

SUMMER INTERNSHIP PROJECT AT, PRAKHAR AGARWAL & CO, LUCKNOW

Summer Internship Project-1

Submitted in partial fulfilment of the requirements

for the degree of

Bachelor of Commerce

By:

Divya Agarwal (2016BCH003)

Faculty Guide:

Dr. Manoj Kumar Bhatia



**Institute of Management
JK Lakshmipat University, Jaipur**

May 10, 2018 – June 24, 2018

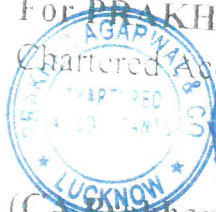


PRAKHAR AGARWAL & CO.
Chartered Accountants

EXPERIENCE CERTIFICATE

This is to certify that Miss Divya Agarwal has worked with us as an intern from 01/05/2018 to 02/07/2018. She was engaged in finalization of accounts and Income- Tax returns filing. Any duties or responsibilities allotted to her were discharged diligently and efficiently. She was a productive employee for the organization. The organisation wishes her the best for her future endeavours.

For PRAKHAR AGARWAL & CO
Chartered Accountants



(CA Prakhhar Agarwal)

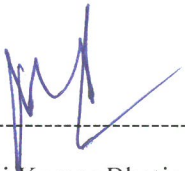
Proprietor

Mem. No. 436565

Date: 02/07/2018

CERTIFICATE

This is to certify that the Practice School-1 project work entitled “**Income Tax**” submitted by **Divya Agarwal (2016bch003)**, towards the partial fulfilment of the requirements for the degree of **Bachelor of Commerce** of **JK Lakshmipat University Jaipur** is the record of work carried out by them under my supervision and guidance. In my opinion, the submitted work has reached a level required for being accepted for Practice School-1 examination.



Dr. Manoj Kumar Bhatia
Faculty Guide
Institute of Management (IEM)
JK Lakshmipat University, Jaipur

Date of Submission _____

Declaration

I, Divya Agarwal student of JK Lakshmipat University , Institute of Management , Bcom(Hons.) 3rd year , hereby declare that this project report under the title Prakhar Agarwal & Co is the record of my original work under the guidance of CA Mr. Prakhar Agarwal . This report has never been submitted anywhere else for award of any degree or diploma.

Signature

Place: Lucknow

Date:

Acknowledgement

I am thankful to Dr. Manoj Kumar Bhatia and all faculty members of Management Department in providing me useful guidance for the completion of this report. I convey my gratitude to all those who are directly or indirectly related in the completion of this project report. I want to thank Dr. Punam Mishra , the faculty coordinator for providing our batch with an opportunity to perform the SIP .

I also want to express my heartfelt gratitude towards my SIP supervisor , Mr. Prakhar Agarwal for assisting me and proving me with a friendly environment in his organisation.

I express my profound gratitude towards all the individuals who directly or indirectly contributed towards completion of this report.

Working on this report was a great fun, excitement, challenges and a new exposure in the field of finance . I am greatly indebted to under whose guidance and concern I am able to bring the report into its real shape

Divya Agarwal

Roll no. :2016BCH003

Course : Bcom(Hons.)

Abstract

The firm was founded in 2017 with a mission to provide financial assistance to people seeing it. It focuses on being updated about the changing financial environment and thus informing the respected people and implementing it and hence taking off the burden from their heads.

The firm carries out various tasks including auditing , income tax, sales tax, service tax, GST filing and litigation, etc.

I learned the basics of income tax, composing emails for clients, various steps in filing the income tax return, finalization of accounts. It was a great experience for me as I was introduced to a new corporate environment.

Content

S. No.	Title	Page No.
1	Introduction	1
2	Company Profile	2
3	Objective	3
4	Chapter 1: Total Income	4-7
5	Chapter 2: Deductions	8-16
6	Chapter 3: Tax Slabs	17-20
7	Chapter 4: Project Report	21-23
8	Chapter 5: 12A	24-26
9	Chapter 7: 80G	27-31
10	Observations	32
11	Suggestions	32
12	Conclusion	33
13	References	33

Introduction of the Company's Business Sector

Organization is working as Chartered Accountants firm under the rules and regulations and code of ethics designed for CA firms by ICAI (Institute of Chartered Accountants of India)

The Institute of Chartered Accountants of India (ICAI) is the national professional accounting body of India. It was established on 1 July 1949 as a statutory body under the Chartered Accountants Act, 1949 enacted by the Parliament (acting as the provisional Parliament of India) to regulate the profession of Chartered Accountancy in India. ICAI is the second largest professional Accounting & Finance body in the world. ICAI is solely responsible for setting the Standards on Auditing (SAs) to be followed in the audit of financial statements in India.

Vision of ICAI is:

The profession of CA in India should be the benchmark of professional excellence upholding the principles of integrity, transparency and accountability.

Mission of ICAI is:

To achieve excellence in professional competence, add value to business and economy, safeguard public interest; ensure public practices and good corporate governance while recognizing the needs of globalization.

This kinds of firm provide different kinds of professional services like audit, taxation, and management consultancy to clients.

Company Profile

Prakhar Agarwal & Co is located at A-4, 3RD Floor, Rohit Bhawan, Sapru Marg, Hazratganj, Lucknow, Uttar Pradesh, India. The firm is governed by CA Mr. Prakhar Agarwal. The firm deals with areas like audit, GST filing and litigation, income tax, service tax, value added tax litigations, book keeping and finalization of accounts personal return filings, etc.

Prakhar Agarwal & Co is a professionally managed firm. The team consists of distinguished chartered accountants, lawyers, intermediate CA, experienced accountants and tax consultants. The firm represents a combination of specialized skills, which are geared to offer sound financial advice and personalized proactive services. Those associated with the firms have regular interaction which enables the firm to keep pace with contemporary developments and to meet the needs of its clients.

Chapter 1: Total Income

An **income tax** is a tax imposed on individuals or entities (taxpayers) that varies with respective income or profits (taxable income). Income tax generally is computed as the product of a tax rate times taxable income. Taxation rates may vary by type or characteristics of the taxpayer.

What do you mean by ‘Heads of Income’?

Under Income Tax Act, income is classified into various categories known as Heads of Income. First, calculation of income of a person takes place under each such head separately. After this, computation of total income takes place.

Tax is payable on such total income at applicable rates.

Why are heads of income necessary, when the tax is ultimately payable on Total income?

There are various reasons why heads of incomes are necessary.

- (1) Income classification takes place according to its nature. So specific provisions of the law cater to the nature of income, instead of a source of income.
- (2) It enables the Government to identify a particular class of individuals, to grant specific exemptions tax liability.
- (3) It is possible to lay down different procedures, compliance, income tax return forms, and calculation methods for each class of people.
- (4) After filing returns, the IT department can set different procedures and extent of assessments.
- (5) The data generated through a compilation of income tax returns serves as a useful basis for planning tax amendments.

Thus, there are numerous reasons why Heads of Income are such an important base of the entire Income Tax Act.

The Income Tax Act identifies five heads of income.

- Salaries
- Income from House Property
- Profits and Gains from Business or Profession
- Capital Gains
- Income from other sources

1. Income from Salaries

This head covers all kinds of emoluments that a person earns working as an employee. The basis of categorizing income under this head is the employer – employee relationship.

If the employer – employee relationship does not exist, then income cannot be classified under this head. For example, in the case of Internship, employer – employee relationship does not exist. Hence, a stipend will not form part of income from salary. Salaries, Pensions, Allowances, Perquisites, etc. are examples of income forming part of this head.

Thus, if you are working as an employee, your earnings from such employment will form part of your salary.

2. Income from House Property

This head covers rental income arising from letting out a house property. If the property is not let out, then it is taxed on the basis of expected rent.

However, if you are using such property for your residence it is called Self-occupied property. Such property is not liable to tax. However, there is one condition. The exemption applies to only one self-occupied property.

This head covers only buildings, whether rented or self-occupied. It does not include renting of machinery, equipment, vehicle, etc.

Thus, if you own one or more house properties, your earnings from such property will form part of this head.

3. Profits and Gains from Business or Profession

This head covers two broad categories of income.

Firstly, the profits from the business of any kind whether manufacturing, trading, etc.

Secondly, the income from independent professionals who provide various services.

The calculation takes place according to the Statement of Profit and Loss. Thereon, adjustment of certain items takes place to arrive at Taxable Profits.

Income in the nature of brokerage or commission is also considered as Business Income. However, the sale of assets and investments are not taken into account under this head. They are covered under Capital Gains.

Thus, if you are a businessperson or a professional, your earnings from such business or professional services will form part of this head.

4. Capital Gains

This head covers the gains from the sale of capital assets.

The income is taxable in the financial year in which the sale of assets takes place. These gains further fall into two categories. The first category is Long Term Capital Gains (LTCG). If the sale takes place 36 months after purchasing the asset, then it is LTCG. Else, it is a Short Term Capital Gain (STCG).

This head covers the sale of fixed assets and investments as well. The cost of purchasing first undergoes adjustment for inflation. It will then be reduced from the consideration received from Sale.

Thus, any income on the sale of a capital asset will fall under this head.

5. Income from other sources

This is the residual head. Any income, unless it is exempt, which does not come under any of the above heads falls under this head. For example, Gifts, Interest income, stipend from the internship, etc.

Under this head, no deduction of expenses is allowed, except in certain cases.

Thus, if you earn bank interest or receive gifts etc. such income will fall under this residual head of income

Chapter 2: Deductions

DEDUCTIONS FROM GROSS TOTAL INCOME SECTION 80C (CHAPTER VI-A)

Relevant deductions from gross total income under section 80 C to 80 U [Chapter VI-A] of income tax are given below:

1. DEDUCTION IN RESPECT OF INVESTMENTS IN SPECIFIED ASSETS (SECTION 80C)

Section 80C provides for a deduction of savings in specified modes of Investments from gross total income. It is available only to an **Individual or HUF**. The Maximum permissible deduction is **Rs.1.5 lakh** along with deduction u/s 80CCC & 80CCD.

S.no. Admissible Deductions

1. Premium paid on insurance on life of the Individual or HUF.
2. Sum paid under the contract for deferred on life of the Assessee or his/her spouse or children.
3. Sum deducted by the government from the salary of an employee for securing a deferred annuity for self, spouse or children. The sum so deducted should not exceed one-fifth of the salary.
4. Contribution to any Public Provident Fund governed by Provident Funds Act, 1925
5. Contribution by an employee to Recognized Provident Fund.
6. Contribution by an employee to an Approved Superannuation Fund.
7. Contribution made to any Public Provident Fund set up by the Central Government.
8. Subscription to any deposit scheme or contribution to any Pension fund set up by the National Housing Bank.
9. Payment of Tuition fees by an Individual Assessee at the time of admission to any university, college, school or other educational institutions within India for the purpose of full time education of any two children.
10. Subscription to deposit scheme of Public Sector, engaged in providing housing finance.
11. Principle repayment of Housing Loan. [**You May Also Refer** *Restriction on set-off of loss from House property [Finance Act 2017]*]

12. Subscription to units of Mutual funds notified u/s 10(23D).
13. Sum deposited in Fixed Deposits (FDs) with tenure of five years.
14. Sum deposited in 5 yrs Post Office Time Deposit (POTD) scheme.

2. DEDUCTION IN RESPECT OF CONTRIBUTION TO CERTAIN PENSION FUNDS (SECTION 80CCC)

Deduction in respect of Payment of premium for annuity plan of LIC or any other Insurer is provided. The Premium must be deposited to keep in force a contract for annuity plan of LIC or any other insurer for receiving pension from the fund. For this purpose, the Interest or Bonus accrued or credited to the Assessee's Account shall not be reckoned as Contribution. The Maximum Deduction allowed is Rs.1.5 lakh.

3. DEDUCTION IN RESPECT OF CONTRIBUTION TO PENSION SCHEME OF CENTRAL GOVERNMENT (SECTION 80CCD)

Contribution towards NPS by Employee[80CCD(1)]: Tax payer is an individual and he is employed by the central government (on or after January 1, 2004), or employed by any other person or self employed. He has in the previous year deposited any amount in his account under NPS. Under this, Employee is to contribute 10% of their salary or more and deduction is available under section 80CCD(1) which is restricted to 10% of the salary and for person other than employee deduction is restricted to 10% of GTI.

80CCD(1B) Tax payer shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited in the previous year in his account under a pension scheme notified by the Central Government, which shall not exceed fifty thousand rupees.

Contribution towards NPS by Employer [80CCD(2)]: Contribution by the employer to NPS is deductible under section 80CCD(2) in the hands of the concerned employee in the year in which contribution is made. However no deduction is available in respect of employer's contribution which is in excess of 10 percent of the salary of the employee.

4. LIMIT ON DEDUCTION U/S 80C, 80CCC, 80CCD

The Limit for maximum deduction available u/s 80C, 80CCC, 80CCD (combined together) is **Rs.1.5 Lakh** only.

Assessee gets an additional deduction of 50,000 if he makes investment in NPS scheme notified by the Central Government. This means the Limit for maximum deduction available u/s 80C, 80CCC, 80CCD+80CCD(1B) is Rs. 2 Lakh.

5. DEDUCTION IN RESPECT OF INVESEMENT BY A RESIDENT INDIVIDUAL IN LISTED EQUITY SHARES (SECTION 80CCG)

Tax Benefits of Rajiv Gandhi Equity Savings Scheme (*RGESS*) under section 80CCG has been withdrawn. However, if you have claimed this deduction in current FY 2016-17, you can claim the deduction for the next two Financial Years too.

6. DEDUCTION IN RESPECT OF MEDICAL INSURANCE PREMIUM (SECTION 80D)

***As amended by Finance Bill 2018**

This Section provides for a deduction of Rs. 25,000 in respect of premium paid towards a health insurance policy for the Assessee or his family (spouse and dependent children) or any contribution made to the Central Government Health Scheme in aggregate and a further deduction of **Rs. 25000** is allowed of premium paid in respect of health insurance policy for parents. An increased deduction of **Rs. 30000** is allowed in case any of the persons mentioned above are senior citizens (i.e. of age 60 years or above).

It has been proposed by finance bill 2018 that the upper limit of this increased deduction should be raised to Rs. 50,000.

Further it is provided that for claiming such deduction u/s 80D the payment must be by any mode other than cash.

Further Deduction of Rs. 5000 shall be allowed in respect of payment made on Account of preventive health check-up of self, spouse, children or parents made during the previous year. For claiming this deduction payment can be by any mode including cash.

The Analysis of proposed amendment is provided in the table given below:

<i>Nature of amount spent</i>	<i>Family Member</i>		<i>Parents</i>	
	<i>Age below 60 years</i>	<i>Age 60 years or more</i>	<i>Age below 60 years</i>	<i>Age 60 years or more</i>
Medical Insurance	25,000	50,000	25,000	50,000

CGHS	25,000	50,000	—	—
Health Check-up	5,000	5,000	5,000	5,000
Medical Expenditure	—	50,000	—	50,000
Maximum deduction	25,000	50,000	25,000	50,000

7. DEDUCTION IN RESPECT OF REHABILITATION OF HANDICAPPED DEPENDENT RELATIVE (SECTION 80DD)

It provides for a deduction to an Assessee being an individual or HUF who is a resident in India. Deduction of **Rs. 75,000** is available in respect of any Amount paid for the medical treatment (including nursing), training and rehabilitation of a dependent, or any amount paid or deposited under a scheme framed in this behalf. In case of severe disability (i.e. a person with 80% or more disability), the deduction of **Rs. 1,25,000** shall be available.

To claim this deduction, you have to submit FORM NO. 10-IA.

Dependent means In the case of an Individual the spouse, children, parents, brothers, sisters, of the individual and in the case of HUF, any member who is wholly dependent on the assessee.

8. DEDUCTION IN RESPECT OF MEDICAL TREATMENT (SECTION 80DDB)

***As amended by Finance Bill 2018**

The deduction of Rs. 40000 or Amount actually paid whichever is less shall be allowed to an Assessee who is resident in India being an Individual or HUF. Deduction shall be allowed of any amount paid for the medical treatment of such disease or ailment as may be specified in the rules.

It has been proposed that in case the amount is paid in respect of a senior citizen/very senior citizen then the deduction would be Rs.100,000 or the amount actually paid whichever is less.[Earlier the limit was Rs. 60,000 for Senior Citizen & Rs. 80,000 for very senior citizen.]

9. FIRST TIME HOME BUYERS CAN CLAIM AN ADDITIONAL TAX DEDUCTION OF UP TO RS 50,000 ON HOME LOAN INTEREST PAYMENTS U/S 80EE.

THE BELOW CRITERIA HAS TO BE MET FOR CLAIMING TAX DEDUCTION UNDER SECTION 80EE.

- The home loan should have been sanctioned during / after FY 2016-17.
- Loan amount should be less than Rs 35 Lakh.
- The value of the house should not be more than Rs 50 Lakh &
- The home buyer should not have any other existing residential house in his name.

10. LOAN FOR HIGHER STUDIES

If you take any loan for higher studies (*after completing Senior Secondary Exam*), tax deduction can be claimed under Section 80E for interest that you pay towards your Education Loan. This loan should have been taken for higher education for you, your spouse or your children or for a student for whom you are a legal guardian. Principal Repayment on educational loan cannot be claimed as tax deduction.

There is no limit on the amount of interest you can claim as deduction under section 80E. The deduction is available for a maximum of 8 years or till the interest is paid, whichever is earlier.

11. CONTRIBUTIONS MADE TO CERTAIN RELIEF FUNDS AND CHARITABLE INSTITUTIONS:

[**You May Also Refer** : Budget 2018 : TDS & manner of payment in respect of Trusts]

Contributions made to certain relief funds and charitable institutions can be claimed as a deduction under Section 80G of the Income Tax Act. This deduction can only be claimed when the contribution has been made via cheque or draft or in cash. In-kind contributions such as food material, clothes, medicines etc do not qualify for deduction under section 80G.

The donations made to any Political party can be claimed under section 80GGC.

W.e.f F.Y. 2017-18, the limit of deduction under section 80G / 80GGC for donations made in cash is reduced from current Rs 10,000 to Rs 2,000 only.

12. SECTION 80GG: APPLICABLE FOR ALL THOSE INDIVIDUALS WHO DO NOT OWN A RESIDENTIAL HOUSE & DO NOT RECEIVE HRA

The Tax Deduction amount under 80GG is Rs 60,000 per annum. Section 80GG is applicable for all those individuals who do not own a residential house & do not receive HRA (*House Rent Allowance*).

The extent of tax deduction will be limited to the least amount of the following;

- Rent paid minus 10 percent the adjusted total income.
- Rs 5,000 per month.
- 25 % of the total income.

*(If you are claiming **HRA** (House Rent Allowance) of more than Rs 50,000 per month (or) paying rent which is more than Rs 50,000 then the tenant has to deduct TDS @ 5%. Tax could be deducted at the time of credit of rent for the last month of the tax year or last month of tenancy, as applicable.)*

13. DEDUCTION IN RESPECT OF DONATIONS FOR SCIENTIFIC RESEARCH AND RURAL DEVELOPMENT (SECTION 80GGA)

Admissible Deductions:-

- Any sum paid by the Assessee to the Research Association which has, as its object, the undertaking of scientific research
- Any sum paid to an Association or Institution which has, as its object, the undertaking of any programme of Rural Development to be used for carrying out any programme of Rural Development.
- Any sum paid to Research Association which has, as its object the undertaking of research in Social Science or Statistical Research.
- Any sum paid to Public Sector company or a local authority for carrying out any eligible project or scheme.
- Any sum paid to Rural Development fund.
- Any sum paid to National Urban Poverty Education Fund (NUPEF).

Sub-section (2A) has been inserted which provides that no deduction shall be allowed in respect of donation of any sum exceeding Rs. 10000 unless such sum is paid by any mode other than cash.

14. DEDUCTION IN RESPECT OF CONTRIBUTIONS GIVEN BY COMPANIES TO POLITICAL PARTIES (SECTION 80GGB)

This provides of deduction of any sum contributed in the Previous Year by an Indian Company to any Political Party or an Electoral Trust. From assessment year 2014-15, no deduction shall be allowed in respect of any sum contributed by way of cash.

15. DEDUCTION IN RESPECT OF CONTRIBUTIONS GIVEN BY ANY PERSON TO POLITICAL PARTIES (SECTION 80GGC)

This provides for deduction of any sum contributed in the Previous Year by any Person to a Political Party or an Electoral Trust. It will not be available to a Local Authority and an Artificial Judicial Person. No deduction shall be allowed in respect of any sum contributed by way of cash.

16. SAVING INTEREST

***As amended by Finance Bill 2018**

Deduction from gross total income of an individual or HUF, up to a maximum of Rs. 10,000/-, in respect of interest on deposits in savings account with a bank, co-operative society or post office can be claimed under this section. Section 80TTA deduction is not available on interest income from fixed deposits.

It has been proposed to insert a new provision to allow deduction of up to Rs. 50,000 to the senior citizen who has earned interest income from deposits with banks or post office or co-operative banks. Interest earned on saving deposits and fixed deposits both shall be eligible for deduction under this provision.

Deduction under Section 80TTA shall not be available to senior citizens in respect of interest on saving deposits.

Bare Text of Proposed Amendment has been given below for your reference:

Deduction in respect of interest income to senior citizen

At present, a deduction upto Rs 10,000/- is allowed under section 80TTA to an assessee in respect of interest income from savings account. It is proposed to insert a new section 80TTB so as to allow a deduction upto Rs 50,000/- in respect of interest income from deposits held by senior citizens. However, no deduction under section 80TTA shall be allowed in these cases. This amendment will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years. It is also proposed to amend section 194A so as to raise the threshold for deduction of tax at source on interest income for senior citizens from Rs 10,000/- to Rs 50,000/-.

This amendment will take effect, from 1st April, 2018.

17. STANDARD DEDUCTION ON SALARY INCOME

***As amended by Finance Bill 2018**

It is proposed to allow a standard deduction upto Rs 40,000/- or the amount of salary received, whichever is less. Consequently the present exemption in respect of Transport Allowance (except in case of differently abled persons) [Rs 1600*12=Rs 19200] and reimbursement of medical expenses [Rs 15000] is proposed to be withdrawn.

Bare Text of Proposed Amendment has been given below for your reference:

Standard deduction on salary income

Section 16, inter-alia, provides for certain deduction in computing income chargeable under the head "Salaries". It is proposed to allow a standard deduction upto Rs 40,000/- or the amount of salary received, whichever is less. Consequently the present exemption in respect of Transport Allowance (except in case of differently abled persons) and reimbursement of medical expenses is proposed to be withdrawn.

These amendments will take effect from 1st April, 2019 and will, accordingly, apply in relation to the assessment year 2019-20 and subsequent assessment years.

18. NEW DEDUCTION INTRODUCED FOR FARM PRODUCER COMPANIES

***As amended by Finance Bill 2018**

To promote agricultural activities a new section 80PA is proposed to be inserted. This new provision proposes 100% deductions of profits for a period of 5 years to farm producer companies who have total turnover of up to Rs. 100 crores during the financial year.

For claiming this deduction the gross total income of producer companies should include income from:

- a. The marketing of agricultural produce grown by its members.
- b. The purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members.
- c. The processing of the agricultural produce of its members.

19. 80-JJAA : INCENTIVE FOR EMPLOYMENT GENERATION

***As amended by Finance Bill 2018**

Deduction of 30% is allowed in addition to normal deduction of 100% in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year.

However, the minimum period of employment is relaxed to 150 days in the case of apparel industry, **the same has been extend to footwear and leather industry.**

Manufacturers are often denied the deduction if an employee is employed in 1st year for a period of less than 240 days/150 days, but continues to remain employed for more than 240 days/150 days in the 2nd year. To overcome this difficulty, the requirement of period of employment has been proposed to be relaxed. **Now as per the proposed provision the deductions shall be allowed to the manufacturer in respect of an employee hired in 1st year, if he continues to remain in employment in current year(2nd year) for more than 240/150 days, as the case may be.**

Income Tax Slabs for Senior Citizens (60 Years Old Or More but Less than 80 Years Old) for FY 2018-19 – Part II

Income Tax Slabs	Tax Rate	Health and Education Cess
Income up to Rs 3,00,000*	No tax	
Income from Rs 3,00,000 – Rs 5,00,000	5%	4% of Income Tax
Income from Rs 5,00,000 – 10,00,000	20%	4% of Income Tax
Income more than Rs 10,00,000	30%	4% of Income Tax

Surcharge: 10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.

Surcharge: 15% of income tax, where the total income exceeds Rs.1 crore

Income Tax Slabs	Tax Rate	Health and Education Cess
Income up to Rs 5,00,000*	No tax	
Income from Rs 5,00,000 –	20%	4% of Income Tax

10,00,000

Income more than Rs 10,00,000 30% 4% of Income Tax

Income Tax Slabs for Senior Citizens(80 Years Old Or More) for FY 2018-19

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Part III

Surcharge: 10% of income tax, where total income exceeds Rs.50 lakh up to Rs.1 crore.

Surcharge: 15% of income tax, where the total income exceeds Rs.1 crore.

Income Tax Slabs for Domestic Companies for FY 2018-19 – Part IV

Turnover Particulars	Tax Rate
Gross turnover upto 250 Cr. in the previous year	25%
Gross turnover exceeding 250 Cr. in the previous year	29%

In addition cess and surcharge is levied as follows: Cess: 4% of corporate tax
Surcharge: Taxable income is more than 1Cr. but less than 10Cr.: 7% Taxable
income is more than 10Cr. :12%

Chapter 4 : Project Report

A Project Report is a document which **provides details on the overall picture of the proposed business**. The project report gives an account of the project proposal to ascertain the prospects of the proposed plan/activity.

Contents of a Project Report

Following are the contents of a project report.

1. General Information

A project report must provide information about the details of the industry to which the project belongs to. It must give information about the past experience, present status, problems and future prospects of the industry.

2. Executive Summary

A project report must state the objectives of the business and the methods through which the business can attain success. The overall picture of the business with regard to capital, operations, methods of functioning and execution of the business must be stated in the project report. It must mention the assumptions and the risks generally involved in the business.

3. Organization Summary

The project report should indicate the organization structure and pattern proposed for the unit. It must state whether the ownership is based on sole proprietorship, partnership or joint stock company. It must provide information about the bio data of the promoters including financial soundness. The name, address, age qualification and experience of the proprietors or promoters of the proposed business must be stated in the project report.

4. Project Description

A brief description of the project must be stated and must give details about the following:

- Location,
- Raw material requirements,
- Target of production,
- Area required for the workshed,
- Power requirements,
- Fuel requirements,

- Water requirements,
- Employment requirements of skilled and unskilled labour,
- Technology selected for the project,
- Production process,
- Projected production volumes, unit prices,
- Pollution treatment plants required.

If the business is service oriented, then it must state the type of services rendered to customers. It should state the method of providing service to customers in detail.

5. Marketing Plan

The project report must clearly state the total expected demand for the product. It must state the price at which the product can be sold in the market. It must also mention the strategies to be employed to capture the market. If any, after sale service is provided that must also be stated in the project. It must describe the mode of distribution of the product from the production unit to the market.

6. Capital Structure and operating cost

The project report must describe the total capital requirements of the project. It must state the source of finance, it must also indicate the extent of owners funds and borrowed funds. Working capital requirements must be stated and the source of supply should also be indicated in the project. Estimate of total project cost, must be broken down into land, construction of buildings and civil works, plant and machinery, miscellaneous fixed assets, preliminary and preoperative expenses and working capital.

7. Management Plan

The project report should state the following.

- a. Business experience of the promoters of the business,
- b. Details about the management team,
- c. Duties and responsibilities of team members,
- d. Current personnel needs of the organization,
- e. Methods of managing the business,
- f. Plans for hiring and training personnel,
- g. Programmes and policies of the management.

8. Financial Aspects

In order to judge the profitability of the business a projected profit and loss account and balance sheet must be presented in the project report. It must show the estimated sales revenue, cost of production, gross profit and net profit likely to be earned by the proposed unit. In addition to the above, a projected balance

sheet, cash flow statement and funds flow statement must be prepared every year and at least for a period of 3 to 5 years.

The income statement and cash flow projections should include a three-year summary, detail by month for the first year, and detail by quarter for the second and third years. Break even point and rate of return on investment must be stated in the project report. The accounting system and the inventory control system will be used is generally addressed in this section of the project report. The project report must state whether the business is financially and economically viable.

9. Technical Aspects

Project report provides information about the technology and technical aspects of a project. It covers information on Technology selected for the project, Production process, capacity of machinery, pollution control plants etc.

10. Project Implementation

Every proposed business unit must draw a time table for the project. It must indicate the time within the activities involved in establishing the enterprise can be completed. Implementation schemes show the timetable envisaged for project preparation and completion.

11. Social responsibility

The proposed units draws inputs from the society. Hence its contribution to the society in the form of employment, income, exports and infrastructure. The output of the business must be indicated in the project report.

Chapter 5 : 12 A

To get exempted from paying income-tax for the income of Indian Nonprofit organisations like Trust, Society, Foundation, and Non-profit Companies, They shall apply for 12A Certification with their concern's PAN Card Number. Immediately after registration or incorporation of such Trust, Society or any non-profit organisation, they need to apply for 12A by filling the form 10A.

From the Date of establishment and immediately after the receipt of PAN Number for the nonprofit organization [trust, society or nonprofit company] it should apply for registration with Income tax department to get 12A certificate without fail. But it's not sure, If delayed in applying for registration more than a year, then the nonprofit NGO organization may need to submit Audit Reports for past financial years.

Now let's know how to apply for 12A, To get registered with Income tax department, Nonprofit NGO has to fill a form called FORM 10A and it has to be produced to the Commissioner of Income Tax, Income Tax Department Zonal office where your NGO organization is located.

If your NGO established in metropolitan cities like Delhi, Calcutta, Mumbai and Chennai, then you have to produce the FORM 10A to the Director of Income Tax (Exemption), Income tax department office. Before submitting FORM 10a, please make sure that you have received PAN CARD for your nonprofit NGO organization.

1. Copy of Registration Certificate issued by Registrar or Charity Commissioner.
2. Basic documents of the organization, which evidencing the creation of the NGO should be enclosed, like Trust deed / Bye-laws / Rules and Regulations / Memorandum and Articles of Association as per the shape of the nonprofit NGO organization with Notary Public Attestation.
3. Detailed list of Trustees or Members with name, designation and complete address with every trustee's PAN Numbers and PAN Card Copies to be furnished.
4. Filled FORM 10A with Organizations's PAN CARD Copy
5. Rare Case - If you failed to apply immediately within one year after registration or incorporation of your organization, Two copies of the Accounts of the current financial year or Three previous years may need to be enclosed. Where the NGO was not in existence in any of three prior years, copies of the accounts of for minimum years may also be submitted.

After you have produced the above FORM 10A either through registered post with acknowledgement due or directly in the Income Tax office, The department will overlook your application for fitness towards registration.

The Income-tax officers have the rights to grant or to refuse registration to your application. If the Income-tax office gets satisfied with your proper documents and with the genuineness of your organization, then you will be certified. If there is some correction or if they need some additional documents, they will notify you

FORM NO. 10 A

(See rule 17 A)

Application for registration of charitable or religious trust or institution

Under section 12 A (a) of The Income Tax Act, 1961

To

The Ld. Commissioner of Income Tax (Exemptions)

Income Tax Office

Lucknow

Sir,

I, **Arunima Sinha** being Founder Trustee on behalf of **M/s ARUNIMA FOUNDATION** hereby apply for the registration of the said trust/institution u/s 12 A of The Income Tax Act, 1961. The Following particulars are furnished herewith.

1.Name of the *trust/institution in full [in block letters]	:	ARUNIMA FOUNDATION
2.Address	:	9A,SAINIK SOCIETY, SAROJNI NAGAR, LUCKNOW
3.Name(s) and address(es) of author(s)/founder(s)	:	AS PER LIST ENCLOSED
4. Date of creation of trust or establishment of the institution	:	13/08/2014

5.Name(s) and address(es) of trustee(s)/manager(s)	:	AS PER LIST ENCLOSED
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I also enclose the following documents:

1. (a) * Original / Certified copy of the instrument under which the trust /institution was created /established , together with the copy thereof.

(b) *Original/ Certified copy of document evidencing the creation of the trust or the establishment of the institution together with the copy thereof.[The originals, if enclosed , will be returned]

2. Two copies of the accounts of the *trust/ institution for the latest *one/two/ three years.

I undertake to communicate forthwith any alteration in the terms of the trust, or in the rules governing the institution, made at any time hereafter.

Date:

Place : Lucknow

.....

Signature
Founder Trustee
Sarojni Nagar, Lucknow

Chapter 7 : 80G

Under section 80G deduction is available to any tax payer (may be individual, company, firm or any other person) making donation to the company. 50% of the donation made is allowed to be deducted from the taxable income and consequently tax is calculated.

While computing the total income of the tax payer and for arriving at the deductible amount under section 80G, first the aggregate of the sums donated will be computed. Then 50 per cent of such donations have to be found out and it should be limited to 10 per cent of the gross total income. If such amount is more than 10 per cent of the gross total income, the excess will have to be ignored.

A certificate under Section 80G will be issued by the Company to the tax payer making the donation to enable them to claim the exemption from Income Tax.

Let us take an illustration. Mr. X an individual and M/s. Y Pvt. Ltd., a Company both give donation of Rs.1,00,000/- to charitable institution/trust/NGO. The total income for the year 2009-2010 of both Mr. X and Ms. Y Pvt. Ltd. is Rs.2,00,000/-. Now assuming that the rates are 30% for the individuals and 40% for the Companies without any minimum exemption limit. The tax benefit would be as shown in the table:

	Mr. X	MS. Y Pvt. Ltd.
i) Total Income for the year 2009-2010	2,00,000.00	2,00,000.00
ii) Tax payable before Donation	60,000.00	80,000.00
iii) Donation made to charitable organisations	1,00,000.00	1,00,000.00
iv) Qualifying amount for deduction (50% of donation made)	50,000.00	50,000.00
v) Amount of deduction u/s 80G (Gross Qualifying Amount subject to a maximum limit 10% of the Gross Total Income)	20,000.00	20,000.00
iv) Taxable Income after deduction	1,80,000.00	1,80,000.00

v) Tax payable after Donation	54,000.00	72,000.00
vi) Tax Benefit U/S 80G (ii)-(v)	6,000.00	8,000.00

Applications for grant of approval or continuance thereof to institution or fund u/s 80G(5)(vi) of the Income Tax Act, 1961

1	Name of the Institution/ fund in full (in Block letters)	ARUNIMA FOUNDATION
2	Address of the registered office of the institution/fund	
3	Legal status (please specify whether the institution/ fund is-	Trust
(i)	Constituted as public charitable trust:	No
(ii)	Registered under the societies Registration Act, 1860 (21 of 1860) or under any law corresponding to that Act in force in any part of India.	Indian Trust Act, 1882
lii	Registered u/s 25 of the Companies Act, 1956 (1 of 1956)	---No---
Iv	A University established by Law;	---No---
V	Any other educational institution recognized by the Government or by any University established by law or affiliated to any University established by Law.	---No---
Vi	An institution wholly or partly financed by the Government or Local authority;	---No---
Vii	An institution established with the object of controlling, supervising,	---No---

	regulating or encouraging games or sports and is approved for this purpose u/s 10(23); or	
Viii	A Regimental Fund or Non Public Fund established by the armed forces of the Union for the welfare of past or present members of such forces or their dependants]	----No---
4	Objects of the institution / fund and geographical area over which its activities are undertaken.	As per the Bye-laws of Trust
5	Names and addresses of trustees/ office bearers of the institution or fund.	As per Annexure "A"
6	(i) If registered u/s 12A (a) of the Income Tax Act, the registration number and date of registration	
	(ii) If noticed u/s 10(23) or u/s 10(23C) of the Income Tax Act, the details thereof	----Not Applicable---
	(iii) If responses to (i) & (ii) are negative, whether any application for the same has been filed if yes, enclose the copy of the same.	----Not Applicable---
7	(a) Period of the last approval, if any. Please enclose a copy of the approval	----Not Applicable---
	(b) If any change in the aims and objects and the rules and regulations have been made since the last approval, the details thereof	----No---
8	Assessment particulars-	

	(a) Ward/ circle where assessed and permanent account number/ GIR number	Range 1(4) Lko New
	(b) Is the Income exempt u/s 10(22), 10(22A), 10(23), 10 (23AA), 10(23C) or 11.	-----Not Applicable---
	(c) Whether any arrears of taxes are outstanding if so, give reasons.	----No---
9	Amount accumulated for the purposes mentioned in item (4) above	-----Not Applicable---
10	(i) Details of modes in which the funds are invested or deposited , showing the nature , value and income from the investment;	-----Not Applicable---
11	(i) Is the institution / fund carrying or any business if yes give details.	----No---
	(ii) Is the business incidental to the attainment of its objects	----No---
12	Details of nature, quantity and value of contribution (other than cash) and manner in which such contributions have been utilized.	-----Not Applicable---
13	Details of shares, security or other property purchased by or on behalf of the trust from any interested person as specified in sub section (3) of section 13	-----No---
14	Whether any part of income or any property of the association was used or applied in a manner which results directly or indirectly in conferring any benefit, amenity or perquisite (whether	-----No---

	converted into money or not), on any interested person as specified in sub-section (3) of section 13 if so, details thereof.	
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I certify that information furnished above is true to the best of my knowledge and belief.

I undertake to communicate forthwith any alternation in the terms or in the rules governing the institution/ fund made at any time hereafter.

Place: Lucknow

Signature:

Date:

Designation: Founder Trustee

Address: _____, Lucknow

Observations

The main learning for me came by observing the environment in the firm , how employees , colleagues interact and work with each other. The main thing that I observed and which would come handy to me in my future is that for a business to run smoothly and effectively , the owners main perspective should be to keep your employees satisfied, provide them with a professional cum family environment and give them incentives which would thereby result in an effective and efficient working environment.

Suggestions and Recommendation

I observed that the firm had created such a family environment that sometimes it seems very informal which leads to too much of casualty. Hence I would suggest that , yes , create a family environment but still don't get carried away from the fact that it is a professional platform.

Conclusion

Working as an intern at a professional surrounding in Prakhar Agarwal & Co provided me with a great platform to perform my theoretical knowledge in the practical world. Now that I have performed various different work like filing income tax return , sending emails, drafting replies to income tax and sales tax authority , my confidence to enter into to the corporate word in future has increased even though I know I still need a lot of experience .

References

<https://www.incometaxindiaefiling.gov.in/home>

<https://cleartax.in/s/80c-80-deductions>