Agricultural Income

Agricultural Income is exempt form tax as per Sec 10(1). Esliye important ye Ho Jata Hai Ki Agricultral Income meaning. And sabse important ye Agricultral Income in India is exempt form Tax. Agricultral Income O/s India is Taxable U/s DTA

Agricultural Income Sec 2(IA) Agricultral Income means :-

- Rent form agricultral land in "India" which is used for agro purpose.
- Income form agricultral activity :- Agricultral activity is divided into Two part :-
  - Basic Operation
  - Subsequent Operation

Without Basic operation any activity cannot be termed as agro activity.

- Income form Farm House situated In India
- Any income derived by the cultivator or receiver of rent in kind by processing the agricultral produce to make it fit for sale in market.
- Any income derived form sale of agricultral produce by the cultivator the receiver of rent in kind
- Income derived form sapling or seedling grown in a Nursery.

Segregation of Income :- If the assessee is Engaged in Combined activity of agri -cultral and non agricultral, then profit of such combined activity shall be segregated as under :-

Rule	Activity	Agro Income	Non-Agro Income
8	Growing and mfg of tea	60%	40%
7A	Growing and mfg of Rubber	65%	35%

Partially Integrated Scheme :- Agricultral Income is totally exempt form tax but shall be Included In the Total Income in case of certain assessee for the purpose of determining the Rate of tax on the non-agricultral Income. This scheme is applicable if following condition are satisfied.

Condition ① Assessee is an Individual | HUF | AOP | BOI | AJP

Condition ② Assessee non Agricultral Income exceeds exemption limit

Condition ③ Assessee Agricultral Income exceeds ₹ 5000.

Steps to Calculate Tax

Step I :- Compute Tax on   Non Agricultural Income + Agricultural Income

Step II :- Compute Tax on   Exemption limit + Agricultural Income

Step III :-   Step I- Step II

Qn:-   Mr. X have following income

Agricultural Income   ₹ 9,00,000

Non Agricultural Income   ₹ 300000

Compute Tax liability,
when if
✓ Mr. X   (Age 30yr)
✓ Mr. X   (Age 68 yrs)
✓ Mr. X   (Age 65yr + NRI)