

Special provision for computing profits and gains of business on presumptive basis.

44AD. (1) *Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head “Profits and gains of business or profession”.*

(2) *Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed :*

Provided *that where the eligible 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.*

(3) *The written down value of any asset of an eligible business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.*

(4) *The provisions of Chapter XVII-C shall not apply to an eligible assessee in so far as they relate to the eligible business.*

(5) *Notwithstanding anything contained in the foregoing provisions of this section, an eligible assessee who claims that his profits and gains from the eligible business are lower than the profits and gains specified in sub-section (1) 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 (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.*

(6) *The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to—*

(i) *a person carrying on profession as referred to in sub-section (1) of section 44AA;*

(ii) *a person earning income in the nature of commission or brokerage; or*

(iii) *a person carrying on any agency business.;*¹

Explanation.—For the purposes of this section,—

(a) *“eligible assessee” means,—*

(i) *an individual, Hindu undivided family or a partnership firm, who is a resident, but not a limited liability partnership firm as defined under clause (n) of sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); and*

(ii) *who has not claimed deduction under any of the sections 10A, 10AA, 10B, 10BA or deduction under any provisions of Chapter VIA under the heading “C. - Deductions in respect of certain incomes” in the relevant assessment year;*

(b) *“eligible business” means,—*

¹ Inserted with effect from the 1st day of April, 2011

- (i) *any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE; and*
- (ii) *whose total turnover or gross receipts in the previous year does not exceed an amount of . one crore rupees.*²

² Substituted with effect from the 1st day of April, 2013