be computed on a presumptive basis, @50% of the total gross receipts of the profession.
- No further deduction under the provisions of Sections 30 to 38 shall be allowed.

*Note: The written-down value of any asset used for the purposes of profession shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.*

## C Presumptive Taxation u/s Scheme 44AE

- Presumptive taxation scheme for assessee engaged in plying, hiring, or leasing goods carriages.
- Eligible Assessee u/s 44AE.
- An assessee engaged in the business of plying, hiring, or leasing goods carriages and owning not more than 10 (ten) goods carriages at any time during the previous year.

### » Computation of Income under Section 44AE

- Income to be computed on an estimated basis as under:

- For heavy goods vehicles: Rs. 1,000 per ton of gross vehicle weight for every month or part of a month during which the heavy goods vehicle is owned by the taxpayer.
- For vehicles other than heavy goods vehicles: Rs. 7,500 per month or a part of a month during which the goods carriage is owned by the taxpayer.  
*(Part of the month would be considered as full month.)*
- No further deduction under the provisions of Section 30 to 38 shall be allowed.
- In case where the assessee is a firm, the salary and interest paid to its partners shall be deducted from the income computed under sub-section (1), subject to the conditions and limits specified in clause (b) of Section 40.

### Note:

- *The written-down value of any asset used for the purpose of the business shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.*
- *An assessee who claims that his profits and gains from the profession are lower than the profits and gains specified shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and get them audited, and furnish a report of such audit as required under section 44AB.*

### » Other features of Presumptive Taxation Scheme

- Any person opting for the presumptive taxation scheme is liable to pay the whole amount of advance tax on or before March 15 of the previous year.
- Income tax returns (ITRs) to be filed in the simpler and shorter form ITR-4 (Sugam).

### » Can a higher or lower Income be declared under Presumptive Taxation?

- Yes, a person may voluntarily disclose his business income at rates more than those prescribed under Sections 44AD, 44ADA, and 44AE.
- Yes, a person can declare his income at a rate lower than those prescribed under Sections 44AD, 44ADA, and 44AE. However, he is then required to maintain the books of account and to get his accounts audited as prescribed under Section 44AA or 44AB, as the case may be.