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"This document contains the provisions of the Income-tax Act, 2025, as amended by the Finance Act, 2026."

FAQs on Tax on Presumptive Taxation Scheme

Q1. What is the meaning of presumptive taxation scheme?

Ans: As per section 62 of the Income-tax Act, 2025, a person engaged in business or profession is required to maintain regular books of account under certain circumstances. To give relief to small taxpayers from this tedious work, the Income-tax Act has framed the presumptive taxation scheme under sections 58 and 61.

A person adopting the presumptive taxation scheme can declare income at a prescribed rate and, in turn, is relieved from the tedious job of maintaining books of account.

Presumptive Scheme for Resident

a) Presumptive Taxation Scheme for Businesses under Section58(2) [Table S. No. 1]

b) Presumptive Taxation Scheme for Professions under Section 58(2) [Table S. No. 3]

c) Presumptive Taxation Scheme for Goods Transport Agency under Section 58(2) [Table S. No. 2]

Presumptive Scheme for Non-Residents

a) Presumptive Taxation Scheme for Goods Transport Agency under Section 58(2) [Table S. No. 2]

b) Presumptive Taxation Scheme for Shipping Businesses under Section 61(2) [Table S. No. 1]

c) Presumptive Taxation Scheme for Exploration Business under Section 61(2) [Table S. No. 5]

d) Presumptive Taxation Scheme for Airline Cos. under Section 61(2) [Table S. No. 3]

e) Presumptive Taxation Scheme for Civil Construction Cos. under Section 61(2) [Table S. No. 4]

f) Presumptive Taxation Scheme for Cruise Shipping Businesses under Section 61(2) [Table S. No. 2]

g) Presumptive Taxation Scheme for providing services or technology for setting up electronics manufacturing facilities in India under Section 61(2) [Table S. No. 6]

Relevant Content

Section - 58

Section - 62

Q2. Who is eligible to take advantage of the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 1] may be opted for by the following eligible assessees:

a) A resident Individual;
b) A resident Hindu Undivided Family (HUF); and
c) A resident Partnership Firm, other than a Limited Liability Partnership (LLP).

Accordingly, the benefit of this scheme is not available to non-residents, LLPs, companies, trusts, co-operative societies, associations of persons (AOPs), bodies of individuals (BOIs), artificial juridical persons, or any other person not specifically covered within the definition of an eligible assessee.

Further, the scheme is not available to an assessee who has claimed a deduction under Chapter VIII-C of the Income-tax Act, 2025, during the relevant tax year. It is also not available to a person carrying on a specified profession referred to in Section 62(4), carrying on any agency business, or earning income in the nature of commission or brokerage.

Relevant Content

Section - 58

Q3. Which businesses are not eligible for the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 1] is intended to provide relief to small taxpayers engaged in eligible businesses by simplifying the computation of taxable income and reducing compliance requirements.

The scheme is available in respect of any business carried on by an eligible assessee, except the following:

- A business of plying, hiring, or leasing goods carriages, which is covered under Section 58(2) [Table S. No. 2];

- Any agency business;
- Any business earning income in the nature of commission or brokerage; and
- A specified profession referred to in Section 62(4).

Further, the benefit of the scheme is available only where the total turnover or gross receipts of the eligible business do not exceed Rs. 2 crore during the tax year.

However, the threshold limit shall be increased to Rs. 3 crore where the amount or aggregate amount of cash receipts during the tax year does not exceed 5% of the total turnover or gross receipts. For this purpose, receipts through a cheque or bank draft which is not an account payee shall be deemed to be cash receipts.

Accordingly, a person carrying on a specified profession, an agency business, or a business earning income in the nature of commission or brokerage is not eligible to opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 1].

Relevant Content

Section - 58

Q4. Can an insurance agent adopt the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: A person earning income in the nature of commission or brokerage is not eligible to opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 1]. Accordingly, insurance agents, whose income is generally earned by way of commission, cannot compute their income under the presumptive taxation scheme provided under this section.

Relevant Content

Section - 58

Q5. Can a person engage in a profession as prescribed under section 62(4) adopt the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: A person carrying on a specified profession referred to in Section 62(4) is not eligible to opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 1].

However, such a person may be eligible to opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 3], subject to the prescribed conditions. Under this scheme, income from the specified profession may be computed on a presumptive basis at the prescribed percentage of the gross receipts of the profession.

The benefit of Section 58(2) [Table S. No. 3] is available only to a resident assessee engaged in a specified profession where the gross receipts of the profession do not exceed Rs. 50 lakh during the tax year. However, the threshold limit shall be increased to Rs. 75 lakh where the amount or aggregate amount of cash receipts during the tax year does not exceed 5% of the total gross receipts. For this purpose, receipts through a cheque or bank draft, which is not an account payee, shall be deemed to be cash receipts.

Accordingly, a person carrying on a specified profession cannot avail the presumptive taxation scheme under Section 58(2) [Table S. No. 1] but may opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 3], provided the gross receipts of the profession do not exceed Rs. 50 lakh or Rs. 75 lakh, as the case may be, and the other prescribed conditions are satisfied.

Relevant Content

Section - 58

Q6. Can a person whose total turnover or gross receipts for the year exceed threshold limit adopt the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 1] may be opted for by an eligible assessee carrying on an eligible business, provided the total turnover or gross receipts of such business do not exceed the prescribed threshold limit during the tax year.

The threshold limit is Rs. 2 crore. However, the limit shall be increased to Rs. 3 crore where the amount or aggregate amount of cash receipts during the tax year does not exceed 5% of the total turnover or gross receipts. For this purpose, receipts through a cheque or bank draft which is not an account payee shall be deemed to be cash receipts.

Accordingly, where the total turnover or gross receipts of the eligible business exceed Rs. 2 crore or Rs. 3 crore, as the case may be, the assessee shall not be eligible to opt for the presumptive taxation scheme under Section 58(2) [Table S. No. 1], and the income shall be computed in accordance with the normal provisions of the Act.

Relevant Content

Section - 58

Q7. What is the manner of computation of taxable business income under the normal provisions of the Income-tax Law, i.e., in case of a person not adopting the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: Generally, as per the Income-tax Law, the taxable business income of every person is computed as follows :

Particulars	**Amount**
Turnover or gross receipts from the business	XXXXX
Less : Expenses incurred in relation to earning of the income	(XXXXX)
Taxable Business Income	XXXXX

For the purpose of computing taxable business income in the above manner, the taxpayers have to maintain books of account of the business and income will be computed on the basis of the information revealed in the books of account.

Relevant Content

Section - 58

Q8. What is the manner of computation of taxable business income in case of a person adopting the presumptive taxation scheme of section 58(2) [Table S. No. 1]?

Ans: Under Section 58(2) [Table S. No. 1], the income of an eligible business is computed on a presumptive basis rather than in accordance with the normal provisions relating to computation of business income.

The presumptive income shall be deemed to be:

- **8%** of the turnover or gross receipts received in cash or through modes other than the prescribed modes; and
- **6%** of the turnover or gross receipts which is received by specified banking or online mode.

The concessional rate of 6% shall apply in respect of receipts received during the tax year or on or before the due date for furnishing the return of income.

Accordingly, an assessee opting for the presumptive taxation scheme is not required to compute taxable profits in the normal manner by deducting business expenditure from business receipts. Instead, the income is deemed to be 6% or 8% of the turnover or gross receipts, as applicable.

The assessee may, however, voluntarily declare income at a rate higher than the prescribed presumptive rate if the actual profits of the business exceed such rate.

Relevant Content

Section - 58

Q9. As per the presumptive taxation scheme of section 58(2) [Table S. No. 1], income of a taxpayer will be computed @ 8%/6% of the turnover or gross receipt and from such income can the taxpayer claim any further deductions?

Ans: No. Under the presumptive taxation scheme provided in Section 58(2) [Table S. No. 1], the income computed at the prescribed rate of 6% or 8% of the turnover or gross receipts is deemed to be the profits and gains of the eligible business.

Any loss, allowance, or deduction allowable under the provisions of this Act shall not be allowed against the income computed in the manner specified in Section 58(2) [Table S. No. 1].

Thus, the presumptive income computed under Section 58(2) [Table S. No. 1] is treated as the final taxable income from the eligible business.

Further, for the purpose of determining the written down value (WDV) of any depreciable asset, depreciation shall be deemed to have been allowed and the WDV shall be computed accordingly, irrespective of whether such depreciation has actually been claimed.

Relevant Content

Section - 58

Q10. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 1], then is he required to maintain books of account as per section 62?

Ans: Section 62 of the Income-tax Act, 2025 prescribes the circumstances in which a person carrying on a business or profession is required to maintain books of account and other prescribed records.

However, where an eligible assessee opts for the presumptive taxation scheme under Section 58(2) [Table S. No. 1] and computes income at the prescribed presumptive rate of 6% or 8% of the turnover or gross receipts, the provisions relating to maintenance of books of account under Section 62 shall not apply in respect of the eligible business covered by the scheme.

Accordingly, an assessee who validly opts for the presumptive taxation scheme under Section 58(2) [Table S. No. 1] is not required to maintain books of account for such business, provided the conditions prescribed under the scheme are satisfied.

Relevant Content

Section - 62

Section - 58

Q11. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 1], then is he liable to pay advance tax in respect of income from business covered under section 58(2) [Table S. No. 1]?

Ans: An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 1] is liable to pay advance tax in accordance with the provisions of the Income-tax Act, 2025.

However, unlike other taxpayers who are required to pay advance tax in multiple instalments during the tax year, an assessee covered by this presumptive taxation scheme may discharge the entire advance tax liability in a single instalment on or before 15th March of the relevant tax year.

If the assessee fails to pay the whole of the advance tax by 15th March, interest may be leviable in accordance with the applicable provisions relating to default or deferment of advance tax.

Further, any amount paid towards advance tax on or before 31st March of the tax year shall be treated as advance tax paid during that tax year.

Relevant Content

Section - 58

Q12. If a person adopts the presumptive taxation scheme but he opts out from the scheme in any of the subsequent five years, then what are the consequences?

Ans: If an eligible assessee opts for the presumptive taxation scheme under Section 58(2) [Table S. No. 1] and subsequently declares income lower than the prescribed presumptive rate in any of the next five consecutive tax years, the assessee shall become ineligible to avail the benefit of the presumptive taxation scheme for the next five tax years following the year in which such lower income is declared.

For example, a partnership firm opts for the presumptive taxation scheme in Tax Year 2026-27 and computes its income in accordance with Section 58(2) [Table S. No. 1]. The firm continues to offer income on a presumptive basis for Tax Years 2027-28 and 2028-

29. However, in Tax Year 2029-30, it declares income at a rate lower than the prescribed presumptive rate.

Since the firm has failed to compute and offer income in accordance with the provisions of Section 58(2) [Table S. No. 1] during the prescribed five-year period, it shall not be eligible to opt for the presumptive taxation scheme for the subsequent five tax years, i.e., from Tax Year 2030-31 to Tax Year 2034-35.

Further, for the year in which lower income is declared and for the period during which the assessee is barred from availing the scheme, the assessee may be required to maintain books of account under Section 62 and get them audited under Section 63, subject to the conditions prescribed under the Act.

Relevant Content

Section - 58

Q13. Who is eligible to take advantage of the presumptive taxation scheme of section 58(2) [Table S. No. 3]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 3] can be opted for by a resident Individual or Partnership Firm (other than a Limited Liability Partnership) engaged in a specified profession. This scheme is available where the gross receipts from the profession do not exceed Rs. 50 lakh during the tax year. However, the threshold limit shall be enhanced to Rs. 75 lakh if the aggregate amount received in cash during the year does not exceed 5% of the total gross receipts.

The following professions are eligible for the presumptive taxation scheme:

1. Legal profession
2. Medical profession
3. Engineering profession
4. Architectural profession
5. Accountancy profession
6. Technical consultancy
7. Interior decoration
8. Film artist
9. Authorised representative
10. Company secretary
11. Information technology profession
12. Any other profession as notified by CBDT

The presumptive taxation scheme is not available to persons engaged in any profession other than those specified above.

Relevant Content

Section – 58

Section – 62(4)

Q14. What is the manner of computation of taxable income in case of a person adopting the presumptive taxation scheme of section 58(2) [Table S. No. 3]?

Ans: Where an eligible assessee opts for the presumptive taxation scheme under Section 58(2) [Table S. No. 3], the income from the specified profession shall be deemed to be 50% of the total gross receipts of the tax year. This scheme is available where the gross receipts from the profession do not exceed Rs. 50 lakh during the tax year. However, the threshold limit shall be increased to Rs. 75 lakh if the aggregate amount received in cash during the year does not exceed 5% of the total gross receipts. Receipts through a cheque or bank draft that is not account payee shall be treated as cash receipts for this purpose.

Under this scheme, the income of the assessee is not required to be computed in the normal manner after claiming individual expenses. Instead, 50% of the gross receipts from the specified profession is deemed to be the taxable income of the year. However, the assessee is free to declare a higher income than the prescribed presumptive income.

Relevant Content

Section - 58

Q15. Can a person who adopts the presumptive taxation scheme of section 58(2) [Table S. No. 3] claim any further deduction of expenses after declaring profit @ 50% of gross receipts?

Ans: No, any loss, allowance, or deduction allowable under the provisions of this Act shall not be allowed against the income computed in the manner specified in Section 58(2) [Table S. No. 3].

Accordingly, where an assessee engaged in a specified profession opts for the presumptive taxation scheme under Section 58(2) [Table S. No. 3] and declares income at 50% of the gross receipts, no further deduction in respect of expenses otherwise allowable under Sections 30 to 38 can be claimed.

Further, for the purposes of computing the written down value (WDV) of any asset used in the profession, depreciation shall be deemed to have been allowed and the WDV shall be calculated accordingly, irrespective of whether such depreciation has actually been claimed.

Relevant Content

Section - 58

Q16. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 3], then is he liable to pay advance tax in respect of income from profession covered under section 58(2) [Table S. No. 3]?

Ans: An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 3] is required to pay the entire amount of advance tax payable for the tax year on or before March 15 of that year. Unlike other taxpayers, who are generally required to pay advance tax in multiple instalments, an assessee covered under this scheme may discharge the whole of the advance tax liability in a single instalment by the prescribed due date.

Relevant Content

Section - 58

Q17. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 3], then he is required to maintain books of account as per section 62?

Ans: An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 3] is not required to maintain books of account in respect of the specified profession as prescribed under Section 62. Accordingly, where an eligible assessee computes income on a presumptive basis and declares income at 50% or more of the gross receipts from the specified profession, the provisions relating to maintenance of books of account shall not apply.

However, if the assessee claims that the profits and gains from the profession are lower than 50% of the gross receipts and his total income exceeds the maximum amount not chargeable to tax, he shall be required to maintain books of account in accordance with Section 62 and comply with the applicable audit requirements under Section 63.

Relevant Content

Section - 58

Section - 62

Section - 63

Q18. What provision will apply if a person opts for the presumptive taxation scheme of section 58(2) [Table S. No. 3] and declares his income from profession at lower rate (i.e. less than 50%)?

Ans: An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 3] is not required to maintain books of account in respect of the specified profession as prescribed under Section 62. Accordingly, where an eligible assessee computes income on a presumptive basis and declares income at 50% or more of the gross receipts from the specified profession, the provisions relating to maintenance of books of account shall not apply.

However, if the assessee claims that the profits and gains from the profession are lower than 50% of the gross receipts and his total income exceeds the maximum amount not chargeable to tax, he shall be required to maintain books of account in accordance with Section 62 and comply with the applicable audit requirements under Section 63.

Relevant Content

Section - 58

Section - 62

Section - 63

Q19. For whom the presumptive taxation scheme of section 58(2) [Table S. No. 2] is designed?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 2] is available to any person engaged in the business of plying, hiring or leasing goods carriages, provided that such person does not own more than ten goods carriage vehicles at any time during the tax year.

Relevant Content

Section - 58

Q20. Who is eligible to take advantage of the presumptive taxation scheme of section 58(2) [Table S. No. 2] and which business is eligible for the presumptive taxation scheme of section 58(2) [Table S. No. 2]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 2] is available to any person engaged in the business of plying, hiring or leasing goods carriages, irrespective of the nature of the person, such as an individual, Hindu Undivided

Family (HUF), firm, company or any other person. However, the scheme can be opted for only if the person does not own more than ten goods carriage vehicles at any time during the tax year.

Relevant Content

Section - 58

Q21. Can a person who owns more than 10 goods vehicles adopt the presumptive taxation scheme of section 58(2) [Table S. No. 2]?

Ans: The presumptive taxation scheme under Section 58(2) [Table S. No. 2] may be opted for by a person engaged in the business of plying, hiring or leasing goods carriages, provided that such person does not own more than ten goods carriage vehicles at any time during the tax year.

The ownership condition is a key eligibility requirement of the scheme. Accordingly, if a person owns more than ten goods carriage vehicles at any time during the tax year, he shall not be eligible to compute income under the presumptive taxation scheme prescribed under Section 58(2) [Table S. No. 2].

Relevant Content

Section - 58

Q22. Can an assessee claim any further deduction from the presumptive income computed under Section 58(2) [Table S. No. 2]?

Ans: No. Under the presumptive taxation scheme prescribed under Section 58(2) [Table S. No. 2], the income computed at the prescribed presumptive rates is deemed to have been arrived at after allowing all deductions admissible under the Income Tax Act, 2025. Accordingly, no further deduction shall be allowed in respect of any expenditure relating to such business.

Further, depreciation on assets used in the business is also deemed to have been allowed. Therefore, while computing the written down value (WDV) of such assets, it shall be assumed that depreciation has been claimed and allowed for the relevant tax years.

Since all eligible expenditures are deemed to have been allowed while determining the presumptive income, no separate disallowance of expenditure shall be made under the relevant provisions of the Act.

Relevant Content

Section - 58

Q23. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 2] , then is he required to maintain books of account as per section 62?

Ans: No, An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 2] is not required to maintain books of account in respect of the business covered by the scheme.

Section 62 of the Income Tax Act, 2025 contains provisions relating to the maintenance of books of account. However, an assessee who computes income in accordance with the presumptive taxation scheme under Section 58(2) [Table S. No. 2] is exempt from the requirement of maintaining books of account for such business.

Accordingly, where an eligible assessee engaged in the business of plying, hiring or leasing goods carriages declares income at the prescribed presumptive rates under Section 58(2) [Table S. No. 2], the provisions relating to maintenance of books of account under Section 62 shall not apply in respect of that business.

Relevant Content

Section – 58

Section - 62

Q24. If a person adopts the presumptive taxation scheme of section 58(2) [Table S. No. 2], then is he liable to pay advance tax in respect of income from business covered under section 58(2) [Table S. No. 2]?

Ans: Yes. An assessee opting for the presumptive taxation scheme under Section 58(2) [Table S. No. 2] is liable to pay advance tax in respect of the income covered under the scheme.

No special concession has been provided regarding the payment of advance tax for assessees opting for this presumptive taxation scheme. Accordingly, such assessees are required to comply with the advance tax provisions applicable under the Income Tax Act, 2025.

Further, unlike assessees opting for the presumptive taxation schemes under Section 58(2) [Table S. No. 1 and Table S. No. 3], assessees covered under Section 58(2) [Table S. No. 2] are required to pay advance tax in the prescribed instalments and are not permitted to discharge the entire advance tax liability in a single instalment on or before 15th March.

Relevant Content

Section - 58