

ICAI, KOTTAYAM CHAPTER_ 26th MAY 2026
DISCUSSION ON SECITON 4, 5 AND 6 OF INCOME TAX ACT 2025

<p>Section 4 CHARGE OF INCOME TAX</p>	<p>Charge of income-tax. 4. (1) Where any Central Act enacts that income-tax^[Sec-43] shall be charged for any assessment year at any rate or rates, income-tax at that rate or those rates shall be charged for that year in accordance with, and subject to the provisions (including provisions for the levy of additional income-tax) of, this Act</p> <p>in respect of the total income of the previous year of every person :</p> <p>Provided that where by virtue of any provision of this Act income-tax is to be charged in respect of the income of a period other than the previous year, income-tax shall be charged accordingly.</p> <p>(2) In respect of income chargeable under sub-section (1), income-tax shall be deducted at the source or paid in advance, where it is so deductible or payable under any provision of this Act.</p>	<p>Charge of Income-tax. 4. (1) Where any Central Act enacts that income-tax shall be charged for any tax year at any rate or rates, income-tax for such tax year shall be charged at that rate or those rates in accordance with and subject to the provisions of this Act.</p> <p>(2) The charge of income-tax under sub-section (1) shall be on the total income of the tax year of every person as per the provisions of this Act.</p> <p>(3) Income-tax shall also include any additional income-tax, by whatever name called, levied under this Act.</p> <p>(4) If this Act provides that income-tax is to be charged in respect of income of a period other than the tax year, it shall be charged accordingly.</p> <p>(5) For the income chargeable under this section, income-tax shall be deducted or collected at source or paid in advance as provided under this Act.</p>
<p>Key words</p>	<ul style="list-style-type: none"> • Central Act (GCA) • Income-tax (2(43)) • Assessment year 2 (9) • Previous year (Sec 3) • Total Income 2(45) 	<ul style="list-style-type: none"> • Central Act (GCA) • Income-tax 2(106) • Tax Year (Sec 3) • Done away • Total Income (108)

	<ul style="list-style-type: none"> • Income [2(24)] • Person [2(31)] • Additional income tax • Rate ?? 	<ul style="list-style-type: none"> • Income [2(49)] • Person [2(77)] • Additional income tax • Rate ??
	<p>(7) “Central Act” shall means an Act of Parliament, and shall include— (a) an Act of the Dominion Legislature or of the Indian Legislature passed before the commencement of the Constitution, and (b) an Act made before such commencement by the Governor General in Council or the Governor General, acting in a legislative capacity;</p>	<p>(7) “Central Act” shall means an Act of Parliament, and shall include— (a) an Act of the Dominion Legislature or of the Indian Legislature passed before the commencement of the Constitution, and (b) an Act made before such commencement by the Governor General in Council or the Governor General, acting in a legislative capacity;</p>
	<p>(43) "tax" in relation to the assessment year commencing on the 1st day of April, 1965, and any subsequent assessment year means income-tax chargeable under the provisions of this Act, and in relation to any other assessment year income-tax and super-tax chargeable under the provisions of this Act prior to the aforesaid date and in relation to the assessment year commencing on the 1st day of April, 2006, and any subsequent assessment year includes the fringe benefit tax payable under section 115WA ;</p>	<p>(106) “tax” means income-tax chargeable under this Act;</p>
	<p>"Previous year" defined. 3. For the purposes of this Act, "previous year" means the financial year immediately preceding the</p>	<p>Definition of “tax year” . 3. (1) For the purposes of this Act, “tax year” means the twelve months period of the financial year commencing on</p>

	<p>assessment year :</p> <p>Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the said financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.</p>	<p>the 1st April.</p> <p>(2) In the case of a business or profession newly set up, or a source of income newly coming into existence in any financial year, the tax year shall be the period beginning with—</p> <table border="1"> <tr> <td>(a)</td> <td>the date of setting up of such business or profession; or</td> </tr> <tr> <td>(b)</td> <td>the date on which such source of income newly comes into existence,</td> </tr> </table> <p>and ending with the said financial year.</p>	(a)	the date of setting up of such business or profession; or	(b)	the date on which such source of income newly comes into existence,
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General Clauses Act	(21) “financial year” shall mean the year commencing on the first day of April;	(21) “financial year” shall mean the year commencing on the first day of April;				
General Clauses Act	(66) “year” shall mean a year reckoned according to the British calendar.]	(66) “year” shall mean a year reckoned according to the British calendar.]				
	(9) "assessment year" means the period of twelve months commencing on the 1st day of April every year ;	Done away				
	(45) "total income" means the total amount of income referred to in section 5 , computed in the manner laid down in this Act ;	(108) "total income" means the total amount of income referred to in section 5 , computed in the manner as laid down in this Act;				
	80B. Definitions.—In this Chapter— (5) “gross total income” means the total income computed in accordance with the provisions of this Act, before making any deduction under this Chapter. (VIA)	CHAPTER VIII Section 122 Deductions to be made in Computing Total Income (10) For the purposes of this Chapter, the expression “gross total income” means the total income computed as per the provisions of this Act, before making deduction under this Chapter.				
SECTION 14 HEADS OF INCOME	Heads of income. 14. Save as otherwise provided by this Act, all income shall, for the purposes of charge of income-tax and	Heads of income. 13. Save as otherwise provided in this Act, all incomes shall, for the purposes of charge of income-tax and computation of total				

	<p>computation of total income, be classified under the following heads of income :—</p> <table border="1"> <thead> <tr> <th>Item number</th> <th>Provision text</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>—Salaries. (Sec 15)</td> </tr> <tr> <td>B.</td> <td>—[***]</td> </tr> <tr> <td>C.</td> <td>—Income from house property. Sec 22</td> </tr> <tr> <td>D.</td> <td>—Profits and gains of business or profession. Sec 28</td> </tr> <tr> <td>E.</td> <td>—Capital gains. Sec 45</td> </tr> <tr> <td>F.</td> <td>—Income from other sources Sec 56.</td> </tr> </tbody> </table>	Item number	Provision text	A.	—Salaries. (Sec 15)	B.	—[***]	C.	—Income from house property. Sec 22	D.	—Profits and gains of business or profession. Sec 28	E.	—Capital gains. Sec 45	F.	—Income from other sources Sec 56.	<p>income, be classified under the following heads of income:—</p> <table border="1"> <tbody> <tr> <td>(a)</td> <td>Salaries; (Sec 15)</td> </tr> <tr> <td>(b)</td> <td>Income from house property; Sec 20</td> </tr> <tr> <td>(c)</td> <td>Profits and gains of business or profession; Sec 26</td> </tr> <tr> <td>(d)</td> <td>Capital gains; sec 67 and</td> </tr> <tr> <td>(e)</td> <td>Income from other sources. Sec 92</td> </tr> </tbody> </table>	(a)	Salaries; (Sec 15)	(b)	Income from house property; Sec 20	(c)	Profits and gains of business or profession; Sec 26	(d)	Capital gains; sec 67 and	(e)	Income from other sources. Sec 92																														
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SECTION 5 SCOPE OF INCOME	<p>Scope of total income. 5. (1) Subject to the provisions of this Act, the total income of any previous year of a person who is a resident includes all income from whatever source derived which—</p> <table border="1" data-bbox="412 533 1137 1091"> <tr> <td data-bbox="412 533 524 639">(a)</td> <td data-bbox="524 533 1137 639">is received or is deemed to be received in India in such year by or on behalf of such person ; or</td> </tr> <tr> <td data-bbox="412 639 524 746">(b)</td> <td data-bbox="524 639 1137 746">accrues or arises or is deemed to accrue or arise to him in India during such year ; or</td> </tr> <tr> <td data-bbox="412 746 524 820">(c)</td> <td data-bbox="524 746 1137 820">accrues or arises to him outside India during such year :</td> </tr> <tr> <td data-bbox="412 820 524 1091"></td> <td data-bbox="524 820 1137 1091">Provided that, in the case of a person not ordinarily resident in India within the meaning of sub-section (6) of section 6, the income which accrues or arises to him outside India shall not be so included unless it is derived from a business controlled in or a profession set up in India.</td> </tr> </table>	(a)	is received or is deemed to be received in India in such year by or on behalf of such person ; or	(b)	accrues or arises or is deemed to accrue or arise to him in India during such year ; or	(c)	accrues or arises to him outside India during such year :		Provided that, in the case of a person not ordinarily resident in India within the meaning of sub-section (6) of section 6 , the income which accrues or arises to him outside India shall not be so included unless it is derived from a business controlled in or a profession set up in India.	<p>Scope of total income. 5. (1) Subject to the provisions of this Act, the total income of any tax year of a person, who is a resident, includes all income from whatever source derived, which—</p> <table border="1" data-bbox="1169 533 2016 991"> <tr> <td data-bbox="1169 533 1272 608">(a)</td> <td data-bbox="1272 533 2016 608">is received or deemed to be received in India in that year by or on behalf of such person;</td> </tr> <tr> <td data-bbox="1169 608 1272 683">(b)</td> <td data-bbox="1272 608 2016 683">accrues or arises, or is deemed to accrue or arise, to such person in India in that year; or</td> </tr> <tr> <td data-bbox="1169 683 1272 991">(c)</td> <td data-bbox="1272 683 2016 991">accrues or arises to such person outside India in that year, but when such person is “not ordinarily resident” in India under section 6(13), such income shall be included only when it is derived from a business controlled in or a profession set up in India</td> </tr> </table>	(a)	is received or deemed to be received in India in that year by or on behalf of such person;	(b)	accrues or arises, or is deemed to accrue or arise, to such person in India in that year; or	(c)	accrues or arises to such person outside India in that year, but when such person is “not ordinarily resident” in India under section 6(13) , such income shall be included only when it is derived from a business controlled in or a profession set up in India
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	<p>or arise to him in India during such year.</p> <p>Explanation 1.—Income accruing or arising outside India shall not be deemed to be received in India within the meaning of this section by reason only of the fact that it is taken into account in a balance sheet prepared in India.</p> <p>Explanation 2.—For the removal of doubts, it is hereby declared that income which has been included in the total income of a person on the basis that it has accrued or arisen or is deemed to have accrued or arisen to him shall not again be so included on the basis that it is received or deemed to be received by him in India.</p>	<p>(3) Income accruing or arising outside India shall not be deemed to be received in India under this section by reason only of the fact that it is taken into account in a balance sheet prepared in India.</p> <p>(4) If an income has been included in a person's total income on the basis that it—</p> <p>(a) has accrued or arisen; or</p> <p>(b) is deemed to have accrued or arisen,</p> <p>to such person, it shall not again be included on the basis that it is received or deemed to be received by that person in India.</p>
Section 7	Section 7 is dealing with deemed to be received in India	Will be covered at the time of Covering Section 7
Section 9	Section 9 is dealing with Income deemed to accrue or arises in India	Will be covered at the time of Covering Section 9
SECTION 6 Residential Status Definitions	<p>2(42) "resident" means a person who is resident in India within the meaning of section 6;</p> <p>(30) "non-resident" means a person who is not a "resident", and for the purposes of sections 92, 93 and 168, includes a person who is not ordinarily resident within the meaning of Clause (6) of section 6</p>	<p>2(96) "resident" means a person who is resident in India as per section 6;</p> <p>(72) "non-resident" means a person who is not a "resident", and for the purposes of sections 161, 174 and 312, includes a person who is not ordinarily resident as per section 6(13);</p>
Residential Status	<p>Residence in India.</p> <p>6. For the purposes of this Act,—</p> <p>(1) An individual is said to be resident in India in any previous year, if he—</p> <p>(a) is in India in that year for a period or periods amounting in all to one</p>	<p>Residence in India.</p> <p>6. (1) For the purposes of this Act, residential status in India in a tax year of a person shall be determined as per the provisions of this section.</p> <p>(2) An individual shall be resident in India in a tax year, if he—</p>

		<p><i>hundred and eighty-two days or more ; or</i></p> <p>(b) [***]</p> <p>(c) <i>having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.</i></p>	<p>(a) is in India for a total period of one hundred and eighty-two days or more in that tax year; or</p> <p>(b) is in India cumulatively for sixty days or more during that year and has been in India cumulatively for three hundred and sixty-five days or more in the four years preceding such tax year.</p>
	<p>Explanation 1.—In the case of an individual,—</p> <p>(a) <i>being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship as defined in clause (18) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ;</i></p>		<p>(3) The provisions of sub-section (2)(b) shall not apply in the case of an individual who is a citizen of India and leaves India in any tax year—</p> <p>(a) as a member of the crew of an Indian ship, as defined in section 3(18) of the Merchant Shipping Act, 1958 (44 of 1958); or</p> <p>(b) for the purposes of employment outside India.</p>
	<p>(b) being a citizen of India, or a person of Indian origin within the meaning of <i>Explanation</i> to clause (e) of section 115C, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty</p>		<p>(4) The provisions of sub-section (2)(b) shall not apply, subject to the provisions of sub-section (5), in the case of an individual—</p> <p>(a) who is a citizen of India or a person of Indian origin; and</p> <p>(b) who being outside India, comes on a visit to India in any tax year.</p>

		<p>days", occurring therein, the words "one hundred and eighty-two days" had been substituted</p> <p>and</p> <p>in case of such person having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, for the words "sixty days" occurring therein, the words "one hundred and twenty days" had been substituted</p>	<p>(5) Where the person referred to in sub-section (4) has a total income exceeding fifteen lakh rupees during the tax year referred therein (other than the income from foreign sources), sub-section (2)(b) shall apply as if the words "sixty days" had been substituted with "one hundred and twenty days".</p>					
	<p><i>Explanation 2.</i>—For the purposes of this clause, in the case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed.</p>	<p>(6) For the purposes of sub-section (2), if the individual is—</p> <table border="1" data-bbox="1167 703 2018 815"> <tr> <td data-bbox="1167 703 1272 740">(a)</td> <td data-bbox="1272 703 2018 740">a citizen of India; and</td> </tr> <tr> <td data-bbox="1167 740 1272 815">(b)</td> <td data-bbox="1272 740 2018 815">a member of the crew of a foreign-bound ship leaving India,</td> </tr> </table> <p>the total number of days in India, in respect of that voyage, shall be determined in such manner and subject to such conditions, as may be prescribed.</p>	(a)	a citizen of India; and	(b)	a member of the crew of a foreign-bound ship leaving India,		
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	<p>(1A) Notwithstanding anything contained in clause (1), an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.</p> <p><i>Explanation.</i>—For the removal of doubts, it is</p>	<p>(7) Irrespective of the provisions of sub-sections (2) to (6), an individual shall be deemed to be resident in India for a tax year, if he—</p> <table border="1" data-bbox="1167 1054 2018 1305"> <tr> <td data-bbox="1167 1054 1272 1091">(a)</td> <td data-bbox="1272 1054 2018 1091">is a citizen of India;</td> </tr> <tr> <td data-bbox="1167 1091 1272 1198">(b)</td> <td data-bbox="1272 1091 2018 1198">is not liable to tax in any other country or territory due to his domicile, residence, or similar criteria; and</td> </tr> <tr> <td data-bbox="1167 1198 1272 1305">(c)</td> <td data-bbox="1272 1198 2018 1305">has total income exceeding fifteen lakh rupees during such tax year (other than the income from foreign sources).</td> </tr> </table> <p>(8) Sub-section (7) shall not apply to an individual, who is</p>	(a)	is a citizen of India;	(b)	is not liable to tax in any other country or territory due to his domicile, residence, or similar criteria; and	(c)	has total income exceeding fifteen lakh rupees during such tax year (other than the income from foreign sources).
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(b)	is not liable to tax in any other country or territory due to his domicile, residence, or similar criteria; and							
(c)	has total income exceeding fifteen lakh rupees during such tax year (other than the income from foreign sources).							

	2(29A)	<p>hereby declared that this clause shall not apply in case of an individual who is said to be resident in India in the previous year under clause (1).</p> <p>"liable to tax", in relation to a person and with reference to a country, means that there is an income-tax liability on such person under the law of that country for the time being in force and shall include a person who has subsequently been exempted from such liability under the law of that country;</p>	<p>resident in India for a tax year under sub-sections (2) to (6).</p> <p>2(66) "liable to tax", in relation to a person and with reference to a country, means that there is an income-tax liability on such person under the law of that country for the time being in force and shall include a person who has subsequently been exempted from such liability under the law of that country;</p>
	(6)	<p>A person is said to be "not ordinarily resident" in India in any previous year if such person is—</p> <p>(a) an individual who has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or</p> <p>(b) a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has</p>	<p>(13) A person is not ordinarily resident in India in any tax year, if that person is—</p> <p>(a) an individual who has been, or a Hindu undivided family, whose manager has been—</p> <p>(i) a non-resident in India in nine out of the ten tax years preceding that year; or</p> <p>(ii) in India cumulatively for seven hundred and twenty-nine days or less in seven tax years preceding that year; or</p>

			during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or			
	(c)		a citizen of India, or a person of Indian origin, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, as referred to in clause (b) of <i>Explanation 1</i> to clause (1), who has been in India for a period or periods amounting in all to one hundred and twenty days or more but less than one hundred and eighty-two days; or	(b)		a citizen of India or a person of Indian origin,—
					(i)	whose total income excluding income from foreign sources exceeds fifteen lakh rupees during the tax year, as mentioned in sub-section (5); and
					(ii)	who has been in India cumulatively for one hundred and twenty days or more but less than one hundred and eighty-two days during the tax year; or
	(d)		a citizen of India who is deemed to be resident in India under clause (1A).	(c)		a citizen of India who is deemed to be resident in India under sub-section (7).
			<i>Explanation.</i> —For the purposes of this section, the expression "income from foreign sources" means income which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.	(14) For the purposes of this section, "income from foreign sources" means the income, which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India) and which is not deemed to accrue or arise in India.		
	(2)		A Hindu undivided family, firm or other association of persons is said to be resident in India in any previous year in every case except	(9) A Hindu undivided family, firm or other association of persons shall be resident in India in any tax year unless the control and management of its affairs is situated wholly outside India during such tax year.		

		where during that year the control and management of its affairs is situated wholly outside India.									
	(3)	<p>A company is said to be a resident in India in any previous year, if—</p> <table border="1"> <tr> <td>(i)</td> <td>it is an Indian company; or</td> </tr> <tr> <td>(ii)</td> <td>its place of effective management, in that year, is in India.</td> </tr> </table> <p><i>Explanation.</i>—For the purposes of this clause "place of effective management" means a place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made.</p>	(i)	it is an Indian company; or	(ii)	its place of effective management, in that year, is in India.	<p>(10)(a) A company is said to be a resident in India in any tax year, if—</p> <table border="1"> <tr> <td>(i)</td> <td>it is an Indian company; or</td> </tr> <tr> <td>(ii)</td> <td>its place of effective management is in India in that tax year;</td> </tr> </table> <p>(b) for the purposes of this sub-section, “place of effective management” means a place where key management and commercial decisions necessary for the conduct of business of the company as a whole are, in substance, made.</p>	(i)	it is an Indian company; or	(ii)	its place of effective management is in India in that tax year;
(i)	it is an Indian company; or										
(ii)	its place of effective management, in that year, is in India.										
(i)	it is an Indian company; or										
(ii)	its place of effective management is in India in that tax year;										
	(4)	Every other person is said to be resident in India in any previous year in every case, except where during that year the control and management of his affairs is situated wholly outside India	11) Every other person is resident in India in any tax year unless during that tax year the control and management of the affairs of such person is situated wholly outside India.								
	(5)	If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income	(12) If a person is resident in India in a tax year for any source of income, he shall be deemed to be resident in India in that tax year for each of his other sources of income.								

	Thank you, Presented By:
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