

¹[THE SECOND SCHEDULE]

²[See section 4(b)]

COMPUTATION OF GROSS PROFITS

Accounting Year ending.....

Item No.	Particulars	Amount of sub-items	Amount of main items	Remarks
		Rs.	Rs.	
1.	<i>Net Profit</i> as per Profit and Loss Account.			
2.	<i>Add back</i> provision for:			
	(a) Bonus to employees.			
	(b) Depreciation.			
	(c) Direct taxes, including the provision (if Any) for previous accounting years.			
	³ (d) development rebate/Investment allowance/development allowance reserve.]			See foot-note (1)
	(e) Any other reserves.			See foot-note (1)
	Total of Item No. 2.	Rs.		
3.	<i>Add back</i> also :			
	(a) Bonus paid to employees in respect of previous accounting years.			See foot-note (1)
	⁴ [(aa) The amount debited in respect of gratuity paid or payable to employees in excess of the aggregate of—			
	(i) the amount, if any, paid to, or provided for payment to, an approved gratuity fund; and			
	(ii) the amount actually paid to employees on their retirement or on termination of their employment for any reason.]			

1. The First Schedule renumbered as the Second Schedule by Act 66 of 1980, s. 19 (w.e.f. 21-8-1980).

2. Subs. by s. 19, *ibid.*, for “(See section 4)” (w.e.f. 21-8-1980).

3. Subs. by s. 19, *ibid.*, for entry (d) (w.e.f. 21-8-1980).

4. Ins. by Act 23 of 1976, s. 26 (w.e.f. 25-9-1975).

Item No.	Particulars	Amount of sub-items	Amount of main items	Remarks
		Rs.	Rs.	
	(b) Donations in excess of the amount admissible for income-tax.			
	(c) Any annuity due, or commuted value of any annuity paid, under the provisions of section 280D of the Income-tax Act during the accounting year.			
	(d) Capital expenditure (other than capital expenditure on scientific research which is allowed as a deduction under any law for the time being in force relating to direct taxes) and capital losses (other than losses on sale of capital assets on which depreciation has been allowed for income-tax or agricultural income-tax).			<i>See foot-note (I)</i>
	(e) Losses of, or expenditure relating to, any business situated outside India.			
	Total of Item No. 3		Rs.	
4.	<i>Add also</i> Income, profits or gains (if any) credited directly to reserves, <i>other than—</i>			
	(i) capital receipts and capital profits (including profits on the sale of capital assets on which depreciation has not been allowed for income-tax or agricultural income-tax);			
	(ii) profits of, and receipts relating to, any business situated outside India;			
	(iii) income of foreign concerns from investments outside India.			
	Net total of Item No. 4		Rs.	
5.	Total of Item Nos. 1, 2, 3, and 4		Rs.	

Item No.	Particulars	Amount of sub-items	Amount of main items	Remarks
		Rs.	Rs.	
6.	<i>Deduct :</i>			
	(a) Capital receipts and capital profits (other than profits on the sale of assets on which depreciation has been allowed for income-tax or agricultural income-tax).			<i>See foot-note (2)</i>
	(b) Profits of, and receipts relating to, any business situated outside India.			<i>See foot-note (2)</i>
	(c) Income of foreign concerns from investment outside India.			<i>See foot-note (2)</i>
	(d) Expenditure or losses (if any) debited directly to reserves, <i>other than—</i>			
	(i) capital expenditure and capital losses (other than losses on sale of capital assets on which depreciation has not been allowed for income-tax or agricultural income-tax);			
	(ii) losses of any business situated outside India.			
	(e) In the case of foreign concerns proportionate administrative (overhead) expenses of Head Office allocable to Indian business.			<i>See foot-note (3)</i>
	(f) Refund of any direct tax paid for previous accounting years and excess provision, if any, of previous accounting years relating to bonus, depreciation, taxation or development rebate or development allowance, if written back.			<i>See foot-note (2)</i>

Item No.	Particulars	Amount of sub-items Rs.	Amount of main items Rs.	Remarks
	¹ [(g) Cash subsidy, if any, given by the Government or by any body corporate established by any law for the time being in force or by any other agency through budgetary grants, whether given directly or through any agency for specified purposes and the proceeds of which are reserved for such purposes.]			
	Total of Item No. 6	Rs.		
7.	Gross Profit for purposes of bonus (Item No. 5 minus Item No. 6)	Rs.		
	² [<i>Explanation.</i> —In sub-item (aa) of Item 3, “approved gratuity fund” has the same meaning assigned to it in clause (5) of section 2 of the Income-tax Act.]			

Foot-notes—

- (1) If, and to the extent, charged to Profit and Loss Account.
- (2) If, and to the extent, credited to Profit and Loss Account.
- (3) In the proportion of Indian Gross Profit (Item No. 7) to Total World Gross Profit (as per Consolidated Profit and Loss Account, adjusted as in Item No. 2 above only).

1. Subs. by Act 23 of 1976, s. 26, for sub-item (g) (w.e.f. 25-9-1975).
2. *Explanation* inserted by s. 26, *ibid.* (w.e.f. 25-9-1975).