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INCOME-TAX ACT, 2025

D: Profits and gains of business or profession

Section 34 - General conditions for allowable deductions.

(1) Any expenditure (not being an expenditure of the nature specified in sections 28 to 33, 44 to 49, 51and 52 and not being in the nature of capital expenditure or personal expenses of the assessee), laid out or expended wholly and exclusively for the purposes of the business or profession shall be allowed in computing the income chargeable under the head “Profits and gains of business or profession”.

(2) For the purposes of sub-section (1), an expenditure laid out or expended wholly and exclusively for business or profession by the assessee shall not include any of the following:––

(a) an expenditure incurred for any purpose which is an offence or is prohibited by law; or

(b) an expenditure incurred on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013; or

(c) an expenditure incurred on advertisement in any souvenir, brochure, tract, pamphlet or the like, published by a political party.

(3) The expenditure mentioned in sub-section (2)(a) shall include expenditure incurred for––

(a) any purpose which is an offence under, or is prohibited by, any law in force in or outside India; or

(b) providing a benefit or perquisite in any form to a person, who may or may not be carrying on a business or exercising a profession, when its acceptance by the person is in violation of any law or rule or regulation or guideline governing the conduct of that person; or

(c) compounding an offence under any law in force in or outside India; or

(d) settling proceedings initiated in relation to contravention under any law notified by the Central Government in this behalf.

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