



Income Tax Department

Ministry of Finance, Government of India

Set-off and carry forward of losses

Set-off and Carry Forward of Losses

Introduction

Set-off means adjustment of losses against the profits from another source/head of income in the same assessment year. If losses cannot be set-off in the same year due to inadequacy of eligible profits, then such losses are carried forward to the next assessment year for adjustment against the eligible profits of that year.

Set-off of Losses

- **Intra-head Adjustment:** Loss from one source of income can be set-off against income from another source under the same head (e.g., loss from one house property against income from another house property).
- **Inter-head Adjustment:** Residual losses after intra-head adjustment can be set-off against income under other heads (e.g., house property loss against business income).

Carry Forward of Losses

- Losses that cannot be set off in the current year may be carried forward for adjustment in subsequent years, subject to certain conditions:

- **Eligible Losses for Carry Forward (for a specified number of years):**

- House property loss
- Business/profession loss
- Capital gains loss
- Income from other sources

- **Unlimited Carry Forward:** Unabsorbed depreciation, as well as losses arising from unabsorbed capital expenditure on scientific research or family planning.

Restrictions on Set-off and Carry Forward of Losses

- **Undisclosed Income:** Losses cannot be set-off against undisclosed income detected during search/survey/requisition.
- **Virtual Digital Assets (VDAs):** Loss from VDAs cannot be set-off against other income or even income from other VDAs and vice-versa.
- **Unexplained Income:** Losses cannot be set-off against income taxable under Section 115BBE.
- **Specified Income of Trusts/Institutions:** Any trust, fund or institution referred under Section 10(23C)(iv) to (via) or Section 11 cannot set off any loss against income taxable under Section 115BBI.
- **Gambling Losses:** Losses from gambling activities cannot be set-off against any income and vice-versa.

Special Provisions

- **Concessional Tax Regimes:**

- Assessee opting for concessional tax regimes is required to forgo specified exemptions and deductions. Consequently, any losses or unabsorbed depreciation attributable to such deductions cannot be set off or carried forward. Only the balance loss, if any, will be allowed to be carried forward and set off.

Rules for Set-off of Losses

Rules for Set-off of Losses

Introduction

Set-off refers to adjusting losses against profits either from the same source/head of income (intra-head adjustment) or from different heads of income (inter-head adjustment) during the same assessment year. If full adjustment isn't possible, losses may be carried forward to future years for adjustment against eligible profits.

Key Rules for Set-off

- **Intra-Head Adjustment (Section 70):** Losses are first adjusted against income within the same head, e.g., business loss against business income.
- **Inter-Head Adjustment (Section 71):** If losses remain after intra-head adjustment, they can be adjusted against income under other heads, except specified restrictions.

General Rules

- **Mode of Set-off:** No particular mode of set-off has been prescribed by the income-tax law. In absence of any particular mode of set-off, the assessee is entitled to claim a set-off which is most beneficial. [Circular No 26, Dated 07-07-1955]
- **Current Year Priority:** Current year losses take precedence over carried-forward losses.
- **Concessional Tax Regimes:** Under sections like 115BA, 115BAA, etc., losses or unabsorbed depreciation attributable to disallowed deductions under the regime cannot be set-off or carried forward.



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- **Clubbing Provisions:** Losses can be set-off against clubbed income included in the total income.

Restrictions on Set-off

Losses cannot be set-off against:

- Undisclosed income discovered during search, requisition or survey (Section 79A).
- Income from gambling, betting, or lotteries (Section 115BB).
- Unexplained income (Section 115BBE).
- Income from virtual digital assets (Section 115BBH).
- Specified income of trust/institutions income (Section 115BBI).
- Winnings from online games (Section 115BBJ).

Intra-Head Adjustment

Intra-Head Adjustment

Introduction

Intra-head adjustment allows the set-off of losses from one source of income against income from another source within the same head of income. Specific rules and exceptions govern these adjustments, such as limiting long-term capital losses to only long-term capital gains.

General Rules for Intra-Head Adjustment

- Losses from one source can be set-off against profits from another source within the same head of income.
 - Example: Loss from one house property can be adjusted against income from another house property.
- Types of permissible adjustments:
 - **House Property Loss:** Set-off against other house property income.
 - **Short-Term Capital Loss:** Adjustable against both long-term and short-term capital gains.
 - **Non-Speculative Business Loss:** Can be adjusted against speculative, non-speculative and specified business income.

Exceptions to Intra-Head Adjustment

There are certain exceptions to the general rule.

- **Long-Term Capital Loss:**
 - Can only be set-off against long-term capital gains.
- **Speculation Losses:**
 - Only adjustable against speculation profits.
- **Specified Business Loss:**
 - Loss from specified business under Section 35AD can only be adjusted against profits from other specified businesses.
- **Race Horses:**
 - Losses incurred on owning/maintaining race horses can only be set-off against income from the same source.
- **Gambling Losses:**
 - Losses from gambling activities cannot be set-off against any income, including gambling winnings.
- **Virtual Digital Assets:**
 - Losses from the transfer of virtual digital assets, cannot be adjusted against any income, including gains from another VDAs.
- **Undisclosed Income:**
 - Losses whether brought forward or otherwise, or unabsorbed depreciation cannot be set-off against undisclosed income discovered during searches or surveys or requisition under Section 79A.
- **Unexplained Income:**
 - Losses are not adjustable against unexplained income taxable under Section 115BBE.
- **Specified Trust/Institution Income:**
 - Losses of any trust, fund or institution referred to in sub-clause (iv), (v), (vi) and (via) of Section 10(23C) or Section 11 cannot be set-off against specified income under Section 115BBI.

Inter-Head Adjustment of Losses

Inter-Head Adjustment of Losses

Introduction



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Inter-head adjustment allows for the set-off of losses from one head of income against income from another head within the same assessment year. Certain exceptions apply, such as capital losses being adjustable only against capital gains.

Rules for Inter-Head Adjustment

• House Property Losses:

o Losses from house property can be set-off against income under any other head.

o Exceptions:

- Loss exceeding Rs. 2 lakhs cannot be set-off in the current year; the excess loss is allowed to be carried forward.
- Losses cannot be set-off against specified incomes, such as undisclosed income (Section 79A), gambling winnings (Section 115BB), unexplained income (Section 115BBE), virtual digital assets (Section 115BBH), specified trust/institution income (Section 115BBI) or winning from online game (115BBJ).
- No set-off allowed to assessee under the concessional tax regime (Section 115BAC).

• Business or Profession Losses:

o Losses from business or profession or unabsorbed depreciation can be set-off against any income under any head.

o Exceptions:

- Speculation losses can only be adjusted against speculation income.
- Losses from specified business (Section 35AD) can only be adjusted against profits of other specified businesses.
- Salary income cannot absorb business losses.
- Losses cannot be set-off against certain incomes (e.g., gambling winnings, virtual digital assets, unexplained income).

• Capital Losses:

o Losses from capital gains (short-term or long-term) cannot be adjusted against income from other heads.

o Special Rule: Loss from the transfer of virtual digital assets is not adjustable against any income, making it a dead loss.

Carry Forward of Losses

Carry Forward of Losses

Introduction

When losses cannot be fully set off within the same year due to inadequate eligible profits, they may be carried forward to subsequent assessment years for adjustment against eligible profits under the same income head. This ensures taxpayers can efficiently manage losses over time.

Key Provisions for Carry Forward of Losses

• Losses Eligible for Carry Forward:

- o **House Property Losses:** Unadjusted losses can be carried forward for 8 years.
- o **Speculative Losses:** Can only be adjusted against speculative income within 4 subsequent years.
- o **Non-Speculative Business Losses:** Can be carried forward for 8 years.
- o **Losses from Specified Businesses (Section 35AD):** Carried forward indefinitely.
- o **Capital Losses:** Short-term or long-term losses carried forward for 8 years.
- o **Losses from Owning and Maintaining Race Horses:** Carried forward for 4 years.

• Conditions for Carry Forward:

o Assessee under concessional tax regimes (Sections 115BA, 115BAC, etc.) cannot carry forward losses and unabsorbed depreciation attributable to deductions not allowed under such regimes.

• Transferability of Losses:

o Losses can generally be carried forward by the original assessee.

o Exceptions:

- **Inheritance:** A successor by inheritance can carry forward the predecessor's losses, subject to the remaining period within the 8-year limit from the year the loss was first incurred.
- **Amalgamation or Demerger:** Subject to conditions under Sections 72A and 72AA losses and unabsorbed depreciation can be carried forward by amalgamated or resulting companies.
- **Business Reorganization:** In cases of reorganization referred under Sections 47(xiii), (xiv), and (xiiiib), the successor entity can carry forward the predecessor's losses. For reorganizations occurring on or after April 1, 2025, such losses can be carried forward for 8 assessment years from the year following the one in which the loss was originally incurred by the predecessor.



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- **Business Reorganization of Co-operative Banks:** The successor co-operative bank can set off the accumulated loss and unabsorbed depreciation of the predecessor, provided conditions under Section 72AB are satisfied. If any condition is violated, the previously allowed set-off is deemed income of the year of non-compliance.

• Mandatory Filing of Returns:

- o Losses can only be carried forward if the income tax return is filed within the due date of return filing.
- o Exceptions: House property losses and unabsorbed depreciation can be carried forward even if the return is filed after the due date.

• Condonation of Delay:

- o CBDT has prescribed circumstances under which delay in filing returns may be condoned, allowing carry forward of losses despite late filing:
 - **Principal CIT/CIT:** Empowered to accept/reject condonation requests if the amount involved does not exceed Rs. 1 crore per assessment year.
 - **Chief CIT:** Authorized for cases involving amounts above Rs. 1 crore and up to Rs. 3 crore.
 - **Principal Chief CIT:** Empowered for cases involving amounts exceeding Rs. 3 crore.
- o Applications for condonation must be filed within the 6 years from the relevant assessment year. Further, the condonation application should be disposed of within 6 months from the end of the month in which the application is received by the competent authority, as far as possible.

Loss Under the Head "House Property"

Loss Under the Head "House Property"

Introduction

Loss under the head "Income from House Property" arises when:

- **Self-Occupied Property:** The interest on housing loans exceeds the annual value (nil for self-occupied).
- **Let-Out Property:** The aggregate of interest on housing loans and municipal taxes exceeds the rental income.

Losses can be set off against other incomes in the same year or carried forward for adjustment in subsequent years.

Set-Off and Carry Forward Rules

• Intra-Head Adjustment:

- o Loss from one house property can be set off against income from another house property.
- o **Exception:** If the assessee has opted for the concessional tax regime under Section 115BAC, loss from self-occupied property cannot be set off.

• Inter-Head Adjustment:

- o Loss under "House Property" can be set off against income from other heads within the same year, subject to exceptions:
 - Maximum loss of Rs. 2 lakh can be set off; the remainder is carried forward.
 - No set-off is allowed against:
 - Undisclosed income (Section 79A).
 - Income from gambling (Section 115BB).
 - Unexplained income (Section 115BBE).
 - Income from transfer of VDAs (Section 115BBH).
 - Specified income of trusts/institutions (Section 115BBI).
 - Winnings from online games (Section 115BBJ).
 - Assessee opting for the concessional tax regime under Section 115BAC cannot set-off house property loss against income under any other head.

• Carry Forward of Losses:

- o Unabsorbed house property loss can be carried forward for 8 assessment years.
- o Carried-forward losses can only be set off against "Income from House Property" in subsequent years.

Additional Points

- **Late Filing of Returns:** Loss under "House Property" can be carried forward even if the return of income is filed after the due date.

• Time Limits for Set-Off:

- o **Intra-Head:** Adjusted in the same year.
- o **Inter-Head:** Adjusted in the same year against eligible income.
- o **Carry Forward:** Set-off within 8 years.



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Loss under the Head of PGBP

Loss under the Head of PGBP

Introduction

Business losses may arise as speculative, non-speculative, or specified business losses. Provisions regulate the set-off against other incomes and the carry-forward period for unadjusted losses.

Set-off and Carry-forward of Losses

• **Set-off:** Adjusting losses against income in the same assessment year.

o **Intra-head Adjustment:** Loss from one business source of income can be set off against income from another source under the same head.

▪ **Exceptions:**

- Speculative losses: Only adjusted against speculative profits.
- Specified business losses (Section 35AD): Adjusted only against profits from other specified businesses.
- Losses under concessional tax regimes (Sections 115BAA, 115BAC, etc.): Not allowed if linked to disallowed deductions.

Note: However, normal business losses can be set off against income from a speculative business or a specified business.

o **Inter-head Adjustment:** Loss under business or profession can be adjusted against other heads except:

- Speculative losses and specified business losses cannot be set-off against income taxable under any other head.
- Losses under concessional tax regimes (Sections 115BAA, 115BAC, etc.): Not allowed if linked to disallowed deductions.

• **Carry-forward:** Unadjusted losses are carried forward to future years for set-off against eligible income:

o **Non-speculative Losses:** Set off against any business income within 8 years.

Exceptions: The time limit of 8 years to set-off the carried forward losses does not apply in the following three circumstances:

- Unabsorbed depreciation and unabsorbed capital expenditure on scientific research or family planning can be carried forward indefinitely until fully set off.
- If an industrial undertaking is discontinued due to calamities (like flood, fire, war, etc.), losses can be set off in the year it is revived—provided revival occurs within 3 years of discontinuation. If profits are insufficient, the loss can be set off against other business income of that year. Unabsorbed losses can be carried forward for 7 assessment years from the year of revival.

o **Speculative Losses:** Only against speculative profits within 4 years.

o **Specified Business Losses:** Indefinitely carried forward until set off against specified business profits.

Restrictions

Business losses and unabsorbed depreciation cannot be set off against:

- Salary income
- Undisclosed income or unexplained income (Sections 79A, 115BBE)
- Income from virtual digital assets, gambling, winnings from online games, or specified trust incomes.

Preconditions for Carry-forward

- **Same Assessee:** Losses can be carried forward only by the taxpayer who incurred them, except in cases of inheritance, amalgamation, demerger, or specific reorganisations.
- **Timely Return Filing:** Returns must be filed on or before the due date to claim carry-forward rights, barring exceptions like unabsorbed depreciation.

Order of Set-off

Set off in the following sequence:

- Current year's expenses (e.g., scientific research, family planning)
- Current year's depreciation
- Current year's business loss
- Brought forward business losses
- Unabsorbed expenditure on family planning
- Unabsorbed depreciation
- Unabsorbed capital expenditure on scientific research

Set-off and Carry-forward of Losses in Amalgamation and Demerger

Set-off and Carry-forward of Losses in Amalgamation and Demerger



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Introduction

In case of amalgamation or demerger, the successor company (amalgamated or resulting company) may carry forward and set off the losses and unabsorbed depreciation of the predecessor company (amalgamating or demerged company) if specific conditions are met.

Amalgamation

Definition

Amalgamation under Section 2(1B) involves the merger of one or more companies with another company or the merger of multiple companies to form one company. Key conditions include:

- All assets and liabilities of the amalgamating company transfer to the amalgamated company.
- Shareholders holding at least 75% in value of the amalgamating company become shareholders of the amalgamated company.
- It should not result from one company purchasing property from another, or from distribution of such property after the latter's winding up.

Applicability

Accumulated business losses and unabsorbed depreciation of the amalgamating company are treated as loss and depreciation of the amalgamated company for the previous year in which amalgamation has taken place, if there is an amalgamation of:

- Companies owning industrial undertakings, ships, or hotels with another company; or
- Banking companies with a specified banks; or
- One or more public sector company or companies with one or more public sector company or companies; or
- An erstwhile public sector company with one or more company or companies.

Conditions for Set-off or Carry forward

• For the Amalgamating Company:

- o Must have been in business for at least three years.
- o Should have held at least 75% of the book value of fixed assets held by it 2 years prior to the date of amalgamation.

• For the Amalgamated Company:

- o Must continue the business of the amalgamating company for at least five years.
- o Should hold 75% of the acquired fixed assets for at least five years.
- o Must comply with Rule 9C, which lays down additional conditions to ensure the amalgamation is for genuine business purposes aimed at reviving the amalgamating company's business.

Note: If any of the above conditions are not met, the unabsorbed business loss and depreciation claimed by the amalgamated company shall be deemed its income in the year of non-compliance.

Carry-forward Period

- Losses: Can be carried forward for 8 years from the year of amalgamation. However, for amalgamations effective on or after April 1, 2025, losses of the predecessor entity can be carried forward by the successor for 8 assessment years, starting from the year immediately following the year in which the original predecessor entity incurred the loss.

“Original predecessor entity” means predecessor entity in respect of the first amalgamation under Section 72A(1).

- Unabsorbed depreciation: Indefinite.

Special Provisions for Erstwhile Public Sector Companies

Carried forward losses and unabsorbed depreciation are limited to amounts as of the date of strategic disinvestment. Section 79 conditions on shareholding changes do not apply, provided the government retains 51% voting power.

Rule 9C Compliance

The amalgamated company owning an industrial undertaking must achieve 50% of installed production capacity within four years of amalgamation and maintain it for five years. Certification in Form 62 is required annually.

Demerger

Definition

Demerger (Section 2(19AA)) refers to the transfer of one or more undertakings by a company to a resulting company, subject to:

- All assets and liabilities transfer to the resulting company;
- The transfer occurs at book values;
- The resulting company issues its shares to the shareholder of the demerged company on a proportionate basis;
- Shareholders holding at least 75% of the demerged company become shareholders of the resulting company;



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- It should not be done as a result of the acquisition of the property or assets of the demerged company or any undertaking thereof by the resulting company; and
- The transfer is made on a going concern basis.

Treatment of Losses

• Directly Relatable Losses/Unabsorbed Depreciation:

- o Transferred to the resulting company and carried forward.
- o Losses: Balance of eight years.
- o Unabsorbed Depreciation: Indefinite period.

• Common Losses/Depreciation:

- o Apportioned between the demerged and resulting companies based on asset ratios.

Restrictions on amalgamated company opting for concessional tax regimes

Where the amalgamated company has opted for concessional tax regimes of Section 115BAA or Section 115BAB, it shall not be allowed to set-off and carry forward of losses or unabsorbed depreciation of the predecessor company (amalgamating or demerged co.) to the extent such losses or depreciation that are attributable to the deductions which are not allowed on opting for such regimes.

Set-off and Carry-forward of Losses in Amalgamation of Banks, Government Companies, and Cooperative Banks

Set-off and Carry-forward of Losses in Amalgamation of Banks, Government Companies, and Cooperative Banks

Introduction

In cases of amalgamation involving banking companies, government general insurance companies, or cooperative banks, the successor entity can carry forward and set off the accumulated losses and unabsorbed depreciation of the predecessor entity, provided specific conditions are fulfilled.

Amalgamation of Banking Companies/Institutions or Government Companies

Applicability

The provisions apply to the amalgamation of:

- One or more banking company with other banking institutions under a Central Government-sanctioned scheme.
- One or more banking company with any other banking institution or other company following strategic disinvestment within five years from the disinvestment year.
- Corresponding new banks merging with other corresponding new banks under a Central Government scheme.
- Government companies engaged in the general insurance business with any other Government company engaged in similar business under a sanctioned scheme by Central Government.

Key Points

- Losses and unabsorbed depreciation of the predecessor are treated as those of the successor in the year of amalgamation.
- These are set off first against the successor's business profits, with any balance adjusted under general provisions relating to set-off and carry forward of losses.

Carry-forward Period

- Losses: Allowed for 8 years from the amalgamation year.
- Depreciation: Indefinitely carried forward.

However, amalgamations effective on or after April 1, 2025, the successor can carry forward the losses for 8 assessment years starting from the year immediately following the year in which the loss was first incurred by the original predecessor entity.

Definitions

Strategic Disinvestment: Involves reducing government shareholding below 51% and transferring control to a buyer.

Original predecessor entity: means predecessor entity in respect of the first amalgamation.

Amalgamation of Cooperative Banks

Where amalgamation of a co-operative bank has taken place during the previous year and certain conditions are satisfied, the successor Co-operative bank is allowed to set off the accumulated loss and unabsorbed depreciation of the predecessor co-operative bank as if the amalgamation had not taken place. (i.e., for unexpired period).

Eligibility Criteria

• Predecessor Co-operative Bank Conditions:

- o Engaged in banking for at least three years.



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o Held at least 75% of the book value of fixed assets for two years before amalgamation.

• Successor Co-operative Bank Conditions:

- o Must continue the predecessor's business for at least five years.
- o Retain at least 75% of predecessor's fixed assets for five years after amalgamation.
- o The successor co-operative bank is required to comply with additional conditions prescribed to ensure that the amalgamation is for genuine business purposes of revival of the business of the predecessor Co-operative bank.

Consequences of Non-compliance

If conditions are not met, previously set-off losses and unabsorbed depreciation are added to the successor's income for the non-compliance year.

Demerger of Cooperative Banks

In case of a co-operative bank's reorganisation through demerger, the accumulated loss and unabsorbed depreciation shall be carried forward and set off in the following manner.

Treatment of Losses

• Directly Attributable Losses:

- o Entire loss and unabsorbed depreciation attributable to the transferred undertaking are carried forward by the resulting cooperative bank.

• Common Losses:

- o Allocated between the demerged and resulting banks in proportion to asset distribution.

Restriction on Losses of Closely Held Companies

Restriction on Losses of Closely Held Companies

Introduction

Section 79 restricts the set-off of carried forward losses in closely held companies if substantial changes occur in voting power. Exceptions apply for eligible start-ups and under specific circumstances like strategic disinvestment or resolution plans under IBC.

Conditions for Carry forward and Set-off of Losses

• Closely Held Companies:

Losses can be carried forward and set off only if at least 51% of voting power is beneficially held by the same persons:

- o On the last day of the previous year in which loss occurred.
- o On the last day of the previous year, when set-off is claimed.

• Eligible Start-ups:

Start-up companies incorporated between 01-04-2016 and 31-03-2030, with a turnover not exceeding Rs. 100 crore and holding a valid "eligible business" certificate from the Inter-Ministerial Board of Certification, can carry forward losses if either of the following conditions is met in the year of set-off:

- o At least 51% of the voting power is beneficially held by the same persons who held it on the last day of the year when the loss was incurred, or
- o 100% of the shareholders on the last day of the year in which the loss was incurred continue to hold their shares on the last day of the preceding year in which the loss is set-off.

• Exceptions to Section 79:

Closely held companies or eligible start-ups can carry forward losses despite shareholding changes, if the change meets specified conditions.

- o Shareholding or voting power changes due to death or gift.
- o Amalgamation or demerger of a foreign parent company with its Indian subsidiary.
- o Strategic disinvestment of erstwhile public sector companies by the Government.
- o Resolution plans approved under IBC.
- o Cases where the NCLT has suspended the Board and appointed new directors.
- o Changes due to relocation of offshore funds to IFSC.

No Set-off of Loss from Undisclosed Income

No Set-off of Loss from Undisclosed Income

Introduction

Section 79A prohibits the set-off of any loss (brought forward or otherwise) or unabsorbed depreciation against undisclosed income discovered through search, requisition, or survey.



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Prohibition on Set-off of Losses

Losses cannot be set-off against undisclosed income found during:

- A **search** under Section 132.
- A **requisition** under Section 132A.
- A **survey** under Section 133A (excluding Section 133A(2A)).

Meaning of Undisclosed Income

• Income Represented by any Asset or Book Entry or transaction:

- o Includes money, bullion, jewellery, or other valuables, or book entries/transactions not recorded in regular books or disclosed to the PCCIT/CCIT/PCIT/CIT before the search, survey or requisition date.

• Income Represented by False Expenditure:

- o Includes entries for expenses found false during search, survey or requisition that would not have been detected otherwise.

Loss under the Head Capital Gains

Loss under the Head Capital Gains

Introduction

Losses under "Capital Gains" are classified as Short-term Capital Loss (STCL) and Long-term Capital Loss (LTCL). They must be distinctly computed and disclosed in income tax returns, with specific rules for set-off and carry forward.

Set-off and Carry Forward Rules

• Intra-head Adjustment:

- o STCL: Can be set-off against any capital gain (short-term or long-term).
- o LTCL: Can be set-off only against long-term capital gains.

• Inter-head Adjustment:

- o Losses under "Capital Gains" cannot be set-off against income from other heads.

• Carry Forward:

- o Unadjusted STCL or LTCL can be carried forward for up to 8 assessment years.
- o LTCL can be adjusted only against LTCG; STCL can be adjusted against STCG or LTCG.
- o Filing the return by the due date is mandatory for carry forward, subject to condonation for delay by the Assessing Officer or CBDT.

• Loss on Virtual Digital Assets (VDAs)

- o Loss on transfer from VDAs cannot be set off against any income, including gains from other VDAs and vice-versa. Such losses are treated as "dead losses" and are not eligible for carry forward.

Losses from certain specified sources falling under the head "Income from other sources"

Losses from certain specified sources falling under the head "Income from other sources"

Set-off of losses from activity of owning & maintaining horse races

Loss from owning & maintaining horse races can be set off only against income from the same activity. If there is no stake money income in a year, the entire expenditure incurred on maintaining race horses will be treated as a loss from that activity.

Carry Forward of losses from activity of owning & maintaining horse races

Losses can be carried forward for up to 4 assessment years, subject to continuation of the activity. Filing of returns by the due date is mandatory, with condonation allowed in specific cases.