INDIA COMPLIANCE

India Compliance for Founders

Know Enough to Never Get Fooled

25 CHAPTERS	165 PAGES	GST · TDS · Income Tax · Payroll ROC · MSME · Notices · Calendar Worked Rs examples in every chapter

Read every notice.
Understand every filing.
Never get fooled again.

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Finance from Zero to CFO

Book 4 of 4 — India Compliance for Founders

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All company names, persons, transactions, and figures used as examples in this book, including Maa Amba Jagdamba Pvt. Ltd. and its directors, are entirely fictional and illustrative. Any resemblance to real businesses or persons is coincidental.

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Thank you for respecting the work. Your integrity is what keeps this series alive.

Dedicated To

Maa Ambe
Whose grace is the source of everything in these pages. Every insight, every framework, every word is Yours. I am only the instrument.

Shikha
My life partner. My constant. The foundation on which everything else stands. You have seen every version of this work, every late night, every moment of self-doubt, and never once suggested stopping. Your steadiness is the reason this series exists.

Eshansh
My son. May you always know: every page of this was written for your future, so that one day, when you sit across a financial statement, you will understand it completely.

And to every founder and finance professional who has ever sat with a number they did not understand, and chose to understand it anyway. This series is for you.

— Suraj Kumar Lohani

About This Book

What This Book Is

India Compliance for Founders builds compliance literacy from the ground up: GST, TDS, income tax, payroll, ROC, MSME, notices, and a master calendar, explained in plain language with worked rupee examples.

Who It Is For

Indian founders, directors, and finance teams who must stay fully compliant without becoming tax experts, and who want to understand every filing rather than simply outsource and hope.

How It Is Built

Every chapter follows a single fictional company, Maa Amba Jagdamba Pvt. Ltd., through real situations, with worked rupee examples, the bottom-line rule, a chart or diagram, reference tables, and a do-this checklist.

How to Use It

Read it in order; each part builds the next. Figures and rates are indicative for the year shown, so confirm the current-year position before acting, and keep the master calendar in the final chapter close at hand.

About the Series

Finance from Zero to CFO is a four-book journey, designed to carry a reader from not being able to read a balance sheet to leading an entire finance function with confidence.

Book 1, Finance for Business Owners, builds the foundation: reading the three statements, working capital, and cost, cash, and margin. Book 2, Finance for Finance Professionals, builds the analytical craft: modelling, valuation, KPIs, budgeting, and treasury. Book 3, The CFO Playbook, builds strategic leadership: risk, governance, capital structure, M&A, IPO, and the complete Finance Operating System. Book 4, India Compliance for Founders, builds compliance literacy: GST, TDS, income tax, payroll, registrations, and the master calendar.

Each book is complete on its own. Read together, they form a single progression, from financial literacy to financial leadership.

The series rests on one belief: that anyone willing to understand their own numbers can, with the right framework, go from zero to CFO.

Acknowledgments

A four-book series is never written by one person. This one is no exception.

To Shikha

Who has seen every version of this work and never once suggested stopping. Her steadiness is the reason this reached completion. Words are genuinely inadequate here.

To Eshansh

Who did not know he was the reason this had to be finished, but was. Every time focus was tempted away, the thought of what this could mean for his future brought it back.

To Maa Ambe

This work is samarpan. I am only the instrument. Every framework that works, every insight that lands, every founder who benefits, that is Her grace, not my capability.

To Every Business Owner and Finance Professional

Who took the time to share their pain over the last 22 years, in factories, in offices, in calls, in Excel files sent at midnight. You are the real authors of every framework in this series.

To the 7AM & Realtime CFO Community

Whose daily questions and engagement shaped the topics, the depth, and the language of this work.

Preface

Why Four Books. Why Now.

This series began not as a publishing project, but as a diagnosis. Over 22 years of operational finance work, I kept encountering the same pattern: businesses with genuine revenue, genuine ambition, and genuine founders, struggling not because they lacked capability, but because they lacked a financial framework. They could not read their own P&L with confidence. They did not know their working-capital cycle. They had never built a financial model.

The Design of This Series

Finance from Zero to CFO is built as a complete progression, not a collection of independent topics.

Book 1 — Finance for Business Owners: builds financial literacy from zero — the three statements, working capital, and cost, cash, and margin.

Book 2 — Finance for Finance Professionals: builds analytical capability — financial modelling, KPI architecture, capital budgeting, valuation, and treasury.

Book 3 — The CFO Playbook: builds strategic leadership — enterprise risk, governance, capital structure, M&A, IPO readiness, and the complete Finance OS.

Book 4 — India Compliance for Founders: builds compliance literacy — GST, TDS, income tax, payroll, ROC, MSME, notices, and the master compliance calendar.

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GST Basics: Do You Even Need to Register?

The Test, the Penalty for Ignoring It, and a Real Month of GST in Rupees

CASE: MAA AMBA JAGDAMBA PVT LTD

Rs 12 Crore Turnover | Sells Inter-State + Online | Maa Amba Jagdamba Pvt. Ltd.

INTRODUCTION

A big retailer asked Rohan for his GSTIN before releasing a purchase order. He did not have one. Maa Amba Jagdamba had crossed Rs 40 lakh turnover three years ago and was selling across state lines and online -- which meant registration had been compulsory for years. Rohan was exposed to penalties and had been gifting away lakhs in input credit he could have claimed.

This chapter is not GST theory. It answers four practical questions: do you legally need to register, what does ignoring it cost, how do you register, and what does one real month of GST actually look like in rupees.

WHAT THIS CHAPTER COVERS

-> The registration test -- yes or no in 30 seconds

-> What ignoring it costs (penalty + lost credit)

-> How to register: 4 steps and the documents

-> A real month of GST at Maa Amba Jagdamba, in rupees

-> Regular vs Composition: which is cheaper for you

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Decide in 30 seconds whether you must register
* Know the rupee cost of staying unregistered
* Register yourself in four steps
* Read a real monthly GST calculation
* Choose between regular and composition

THE ONE QUESTION

Are you legally required to be GST-registered right now -- yes or no? Most founders are not sure, and that uncertainty is the risk.

THE SIMPLE TRUTH

Registration is compulsory the moment you cross Rs 40 lakh turnover (goods) or Rs 20 lakh (services), OR the day you sell inter-state or on an online marketplace -- whichever comes first. Below that, it is optional; above it, ignoring it means a penalty plus back-tax, and you forfeit the input credit that makes GST cost a registered business almost nothing.

SURAJ AT MAA AMBA JAGDAMBA

Here is one real month at Maa Amba Jagdamba once it was registered. It collected Rs 11.0 lakh of GST on its sales (output GST) and paid Rs 7.5 lakh of GST on its purchases and expenses (input GST). It does not pay the government Rs 11.0 lakh -- it pays only the difference: Rs 3.5 lakh. The Rs 7.5 lakh of input credit is a direct set-off.

Before registering, Rohan had been ignoring that Rs 7.5 lakh of input credit every month -- roughly Rs 90 lakh a year of set-off simply left on the table. That single number is why GST registration is not a burden for a real business; it is money back.

THE VISUAL -- GST IN PRACTICE -- THE TEST, THE NUMBERS, THE STEPS

Everything practical on GST registration: the test, a real rupee calculation, how to register, and what it costs to get it wrong.

▲ REGISTER IF: turnover above Rs 40 lakh (goods) / Rs 20 lakh (services), OR you sell inter-state or online.

Any one of these makes registration compulsory -- regardless of how small you feel. There is no 'too small' once a trigger is crossed.

REGISTER ABOVE	NET GST / MONTH	INPUT CREDIT / YEAR	REGISTRATION
Rs 40L	**Rs 3.5L**	**Rs 90L**	**4 Steps**

THE 30-SECOND REGISTRATION TEST

DO YOU NEED TO REGISTER? ■ TEMPLATE

Your situation	Threshold / rule	Register?
Sell goods, turnover above Rs 40 lakh	Rs 40 lakh (Rs 20 L special states)	YES
Sell services, turnover above Rs 20 lakh	Rs 20 lakh (Rs 10 L special states)	YES
Sell to another state	Any amount	YES
Sell on Amazon / Flipkart / online	Any amount	YES
Small, local, below threshold	--	Optional

ƒ Cross any single row and registration is compulsory. Maa Amba Jagdamba crossed three of them.

A REAL MONTH OF GST AT MAA AMBA JAGDAMBA (Rs)

ONE MONTH, ACTUAL NUMBERS ■ TEMPLATE

Item	Amount (Rs)	Note
GST collected on sales (Output)	11,00,000	On Rs 1 crore of sales
GST paid on purchases/expenses (Input)	7,50,000	Claimable as credit
GST actually paid to govt (Net)	3,50,000	Output minus Input
Input credit Rohan ignored earlier	7,50,000/month	~Rs 90 lakh a year lost

ƒ You remit only the difference, not the full output. Unclaimed input credit is pure money lost.

HOW RS 11 LAKH OUTPUT BECOMES RS 3.5 LAKH NET (RS)

WHAT THIS MEANS

GST is not a 11 lakh cost -- it is a 3.5 lakh net payment, because input credit sets off the GST you already paid on purchases. A registered business pays tax only on the value it adds.

GSTR-2B: YOU CAN ONLY CLAIM WHAT YOUR SUPPLIER FILED

HOW INPUT CREDIT IS ACTUALLY CONFIRMED	
GSTR-2B	Auto-drafted monthly statement of the input credit available to you
Built from	Your suppliers' GSTR-1 filings -- not your own books
The hard rule	You can claim ITC only if it appears in your GSTR-2B
If a supplier delays	That credit does not show -- you cannot claim it yet

▲ RED FLAG

If a supplier does not file their GSTR-1 on time, their GST will not appear in your GSTR-2B. The GST you already paid them stays blocked -- unclaimable, and stuck as locked cash.

BLOCKED ITC = BLOCKED WORKING CAPITAL

WHAT BLOCKED CREDIT COSTS IN CASH ■ TEMPLATE

Item	Amount (Rs)
Monthly input credit (ITC)	7,50,000
Suppliers who did not file (say 10%)	75,000 blocked
Cash locked per month	75,000
Working capital locked per year	9,00,000

ƒ Every rupee of ITC you cannot claim is a rupee of your own cash sitting locked with the government.

ITC / MONTH	IF 10% BLOCKED	WC LOCKED / YEAR	THE FIX
Rs 7.5L	**Rs 75k/mo**	**Rs 9L**	**Reconcile 2B**

◆ THE FOUNDER'S MOVE

Reconcile your GSTR-2B every month and chase suppliers who have not filed. This is not paperwork -- it is unlocking your own cash. Blocked ITC is a direct working-capital leak.

HOW TO REGISTER -- 4 STEPS

1. **PAN + docs** — Aadhaar, PAN, proof →
2. **gst.gov.in** — Apply online, free →
3. **ARN issued** — Track the application →
4. **GSTIN** — Use on every invoice

DOCUMENTS YOU NEED	
PAN	Of the business / company
Proof of business	Registration / incorporation certificate
Address proof	Electricity bill / rent agreement
Bank proof	Cancelled cheque / statement
Aadhaar + photo	Of the proprietor / directors

GST RATE SLABS + REGULAR vs COMPOSITION

GST RATE SLABS ■ TEMPLATE

Rate	Typical goods/services
0% / Exempt	Unbranded food grains, fresh produce
5%	Essentials, small restaurants
12% / 18%	Most goods and services (18% is the common rate)
28%	Luxury and sin goods

ƒ Most products sit at 18%. Confirm your HSN/SAC code for the exact rate.

REGULAR VS COMPOSITION -- WHICH FITS YOU ■ TEMPLATE

Feature	Regular	Composition
Turnover limit	No upper limit	Up to Rs 1.5 crore
Tax rate	Normal slab (e.g. 18%)	Low flat (1%-6%)
Input credit	Yes -- claim it	No
Inter-state sales	Allowed	Not allowed
Best for	B2B, inter-state, online (like Maa Amba Jagdamba)	Tiny, local, B2C only

ƒ Maa Amba Jagdamba must be Regular -- it sells inter-state and B2B customers need its input credit.

THE COST OF GETTING IT WRONG

DEADLINES & PENALTIES ■ TEMPLATE

Mistake	Consequence
Not registering when required	Penalty + back-tax on past sales
Late registration	Interest + penalty from the due date
No GSTIN on invoice to B2B buyer	Buyer cannot claim credit -- loses you the sale
Not claiming input credit	Pure money lost -- can be lakhs a year

ƒ The biggest 'penalty' is usually the input credit you silently forfeit, not the fine.

◆ THE FOUNDER'S MOVE

Register as a Regular taxpayer if you sell inter-state, B2B, or online. Get the GSTIN on every invoice, and start claiming input credit from day one.

▲ RED FLAG

A buyer asking for your GSTIN, or a notice about unregistered turnover, means you are already late. Register now -- the exposure only grows.

YOUR GST ACTION LIST

- ■ Check last 12 months turnover vs Rs 40L / Rs 20L
- ! Check if you sell inter-state or online (any amount = register)
- ■ Apply on gst.gov.in -- it is free
- ■ Put GSTIN on every tax invoice
- ■ Claim input credit on every eligible purchase

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan thought GST did not apply to him. After it, he knows the test, the numbers, and the money he was losing.

After this chapter, the group makes three specific changes:

From 'too small' to the test

Registration depends on turnover and inter-state/online sales -- not on how small you feel.

From paying full GST to net

You remit only output minus input -- claiming credit makes GST nearly neutral.

From notice-risk to clean

Registered, with GSTIN on every invoice and credit claimed from day one.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Add up your last 12 months turnover. Above Rs 40 lakh (goods) or Rs 20 lakh (services)? You must register.

2. Do you sell to other states or on any online marketplace? Then register at any turnover -- no threshold applies.

3. If already registered, pull last month's purchases and confirm you claimed input credit on every eligible one.

SURAJ SAYS

SURAJ SAYS

Rohan, you were not saving money by avoiding GST -- you were losing about 90 lakh a year in input credit and sitting on a penalty waiting to happen. Registration was never the cost. Not registering was.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

GST registration is compulsory above Rs 40 lakh (goods) / Rs 20 lakh (services) or the moment you sell inter-state or online -- and a registered business pays only output minus input, not the full GST collected.

For Maa Amba Jagdamba, registering turned a penalty risk into a clean system and unlocked Rs 7.5 lakh a month of input credit Rohan had been ignoring.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Register above Rs 40 lakh goods / Rs 20 lakh services turnover.
02	Inter-state or online selling means register at any amount.
03	You pay only output GST minus input GST -- not the full collection.
04	Unclaimed input credit is real money lost -- often lakhs a year.
05	Registration on gst.gov.in is free; you get a GSTIN.
06	Regular suits B2B/inter-state/online; composition suits tiny local B2C.
07	No GSTIN means B2B buyers cannot claim credit -- you lose the sale.
08	You can claim input credit only for what appears in your GSTR-2B -- reconcile it monthly.
09	Blocked or delayed ITC locks your cash -- chasing suppliers to file is a working-capital task.

WHAT'S NEXT | CHAPTER 2

GST Filing: GSTR-1, GSTR-3B, and the Monthly Routine

Two Returns, Two Dates, and the 2B Reconciliation That Protects Your Cash

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

02

GST Filing: GSTR-1, GSTR-3B, and the Monthly Routine

Two Returns, Two Dates, and the 2B Reconciliation That Protects Your Cash

CASE: MAA AMBA JAGDAMBA PVT LTD

GSTR-1 by 11th | GSTR-3B by 20th | 2B Reconciled | Maa Amba Jagdamba

INTRODUCTION

Rohan's CA had been filing GSTR-3B straight from the purchase invoices Rohan handed over -- never checking whether those suppliers had actually filed. Months later a GST notice arrived: Maa Amba Jagdamba had claimed input credit that did not exist in its GSTR-2B. Interest and a reversal followed. 'The filing itself is simple,' Suraj said. 'Two returns, two dates. The part that bites is claiming credit you never verified.'

GST filing is a monthly rhythm, not a mystery. This chapter covers the two returns you file, the two dates that matter, and the one reconciliation -- GSTR-2B -- that decides whether your input credit (and your cash) is safe.

WHAT THIS CHAPTER COVERS

-> The two returns: GSTR-1 and GSTR-3B

-> The two dates: 11th and 20th

-> GSTR-2B: matching before you claim

-> A real month of filing, in rupees

-> Late fees, interest, and the cash cost of slipping

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Know what GSTR-1 and GSTR-3B each do
* File both on time, every month
* Reconcile GSTR-2B before claiming ITC
* Read a real monthly filing in numbers
* Avoid the late fee, interest, and reversal traps

THE ONE QUESTION

When you claim input credit each month, are you matching it to your GSTR-2B first -- or just trusting the purchase invoices?

THE SIMPLE TRUTH

Every month you file two returns: GSTR-1 reports your sales (due by the 11th), and GSTR-3B is the summary on which you pay tax (due by the 20th). The trap sits between them -- GSTR-2B, the auto-statement of credit available from suppliers who actually filed. Claim ITC only after matching your 2B, or you claim credit that does not exist and pay it back with interest.

SURAJ AT MAA AMBA JAGDAMBA

Here is one clean month at Maa Amba Jagdamba. GSTR-1 reported Rs 1 crore of sales with Rs 11.0 lakh output GST. But GSTR-2B showed only Rs 7.2 lakh of input credit available -- not the Rs 7.5 lakh in the books, because two suppliers had not filed their GSTR-1.

So GSTR-3B was filed on the real numbers: Rs 11.0 lakh output minus Rs 7.2 lakh verified ITC = Rs 3.8 lakh paid. The missing Rs 30,000 was chased from the suppliers, not claimed. No notice, no interest, no reversal -- because the 2B was matched before anything was claimed.

THE VISUAL -- THE MONTHLY GST ROUTINE

The two returns, the two dates, the 2B match, a real month in rupees, and the cost of slipping.

▲ FILE GSTR-1 BY THE 11th, GSTR-3B BY THE 20th -- EVERY MONTH. CLAIM ITC ONLY FROM YOUR 2B.

The returns are simple. The danger is claiming input credit that is not in your GSTR-2B -- that is what triggers interest and reversal.

GSTR-1 DUE	GSTR-3B DUE	LATE FEE	INTEREST
11th	**20th**	**Rs 50/day**	**18% p.a.**

THE THREE RETURNS YOU DEAL WITH

WHAT EACH ONE IS	
GSTR-1	Your sales -- filed by the 11th, feeds your customers' credit
GSTR-2B	Auto-statement of ITC available, from suppliers who filed
GSTR-3B	Summary return -- pay output minus verified ITC, by the 20th

THE MONTHLY CYCLE

RECORD sales + purchases → **GSTR-1** file by 11th → **MATCH 2B** verify ITC → **GSTR-3B** pay by 20th

A REAL MONTH AT MAA AMBA JAGDAMBA (Rs)

THIS MONTH'S FILING ■ TEMPLATE

Item	Amount (Rs)	Note
Output GST (from GSTR-1)	11,00,000	On Rs 1 crore sales
ITC in books	7,50,000	What Rohan expected
ITC actually in GSTR-2B	7,20,000	2 suppliers did not file
GST paid (GSTR-3B)	3,80,000	Output minus verified ITC
ITC chased, not claimed	30,000	Recover from suppliers

ƒ Claim only the 7.2 lakh that is in 2B. The 30k is chased -- claiming it would invite interest.

GSTR-2B RECONCILIATION -- WHAT TO DO

MATCH EVERY LINE ■ TEMPLATE

Status in 2B	Meaning	Action
Matched	Supplier filed, credit available	Claim it
Missing	Supplier has not filed yet	Chase, do not claim
Mismatch	Amount differs	Query the supplier
Ineligible	Blocked credit (Sec 17(5))	Do not claim

ƒ Reconciling 2B is a cash activity -- every matched rupee is credit unlocked.

WHAT THIS MEANS

GSTR-1 late means your customers cannot see their credit in their 2B -- they may hold your payment. Filing on time protects your own receivables, not just your compliance.

THE COST OF SLIPPING

LATE FILING & WRONG CLAIMS ■ TEMPLATE

Mistake	Consequence
GSTR-1 / 3B filed late	Rs 50/day late fee (Rs 20 nil) + interest
Claimed ITC not in 2B	Reversal + 18% interest + notice
GSTR-1 delayed	Customers' credit blocked -- they delay paying you
Tax paid late	18% per annum interest on the shortfall

ƒ The interest clock runs from the due date -- not from when the notice arrives.

▲ RED FLAG

A CA who files GSTR-3B straight from your purchase register, without matching 2B, is setting you up for a reversal notice. Always match first.

◆ THE FOUNDER'S MOVE

Lock the rhythm: GSTR-1 by the 11th, reconcile 2B mid-month, GSTR-3B by the 20th. Make 2B matching a fixed monthly step -- it protects both compliance and cash.

MONTHLY GST FILING CHECKLIST

- ■ GSTR-1 filed by the 11th
- ! GSTR-2B downloaded and matched line by line
- ■ ITC claimed only for matched entries

■	GSTR-3B filed and tax paid by the 20th
!	Non-filing suppliers chased for the gap

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, filing meant claiming whatever the purchase register showed. After it, it means matching 2B first and filing on a fixed rhythm.

After this chapter, the group makes three specific changes:

From trust to match

Input credit is claimed only after reconciling GSTR-2B, never from invoices alone.

From ad hoc to rhythm

GSTR-1 by the 11th and GSTR-3B by the 20th become a fixed monthly cycle.

From compliance to cash

On-time GSTR-1 protects your receivables; matched 2B protects your credit.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Pull last month's GSTR-2B and compare it line by line with the ITC you claimed. Any gap is either a reversal risk or a supplier to chase.

2. Check your last six months: were GSTR-1 and GSTR-3B always filed by the 11th and 20th? Late fees and interest add up quietly.

3. Set a fixed mid-month date to reconcile 2B -- treat it as a cash task, because every matched rupee is credit unlocked.

SURAJ SAYS

SURAJ SAYS

> *Rohan, your CA was not filing wrong returns -- he was claiming credit nobody had verified. The 2B match is the whole game. Match first, claim second, and a GST notice will never surprise you.*
>
> **-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO**

CONCLUSION

GST filing is two returns on two dates -- GSTR-1 by the 11th, GSTR-3B by the 20th -- with GSTR-2B reconciliation as the step that keeps your input credit, and your cash, safe.

Maa Amba Jagdamba paid Rs 3.8 lakh on verified ITC and chased the Rs 30,000 gap rather than claiming it -- no notice, no interest, no reversal.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Two returns monthly: GSTR-1 (sales, 11th) and GSTR-3B (pay tax, 20th).
02	GSTR-2B is the auto-statement of credit available from filed suppliers.
03	Claim ITC only for entries that appear in your GSTR-2B.
04	Claiming unverified ITC triggers reversal plus 18% interest.
05	Late filing costs Rs 50/day plus interest from the due date.
06	Late GSTR-1 blocks your customers' credit -- they may delay paying you.
07	Reconciling 2B is a cash task -- every matched rupee is credit unlocked.
08	Lock the rhythm: file on time, match 2B, chase non-filing suppliers.

WHAT'S NEXT | CHAPTER 3

GST Advanced: E-Invoicing, ITC Reversal, and Reverse Charge

The Rules That Catch Growing Businesses -- and the 180-Day Trap That Drains Cash

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

03

GST Advanced: E-Invoicing, ITC Reversal, and Reverse Charge

The Rules That Catch Growing Businesses -- and the 180-Day Trap That Drains Cash

CASE: MAA AMBA JAGDAMBA PVT LTD	Turnover above Rs 5 Cr: E-Invoicing | 180-Day ITC Rule | Maa Amba Jagdamba

INTRODUCTION

Maa Amba Jagdamba crossed Rs 5 crore turnover and, without realising it, e-invoicing became mandatory -- its ordinary invoices were now technically invalid. Around the same time, it had claimed Rs 40,000 of input credit on a supplier bill it never got around to paying. Seven months later, that credit had to be reversed with interest. 'As you grow,' Suraj told Rohan, 'GST adds rules that did not apply when you were small. Miss them and they hit your cash, not just your compliance.'

Beyond the monthly routine sit the advanced GST rules that switch on as a business grows. This chapter covers the three that matter most: e-invoicing, the ITC reversal traps (especially the 180-day rule), and reverse charge -- all of which hit cash if ignored.

WHAT THIS CHAPTER COVERS

-> E-invoicing: when it becomes mandatory

-> ITC reversal: the 180-day payment rule

-> Other reversal triggers you must watch

-> Reverse charge (RCM): when you pay the GST

-> E-way bills and the cash impact of getting it wrong

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Know when e-invoicing becomes compulsory
* Avoid the 180-day ITC reversal trap
* Recognise the other reversal triggers
* Identify expenses under reverse charge
* Handle e-way bills without holding up goods

THE ONE QUESTION

If you claimed input credit on a supplier bill you have not paid in six months, do you know you are legally required to reverse it -- with interest?

THE SIMPLE TRUTH

Three advanced rules catch growing businesses. Past Rs 5 crore turnover, e-invoicing is mandatory and a non-e-invoice is invalid. If you do not pay a supplier within 180 days, you must reverse the ITC you claimed and re-claim only after paying. And on certain expenses -- legal fees, goods transport, director sitting fees, imports -- reverse charge applies, meaning you pay the GST, not the supplier.

SURAJ AT MAA AMBA JAGDAMBA

The 180-day rule cost Maa Amba Jagdamba real cash. It had claimed Rs 40,000 ITC on a supplier invoice in April, then disputed and delayed payment. By October -- past 180 days -- the law required reversing that Rs 40,000, plus interest, in the GSTR-3B. The credit came back only after Rohan finally paid the supplier in December.

Suraj's point was about cash, not rules: 'You claimed the credit, used the cash, then had to give it back with interest, and wait months to get it again. Unpaid supplier bills do not just annoy vendors -- past 180 days they actively reverse your credit and squeeze your working capital.'

THE VISUAL -- THE ADVANCED RULES THAT HIT CASH

E-invoicing thresholds, the 180-day reversal, other reversal triggers, reverse charge, and e-way bills.

▲ ABOVE Rs 5 CRORE: E-INVOICING IS MANDATORY. UNPAID SUPPLIER BILLS PAST 180 DAYS: REVERSE THE ITC, WITH INTEREST.

These rules switch on as you grow. Each one, missed, hits your cash directly -- not just your compliance score.

E-INVOICE ABOVE	ITC REVERSAL	E-WAY BILL ABOVE	REVERSE CHARGE
Rs 5 Cr	**180 days**	**Rs 50k**	**You pay GST**

E-INVOICING -- WHEN IT TURNS ON

E-INVOICING APPLICABILITY ■ TEMPLATE

Turnover	E-invoicing	Note
Above Rs 5 crore	Mandatory	Generate IRN + QR on every B2B invoice
Below Rs 5 crore	Not yet required	But the threshold keeps dropping
No e-invoice when required	Invoice invalid	Buyer cannot claim ITC -- you lose the sale

ƒ The threshold has fallen from 500 Cr to 5 Cr over time. Assume it will keep dropping.

INVOICE raise as usual → **IRP PORTAL** upload → **IRN + QR** unique number → **VALID** share with buyer

THE 180-DAY ITC REVERSAL -- A CASH WHIPSAW

WHAT THE 180-DAY RULE COSTS ■ TEMPLATE

Stage	What happens	Cash effect
Claim ITC	Rs 40,000 credit taken in April	Cash benefit now
180 days unpaid	Must reverse Rs 40,000 + interest	Cash given back
Finally pay supplier	Re-claim the Rs 40,000	Cash returns -- months later

ƒ Unpaid bills past 180 days reverse your credit. Pay suppliers on time -- it is a working-capital decision.

WHAT THIS MEANS

ITC reversal is not a fine -- it is your own claimed credit clawed back because you did not pay the supplier. It whipsaws your cash and ties working capital to how promptly you pay vendors.

OTHER REVERSAL TRIGGERS + REVERSE CHARGE

ITC YOU MUST REVERSE OR CANNOT CLAIM

180-day non-payment	Reverse claimed ITC until you pay the supplier
Exempt + taxable mix	Reverse the ITC portion on exempt supplies (Rule 42/43)
Blocked credits (17(5))	Cars, personal use, club fees -- never claimable
Goods lost / written off	Reverse the ITC on them

REVERSE CHARGE (RCM) -- YOU PAY THE GST ■ TEMPLATE

Expense	Who normally charges	Under RCM
Legal / advocate fees	Lawyer (often unregistered)	You pay GST directly
Goods transport (GTA)	Transporter	You pay GST
Director sitting fees	Director	Company pays GST
Imports	Foreign supplier	You pay IGST on import

ƒ Under RCM you deposit the GST yourself, then claim it as credit -- miss it and it is a notice.

E-WAY BILLS

E-WAY BILL RULES ■ TEMPLATE

Trigger	Rule
Goods movement above Rs 50,000	E-way bill required before dispatch
No e-way bill	Goods can be detained + penalty
Validity	Based on distance -- regenerate if delayed

ƒ A missing e-way bill stops your goods at a checkpoint -- a direct hit to delivery and cash.

▲ RED FLAG

Disputing a supplier bill and simply not paying it does not pause GST -- past 180 days your claimed ITC reverses automatically, with interest. Resolve disputes before the clock runs out.

◆ THE FOUNDER'S MOVE

Track three clocks: turnover crossing Rs 5 crore (e-invoicing), supplier bills approaching 180 days (reversal), and RCM expenses (self-deposit). Each is a cash event, not just a filing.

GST ADVANCED CHECKLIST

!	E-invoicing switched on if turnover above Rs 5 crore
✗	No supplier bill left unpaid past 180 days
■	Reverse-charge GST deposited on legal/transport/import
■	Blocked credits (Sec 17(5)) never claimed
■	E-way bill raised for every consignment above Rs 50,000

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan thought GST was just the monthly return. After it, he tracks the growth-stage rules that quietly hit cash.

After this chapter, the group makes three specific changes:

From static to growth-aware

E-invoicing and other rules switch on as turnover grows -- watch the thresholds.

From ignoring bills to the 180-day clock

Unpaid supplier bills reverse your ITC past 180 days -- paying on time protects cash.

From missing RCM to depositing it

Reverse-charge GST on legal, transport, and imports is self-deposited, then claimed.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Is your turnover above Rs 5 crore? If yes, confirm every B2B invoice carries an IRN and QR -- ordinary invoices are invalid.

2. Pull your payables: any supplier bill where you claimed ITC and have not paid in 180 days? Reverse it now, or pay -- the interest is running.

3. List your legal, transport, and import expenses -- are you depositing the reverse-charge GST on them? If not, that is an open notice waiting.

SURAJ SAYS

SURAJ SAYS

Rohan, the 180-day rule taught you the real lesson: in GST, not paying a supplier is not free. The system claws back your credit with interest. Growth adds rules -- and almost every one of them is really about your cash.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

GST's advanced rules switch on with growth: e-invoicing above Rs 5 crore, ITC reversal if a supplier is unpaid past 180 days, reverse charge on certain expenses, and e-way bills above Rs 50,000.

For Maa Amba Jagdamba, the 180-day reversal showed how unpaid bills whipsaw cash -- credit claimed, clawed back with interest, then reclaimed months later.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	E-invoicing is mandatory above Rs 5 crore turnover -- non-e-invoices are invalid.
02	Unpaid supplier bills past 180 days force you to reverse the claimed ITC.
03	Reversed ITC returns only after you pay the supplier -- a cash whipsaw.
04	Other reversals: exempt-supply portion, blocked credits, written-off goods.
05	Reverse charge: on legal, transport, director, import expenses you pay the GST.
06	RCM GST is self-deposited, then claimed as credit -- missing it invites a notice.
07	E-way bills are required for goods movement above Rs 50,000.

08	Almost every advanced GST rule is really a cash and working-capital decision.

WHAT'S NEXT | CHAPTER 4

TDS for Business: Which Payments Need Tax Deducted

The Payments You Must Deduct On, the Dates, and the 30% Disallowance Trap

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

04

TDS for Business: Which Payments Need Tax Deducted

The Payments You Must Deduct On, the Dates, and the 30% Disallowance Trap

CASE: MAA AMBA JAGDAMBA PVT LTD	Deduct, Deposit by 7th, File Quarterly | Rent / Contractor / Professional | Maa Amba Jagdamba

INTRODUCTION

Rohan paid rent, transporters, a designer, and a consultant every month -- and deducted TDS on none of them. His CA had never flagged it. At assessment, the Income Tax officer disallowed 30% of those expenses for non-deduction of TDS, adding lakhs to Maa Amba Jagdamba's taxable profit. 'TDS is not your tax,' Suraj explained. 'You are collecting it on the government's behalf when you pay others. Skip it, and you do not just owe the TDS -- you lose 30% of the expense itself.'

TDS -- Tax Deducted at Source -- means cutting a small percentage of tax when you make certain payments and depositing it for the government. This chapter covers which payments trigger it, the rates and dates, and the costly disallowance if you miss it.

WHAT THIS CHAPTER COVERS

-> What TDS is and why it is your responsibility

-> Which payments need deduction -- and the rates

-> The thresholds before TDS kicks in

-> Deposit dates, returns, and certificates

-> The 30% disallowance and interest trap

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand TDS as money you collect for the government
* Identify which payments need deduction and at what rate
* Know the thresholds that trigger TDS
* Deposit, file, and certify on time
* Avoid the 30% expense disallowance

THE ONE QUESTION

On your rent, contractor, and professional payments -- are you deducting TDS, or quietly risking 30% of those expenses being disallowed?

THE SIMPLE TRUTH

When your business pays rent, contractors, professional fees, commission, or interest above set thresholds, you must deduct a small percentage as TDS and deposit it by the 7th of the next month, file a quarterly return, and give the payee a certificate. Miss the deduction and you face two hits: interest on the TDS, and -- far worse -- 30% of that whole expense disallowed, inflating your taxable profit.

SURAJ AT MAA AMBA JAGDAMBA

Maa Amba Jagdamba's monthly TDS, once Suraj set it up, was simple. On rent of Rs 1.2 lakh it deducted 10% = Rs 12,000. On a contractor bill of Rs 80,000 it deducted 2% = Rs 1,600. On a Rs 50,000 professional fee it deducted 10% = Rs 5,000. All deposited by the 7th, returned quarterly, certificates issued.

The earlier cost of ignoring it was the real lesson. By not deducting TDS on roughly Rs 20 lakh of such payments in a year, Rohan had exposed 30% -- about Rs 6 lakh -- to disallowance, taxed as extra profit. 'The TDS was a few thousand a month,' Suraj said. 'The disallowance was lakhs. That is the asymmetry.'

THE VISUAL -- TDS IN PRACTICE

What needs deduction, at what rate, by when -- and the disallowance that makes skipping it so expensive.

▲ DEDUCT TDS ON RENT, CONTRACTORS, PROFESSIONALS, COMMISSION -- DEPOSIT BY THE 7th.

Skip it and you lose 30% of the expense to disallowance, plus interest. The TDS is small; the penalty for missing it is not.

DEPOSIT BY	RETURN	LATE DEPOSIT	EXPENSE DISALLOWED
7th	**Quarterly**	**1.5%/mo**	**30%**

WHICH PAYMENTS, WHICH RATE

COMMON TDS SECTIONS ■ TEMPLATE

Payment	Section	Rate	Threshold
Rent (land/building)	194I	10%	Above Rs 2.4 lakh/yr
Contractor / job work	194C	1-2%	Rs 30k single / Rs 1L year
Professional / technical	194J	10% (2% technical)	Above Rs 30k/yr
Commission / brokerage	194H	2-5%	Above Rs 15-20k/yr
Purchase of goods	194Q	0.1%	Buyer turnover > Rs 10 Cr, buy > Rs 50L

ƒ Rates and thresholds change in budgets -- confirm the current year before deducting.

A REAL MONTH OF TDS AT MAA AMBA JAGDAMBA (Rs)

THIS MONTH'S DEDUCTIONS ■ TEMPLATE

Payment	Amount	Rate	TDS
Office rent	1,20,000	10%	12,000
Transport contractor	80,000	2%	1,600
Consultant fee	50,000	10%	5,000
Total deposited by 7th	--	--	18,600

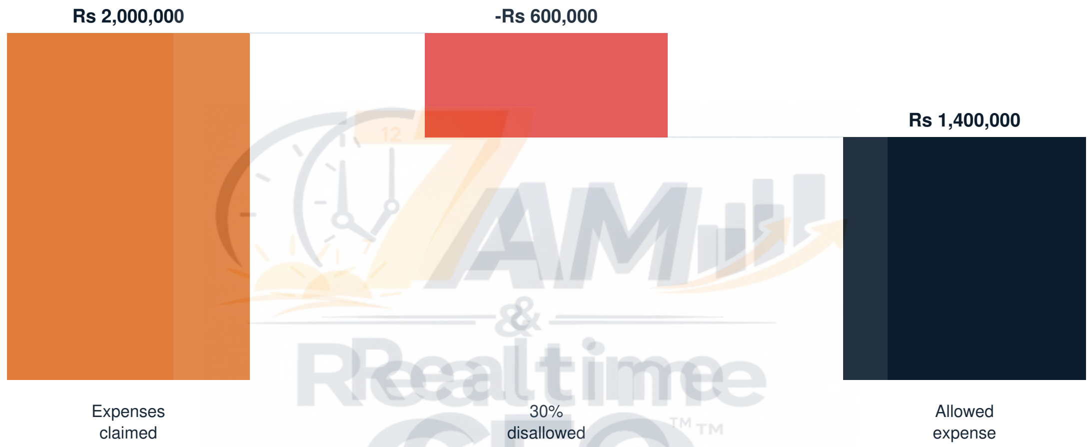
ƒ Deducted from the payee, held briefly, deposited by the 7th of next month.

THE TDS CYCLE

DEDUCT when you pay → **DEPOSIT** by 7th next month → **RETURN** 26Q quarterly → **CERTIFICATE** Form 16A to payee

THE COST OF SKIPPING -- WHY IT HURTS

MISSING TDS: RS 20 LAKH OF PAYMENTS (RS)



WHAT THIS MEANS

The disallowed 30% is added back to your profit and taxed. On Rs 20 lakh of payments, that is Rs 6 lakh treated as extra profit -- a tax hit many times larger than the TDS you avoided.

INTEREST & PENALTIES ■ TEMPLATE

Default	Cost
Did not deduct TDS	1% per month from due date + 30% expense disallowed
Deducted but deposited late	1.5% per month until deposited
Late TDS return	Rs 200 per day (Sec 234E)
No certificate to payee	Penalty + payee cannot claim the credit

ƒ Two clocks run: interest on the TDS, and the far bigger disallowance of the expense.

▲ RED FLAG

A CA who never set up TDS on your rent and contractor payments has left a 30% disallowance landmine in every year's accounts. Fix it going forward and review past years.

◆ THE FOUNDER'S MOVE

Set up TDS on every rent, contractor, professional, and commission payment from now. Deposit by the 7th, file quarterly, issue certificates -- the deduction is tiny next to the disallowance it prevents.

TDS ACTION LIST	
!	Identified every payment type that needs TDS
■	Correct rate and threshold applied to each
■	TDS deposited by the 7th of next month
■	Quarterly TDS return filed, certificates issued
✗	Past years reviewed for disallowance exposure

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan paid vendors gross and ignored TDS. After it, he deducts on every applicable payment -- because the disallowance dwarfs the TDS.

After this chapter, the group makes three specific changes:

From your tax to collected tax

TDS is the government's tax you collect when paying others -- not an extra cost to you.

From ignoring to deducting

Every rent, contractor, professional, and commission payment now has TDS applied.

From small TDS to big disallowance

Skipping a few thousand in TDS risks 30% of the whole expense being disallowed.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. List your recurring payments -- rent, transport, consultants, commissions. Are you deducting TDS on each? If not, that is a disallowance waiting.

2. Check you deposit deducted TDS by the 7th of the next month. Late deposit alone costs 1.5% per month.

3. Review last year's expenses: any large payment with no TDS deducted? That 30% may already be at risk -- raise it with your CA now.

SURAJ SAYS

SURAJ SAYS

Rohan, the few thousand rupees of TDS was never the issue. The issue was the lakhs of expense the department disallowed because you did not deduct it. In TDS, the small thing you skip creates the big bill you pay.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

TDS means deducting tax when you pay rent, contractors, professionals, commission, or interest, depositing by the 7th, filing quarterly, and issuing certificates -- it is the government's money you collect.

Maa Amba Jagdamba's monthly TDS was a few thousand rupees; the disallowance from ignoring it had been lakhs -- the asymmetry that makes TDS non-negotiable.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	TDS is tax you deduct when paying others, on the government's behalf.
02	Rent, contractor, professional, commission, interest payments trigger it.
03	Each has its own section, rate, and threshold -- confirm the current year.
04	Deposit deducted TDS by the 7th of the next month.
05	File the TDS return quarterly and issue certificates to payees.
06	Not deducting disallows 30% of the expense -- a huge profit add-back.
07	Late deposit costs 1.5% per month; late return Rs 200 per day.
08	The TDS is small; the disallowance for skipping it is large.

WHAT'S NEXT | CHAPTER 5

Salary TDS and Form 16: Getting Payroll Tax Right

How to Project, Deduct Monthly, and Issue the Form 16 Every Employee Expects

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

05

Salary TDS and Form 16: Getting Payroll Tax Right

How to Project, Deduct Monthly, and Issue the Form 16 Every Employee Expects

CASE: MAA AMBA JAGDAMBA PVT LTD	Monthly Salary TDS | Form 24Q Quarterly | Form 16 by 15 June | Maa Amba Jagdamba

INTRODUCTION

Maa Amba Jagdamba had 34 employees, and at year-end several were furious: too much TDS had been cut from some, too little from others, and a few could not file their returns because no Form 16 was issued. Rohan's payroll had been deducting TDS by guesswork. 'Salary TDS is just the employee's annual tax, spread over twelve months,' Suraj said. 'Project it right, deduct one-twelfth each month, and give them Form 16. Get it wrong and you have angry staff and a compliance gap.'

Salary TDS is the tax an employer deducts from each employee's pay and deposits monthly. This chapter shows how to project it correctly, deduct it evenly, file Form 24Q, and issue Form 16 -- the certificate every salaried person needs.

WHAT THIS CHAPTER COVERS

-> How salary TDS is calculated

-> Collecting declarations and choosing the regime

-> Depositing monthly and filing Form 24Q

-> Form 16: what it is and when it is due

-> A worked employee calculation in rupees

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Project an employee's annual tax correctly
* Deduct salary TDS evenly across the year
* Handle regime choice and declarations
* File Form 24Q and issue Form 16 on time
* Avoid year-end shocks for staff

THE ONE QUESTION

Is your payroll deducting salary TDS on a proper annual projection -- or guessing, and creating a year-end mess for your staff?

THE SIMPLE TRUTH

Salary TDS is simply each employee's estimated annual income tax, divided across twelve months. The employer projects the annual salary, applies the employee's chosen regime (old or new) and declared investments, computes the tax, and deducts one-twelfth each month -- depositing by the 7th, filing Form 24Q quarterly, and issuing Form 16 by 15 June. Done well, the employee owes nothing extra and can file easily.

SURAJ AT MAA AMBA JAGDAMBA

Take one Maa Amba Jagdamba employee on Rs 9,00,000 a year under the new regime. Estimated annual tax worked out to about Rs 48,000 (including cess). Divided by twelve, payroll deducts roughly Rs 4,000 each month, deposits it by the 7th, and reports it in Form 24Q.

At year-end the employee receives Form 16 -- Part A showing the TDS deposited, Part B the salary breakup -- and files a return in minutes, owing nothing more. 'The number was never hard,' Suraj told Rohan. 'Annual tax, divided by twelve. The mess only came from guessing instead of projecting.'

THE VISUAL -- SALARY TDS, DONE RIGHT

How it is computed, a real employee calculation, the deposit and return cycle, and Form 16.

▲ SALARY TDS = THE EMPLOYEE'S ANNUAL TAX, SPREAD OVER 12 MONTHS.

Project the year, apply the regime and declarations, deduct one-twelfth monthly, and issue Form 16. Guessing creates year-end shocks and angry staff.

DEPOSIT BY	RETURN	FORM 16 BY	BASIS
7th	**Form 24Q**	**15 June**	**Annual / 12**

A WORKED EMPLOYEE CALCULATION (Rs)

FROM SALARY TO MONTHLY TDS -- NEW REGIME (RS)

THEN THE TAX, SPREAD OVER 12 ■ TEMPLATE

Step	Amount (Rs)
Taxable income (new regime)	8,25,000
Estimated annual tax + cess	~48,000
Monthly TDS (tax / 12)	~4,000
Deposited by 7th, reported in 24Q	Every month

ƒ Annual tax divided by twelve. Re-project mid-year if salary or declarations change.

THE SALARY TDS CYCLE

DECLARE regime + investments → **PROJECT** annual tax → **DEDUCT** 1/12 monthly → **FORM 16** by 15 June

FORM 16 -- THE CERTIFICATE STAFF NEED

INSIDE FORM 16	
Part A	TDS deducted and deposited, quarter by quarter
Part B	Salary breakup, deductions, and tax computed
Due date	Issue to every employee by 15 June
Why it matters	Without it, staff cannot file their returns easily

WHAT THIS MEANS

Form 16 is not a formality -- it is how each employee proves their tax was paid and files their return. Missing or late Form 16 turns your payroll problem into 34 personal problems.

GET-IT-WRONG COSTS ■ TEMPLATE

Default	Consequence
Under-deducted TDS	Employee faces a year-end tax demand
Over-deducted TDS	Employee's cash blocked till refund
Late deposit	1.5% per month interest
Late / no Form 16	Penalty + staff cannot file returns

ƒ Both over- and under-deduction hurt -- one blocks employee cash, the other shocks them at year-end.

▲ RED FLAG

Payroll that deducts a flat or guessed TDS, ignoring each employee's regime and declarations, guarantees year-end disputes and refund delays. Project properly, per employee.

◆ THE FOUNDER'S MOVE

Collect regime and investment declarations early in the year, project each employee's annual tax, deduct one-twelfth monthly, and issue Form 16 by 15 June -- without fail.

SALARY TDS CHECKLIST

- ! Regime + investment declarations collected from staff
- ■ Annual tax projected per employee
- ■ One-twelfth deducted and deposited monthly by the 7th
- ■ Form 24Q filed each quarter
- ■ Form 16 issued to every employee by 15 June

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, payroll guessed at TDS and scrambled at year-end. After it, it projects per employee and issues Form 16 cleanly.

After this chapter, the group makes three specific changes:

From guessing to projecting

Salary TDS is the projected annual tax divided by twelve -- not a flat guess.

From flat to per-employee

Each employee's regime and declarations drive their own deduction.

From scramble to certificate

Form 16 is issued by 15 June so every employee files easily.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Ask payroll how monthly salary TDS is calculated. If the answer is not 'projected annual tax divided by twelve', it is guesswork.

2. Confirm you collect regime and investment declarations at the start of the year -- that is what makes the projection accurate.

3. Check that Form 16 went to every employee by 15 June last year. If not, that is a penalty and a staff problem you can fix this year.

SURAJ SAYS

SURAJ SAYS

Rohan, your staff were not angry about tax -- they were angry about surprises. Salary TDS is the most predictable number in payroll: annual tax, divided by twelve, with a Form 16 at the end. Predict it, and the anger disappears.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Salary TDS is each employee's projected annual tax spread over twelve months -- deducted monthly, deposited by the 7th, reported in Form 24Q, and certified in Form 16 by 15 June.

At Maa Amba Jagdamba, projecting per employee turned a year-end mess into clean payroll, with every staff member able to file in minutes.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Salary TDS is the employee's annual tax, divided over twelve months.
02	Project annual salary, apply the chosen regime and declarations, then deduct.
03	Deposit deducted salary TDS by the 7th of the next month.
04	File Form 24Q quarterly for salary TDS.
05	Issue Form 16 to every employee by 15 June.
06	Form 16 Part A shows TDS deposited; Part B shows the salary breakup.
07	Both over- and under-deduction hurt employees -- project accurately.
08	Without Form 16, staff cannot file their returns -- it is not optional.

WHAT'S NEXT | CHAPTER 6

Income Tax for Founders: Slabs, Advance Tax, and How You Are Taxed

The Two Layers of Tax on a Company Owner -- and the Four Advance-Tax Dates

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

06

Income Tax for Founders: Slabs, Advance Tax, and How You Are Taxed

The Two Layers of Tax on a Company Owner -- and the Four Advance-Tax Dates

CASE: MAA AMBA JAGDAMBA PVT LTD	Company Tax + Personal Tax | Advance Tax x4 | Maa Amba Jagdamba

INTRODUCTION

Rohan assumed that once Maa Amba Jagdamba paid its corporate tax, he was done. Then a Rs 1.1 lakh interest demand arrived for unpaid advance tax on his personal income -- salary plus dividend -- which he had never planned for. 'As a Pvt Ltd founder, you are taxed twice over,' Suraj explained. 'The company pays tax on its profit, and you pay tax personally on the salary and dividend you take out. And both of you owe advance tax, in four installments, through the year.'

A company founder sits in two tax systems at once: the company's and their own. This chapter shows how each is taxed, the slabs that apply, and the four advance-tax dates that catch owners who plan only for the year-end.

WHAT THIS CHAPTER COVERS

-> The two layers: company tax and personal tax

-> Corporate tax rates for a Pvt Ltd

-> Personal slabs on salary and dividend

-> Advance tax: the four dates

-> The interest for getting advance tax wrong

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand the two layers of tax on a founder
* Know the corporate tax rate your company pays
* Know how your salary and dividend are taxed
* Pay advance tax on the four due dates
* Avoid 234B/234C interest

THE ONE QUESTION

You know your company pays tax -- but are you planning and paying advance tax on your own salary and dividend through the year?

THE SIMPLE TRUTH

A Pvt Ltd founder is taxed in two layers. First, the company pays corporate tax on its profit (a domestic company is broadly taxed around 25% plus surcharge and cess, lower under concessional schemes). Then, what you take out is taxed in your own hands -- salary at slab rates, dividend at slab rates too. And both the company and you must pay advance tax in four installments through the year, or face interest under sections 234B and 234C.

SURAJ AT MAA AMBA JAGDAMBA

Rohan's picture, once Suraj mapped it: Maa Amba Jagdamba earned, say, Rs 80 lakh taxable profit and paid roughly Rs 20-21 lakh corporate tax on it. Separately, Rohan drew Rs 18 lakh salary and took a dividend, on which he owed personal tax at slab rates -- the part he had ignored.

Because he had paid no advance tax on that personal income, sections 234B and 234C added about Rs 1.1 lakh of interest. 'The tax you would always have paid,' Suraj said. 'The Rs 1.1 lakh interest was avoidable -- it was simply the price of not paying it in four installments through the year.'

THE VISUAL -- HOW A FOUNDER IS TAXED

The two layers, the rates, the four advance-tax dates, and the interest for missing them.

▲ YOU ARE TAXED TWICE: THE COMPANY ON ITS PROFIT, AND YOU ON WHAT YOU TAKE OUT.

Both owe advance tax in four installments. Plan only for year-end and 234B/234C interest is automatic.

COMPANY TAX	YOUR SALARY/DIVIDEND	ADVANCE TAX	MISS IT
~25%	**Slab rates**	**4 dates**	**234B/234C**

THE TWO LAYERS OF TAX

COMPANY PROFIT — ~25% corporate tax → **DIVIDEND OUT** — slab tax on you → **SALARY OUT** — slab tax on you → **BOTH** — owe advance tax

CORPORATE + PERSONAL RATES (CONFIRM CURRENT YEAR)

WHERE THE RATES SIT ■ TEMPLATE

Tax	Rate (indicative)	Note
Domestic company (turnover < 400 Cr)	25% + surcharge + cess	~26-27% effective
Concessional company (no exemptions)	22% + surcharge + cess	Section 115BAA
New manufacturing company	15% + surcharge + cess	Section 115BAB
Founder salary + dividend	Personal slab rates	Old or new regime

ƒ Rates and surcharge change each Budget -- always confirm for the relevant financial year.

ADVANCE TAX -- THE FOUR DATES

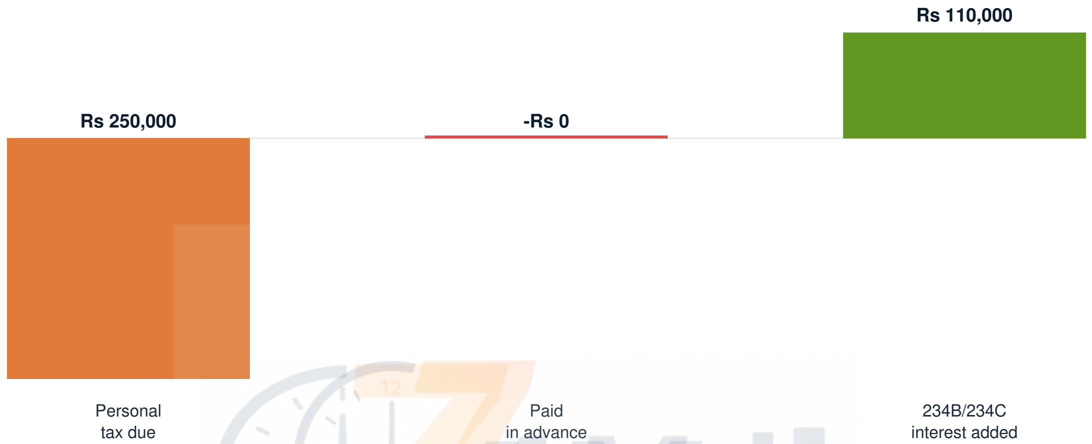
PAY AS YOU EARN ■ TEMPLATE

By date	Cumulative advance tax due

15 June	15% of the year's tax
15 September	45% (cumulative)
15 December	75% (cumulative)
15 March	100% (cumulative)

ƒ Applies to both the company and you personally, once tax for the year exceeds Rs 10,000.

ROHAN'S AVOIDABLE INTEREST (RS)



WHAT THIS MEANS

Advance tax does not increase your tax -- it only times it. Paying it in four installments costs nothing extra; skipping it adds 234B/234C interest on top of tax you owed anyway.

▲ RED FLAG

Planning your personal tax only at year-end, while drawing salary and dividend all year, guarantees 234B/234C interest. The company's tax being paid does not cover your personal liability.

◆ THE FOUNDER'S MOVE

Map both layers early: estimate the company's tax and your personal tax on salary plus dividend, and pay advance tax on all four dates -- for the company and for yourself.

THE COST OF MISSING ADVANCE TAX ■ TEMPLATE

Section	What it charges
234B	1% per month if advance tax under 90% paid
234C	1% per month for missing each installment
Together	Can add over a lakh on a modest personal income

ƒ Pure interest -- entirely avoidable by paying in installments.

FOUNDER INCOME-TAX CHECKLIST

!	Both layers understood -- company tax and personal tax
■	Company advance tax paid on all four dates
■	Personal advance tax on salary + dividend planned
!	Dividend income included in personal estimate
■	Correct corporate rate / scheme confirmed for the year

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan thought the company's tax was the whole story. After it, he plans both layers and pays advance tax on time.

After this chapter, the group makes three specific changes:

From one layer to two

The company is taxed on profit; the founder is taxed again on salary and dividend taken out.

From year-end to four dates

Advance tax is paid in installments through the year -- by both the company and the owner.

From surprise interest to nil

Planning both layers early removes 234B/234C interest entirely.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Estimate your personal income this year -- salary plus dividend -- and the tax on it. Are you paying that in advance, or only at year-end?

2. Check whether your company paid advance tax on all four dates. Missing installments adds 234C interest even if the year-end tax is paid.

3. Confirm the corporate tax rate or concessional scheme your company is on -- the difference between 25% and 22% on a large profit is real money.

SURAJ SAYS

SURAJ SAYS

Rohan, the Rs 1.1 lakh was never tax -- it was interest for paying late. You owed the tax regardless. Advance tax is simply paying what you owe in four pieces instead of one. Do that, and the interest disappears.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

A founder is taxed in two layers -- the company on its profit, and the owner on salary and dividend -- and both must pay advance tax in four installments to avoid 234B/234C interest.

Rohan's Rs 1.1 lakh interest was entirely avoidable: tax he owed anyway, made expensive only by not paying it through the year.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	A Pvt Ltd founder is taxed twice: company profit, then salary and dividend.
02	A domestic company is broadly taxed around 25% (lower under concessional schemes).
03	Salary and dividend are taxed in your hands at personal slab rates.
04	Advance tax is due 15 Jun (15%), 15 Sep (45%), 15 Dec (75%), 15 Mar (100%).
05	Both the company and you owe advance tax once liability exceeds Rs 10,000.
06	Missing it triggers 234B and 234C interest at 1% per month.
07	Advance tax does not raise your tax -- it only times it.
08	The company paying its tax does not cover your personal advance tax.

WHAT'S NEXT | CHAPTER 7

Old Regime vs New Regime: Which One Actually Saves You Tax

A Clear Decision Based on One Thing -- How Many Deductions You Really Have

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

07

Old Regime vs New Regime: Which One Actually Saves You Tax

A Clear Decision Based on One Thing -- How Many Deductions You Really Have

CASE: MAA AMBA JAGDAMBA PVT LTD	New = Low Rates, No Deductions | Old = High Rates, Deductions | Maa Amba Jagdamba

INTRODUCTION

Every March, Rohan and his staff argued about the same thing: old regime or new? Some had picked one on a colleague's advice and lost money. 'Stop guessing,' Suraj said. 'The choice comes down to a single question -- do you have enough genuine deductions to beat the new regime's lower rates? Add up your real deductions, compare the two, and the answer is obvious. It is arithmetic, not opinion.'

The old-versus-new regime choice confuses most taxpayers, but it reduces to one comparison. This chapter lays out both regimes, shows the break-even, and gives a clear rule for who should pick which -- with real numbers, not opinions.

WHAT THIS CHAPTER COVERS

-> What each regime offers

-> The trade-off: rates versus deductions

-> The break-even point

-> Who should pick which

-> A side-by-side comparison in rupees

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand what each regime gives up and gains
* See the rates-versus-deductions trade-off
* Find your break-even on deductions
* Decide which regime fits your situation
* Compare the two with real numbers

THE ONE QUESTION

Do you actually add up your genuine deductions and compare both regimes -- or pick one on a colleague's advice and hope?

THE SIMPLE TRUTH

The two regimes trade rates for deductions. The new regime has lower slab rates but allows almost no deductions; the old regime has higher rates but lets you claim 80C, home-loan interest, HRA, 80D and more. So the answer depends entirely on your deductions: if you have large genuine deductions -- a home loan, HRA, full 80C -- the old regime usually wins; if you have few, the new regime's lower rates win. It is a comparison, not a belief.

SURAJ AT MAA AMBA JAGDAMBA

Suraj ran it for two Maa Amba Jagdamba employees on the same Rs 12 lakh salary. One rented a home, paid a home loan, and used full 80C -- roughly Rs 4.5 lakh of deductions; for him the old regime was clearly cheaper. The other, young with no loan and minimal investments, paid less under the new regime's lower rates.

Same salary, opposite answers -- driven only by deductions. 'There is no universally better regime,' Suraj told them. 'There is only the one that is better for your deductions. Run both, pick the lower tax, and revisit it each year as your deductions change.'

THE VISUAL -- OLD VS NEW -- THE CLEAR DECISION

What each regime gives, the break-even on deductions, who picks which, and a rupee comparison.

▲ THE REGIME CHOICE COMES DOWN TO ONE THING: HOW MANY GENUINE DEDUCTIONS YOU HAVE.

Big deductions (home loan, HRA, full 80C) favour the old regime. Few deductions favour the new regime's lower rates. Run both -- it is arithmetic.

NEW REGIME	OLD REGIME	DECIDER	ACTION
Low rate, no claims	**High rate, deductions**	**Your deductions**	**Run both**

WHAT EACH REGIME ALLOWS

THE TRADE-OFF ■ TEMPLATE

Feature	New Regime	Old Regime
Slab rates	Lower	Higher
80C (Rs 1.5L)	Not allowed	Allowed
Home loan interest	Not allowed	Allowed (up to Rs 2L)
HRA exemption	Not allowed	Allowed
Standard deduction	Allowed	Allowed

ƒ New regime strips deductions for lower rates; old regime keeps deductions at higher rates.

SAME SALARY, OPPOSITE ANSWERS (Rs 12 LAKH)

TWO EMPLOYEES COMPARED ■ TEMPLATE

Person	Deductions	Cheaper regime
Home loan + HRA + full 80C	~Rs 4.5 lakh	Old regime
Young, renting cheaply, minimal 80C	~Rs 0.75 lakh	New regime
Moderate investor	~Rs 2 lakh	Run both -- close

ƒ Identical salary, different deductions, opposite winners. The deductions decide everything.

THE RULE OF THUMB

WHO PICKS WHICH	
Few / no deductions	New regime -- lower rates win
Large deductions	Old regime -- claims beat the rate gap
Near the break-even	Run both regimes and pick the lower tax
Every year	Re-check -- your deductions change over time

WHAT THIS MEANS

There is no 'better' regime in the abstract. The new regime rewards simplicity; the old regime rewards genuine deductions. Your own numbers are the only valid comparison.

▲ RED FLAG

Picking a regime because a colleague did, or sticking with last year's by default, is how people overpay. The right regime can flip year to year as loans, rent, and investments change.

◆ THE FOUNDER'S MOVE

Each year, total your genuine deductions, compute tax under both regimes, and choose the lower. For salaried staff, collect this choice early so payroll deducts correctly.

REGIME DECISION CHECKLIST	
■	All genuine deductions totalled (80C, HRA, loan, 80D)
!	Tax computed under both regimes
■	Lower-tax regime selected
■	Choice revisited this year, not carried over blindly

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, the regime was a guess or a default. After it, it is a yearly arithmetic comparison.

After this chapter, the group makes three specific changes:

From opinion to arithmetic

The regime is chosen by computing tax under both -- not by advice or habit.

From one answer to your answer

The right regime depends on your deductions, not on what suits someone else.

From set-and-forget to yearly

The choice is re-checked annually as deductions change.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Total your genuine deductions this year -- 80C, home loan interest, HRA, 80D. That number decides your regime.

2. Compute your tax under both regimes (the portals do it free) and pick the lower. Do not rely on last year's choice.

3. If you employ staff, collect their regime choice early in the year so salary TDS is deducted correctly from month one.

SURAJ SAYS

SURAJ SAYS

Rohan, two people on the same salary can have opposite right answers. That is the whole point -- the regime is personal arithmetic. Add up your deductions, run both, pick the lower. Anyone who tells you one regime is always better is guessing.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

The old-versus-new choice is decided by one thing -- your genuine deductions: large deductions favour the old regime, few favour the new regime's lower rates.

Two Maa Amba Jagdamba employees on the same salary picked opposite regimes, correctly -- because their deductions differed. Run both, pick the lower, re-check yearly.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	New regime: lower rates, almost no deductions.

02	Old regime: higher rates, but 80C, HRA, home loan, 80D allowed.
03	The choice depends entirely on how many genuine deductions you have.
04	Large deductions usually favour the old regime.
05	Few deductions usually favour the new regime's lower rates.
06	Near the break-even, compute both and pick the lower tax.
07	Two people on the same salary can have opposite right answers.
08	Re-check the choice every year -- deductions change over time.

WHAT'S NEXT | CHAPTER 8

Section 80C and Tax-Saving Investments: What Actually Works

The Deductions That Cut Your Tax -- and Why You Invest for Goals, Not Just to Save Tax

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

08

Section 80C and Tax-Saving Investments: What Actually Works

The Deductions That Cut Your Tax -- and Why You Invest for Goals, Not Just to Save Tax

CASE: MAA AMBA JAGDAMBA PVT LTD	80C up to Rs 1.5L | NPS +Rs 50k | 80D Health | Old Regime Only | Maa Amba Jagdamba

INTRODUCTION

Every March, Rohan's staff scrambled to buy random insurance policies to 'save tax', often products they did not need and could not exit. 'Tax-saving is real, but only under the old regime, and only if you invest in the right things,' Suraj said. 'The deductions are genuine -- 80C, NPS, health insurance. But buy them for your goals, claim the tax benefit as a bonus, and never the other way round.'

Under the old regime, a set of deductions can meaningfully cut your tax -- led by Section 80C. This chapter covers what qualifies, how much you can save, and the discipline of investing for goals rather than panic-buying every March.

WHAT THIS CHAPTER COVERS

-> Section 80C and its Rs 1.5 lakh limit

-> NPS, health insurance, and other deductions

-> How much tax you actually save

-> Old regime only -- the catch

-> Investing for goals, not just for tax

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Know what qualifies under Section 80C
* Use NPS and 80D beyond 80C
* Quantify the tax you save by investing
* Remember these need the old regime
* Avoid buying bad products just to save tax

THE ONE QUESTION

Are your tax-saving investments things you would own anyway for your goals -- or products you panic-buy every March to claim a deduction?

THE SIMPLE TRUTH

Under the old regime, Section 80C lets you deduct up to Rs 1.5 lakh for things like PPF, ELSS, EPF, life insurance premiums, tuition fees, and home-loan principal. On top, NPS gives an extra Rs 50,000 under 80CCD(1B), and health insurance up to Rs 25,000-plus under 80D. These cut your taxable income -- but only in the old regime, and only if the underlying investment is one you actually want.

SURAJ AT MAA AMBA JAGDAMBA

For a Maa Amba Jagdamba employee in the 30% bracket on the old regime, Suraj showed the real maths. Using the full Rs 1.5 lakh of 80C (much of it already covered by EPF and a home-loan principal), plus Rs 50,000 NPS and Rs 25,000 health insurance, gave Rs 2.25 lakh of deductions -- saving roughly Rs 70,000 in tax.

But Suraj's warning mattered more than the number: 'Most of your 80C was already filled by EPF and your home loan -- you did not need to buy a single new policy. Tax-saving should follow your goals, not drive bad purchases. The deduction is a bonus on a good decision, never the reason for a bad one.'

THE VISUAL -- TAX-SAVING THAT ACTUALLY WORKS

What qualifies, how much you save at different levels, the old-regime catch, and the goals-first rule.

▲ 80C AND FRIENDS CUT REAL TAX -- BUT ONLY UNDER THE OLD REGIME, AND ONLY ON INVESTMENTS YOU ACTUALLY WANT.

Invest for your goals and claim the deduction as a bonus. Never buy a bad product just to save tax.

80C LIMIT	NPS EXTRA	HEALTH 80D	ONLY IN
Rs 1.5L	**Rs 50k**	**Rs 25k+**	**Old regime**

WHAT QUALIFIES

THE MAIN DEDUCTIONS ■ TEMPLATE

Deduction	Limit	Examples
Section 80C	Rs 1.5 lakh	PPF, ELSS, EPF, LIC, tuition, home-loan principal
NPS 80CCD(1B)	Rs 50,000	Extra, over and above 80C
Health 80D	Rs 25,000+	Health insurance (more for senior parents)
Home-loan interest	Rs 2 lakh	Section 24(b), separate from 80C

ƒ Much of 80C is often already used by EPF and home-loan principal -- check before buying anything new.

HOW MUCH YOU ACTUALLY SAVE (30% BRACKET, OLD REGIME)

TAX SAVED BY INVESTMENT LEVEL

METRIC	BEST CASE	BASE CASE	WORST CASE
80C used	**Rs 1.5L**	Rs 75k	**Rs 0**
NPS 80CCD(1B)	**Rs 50k**	Rs 0	**Rs 0**
80D health	**Rs 25k**	Rs 25k	**Rs 0**
Total deduction	**Rs 2.25L**	Rs 1.0L	**Rs 0**

Approx tax saved	**~Rs 70k**	~Rs 31k	**Rs 0**

Assumptions: Full / partial / none, in the 30% bracket. New regime: most of these do not apply.

WHAT THIS MEANS

The deduction is worth your top tax rate on the amount invested -- about 30 paise saved per rupee in the top bracket. Useful, but never a reason to lock money into a product you do not want.

▲ RED FLAG

March-end insurance policies bought only for 80C are the classic mistake -- high cost, poor returns, hard to exit. The tax saved rarely justifies a bad 30-year product.

◆ THE FOUNDER'S MOVE

List the 80C you already use (EPF, home-loan principal), fill the gap with investments you genuinely want (PPF, ELSS), add NPS and health cover, and only then count the tax saved.

TAX-SAVING CHECKLIST	
!	Confirmed you are on the old regime (else these do not apply)
■	Existing 80C from EPF and home loan counted first
■	Gap filled with investments you actually want
■	NPS and health insurance considered for extra deduction
✗	No product bought purely to save tax

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, staff panic-bought policies every March. After it, they invest for goals and claim the deduction as a bonus.

After this chapter, the group makes three specific changes:

From panic to plan

Tax-saving investments are chosen for goals, with the deduction as a bonus.

From new products to existing

EPF and home-loan principal often fill most of 80C already.

From any regime to old only

These deductions work only under the old regime -- confirm first.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Add up the 80C you already use through EPF and home-loan principal. You may have far less gap to fill than you think.

2. If you are on the old regime, consider NPS (extra Rs 50k) and health insurance (80D) -- both genuinely useful beyond the tax.

3. Never buy an insurance or investment product in March purely for the deduction. If you would not buy it in June, do not buy it for tax.

SURAJ SAYS

SURAJ SAYS

Rohan, the tax tail should never wag the investment dog. Save into things you would want anyway, and let the deduction be the reward. The worst financial decisions I see are good people buying bad products every March to save a little tax.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Section 80C, NPS, and 80D genuinely cut tax under the old regime -- up to Rs 2 lakh-plus of deductions -- but they only help if the underlying investment is one you actually want.

A Maa Amba Jagdamba employee saved about Rs 70,000 mostly from EPF and a home loan already in place -- no panic policy required.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Section 80C allows up to Rs 1.5 lakh in deductions under the old regime.
02	PPF, ELSS, EPF, LIC, tuition, and home-loan principal all qualify.
03	NPS adds Rs 50,000 under 80CCD(1B), over and above 80C.
04	Health insurance gives Rs 25,000-plus under 80D.

05	These deductions apply only under the old regime.
06	Tax saved equals your top slab rate on the amount invested.
07	Much of 80C is often already used by EPF and home-loan principal.
08	Invest for goals first; treat the deduction as a bonus, never the reason.

WHAT'S NEXT | CHAPTER 9

Payroll, PF, and ESI: Running Compliant Payroll

The Deductions, the Deposit Date, and the Personal Liability Founders Forget

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

09

Payroll, PF, and ESI: Running Compliant Payroll

The Deductions, the Deposit Date, and the Personal Liability Founders Forget

CASE: MAA AMBA JAGDAMBA PVT LTD	34 Employees | PF 12%+12% | ESI for Lower Wages | Deposit by 15th | Maa Amba Jagdamba

INTRODUCTION

With 34 employees, Maa Amba Jagdamba had crossed every payroll threshold -- but Rohan had been depositing PF late and had not registered some staff for ESI. Then he learned the part that worried him most: for PF defaults, directors can be held personally liable. 'Payroll compliance is not just deductions,' Suraj said. 'PF and ESI are the employees' money you hold in trust. Deposit it late and you owe interest and damages -- and the liability can follow you personally.'

Once a business crosses around 20 employees, PF and ESI become compulsory, and payroll turns into a monthly compliance with real teeth. This chapter covers who is covered, the rates, the deposit date, and the personal liability founders too often ignore.

WHAT THIS CHAPTER COVERS

-> When PF and ESI become compulsory

-> The rates and wage ceilings

-> Deposit dates and returns

-> Interest, damages, and personal liability

-> A real month of payroll compliance

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Know when PF and ESI apply
* Apply the correct rates and ceilings
* Deposit and file on time
* Understand the personal liability for defaults
* Run payroll as money held in trust

THE ONE QUESTION

Are you depositing PF and ESI by the due date every month -- knowing that, for PF, the liability can reach you personally?

THE SIMPLE TRUTH

PF (Provident Fund) becomes compulsory at around 20 employees: 12% from the employer and 12% from the employee, on basic wages (with a Rs 15,000 statutory ceiling). ESI applies to employees earning up to about Rs 21,000 a month: 3.25% employer and 0.75% employee. Both must be deposited by the 15th of the next month and returns filed. These are employees' funds held in trust -- late deposit means interest, damages, and, for PF, potential personal liability of the directors.

SURAJ AT MAA AMBA JAGDAMBA

Maa Amba Jagdamba's monthly payroll, once Suraj cleaned it up: PF deducted at 12% from each covered employee, matched 12% by the company, on basic up to the Rs 15,000 ceiling; ESI at 0.75% from lower-wage staff, matched 3.25% by the company. All deposited by the 15th, with the ECR filed.

The earlier late deposits had cost interest plus damages -- and Suraj's real point was the exposure: 'This is not the company's money you are sitting on, it is your staff's. The law treats delay seriously enough that directors can be personally liable for PF defaults. That is why this date, the 15th, is non-negotiable.'

THE VISUAL -- PAYROLL COMPLIANCE WITH TEETH

When PF and ESI apply, the rates, the deposit date, and the personal liability behind a late payment.

▲ PF AND ESI ARE YOUR EMPLOYEES' MONEY, HELD IN TRUST -- DEPOSIT BY THE 15th.

Late deposit means interest plus damages, and for PF the liability can reach the directors personally. This is not the company's cash to delay.

PF APPLIES	PF RATE	ESI WAGE LIMIT	DEPOSIT BY
~20+ staff	12% + 12%	Rs 21k	15th

WHO IS COVERED, AT WHAT RATE

PF AND ESI BASICS ■ TEMPLATE

Item	PF	ESI
Applies when	~20+ employees	Staff earning up to ~Rs 21k/mo
Employer share	12% of basic	3.25% of wages
Employee share	12% of basic	0.75% of wages
Wage ceiling	Rs 15,000 basic	Rs 21,000/month
Deposit by	15th of next month	15th of next month

ƒ Rates and ceilings are set by statute -- confirm current figures, but the 15th is the constant.

A REAL MONTH AT MAA AMBA JAGDAMBA (Rs)

PAYROLL COMPLIANCE SNAPSHOT ■ TEMPLATE

Item	Amount (Rs)
Gross monthly payroll	~14,00,000
PF (employee + employer)	On basic, both 12%
ESI (lower-wage staff)	0.75% + 3.25%
All deposited by	15th of next month

ƒ Employee shares are deducted from pay; employer shares are a company cost -- both deposited together.

THE COST OF DELAY

DEDUCT employee share → **ADD** employer share → **DEPOSIT** by 15th → **FILE** ECR / returns

INTEREST, DAMAGES, LIABILITY ■ TEMPLATE

Default	Consequence
Late PF deposit	Interest + damages on the delay
Persistent PF default	Directors can be personally liable
ESI not deducted	Company bears the cost + penalty
Staff not registered	Benefits denied + compliance action

ƒ PF default is treated as withholding employees' money -- the seriousness is why personal liability exists.

WHAT THIS MEANS

PF and ESI are deducted from staff and matched by you, then deposited as their funds. Delaying them is closer to withholding wages than to a late tax -- which is why the consequences are personal.

▲ RED FLAG

Treating PF and ESI deposits as flexible cash-flow timing is dangerous -- the damages mount and, for PF, the directors' own assets can be at risk. The 15th is a hard line.

◆ THE FOUNDER'S MOVE

Register every eligible employee, deduct PF and ESI correctly, and deposit by the 15th without fail -- ahead of discretionary payments, because this is trust money with personal liability attached.

PAYROLL COMPLIANCE CHECKLIST

- ! PF registered and applied once ~20 employees reached
- ! ESI applied for all staff under the wage limit
- ■ Correct rates on the correct wage base
- ✗ PF and ESI deposited by the 15th every month
- ■ ECR and ESI returns filed on time

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, PF and ESI were flexible cash-flow items. After it, they are trust money deposited by the 15th, ahead of everything else.

After this chapter, the group makes three specific changes:

From company cash to trust money

PF and ESI are employees' funds you hold -- not the company's to delay.

From flexible to fixed

The 15th is a hard deposit date, because damages and liability follow delay.

From corporate to personal risk

PF defaults can reach the directors personally -- the strongest reason to pay on time.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Confirm every eligible employee is registered for PF and, where the wage qualifies, ESI. Unregistered staff are an open compliance gap.

2. Check your last six months: was PF/ESI always deposited by the 15th? Late deposits quietly accumulate interest and damages.

3. Internalise the personal-liability point for PF -- and make the 15th deposit a priority above discretionary spending.

SURAJ SAYS

SURAJ SAYS

Rohan, of all the dates in this book, the 15th for PF is the one I will not let you treat as flexible. That is your staff's retirement money, and the law can come to you personally for it. Pay it first, every month.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

PF (12% + 12%) and ESI (employer and employee shares) become compulsory as you grow, must be deposited by the 15th, and are employees' funds held in trust -- with personal liability for PF defaults.

Maa Amba Jagdamba's cleaned-up payroll deposits both by the 15th, ahead of discretionary spend, because the consequences of delay are interest, damages, and personal exposure.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	PF becomes compulsory at around 20 employees: 12% employer + 12% employee.
02	PF is on basic wages, with a Rs 15,000 statutory ceiling.
03	ESI applies to staff earning up to about Rs 21,000: 3.25% + 0.75%.
04	Both PF and ESI are deposited by the 15th of the next month.
05	These are employees' funds held in trust, not company cash.
06	Late deposit triggers interest and damages.
07	PF defaults can make directors personally liable.
08	Pay PF and ESI ahead of discretionary spending, every month.

WHAT'S NEXT | CHAPTER 10

Professional Tax, Shops Act, and Labour Law: The Forgotten Layer

The Small State Registrations and Rules That Are Easy to Miss and Awkward to Explain

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

10

Professional Tax, Shops Act, and Labour Law: The Forgotten Layer

The Small State Registrations and Rules That Are Easy to Miss and Awkward to Explain

CASE: MAA AMBA JAGDAMBA PVT LTD	Shops Act Registration | Professional Tax (State) | Basic Labour Law | Maa Amba Jagdamba

INTRODUCTION

Maa Amba Jagdamba was diligent on GST and income tax, yet had never registered under the Maharashtra Shops and Establishment Act, was not deducting professional tax from salaries, and had no clarity on gratuity or bonus. An inspector's visit made the gaps suddenly expensive. 'This is the layer founders forget,' Suraj said. 'It is not big money, but it is law -- state registrations and labour rules that are cheap to comply with and embarrassing to be caught missing.'

Beyond the headline taxes sits a quieter layer of state registrations and labour obligations. This chapter covers the Shops Act, professional tax, and the basic labour laws every employer must respect -- small individually, but a real exposure when ignored together.

WHAT THIS CHAPTER COVERS

-> The Shops and Establishment Act registration

-> Professional tax: small, monthly, state-specific

-> Basic labour laws every employer must meet

-> Why this layer gets missed

-> Closing the gaps cheaply

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Register under the Shops and Establishment Act
* Deduct and deposit professional tax correctly
* Meet the core labour-law obligations
* Understand why this layer is overlooked
* Close these gaps before an inspection

THE ONE QUESTION

Are you registered under your state's Shops Act, deducting professional tax, and meeting basic labour law -- or is this the layer you have quietly skipped?

THE SIMPLE TRUTH

Most states require any commercial establishment to register under the Shops and Establishment Act, and to deduct professional tax from salaries -- a small state levy, in Maharashtra up to about Rs 2,500 a year per employee, deposited and returned to the state. Alongside sit core labour laws: minimum wages, gratuity (after five years of service), statutory bonus, paid leave, and a POSH committee. None is large, but together they are a genuine compliance the headline taxes can overshadow.

SURAJ AT MAA AMBA JAGDAMBA

Closing Maa Amba Jagdamba's gaps was quick and cheap once Suraj listed them. The company registered under the Maharashtra Shops Act, started deducting professional tax (a few hundred rupees a month per employee, capped near Rs 2,500 a year), and documented its position on gratuity, bonus, leave, and a POSH committee.

The cost of compliance was trivial; the cost of being caught without it had not been. 'You were perfect on GST and blank on this,' Suraj told Rohan. 'Inspectors notice the blanks. This layer is cheap to fix and awkward to defend if you have not -- so just close it.'

THE VISUAL -- THE FORGOTTEN COMPLIANCE LAYER

Shops Act registration, professional tax, the core labour laws, and how to close the gaps.

▲ SMALL STATE REGISTRATIONS AND LABOUR LAWS ARE STILL LAW -- CHEAP TO COMPLY WITH, AWKWARD TO BE CAUGHT MISSING.

Shops Act, professional tax, gratuity, bonus, POSH -- none is large, but together they are a real exposure when skipped.

SHOPS ACT	PROF. TAX (MH)	GRATUITY	POSH
Register	**~Rs 2,500/yr**	**After 5 yrs**	**Committee**

THE STATE REGISTRATIONS

SHOPS ACT + PROFESSIONAL TAX	
Shops & Establishment Act	Register your commercial premises with the state
Professional tax	Small monthly levy deducted from salaries (state-specific)
Maharashtra PT cap	Around Rs 2,500 per year per employee
Filing	Deposit and return professional tax as the state requires

THE CORE LABOUR LAWS

WHAT EVERY EMPLOYER MUST MEET ■ TEMPLATE

Obligation	What it requires
Minimum wages	Pay at or above the state minimum for each role
Gratuity	Payable after 5 years of continuous service
Statutory bonus	For eligible employees, within wage limits
Paid leave	As per the Shops Act / labour rules
POSH	Internal committee against workplace harassment

ƒ Individually small; collectively the obligations an inspector checks first.

WHAT THIS MEANS

This layer is overlooked precisely because it is small and state-specific -- there is no large tax to focus the mind. But it is law, and the absence of a registration is the easiest thing for an inspector to spot.

WHY IT GETS MISSED -- AND HOW TO CLOSE IT

THE GAP AND THE FIX ■ TEMPLATE

Common gap	Cheap fix
No Shops Act registration	Register online with the state -- low fee
No professional tax deduction	Start deducting and depositing monthly
No POSH committee	Constitute one -- mandatory above 10 staff
Unclear on gratuity/bonus	Document the policy and provision for it

ƒ Every gap here is inexpensive to close -- the only real cost is being caught with it open.

▲ RED FLAG

Being meticulous on GST and income tax while blank on Shops Act, professional tax, and POSH is a common and visible mismatch -- exactly what an inspection surfaces.

◆ THE FOUNDER'S MOVE

Run a one-time sweep: register under the Shops Act, start professional tax, constitute a POSH committee, and document gratuity, bonus, and leave -- then keep them current. Cheap now, costly if found missing.

FORGOTTEN-LAYER CHECKLIST

- ✗ Registered under the state Shops and Establishment Act
- ! Professional tax deducted and deposited monthly
- ✗ POSH committee constituted (mandatory above 10 staff)
- ■ Minimum wages, gratuity, bonus, leave documented

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, this layer was invisible to Rohan. After it, it is a one-time sweep he keeps current.

After this chapter, the group makes three specific changes:

From invisible to checklist

The small state registrations and labour laws become an explicit list, not a blind spot.

From skipped to swept

A one-time sweep closes the gaps cheaply, before an inspection finds them.

From taxes-only to whole layer

Compliance includes the quiet state and labour rules, not just GST and income tax.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Confirm you are registered under your state's Shops and Establishment Act. If not, that is the first cheap gap to close.

2. Check whether professional tax is being deducted from salaries and deposited -- it is small, monthly, and easy to forget.

3. If you have more than 10 employees, confirm a POSH committee exists. Its absence is both a legal gap and a serious one.

SURAJ SAYS

SURAJ SAYS

Rohan, nobody fails because of professional tax -- it is a few hundred rupees. They get caught because the registration is simply missing while everything else is perfect. This layer is cheap. Just close it once and keep it current.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

The forgotten layer -- Shops Act registration, professional tax, and core labour laws like gratuity, bonus, and POSH -- is small in money but real in law, and easy for an inspection to catch.

Maa Amba Jagdamba closed every gap cheaply in a single sweep; the only expense it had risked was being found without them.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Most states require Shops and Establishment Act registration.
02	Professional tax is a small monthly state levy deducted from salaries.
03	In Maharashtra, professional tax caps near Rs 2,500 per year per employee.
04	Core labour laws: minimum wages, gratuity, bonus, paid leave, POSH.
05	Gratuity is payable after five years of continuous service.
06	A POSH committee is mandatory above ten employees.
07	This layer is missed because it is small and state-specific.
08	Every gap here is cheap to close -- and awkward to be caught missing.

WHAT'S NEXT | CHAPTER 11

Business Expenses and Deductions: Every Rupee You Can Legally Claim

Claiming What Is Yours, Avoiding What Is Disallowed, and the Two Traps That Cost the Most

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

11

Business Expenses and Deductions: Every Rupee You Can Legally Claim

Claiming What Is Yours, Avoiding What Is Disallowed, and the Two Traps That Cost the Most

CASE: MAA AMBA JAGDAMBA PVT LTD	Claim All Legitimate Costs | Cash > Rs 10k Disallowed | No-TDS = 30% Gone | Maa Amba Jagdamba

INTRODUCTION

Rohan was over-paying tax in two opposite ways at once: he was missing legitimate deductions like depreciation, while also claiming things that got disallowed -- large cash payments and expenses on which no TDS was deducted. 'Tax planning on expenses is simple,' Suraj said. 'Claim every genuine business cost, keep the proof, and avoid the two traps that get expenses thrown out -- big cash payments and missing TDS. Do both and your taxable profit is honest and minimised.'

Every legitimate business expense reduces taxable profit -- but only if it is genuine, documented, and not caught by a disallowance rule. This chapter covers what you can claim, what is commonly missed, and the two traps that quietly inflate your tax.

WHAT THIS CHAPTER COVERS

-> What counts as a deductible business expense

-> The deductions most founders miss

-> The two big disallowance traps

-> Documentation that survives scrutiny

-> Claiming fully without crossing the line

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Identify every legitimate deductible expense
* Capture commonly missed deductions like depreciation
* Avoid the cash and TDS disallowance traps
* Keep documentation that holds up
* Minimise taxable profit honestly

THE ONE QUESTION

Are you claiming every genuine business expense -- and are any of them quietly disallowed because of cash payments or missing TDS?

THE SIMPLE TRUTH

Any expense wholly for the business is deductible -- rent, salaries, travel, marketing, interest, professional fees -- and depreciation lets you write down assets over time. But two rules disallow otherwise-valid expenses: a single cash payment above Rs 10,000 is disallowed (Section 40A(3)), and any expense needing TDS where you did not deduct loses 30% (Section 40(a)(ia)). So the goal is to claim everything genuine, while never tripping those two wires.

SURAJ AT MAA AMBA JAGDAMBA

When Suraj reviewed Maa Amba Jagdamba's books, he found money lost on both sides. Rohan had not claimed full depreciation on warehouse racking and delivery vehicles -- a legitimate deduction simply missed. At the same time, a few large vendor payments made in cash, and contractor bills with no TDS, were exposed to disallowance.

Fixing both moved the needle: claiming the missed depreciation reduced taxable profit, while shifting payments to bank and deducting TDS protected the rest from disallowance. 'You were leaving real deductions on the table and risking the ones you took,' Suraj said. 'Honest, complete claiming -- with clean payments and TDS -- is the whole game.'

THE VISUAL -- CLAIM EVERYTHING GENUINE, TRIP NOTHING

What is deductible, what is missed, the two disallowance traps, and the documentation that holds.

▲ CLAIM EVERY GENUINE EXPENSE -- BUT A CASH PAYMENT OVER Rs 10,000 OR A MISSING TDS GETS IT DISALLOWED.

Two wires disallow otherwise-valid expenses: cash above Rs 10,000 (Sec 40A(3)) and no-TDS payments (30% under Sec 40(a)(ia)).

CASH LIMIT	NO-TDS LOSS	DEPRECIATION	RULE
Rs 10,000	**30%**	**Often missed**	**Genuine + proof**

WHAT YOU CAN CLAIM

DEDUCTIBLE BUSINESS EXPENSES ■ TEMPLATE

Category	Examples
Operating	Rent, salaries, utilities, transport, marketing
Finance	Interest on business loans, bank charges
Professional	Audit, legal, consultancy fees
Depreciation	Assets written down yearly (often under-claimed)
Other genuine	Travel, communication, repairs, insurance

ƒ If it is wholly for the business and documented, it is deductible -- including depreciation many forget.

THE TWO DISALLOWANCE TRAPS

WHAT GETS THROWN OUT ■ TEMPLATE

Trap	Rule	Effect
Cash payment over Rs 10,000	Section 40A(3)	Whole expense disallowed
Expense needing TDS, none deducted	Section 40(a)(ia)	30% disallowed
Personal expense in the books	Not business	Disallowed + scrutiny risk
No supporting document	Unproven	Disallowed on review

ƒ A genuine expense still gets disallowed if paid in cash, missing TDS, or undocumented.

WHAT THIS MEANS

Disallowance does not just deny the deduction -- it adds that amount back to your taxable profit and taxes it. Paying by bank and deducting TDS is how you keep deductions you are fully entitled to.

THE DEDUCTIONS FOUNDERS MISS

COMMONLY LEFT ON THE TABLE	
Depreciation	On equipment, vehicles, furniture, computers
Pre-paid / accrued costs	Genuine expenses not yet invoiced
Interest on business borrowing	Including director loans, if genuine
Director remuneration	Reasonable salary is a deductible cost

▲ RED FLAG

Two opposite mistakes coexist in most books: missing real deductions like depreciation, and claiming expenses that get disallowed for cash or no-TDS. Both raise your tax.

◆ THE FOUNDER'S MOVE

Claim every genuine expense including full depreciation, pay anything material by bank (never cash above Rs 10,000), deduct TDS where required, and keep a document for every claim.

EXPENSE CLAIMING CHECKLIST	
■	All genuine expenses claimed, including depreciation
✗	No single cash payment above Rs 10,000
!	TDS deducted on every payment that needs it
■	Personal expenses kept out of the business books
■	Supporting document held for every claim

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan both under-claimed and over-claimed. After it, he claims everything genuine and trips neither wire.

After this chapter, the group makes three specific changes:

From missing to claiming

Legitimate deductions like depreciation are fully claimed, not left on the table.

From cash to bank

Material payments go through the bank, avoiding the Rs 10,000 cash disallowance.

From no-TDS to TDS

Expenses needing TDS have it deducted, protecting the 30% from disallowance.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Are you claiming full depreciation on your equipment, vehicles, and fit-out? It is a legitimate deduction many businesses under-claim.

2. Scan your payments: any single cash payment above Rs 10,000? Each one risks the whole expense being disallowed -- shift to bank.

3. Cross-check expenses needing TDS against TDS actually deducted. Any gap is 30% of that expense at risk.

SURAJ SAYS

SURAJ SAYS

Rohan, you were paying extra tax twice -- by missing deductions you deserved and losing ones you took to silly traps. Claim everything genuine, pay by bank, deduct TDS, keep proof. That is honest tax planning, and it is the cheapest there is.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Every genuine, documented business expense is deductible -- including the depreciation founders often miss -- provided you avoid the two traps: cash payments above Rs 10,000 and expenses with no TDS deducted.

Maa Amba Jagdamba recovered missed depreciation and protected its other deductions by paying through the bank and deducting TDS -- claiming fully without crossing the line.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Every expense wholly for the business is deductible, with proof.
02	Depreciation writes assets down over time and is often under-claimed.
03	A single cash payment above Rs 10,000 is disallowed (Sec 40A(3)).
04	Expenses needing TDS, with none deducted, lose 30% (Sec 40(a)(ia)).
05	Disallowed amounts are added back to profit and taxed.
06	Personal expenses in the books invite disallowance and scrutiny.
07	Pay material amounts by bank and deduct TDS to protect deductions.
08	Claim everything genuine; keep a document behind every claim.

WHAT'S NEXT | CHAPTER 12

Director Salary vs Dividend: How Pvt Ltd Founders Pay Themselves

The Mix That Minimises Total Tax -- Across the Company and You Together

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

12

Director Salary vs Dividend: How Pvt Ltd Founders Pay Themselves

The Mix That Minimises Total Tax -- Across the Company and You Together

CASE: MAA AMBA JAGDAMBA PVT LTD

Salary = Deductible | Dividend = After-Tax | Balance Both | Maa Amba Jagdamba

INTRODUCTION

Rohan took most of his income as dividend, thinking it felt cleaner -- and was paying more total tax than he needed to. 'You are looking at one side only,' Suraj said. 'Salary is a cost the company deducts before its own tax; dividend is paid out of profit the company has already been taxed on, then taxed again in your hands. The smart answer is a mix -- enough salary to use the company deduction, the rest as dividend. Optimise the company and yourself together, not separately.'

A Pvt Ltd founder chooses how to pay themselves -- salary, dividend, or a mix -- and the choice changes total tax across the company and the individual. This chapter shows the trade-off and how to find the efficient blend.

WHAT THIS CHAPTER COVERS

-> Salary versus dividend: the basic difference

-> Why salary is deductible and dividend is not

-> Finding the efficient mix

-> The reasonableness and compliance limits

-> A side-by-side comparison in rupees

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand how salary and dividend are each taxed
* See why the mix changes total tax
* Find an efficient salary-dividend blend
* Respect the reasonableness and compliance limits
* Compare the options with real numbers

THE ONE QUESTION

When you pay yourself, are you optimising tax across the company and yourself together -- or just taking dividend because it feels simpler?

THE SIMPLE TRUTH

Salary and dividend are taxed very differently. Salary is a deductible expense for the company -- it reduces the company's taxable profit before corporate tax -- and is then taxed in your hands at slab rates. Dividend is paid from profit the company has already paid corporate tax on, and is taxed again in your hands. So a reasonable salary is usually more efficient up to a point (it saves company tax), with the balance taken as dividend. The right mix optimises the company and the owner together, not each alone.

SURAJ AT MAA AMBA JAGDAMBA

Suraj modelled three ways for Rohan to draw the same total from Maa Amba Jagdamba. Taking it all as dividend meant the company paid ~25% corporate tax first, then Rohan paid slab tax again -- the heaviest combined burden. Taking a reasonable salary plus the balance as dividend let the salary reduce the company's taxable profit, lowering total tax.

The efficient blend depended on Rohan's slab and the company's rate, but the direction was clear. 'A justified salary works for you twice,' Suraj said. 'It is deductible to the company and it is your income. Dividend has already been taxed once at the company. Use salary up to a sensible level, then dividend -- and look at the combined bill, never just one side.'

THE VISUAL -- PAYING YOURSELF EFFICIENTLY

How each is taxed, why the mix matters, the limits, and a side-by-side comparison.

▲ SALARY IS DEDUCTIBLE TO THE COMPANY; DIVIDEND IS PAID FROM ALREADY-TAXED PROFIT.

Optimise total tax across the company and yourself together. A reasonable salary plus balance dividend usually beats all-dividend.

SALARY	DIVIDEND	BEST	OPTIMISE
Deductible	**After-tax**	**A mix**	**Company + you**

THE BASIC DIFFERENCE

SALARY VS DIVIDEND ■ TEMPLATE

Feature	Salary	Dividend
Company treatment	Deductible expense	Paid from taxed profit
Company tax effect	Reduces taxable profit	No deduction
Your tax	Slab rates	Slab rates (taxed again overall)
Triggers	PF, TDS on salary	Distributed after corporate tax

ƒ Salary saves company tax now; dividend comes only after the company has paid its tax.

THE SAME DRAW, THREE WAYS (DIRECTIONAL)

TOTAL TAX: COMPANY + OWNER ■ TEMPLATE

Approach	Company tax	Your tax	Combined
All dividend	Full (no deduction)	Slab on dividend	Heaviest
Balanced (salary + dividend)	Reduced by salary	Slab on both	Lowest
All salary	Most reduced	Slab on full salary	Depends on slab

ƒ Directional, not a fixed rule -- the exact blend depends on your slab and the company's rate. Model it.

WHAT THIS MEANS

Looking only at your personal tax, or only at the company's, leads to the wrong call. The efficient mix is the one that minimises the company's and your tax added together.

THE LIMITS YOU MUST RESPECT

KEEP IT CLEAN	
Reasonableness	Salary must match the role -- not an arbitrary figure
Board approval	Director remuneration needs proper authorisation
Payroll compliance	Salary triggers PF, professional tax, salary TDS
Documentation	Dividend needs profits, declaration, and records

▲ RED FLAG

Taking everything as dividend 'because it is cleaner' usually means paying the most total tax. And an unjustifiably high salary purely to cut company tax invites scrutiny -- it must be reasonable.

◆ THE FOUNDER'S MOVE

Set a reasonable, role-justified salary that uses the company deduction, take the balance as dividend, and model the combined company-plus-personal tax to find your efficient blend each year.

PAY-YOURSELF CHECKLIST	
!	Salary set at a reasonable, role-justified level
■	Salary's company deduction and PF/TDS accounted for
■	Balance taken as properly declared dividend
!	Combined company + personal tax modelled, not one side
■	Board approval and documentation in place

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan took dividend by feel. After it, he sets a reasonable salary plus dividend and optimises the combined tax.

After this chapter, the group makes three specific changes:

From one side to both

The mix is judged on company-plus-owner tax together, not on either alone.

From feel to model

A reasonable salary uses the company deduction; the balance is dividend -- modelled, not guessed.

From arbitrary to justified

Salary is set at a defensible, role-based level, with proper approval and compliance.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. How do you currently pay yourself -- mostly salary, mostly dividend, or a deliberate mix? If it was not modelled, it is probably not optimal.

2. Estimate your combined tax under all-dividend versus a reasonable salary plus dividend. The difference is often real money.

3. Confirm any salary you take is reasonable for your role and properly approved -- efficiency must never tip into something indefensible.

SURAJ SAYS

SURAJ SAYS

Rohan, the cleanest-feeling option -- all dividend -- was costing you the most, because the company was taxed before you ever saw it. A justified salary works twice: it lowers the company's tax and it is your income. Balance the two, and look at the total bill.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

How a founder draws money -- salary, dividend, or a mix -- changes total tax, because salary is deductible to the company while dividend comes from already-taxed profit; a reasonable salary plus balance dividend is usually most efficient.

Maa Amba Jagdamba's all-dividend habit was the costliest; a justified salary plus dividend, optimised across company and owner, lowered the combined bill.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Salary is a deductible company expense; dividend is paid from taxed profit.
02	Salary reduces the company's taxable profit before corporate tax.
03	Both salary and dividend are taxed in your hands at slab rates.
04	All-dividend usually means the heaviest combined tax.
05	A reasonable salary plus balance dividend is typically most efficient.
06	Salary must be reasonable for the role and properly approved.
07	Salary triggers PF, professional tax, and salary TDS.
08	Optimise the company's and your tax together, never one side alone.

WHAT'S NEXT | CHAPTER 13

Advance Tax and ITR Filing: Never Pay a Penalty Again

The Four Payment Dates, the Filing Deadlines, and the Interest You Can Erase Completely

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

13

Advance Tax and ITR Filing: Never Pay a Penalty Again

The Four Payment Dates, the Filing Deadlines, and the Interest You Can Erase Completely

CASE: MAA AMBA JAGDAMBA PVT LTD	Advance Tax x4 | ITR on Time | 234A/B/C/F | Maa Amba Jagdamba

INTRODUCTION

Two demands had become a yearly ritual for Rohan: interest for paying tax late in the year, and a late-filing fee for missing the ITR deadline. Both were pure waste. 'Every rupee of this is avoidable,' Suraj said. 'Advance tax is just paying what you owe in four installments. Filing on time is just a date. Get the four dates and the deadline right, and you will never pay 234 interest or a late fee again.'

Advance tax and timely return filing are where avoidable interest and penalties pile up. This chapter lays out the four advance-tax dates, the filing deadlines, and exactly how the 234 interest and late fees are triggered -- and erased.

WHAT THIS CHAPTER COVERS

-> Advance tax: the four dates and the math

-> Estimating tax across a strong or weak year

-> ITR filing deadlines that apply to you

-> 234A, 234B, 234C, and 234F explained

-> Erasing the interest and the late fee

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Pay advance tax on the four due dates
* Estimate tax sensibly as the year unfolds
* File the ITR by the deadline that applies
* Understand each 234 interest and fee
* Eliminate avoidable interest and penalties

THE ONE QUESTION

Last year, did you pay any 234 interest or a late-filing fee? If yes, that was avoidable money -- and this chapter removes it.

THE SIMPLE TRUTH

If your tax for the year exceeds Rs 10,000, you must pay advance tax in four installments -- 15% by 15 June, 45% by 15 September, 75% by 15 December, and 100% by 15 March -- and file your ITR by the applicable deadline. Miss the installments and Section 234B/234C charge 1% per month; file late and 234A charges interest while 234F adds a flat late fee. None of it is extra tax; all of it is avoidable by paying on time and filing on time.

SURAJ AT MAA AMBA JAGDAMBA

Suraj had Rohan estimate Maa Amba Jagdamba's profit at the start of the year and set the four advance-tax dates as fixed calendar events -- topping up each installment as the actual numbers firmed up. Because the company's year could be strong or weak, he planned the cash for each scenario rather than being surprised.

The result: no 234B/234C interest, and with the ITR filed before the deadline, no 234A interest and no 234F late fee. 'You used to donate this money to the department every year,' Suraj said. 'Now you keep it. The tax was always the same -- you simply stopped paying extra for being late.'

THE VISUAL -- NEVER PAY A PENALTY AGAIN

The four dates, the advance tax across a strong or weak year, the filing deadlines, and the interest you erase.

▲ ADVANCE TAX IN FOUR INSTALLMENTS + ITR ON TIME = ZERO 234 INTEREST AND ZERO LATE FEE.

None of it is extra tax. It is all avoidable interest and penalty -- erased entirely by paying and filing on time.

ADVANCE TAX	234B/234C	234F LATE FEE	IF ON TIME
4 dates	**1%/month**	**Up to Rs 5k**	**Rs 0**

THE FOUR ADVANCE-TAX DATES

PAY AS YOU EARN ■ TEMPLATE

By date	Cumulative due
15 June	15% of the year's tax
15 September	45% (cumulative)
15 December	75% (cumulative)
15 March	100% (cumulative)

ƒ Applies once your tax for the year exceeds Rs 10,000 -- for the company and for you personally.

PLAN THE CASH ACROSS THE YEAR

ADVANCE TAX BY HOW THE YEAR GOES

METRIC	BEST CASE	BASE CASE	WORST CASE
Taxable profit	**Rs 1.2 Cr**	Rs 80 lakh	**Rs 40 lakh**
Advance tax for year	**~Rs 31 lakh**	~Rs 21 lakh	**~Rs 10 lakh**
Each installment (~25%)	**~Rs 7.8 lakh**	~Rs 5.3 lakh	**~Rs 2.5 lakh**
Action	**Set aside more**	Plan to the dates	**Lower, still pay**

Assumptions: Strong / normal / weak year. Re-estimate each quarter and top up -- so cash and tax both stay in control.

ITR DEADLINES + THE 234 FAMILY

FILING DEADLINES (INDICATIVE) ■ TEMPLATE

Taxpayer	Due date
Individual (no audit)	31 July
Business / company under audit	31 October
Transfer pricing cases	30 November
Belated / revised return	Later, with fee and limits

ƒ Confirm the current year's dates -- they shift occasionally, but the structure holds.

THE 234 FAMILY ■ TEMPLATE

Section	What it charges
234A	Interest for filing the return late
234B	Interest if advance tax under 90% paid
234C	Interest for missing each installment
234F	Flat late-filing fee, up to Rs 5,000

ƒ Every one of these is avoidable -- pay the four installments and file before the deadline.

WHAT THIS MEANS

234 interest and the 234F fee are not tax on income -- they are charges for timing. The taxpayer who plans the four dates and files on time pays exactly the tax due and not a rupee more.

▲ RED FLAG

Paying all your tax at year-end, or filing the return a few days late, triggers 234 interest and the 234F fee even though the tax itself was always going to be paid. It is pure waste.

◆ THE FOUNDER'S MOVE

Put the four advance-tax dates and the ITR deadline in the calendar as hard events. Estimate at the start, top up each quarter, and file before the due date -- every year.

NO-PENALTY CHECKLIST

- ■ Year's tax estimated at the start
- ! Advance tax paid on all four dates
- ■ Estimate revised and topped up each quarter
- ✗ ITR filed before the applicable deadline
- ■ Result checked: zero 234 interest, zero late fee

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, 234 interest and late fees were a yearly ritual. After it, they are zero.

After this chapter, the group makes three specific changes:

From year-end to four dates

Advance tax is paid in installments, removing 234B/234C interest.

From late to on time

The ITR is filed before the deadline, removing 234A interest and the 234F fee.

From waste to zero

Avoidable interest and penalties are eliminated -- the tax stays the same.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Check last year's tax computation for any 234A/B/C interest or 234F fee. Whatever you find is money you can stop paying this year.

2. Put the four advance-tax dates (15 Jun, Sep, Dec, Mar) and your ITR deadline in the calendar as fixed events now.

3. Estimate your tax at the start of the year and top up each quarter -- so a strong or weak year never catches your cash out.

SURAJ SAYS

SURAJ SAYS

Rohan, you were paying the department a tip every year for being late -- 234 interest and a late fee on tax you always owed anyway. Plan four dates, file on one deadline, and that tip becomes zero. This is the easiest money you will ever save.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Advance tax in four installments and an on-time ITR eliminate 234A, 234B, 234C interest and the 234F late fee -- none of which is extra tax, all of which is avoidable.

By planning the four dates across a strong or weak year and filing before the deadline, Maa Amba Jagdamba reduced its avoidable interest and penalties to zero.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Advance tax applies once your tax for the year exceeds Rs 10,000.
02	Pay 15% by 15 Jun, 45% by 15 Sep, 75% by 15 Dec, 100% by 15 Mar.
03	234B charges interest if under 90% of advance tax is paid.
04	234C charges interest for missing each installment.
05	234A charges interest for filing the return late.
06	234F adds a flat late-filing fee of up to Rs 5,000.
07	None of the 234 charges is extra tax -- all are avoidable.
08	Plan the four dates and file on time, and they all become zero.

WHAT'S NEXT | CHAPTER 14

MSME and Udyam Registration: Your Legal Shield

A Free Registration That Protects Your Receivables and Unlocks Cheaper Credit

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

14

MSME and Udyam Registration: Your Legal Shield

A Free Registration That Protects Your Receivables and Unlocks Cheaper Credit

CASE: MAA AMBA JAGDAMBA PVT LTD	Free Udyam Registration | 45-Day Payment Protection | Cheaper Credit | Maa Amba Jagdamba

INTRODUCTION

A large B2B customer routinely paid Maa Amba Jagdamba after 90 or 120 days, quietly using Rohan's cash as free credit. Rohan had no leverage -- until Suraj pointed out that Maa Amba Jagdamba qualified as an MSME but had never registered. 'Udyam registration is free and takes minutes,' Suraj said. 'And it gives you a legal right to be paid within 45 days, with interest if they are late. You have been financing your customers for free when the law was on your side.'

Udyam (MSME) registration is one of the highest-return compliance actions a small business can take -- free, fast, and protective. This chapter covers what it is, who qualifies, and the benefits, led by the 45-day payment rule that directly protects your working capital.

WHAT THIS CHAPTER COVERS

-> What MSME / Udyam registration is

-> Who qualifies -- the classification

-> The 45-day payment protection

-> Cheaper credit and other benefits

-> Registering and using the shield

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand Udyam registration and its value
* Check whether you qualify as an MSME
* Use the 45-day payment protection
* Access collateral-free and priority credit
* Register and start benefiting immediately

THE ONE QUESTION

If a big customer is paying you in 90 or 120 days, do you know that as a registered MSME the law entitles you to payment in 45 -- with interest?

THE SIMPLE TRUTH

Udyam registration classifies your business as a Micro, Small, or Medium Enterprise based on investment and turnover. It is free and online. Its most valuable benefit is the 45-day rule: a buyer must pay a registered MSME within 45 days, or owe interest at three times the bank rate -- and the buyer cannot even claim that expense as a deduction until it is actually paid. Registration also unlocks collateral-free and priority lending, subsidies, and tender preferences.

SURAJ AT MAA AMBA JAGDAMBA

Once Maa Amba Jagdamba registered on Udyam, Rohan's position with his slow-paying customer flipped. The 45-day rule now applied: the customer either paid within 45 days or owed interest at three times the bank rate, and could not claim the purchase as a deduction until they paid. Payment behaviour improved sharply.

Suraj framed it as a working-capital win, not a paperwork one. 'You were lending that customer lakhs, interest-free, for months. A free registration turned your receivable from a hope into a legal right. This is the cheapest improvement to your cash flow you will ever make.'

THE VISUAL -- THE FREE REGISTRATION THAT PROTECTS YOUR CASH

What Udyam is, who qualifies, the 45-day rule, the credit benefits, and how to register.

▲ UDYAM REGISTRATION IS FREE -- AND GIVES YOU A LEGAL RIGHT TO BE PAID WITHIN 45 DAYS, WITH INTEREST.

A registered MSME's buyer must pay in 45 days or owe 3x bank-rate interest, and cannot deduct the expense until paid. It is a working-capital shield.

REGISTRATION	PAYMENT WITHIN	LATE INTEREST	CREDIT
Free	45 days	3x bank rate	Collateral-free

WHO QUALIFIES -- THE CLASSIFICATION

MSME CLASSIFICATION (INDICATIVE) ■ TEMPLATE	
Category	**Broad basis**
Micro	Smallest investment and turnover band
Small	Mid band of investment and turnover
Medium	Largest of the three MSME bands
Above Medium	No longer an MSME

ƒ Classification is by investment in plant/equipment and turnover -- confirm current limits on the Udyam portal.

THE 45-DAY RULE -- A WORKING-CAPITAL SHIELD

WHAT THE 45-DAY RULE DOES ■ TEMPLATE	
Element	**Effect**
Payment window	Buyer must pay a registered MSME within 45 days
Late interest	3x the bank rate, compounded -- on the buyer
Buyer's deduction	Cannot claim the expense until actually paid (43B(h))
Your position	Receivable becomes a legal right, not a request

ƒ This single rule can transform the cash flow of a small supplier dealing with large, slow buyers.

WHAT THIS MEANS

> The 45-day rule moves the cost of delay onto the buyer. Big customers who casually pay in 90-120 days suddenly have a tax and interest reason to pay you on time -- directly improving your working capital.

THE OTHER BENEFITS

BEYOND THE 45-DAY RULE	
Collateral-free loans	Priority-sector and guarantee-backed credit
Lower interest / subsidies	Various central and state MSME schemes
Tender preference	Reservations and relaxations in government tenders
Easier dispute redress	MSME Samadhaan for delayed-payment recovery

▲ RED FLAG

Not registering while you qualify means financing your large customers for free and missing cheaper credit. The only cost of Udyam is the few minutes it takes to register.

◆ THE FOUNDER'S MOVE

Register on the Udyam portal now -- it is free -- and then enforce the 45-day rule on slow-paying customers and use MSME status to negotiate cheaper credit.

MSME / UDYAM CHECKLIST	
■	Checked eligibility against MSME limits
!	Registered free on the Udyam portal
■	45-day payment terms applied to B2B customers
■	MSME status used to negotiate collateral-free credit

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan financed slow customers for free. After it, a free registration turns his receivables into a legal right.

After this chapter, the group makes three specific changes:

From request to right

The 45-day rule makes timely payment a legal entitlement, not a polite ask.

From free credit to protected cash

Slow buyers now bear interest and lose their deduction until they pay.

From costly credit to cheaper

MSME status unlocks collateral-free and priority lending.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Are you eligible as an MSME but not registered? If so, register on Udyam today -- it is free and takes minutes.

2. List customers who pay you beyond 45 days. As a registered MSME, you can enforce the 45-day rule and its interest.

3. Talk to your bank about MSME collateral-free and priority credit -- your registration may lower your cost of capital.

SURAJ SAYS

SURAJ SAYS

Rohan, you spent months chasing a customer who treated your cash as free credit. A free registration gave you the law. Udyam is the highest return-on-effort compliance there is -- minutes to do, and it directly protects your working capital.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Udyam (MSME) registration is free and fast, and its 45-day payment rule -- with 3x bank-rate interest and a deduction block on late-paying buyers -- directly protects a small supplier's working capital, alongside cheaper credit and tender benefits.

For Maa Amba Jagdamba, registering turned a chronically slow receivable into a legal right and improved its cash flow at zero cost.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Udyam registration classifies you as Micro, Small, or Medium -- free and online.
02	A registered MSME's buyer must pay within 45 days.
03	Late payment beyond 45 days owes interest at 3x the bank rate.
04	Buyers cannot deduct the expense until they actually pay (43B(h)).
05	This 45-day rule directly protects your working capital.
06	Registration unlocks collateral-free and priority credit.
07	It also brings subsidies and government tender preferences.
08	It is the highest return-on-effort compliance a small business can do.

WHAT'S NEXT | CHAPTER 15

ROC and MCA Compliance: What Your Private Limited Must File Every Year

The Annual Filings, the Per-Day Penalties With No Cap, and the Risk of Director Disqualification

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

15

ROC and MCA Compliance: What Your Private Limited Must File Every Year

The Annual Filings, the Per-Day Penalties With No Cap, and the Risk of Director Disqualification

CASE: MAA AMBA JAGDAMBA PVT LTD	AOC-4 + MGT-7 + DIR-3 KYC | Rs 100/day, No Cap | Maa Amba Jagdamba

INTRODUCTION

Rohan thought a Private Limited company's only real obligation was income tax. He had missed an annual ROC filing two years running -- and discovered the penalty was Rs 100 per day, per form, with no upper limit, and that persistent non-filing could disqualify him as a director. 'A Pvt Ltd is a privilege with a price,' Suraj said. 'Every year it must file its accounts and annual return with the Registrar. Miss them and the penalty just keeps running -- there is no cap -- and eventually you can lose your directorship.'

Incorporating a Private Limited company brings annual obligations to the Registrar of Companies (ROC) under the MCA. This chapter covers the filings every Pvt Ltd must make, their deadlines, and the uniquely unforgiving penalties for missing them.

WHAT THIS CHAPTER COVERS

-> Why a Pvt Ltd has annual ROC obligations

-> The core filings: AOC-4, MGT-7, DIR-3 KYC

-> The annual compliance calendar

-> Penalties: Rs 100/day with no cap

-> Director disqualification -- the ultimate risk

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand the ROC obligations of a Pvt Ltd
* Know the core annual filings and forms
* Map the annual compliance calendar
* Grasp the per-day, uncapped penalties
* Avoid director disqualification

THE ONE QUESTION

Does your Private Limited file AOC-4, MGT-7, and DIR-3 KYC every year on time -- or are uncapped Rs 100-per-day penalties quietly building?

THE SIMPLE TRUTH

Every Private Limited company must file its financial statements (AOC-4) and annual return (MGT-7) with the Registrar each year after its AGM, keep directors' KYC current (DIR-3 KYC), and maintain statutory registers and board meetings. The penalties are unusually harsh: many filings attract Rs 100 per day, per form, with no maximum -- so a long delay becomes enormous -- and continued default can disqualify the directors for five years.

SURAJ AT MAA AMBA JAGDAMBA

Suraj mapped Maa Amba Jagdamba's annual cycle clearly: close the books and complete the audit, hold the AGM, file AOC-4 within 30 days of the AGM, file MGT-7 within 60 days, keep DIR-3 KYC done by its deadline, and hold the required board meetings through the year.

The missed filings had been accruing Rs 100 a day, per form, the whole time -- a number that only grows. 'Income tax was never your only compliance,' Suraj told Rohan. 'The company itself has to report to the Registrar every year. The penalty has no cap, so a forgotten form does not cost a fixed fine -- it costs more every single day until you fix it.'

THE VISUAL -- THE PRICE OF THE PVT LTD PRIVILEGE

The core filings, the annual calendar, the uncapped penalties, and the disqualification risk.

▲ MISS AN ROC FILING AND THE PENALTY IS Rs 100 PER DAY, PER FORM -- WITH NO UPPER LIMIT.

A forgotten form does not cost a fixed fine; it costs more every day until filed. Persistent default can disqualify directors for five years.

FINANCIALS	ANNUAL RETURN	PENALTY	CAP
AOC-4	**MGT-7**	**Rs 100/day**	**None**

THE CORE ANNUAL FILINGS

WHAT A PVT LTD MUST FILE	
AOC-4	Financial statements -- within 30 days of the AGM
MGT-7	Annual return -- within 60 days of the AGM
DIR-3 KYC	Each director's KYC -- by its annual deadline
DPT-3 / others	Return of deposits and event-based filings
Board meetings	At least four a year, properly minuted

THE ANNUAL CYCLE

FY ENDS close books → **AUDIT** statutory audit → **AGM** hold meeting → **FILE** AOC-4 + MGT-7

WHY THE PENALTY IS SO DANGEROUS

HOW RS 100/DAY ADDS UP ■ TEMPLATE

Delay	Penalty per form (Rs 100/day)
30 days late	Rs 3,000
6 months late	~Rs 18,000
1 year late	~Rs 36,500
2 years late	~Rs 73,000 -- and still running

ƒ Per form, with no cap -- and multiple forms run at once. Delay is the most expensive choice.

WHAT THIS MEANS

Unlike a flat fine, an uncapped per-day penalty punishes delay itself. The cost of a missed filing is not fixed -- it is a meter that runs until you act, which is why ROC dates cannot drift.

THE BIGGER RISKS ■ TEMPLATE

Default	Consequence
Continued non-filing	Directors disqualified for 5 years
Company struck off	Loss of the company and its assets' standing
Stale DIR-3 KYC	DIN deactivated -- cannot sign filings

ƒ Beyond money, persistent default threatens your directorship and the company's existence.

▲ RED FLAG

Treating ROC filings as optional because 'income tax is filed' is a costly error -- the company's filings are separate, uncapped in penalty, and tied to your standing as a director.

◆ THE FOUNDER'S MOVE

Put AOC-4, MGT-7, DIR-3 KYC, and the AGM in a fixed annual calendar, hold the four board meetings, and file on time -- because the penalty meter never stops and your directorship is at stake.

ROC / MCA CHECKLIST

- ■ AGM held within the statutory timeline
- ! AOC-4 filed within 30 days of AGM
- ! MGT-7 filed within 60 days of AGM
- ✗ DIR-3 KYC current for every director
- ■ At least four board meetings held and minuted

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan thought income tax was the company's only filing. After it, he runs a fixed ROC calendar.

After this chapter, the group makes three specific changes:

From tax-only to company filings

A Pvt Ltd reports to the Registrar every year, separately from income tax.

From flat fine to running meter

ROC penalties are Rs 100/day with no cap -- delay compounds the cost.

From money to directorship

Persistent default risks director disqualification, not just penalties.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Confirm your last two years of AOC-4 and MGT-7 were filed on time. If not, the per-day penalty is already running -- act now.

2. Check every director's DIR-3 KYC is current. A lapsed KYC deactivates the DIN and blocks all filings.

3. Put the AGM, AOC-4, MGT-7, and DIR-3 KYC dates in a fixed annual calendar -- ROC dates must never drift.

SURAJ SAYS

SURAJ SAYS

Rohan, the worst thing about a missed ROC filing is that it does not cost a fixed fine -- it costs more every day. And if you keep ignoring it, you can lose your directorship. The Pvt Ltd is a privilege; filing on time is the rent.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

A Private Limited must file AOC-4, MGT-7, and DIR-3 KYC each year, hold board meetings, and maintain registers -- with uncapped Rs 100-per-day penalties and the risk of director disqualification for default.

Maa Amba Jagdamba's missed filings had been accruing daily; a fixed annual ROC calendar stopped the meter and protected Rohan's directorship.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Every Pvt Ltd files financial statements (AOC-4) and an annual return (MGT-7).
02	AOC-4 is due within 30 days, MGT-7 within 60 days of the AGM.
03	Directors must keep DIR-3 KYC current each year.
04	At least four board meetings a year must be held and minuted.
05	Many ROC filings carry Rs 100 per day, per form, with no cap.
06	An uncapped penalty means delay compounds endlessly.
07	Persistent non-filing can disqualify directors for five years.
08	ROC compliance is separate from, and additional to, income tax.

WHAT'S NEXT | CHAPTER 16

Startup India, DPIIT Recognition, and Angel Tax

Real Benefits for Eligible Startups -- and an Honest Test of Whether You Are One

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

16

Startup India, DPIIT Recognition, and Angel Tax

Real Benefits for Eligible Startups -- and an Honest Test of Whether You Are One

CASE: MAA AMBA JAGDAMBA PVT LTD	DPIIT Recognition (Free) | Tax Holiday + Angel Tax Relief | Eligibility Test | Maa Amba Jagdamba

INTRODUCTION

Rohan kept hearing about Startup India tax holidays and wondered if Maa Amba Jagdamba qualified. Suraj gave him an honest answer rather than a hopeful one. 'DPIIT recognition brings real benefits -- a tax holiday, angel-tax relief, easier compliance -- but it is built for innovative, scalable startups, not every company. Maa Amba Jagdamba is a solid trading business, which may not fit. Let us test it properly instead of assuming either way.'

Startup India and DPIIT recognition offer genuine benefits -- but only to companies that actually qualify. This chapter covers what recognition gives, who is eligible, how angel tax works, and an honest test of whether your business is a startup in the eyes of the scheme.

WHAT THIS CHAPTER COVERS

-> What DPIIT recognition is and gives

-> The eligibility test -- honestly applied

-> The tax holiday under 80-IAC

-> Angel tax and its exemption

-> Deciding if it is worth pursuing

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand DPIIT recognition and its benefits
* Test your eligibility honestly
* Know the 80-IAC tax holiday
* Understand angel tax and the exemption
* Decide whether to pursue recognition

THE ONE QUESTION

Do you actually meet the startup definition -- innovative, scalable, young, under the turnover limit -- or are you hoping benefits apply to a business that does not qualify?

THE SIMPLE TRUTH

DPIIT recognition (free, via the Startup India portal) can bring a three-year income-tax holiday under Section 80-IAC, exemption from angel tax on share-premium investments, self-certification on labour and environment laws, and easier access to tenders and funding. But eligibility is specific: broadly, a company under about ten years old, with turnover under roughly Rs 100 crore, that is genuinely innovative or scalable -- not simply any small business.

SURAJ AT MAA AMBA JAGDAMBA

Suraj ran the honest test for Maa Amba Jagdamba. It was young enough and under the turnover limit, but it was a conventional trading and distribution business -- not built on innovation or a scalable new model. On that test, it likely would not qualify as a DPIIT startup, and pursuing it would waste effort.

He did not dress that up. 'There is no benefit in claiming to be something you are not. Maa Amba Jagdamba is an excellent business -- it is just not a startup in the scheme's sense. If you launch a genuinely innovative new venture later, revisit this. For now, the benefits are not yours, and that is fine.'

THE VISUAL -- STARTUP BENEFITS -- AND THE HONEST TEST

What recognition gives, the eligibility test, the tax holiday, angel tax, and whether to pursue it.

▲ DPIIT RECOGNITION BRINGS A REAL TAX HOLIDAY AND ANGEL-TAX RELIEF -- BUT ONLY IF YOU GENUINELY QUALIFY.

The scheme is for innovative, scalable, young companies under the turnover limit -- not every small business. Test honestly before pursuing.

RECOGNITION	TAX HOLIDAY	AGE LIMIT	TURNOVER
Free	**3 of 10 yrs**	**~10 years**	**< ~Rs 100 Cr**

WHAT RECOGNITION GIVES

DPIIT BENEFITS	
80-IAC tax holiday	100% profit deduction for 3 years in the first 10
Angel tax exemption	Relief on share premium from eligible investors
Self-certification	Simpler labour and environment compliance
Funding + tenders	Access to schemes, funds, and tender relaxations

THE ELIGIBILITY TEST -- APPLY HONESTLY

ARE YOU ACTUALLY A STARTUP? ■ TEMPLATE

Test	Requirement	Maa Amba Jagdamba
Age	Incorporated under ~10 years	Yes
Turnover	Under ~Rs 100 crore	Yes
Entity type	Pvt Ltd / LLP / registered partnership	Yes
Innovation / scalability	Genuinely innovative or scalable	No -- conventional trading

ƒ All conditions must hold. Maa Amba Jagdamba meets three but not the innovation test -- so it likely does not qualify.

WHAT THIS MEANS

> The age and turnover limits are easy to meet; the innovation/scalability test is the real gate. A profitable conventional business is not automatically a startup -- and claiming so wastes effort or invites rejection.

ANGEL TAX -- THE INVESTOR ANGLE

ANGEL TAX IN BRIEF	
What it is	Tax on share premium above fair value when raising capital
Who it hits	Companies raising equity at a high valuation
DPIIT relief	Recognised startups get exemption on eligible investment
If you do not raise equity	Largely irrelevant to you

▲ RED FLAG

Chasing startup benefits for a business that does not meet the innovation test is wasted effort -- and overstating it on the application risks rejection. Qualify honestly or skip it.

◆ THE FOUNDER'S MOVE

Run the four-part test honestly. If you genuinely qualify, register free and claim the 80-IAC holiday and angel-tax relief. If not -- as with a conventional trading business -- skip it and revisit if you launch an innovative venture.

STARTUP INDIA CHECKLIST	
■	Age and turnover limits checked
!	Innovation / scalability test applied honestly
■	If eligible, registered free on Startup India portal
■	80-IAC holiday and angel-tax relief evaluated
✓	If not eligible, effort not wasted pursuing it

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan hoped Maa Amba Jagdamba was a startup. After it, he tests it honestly and accepts the answer.

After this chapter, the group makes three specific changes:

From hope to test

Eligibility is judged on a clear four-part test, not on wishful thinking.

From age to innovation

The real gate is genuine innovation or scalability, not just being young and small.

From chasing to choosing

If you qualify, claim the benefits; if not, skip without wasted effort.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Apply the four-part test to your own company: age, turnover, entity type, and -- the real one -- genuine innovation or scalability.

2. If you qualify, register free on the Startup India portal and evaluate the 80-IAC tax holiday and angel-tax relief.

3. If you do not qualify, do not force it -- but revisit the test if you ever launch a genuinely innovative new venture.

SURAJ SAYS

SURAJ SAYS

Rohan, Maa Amba Jagdamba is a fine company -- it is just not a startup in this scheme's sense, and there is no shame in that. The benefits are real for those who qualify. The honest test saves you from chasing something that was never yours to claim.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

DPIIT recognition offers a genuine 80-IAC tax holiday, angel-tax relief, and easier compliance -- but only to companies that pass the eligibility test, where innovation and scalability are the real gate.

On an honest test, Maa Amba Jagdamba -- a conventional trading business -- likely does not qualify, and Suraj advised skipping rather than forcing it.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	DPIIT recognition is free, via the Startup India portal.
02	Benefits: 80-IAC tax holiday, angel-tax relief, self-certification, funding access.
03	The tax holiday is a 100% profit deduction for 3 of the first 10 years.
04	Eligibility: under ~10 years old, turnover under ~Rs 100 crore.
05	The real gate is genuine innovation or scalability.
06	A conventional small business is not automatically a startup.
07	Angel tax relief matters mainly if you raise equity at a premium.
08	Test honestly -- qualify and claim, or skip without wasted effort.

WHAT'S NEXT | CHAPTER 17

GST and Income Tax Notices: Real vs Fake, and How to Respond

Why a Notice Is Not a Disaster -- Verify It, Understand It, and Respond on Time

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

17

GST and Income Tax Notices: Real vs Fake, and How to Respond

Why a Notice Is Not a Disaster -- Verify It, Understand It, and Respond on Time

CASE: MAA AMBA JAGDAMBA PVT LTD

Verify the DIN | Don't Panic, Don't Ignore | Respond on Portal | Maa Amba Jagdamba

INTRODUCTION

Two messages reached Rohan in the same week. One was a genuine GST scrutiny notice on the portal, with a document identification number. The other was a threatening SMS demanding he pay 'tax dues' immediately to a given account or face arrest. He nearly panicked at the first and almost paid the second. 'A real notice is a process, not a punishment,' Suraj said. 'And a real notice never asks you to pay into someone's personal account. Verify, understand, respond -- and the genuine ones are routine while the fakes fall apart instantly.'

Notices frighten founders far more than they should. This chapter shows how to tell a genuine notice from a scam, what the common notice types mean, and how to respond -- calmly, on time, and through the proper channel.

WHAT THIS CHAPTER COVERS

-> Why notices are normal, not disasters

-> Telling a real notice from a fake

-> The common GST and income-tax notices

-> How to respond -- and the timelines

-> The two fatal mistakes: panic and ignore

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Treat a notice as a process, not a punishment
* Verify a notice's authenticity via its DIN
* Recognise the common notice types
* Respond properly and within the timeline
* Avoid both panic-paying and ignoring

THE ONE QUESTION

If a notice arrived today, would you know how to check whether it is genuine -- and resist a scam demanding instant payment to an account?

THE SIMPLE TRUTH

Genuine GST and income-tax notices are issued through the official portal, carry a document identification number (DIN) you can verify online, and give you a defined window to respond -- often by uploading a reply on the portal. A fake demands instant payment, threatens arrest, and asks for money to a personal account. The two fatal mistakes are opposite: panicking (and overpaying or falling for a scam) and ignoring (letting a real notice escalate into a demand).

SURAJ AT MAA AMBA JAGDAMBA

Suraj walked Rohan through both. The genuine GST notice was a scrutiny query (ASMT-10 style) visible on the portal with a verifiable DIN; the correct response was to reconcile the figures and file a reply within the stated window -- routine, once understood. The SMS was an obvious fake: no DIN, a threat of arrest, and a personal account to pay into.

'The real one needed a calm, documented reply on the portal,' Suraj said. 'The fake needed deleting. The danger was that fear made you want to ignore the real one and obey the fake one. Verify first, and the right action becomes obvious in both cases.'

THE VISUAL -- NOTICES, DEMYSTIFIED

Real versus fake, the common notice types, how to respond, and the two mistakes to avoid.

▲ A REAL NOTICE HAS A VERIFIABLE DIN AND A RESPONSE WINDOW. A FAKE DEMANDS INSTANT PAYMENT TO AN ACCOUNT.

Never pay into a personal account, and never ignore a genuine notice. Verify the DIN, understand the type, respond on the portal.

VERIFY	CHANNEL	NEVER	MISTAKES
DIN online	**Official portal**	**Pay to account**	**Panic / ignore**

REAL vs FAKE -- THE TELLTALE SIGNS

HOW TO TELL THEM APART ■ TEMPLATE

Sign	Genuine notice	Scam
Identifier	Verifiable DIN	No DIN, or fake one
Channel	Official portal + registered email	Random SMS / call / WhatsApp
Tone	Defined query, response window	Threats, arrest, urgency
Payment	Through the portal, to the department	To a personal account

ƒ One check settles it: a genuine notice's DIN can be verified on the official portal. A scam cannot survive that check.

THE COMMON NOTICE TYPES

WHAT THEY USUALLY MEAN	
GST: non-filing	Reminder that a return is overdue -- file it
GST: scrutiny (ASMT-10)	Query on mismatches -- reconcile and reply
IT 143(1)	Intimation after processing -- usually just check it
IT 139(9)	Defective return -- correct and resubmit

IT 142(1)/143(2)	Scrutiny -- provide information / documents

HOW TO RESPOND

RECEIVE note the deadline → **VERIFY** DIN on portal → **UNDERSTAND** what it asks → **REPLY** on portal, on time

WHAT THIS MEANS

Most notices are queries, not penalties. A calm, documented, on-time reply usually closes them. The damage comes from the response -- panic or silence -- not from the notice itself.

▲ RED FLAG

Anyone demanding immediate payment to a personal account, threatening arrest, or pressuring you off the official portal is running a scam. No genuine tax notice works that way.

◆ THE FOUNDER'S MOVE

On any notice: do not panic and do not ignore. Verify the DIN, read exactly what is asked, gather the documents, and respond through the portal within the window -- take professional help for scrutiny.

NOTICE RESPONSE CHECKLIST	
!	DIN verified on the official portal
■	Notice type and exact ask understood
■	Response deadline diarised
✗	Documented reply filed on the portal in time
✓	Suspected scam deleted -- never paid

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, a notice meant fear. After it, it means a verify-understand-respond process.

After this chapter, the group makes three specific changes:

From fear to process

A notice is verified, understood, and answered -- not panicked over.

From gullible to checked

The DIN check separates genuine notices from scams instantly.

From silence to reply

Genuine notices are answered on the portal within the window, stopping escalation.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Learn where to verify a DIN on the GST and income-tax portals now -- before a notice ever arrives, so you are never rushed.

2. Make a simple rule for your team: no tax payment is ever made to a personal account or on a phone demand.

3. If a genuine notice arrives, diarise the deadline immediately and prepare a documented reply -- ignoring it is what turns a query into a demand.

SURAJ SAYS

SURAJ SAYS

Rohan, fear was the only thing the scam had going for it -- and fear is what almost made you ignore the real notice too. Verify the DIN, and both situations become simple: answer the genuine one, delete the fake one.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

A genuine notice carries a verifiable DIN, arrives through the official portal, and gives a response window; a fake demands instant payment to an account -- verify, understand, and respond, never panic or ignore.

Rohan faced one of each in a week and, once Suraj showed him the DIN check, handled both correctly: a calm portal reply, and a deleted scam.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Genuine notices carry a verifiable DIN and come via the official portal.
02	They define a query and give a window to respond.
03	Fakes demand instant payment, threaten arrest, and use personal accounts.
04	Verifying the DIN online settles real versus fake instantly.
05	Common notices are usually queries, not penalties.
06	A calm, documented, on-time portal reply closes most of them.
07	Never pay tax into a personal account or on a phone demand.
08	The two fatal mistakes are panicking and ignoring.

WHAT'S NEXT | CHAPTER 18

The Rs 50,000 Knowledge Gap: Holding Your CA Accountable

A Good CA Is Invaluable -- But Blind Trust, and Not Knowing What to Ask, Costs You Money

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

18

The Rs 50,000 Knowledge Gap: Holding Your CA Accountable

A Good CA Is Invaluable -- But Blind Trust, and Not Knowing What to Ask, Costs You Money

CASE: MAA AMBA JAGDAMBA PVT LTD	Informed Partnership, Not Blind Trust | Ask the Right Questions | Verify the Work | Maa Amba Jagdamba

INTRODUCTION

Maa Amba Jagdamba's accountant, Mr. Kulkarni, filed the returns on time and seemed reliable -- yet he had never set up TDS, never reconciled GSTR-2B, and never claimed full depreciation. None of it was visible to Rohan, who trusted him completely. The gaps quietly cost lakhs. 'A good CA is one of the best investments a business makes,' Suraj said carefully. 'But a CA cannot read your mind, and a passive one will only do what you ask. The gap that costs you is not in the CA -- it is in not knowing enough to ask the right questions.'

This chapter is not about distrusting your CA -- a good one is invaluable. It is about closing the knowledge gap that lets a passive or stretched advisor cost you money, by knowing what to ask, what to verify, and where your own responsibility lies.

WHAT THIS CHAPTER COVERS

-> The value of a good CA -- and the limits

-> Where the knowledge gap costs you

-> Questions every founder should ask

-> What you must verify yourself

-> Building an informed partnership

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Value a good CA while staying informed
* See where the knowledge gap costs money
* Ask your CA the right questions
* Verify the work that matters most
* Build an informed, accountable partnership

THE ONE QUESTION

Do you know enough about your own compliance to ask your CA the right questions -- or do you simply trust that it is all being handled?

THE SIMPLE TRUTH

A good chartered accountant is worth far more than they cost -- but the relationship only works when you are informed. A passive or overstretched advisor often does only what is explicitly asked: files returns, but does not proactively set up TDS, reconcile GSTR-2B, or claim every deduction. The cost of that gap is not the CA's fee -- it is the missed deductions, the penalties, and the disallowances that pile up silently because you did not know enough to ask.

SURAJ AT MAA AMBA JAGDAMBA

When Suraj reviewed Maa Amba Jagdamba, the pattern was clear: Mr. Kulkarni filed everything on time, so Rohan assumed all was well. But TDS had never been set up (risking 30% disallowances), GSTR-2B was never reconciled (risking ITC reversals), and depreciation was under-claimed (overpaying tax). Each gap was worth lakhs over time.

'This is not about firing your CA,' Suraj said. 'It is about you knowing enough to ask: are we deducting TDS everywhere we should? Are we reconciling 2B? Are we claiming full depreciation? A good CA welcomes those questions. The knowledge gap was yours to close -- and once you ask the right things, a passive relationship becomes an accountable one.'

THE VISUAL -- CLOSING THE KNOWLEDGE GAP

The value and limits of a CA, where the gap costs you, the questions to ask, and what to verify.

▲ A GOOD CA IS INVALUABLE -- BUT A PASSIVE ONE ONLY DOES WHAT YOU ASK. THE GAP THAT COSTS YOU IS YOUR OWN KNOWLEDGE.

Filing on time is not the same as optimising. Know enough to ask the right questions, and verify the work that matters.

GOOD CA	PASSIVE CA	THE GAP	FIX
Invaluable	**Does only asked**	**Your know ledge**	**Ask + verify**

WHERE THE GAP COSTS YOU

SILENT, EXPENSIVE GAPS ■ TEMPLATE

Gap	What it costs
TDS not set up	30% expense disallowances
GSTR-2B not reconciled	ITC reversals + interest
Depreciation under-claimed	Overpaid income tax
Advance tax not planned	234B/234C interest

ƒ Each looks fine on the surface -- returns are filed -- while quietly costing lakhs over time.

QUESTIONS EVERY FOUNDER SHOULD ASK

ASK YOUR CA DIRECTLY

TDS	Are we deducting on every payment that needs it?
GST 2B	Are we reconciling GSTR-2B before claiming ITC?
Deductions	Are we claiming full depreciation and all expenses?

Advance tax	Have we planned the four advance-tax installments?
Compliance	Are all ROC, PF, ESI, and PT filings current?

WHAT THIS MEANS

You do not need to do your CA's job -- you need to know enough to ask these five questions. A good CA will answer them gladly; the questions themselves turn a passive relationship into an accountable one.

WHAT TO VERIFY YOURSELF

TRUST, THEN VERIFY ■ TEMPLATE

Verify	How
TDS credits	Check Form 26AS / AIS on the income-tax portal
GST filings	See returns and 2B on the GST portal
ROC status	Check company filing status on MCA
Your own numbers	Review the financials, ask what you do not understand

ƒ These checks are free and on government portals -- the next chapter and Chapter 20 show you how.

▲ RED FLAG

The danger sign is not a bad CA -- it is your own silence. Assuming 'it is all handled' because returns are filed is exactly how the expensive gaps stay hidden.

◆ THE FOUNDER'S MOVE

Keep a good CA and pay them well -- but show up informed. Ask the five questions, review your financials, and verify the key filings yourself. An informed founder gets far more from the same advisor.

INFORMED-PARTNERSHIP CHECKLIST

- ! The five questions asked of your CA
- ■ TDS credits checked on 26AS / AIS
- ■ GST returns and 2B reviewed on the portal
- ■ ROC filing status verified on MCA
- ■ Financials reviewed -- doubts raised, not ignored

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan trusted blindly. After it, he keeps a good CA and shows up informed and accountable.

After this chapter, the group makes three specific changes:

From blind trust to informed trust

The CA is valued, but the founder knows enough to ask the right questions.

From filed to optimised

On-time filing is the floor; asking about TDS, 2B, and deductions raises the ceiling.

From assuming to verifying

Key filings and credits are checked on free government portals.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Ask your CA the five questions this week -- TDS, 2B reconciliation, depreciation, advance tax, and other filings. Note the answers.

2. Check your Form 26AS / AIS yourself to confirm TDS credits and reported income match your records.

3. If anything in your financials is unclear, ask until you understand it. The gap that costs you is the question you never asked.

SURAJ SAYS

SURAJ SAYS

Rohan, Mr. Kulkarni was not a villain -- he did what he was asked. The lakhs slipped through because you did not know what else to ask. Keep a good CA, pay them well, and show up informed. That is how this partnership actually protects you.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

A good CA is invaluable, but a passive relationship and your own knowledge gap let missed TDS, unreconciled 2B, and under-claimed deductions cost you silently -- the fix is to ask the right questions and verify the key work.

Maa Amba Jagdamba's on-time filings hid lakhs of gaps until Rohan learned what to ask; an informed partnership closed them.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	A good CA is worth far more than the fee -- value them.
02	A passive or stretched CA often does only what is explicitly asked.
03	The costly gap is usually your own knowledge, not the CA.
04	Silent gaps: no TDS, no 2B reconciliation, under-claimed depreciation.
05	Ask five questions: TDS, 2B, deductions, advance tax, other filings.
06	Verify TDS via 26AS/AIS, GST on the portal, ROC on MCA.
07	On-time filing is the floor, not proof of optimisation.
08	An informed founder gets far more from the same advisor.

WHAT'S NEXT | CHAPTER 19

Cash Transactions: The 100% Penalty Rules

The Hard Cash Limits Where a Single Mistake Can Cost You the Entire Amount Again

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

19

Cash Transactions: The 100% Penalty Rules

The Hard Cash Limits Where a Single Mistake Can Cost You the Entire Amount Again

CASE: MAA AMBA JAGDAMBA PVT LTD	Receive Rs 2L+ Cash = 100% Penalty | Cash Expense > Rs 10k Disallowed | Maa Amba Jagdamba

INTRODUCTION

A customer offered to settle a Rs 2.5 lakh bill in cash, and Rohan almost accepted -- it felt simpler. Suraj stopped him. 'Accept that in cash and the penalty under Section 269ST is 100% of the amount -- you would effectively pay Rs 2.5 lakh again as a fine. Cash has hard legal limits in India, and crossing them is one of the most expensive mistakes a business can make. When in doubt, bank it.'

India's tax law places strict limits on cash -- some carrying a 100% penalty. This chapter covers the cash rules every business must respect: on receipts, expenses, and loans, and how to structure transactions so a moment of convenience never becomes a punishing fine.

WHAT THIS CHAPTER COVERS

-> Why cash is so tightly controlled

-> Section 269ST: the 100% penalty on cash receipts

-> Section 40A(3): cash expenses disallowed

-> Cash loans and repayments: 269SS and 269T

-> Structuring to stay safe

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand why cash is restricted
* Avoid the 269ST 100% penalty on receipts
* Avoid cash-expense disallowance
* Handle loans without cash penalties
* Route transactions safely through the bank

THE ONE QUESTION

If a customer offered to pay a Rs 2 lakh-plus bill in cash tomorrow, would you know that accepting it can cost a 100% penalty?

THE SIMPLE TRUTH

Cash carries hard legal limits. Under Section 269ST, receiving Rs 2 lakh or more in cash from a person (in a day, or for one transaction) attracts a penalty equal to 100% of the amount received. Under Section 40A(3), a business cash expense above Rs 10,000 is disallowed. And under Sections 269SS/269T, taking or repaying loans of Rs 20,000 or more in cash is penalised. The safe rule is simple: route anything material through the bank.

SURAJ AT MAA AMBA JAGDAMBA

The Rs 2.5 lakh cash settlement Rohan nearly accepted would have triggered Section 269ST -- a penalty of the full Rs 2.5 lakh, effectively making him pay the amount twice. Instead, the customer paid by bank transfer, and the transaction was clean.

Suraj listed the other limits so Rohan would not be caught elsewhere: no single cash business expense above Rs 10,000, and no cash loans or repayments of Rs 20,000 or more. 'The penalties here are not small percentages,' he said. 'A 269ST breach is 100% of the amount. There is no convenience worth that -- when it is material, bank it.'

THE VISUAL -- THE CASH RULES YOU CANNOT BREAK

Why cash is controlled, the 100% receipt penalty, the expense and loan limits, and how to stay safe.

▲ RECEIVE Rs 2 LAKH OR MORE IN CASH AND THE PENALTY IS 100% OF THE AMOUNT (SECTION 269ST).

You would effectively pay the sum twice. Cash expenses over Rs 10,000 are disallowed, and cash loans over Rs 20,000 are penalised. When material, bank it.

269ST RECEIPT	40A(3) EXPENSE	269SS/T LOANS	SAFE RULE
Rs 2L = 100%	**Rs 10,000**	**Rs 20,000**	**Use the bank**

THE CASH LIMITS AT A GLANCE

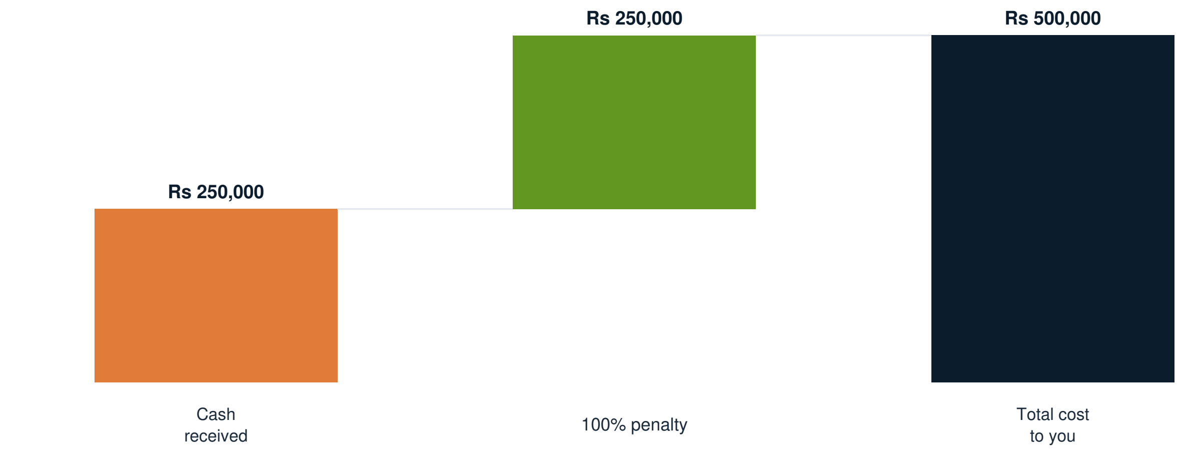
THE RULES AND THEIR BITE ■ TEMPLATE

Section	Limit	Penalty / effect
269ST (receipts)	Rs 2 lakh or more in cash	100% of the amount received
40A(3) (expenses)	Above Rs 10,000 per day	Whole expense disallowed
269SS (loan taken)	Rs 20,000 or more in cash	Penalty equal to the amount
269T (loan repaid)	Rs 20,000 or more in cash	Penalty equal to the amount

ƒ 269ST is the harshest -- a full 100% penalty -- but each rule turns cash convenience into a real cost.

THE 269ST TRAP, IN NUMBERS (Rs)

ACCEPTING RS 2.5 LAKH IN CASH (RS)



WHAT THIS MEANS

A 100% penalty means the convenience of cash can cost you the entire transaction value again. No discount, no saved hassle, and no relationship is worth doubling the amount as a fine.

HOW TO STAY SAFE

MATERIAL AMOUNT? Rs 10k+ / 2L+ → **USE BANK** transfer / UPI → **RECORD** proper invoice → **SAFE** no cash penalty

▲ RED FLAG

The danger is treating these as guidelines. They are penalty provisions -- a single Rs 2 lakh cash receipt, or a habit of large cash expenses, can cost more than a year of careful tax planning saved.

◆ THE FOUNDER'S MOVE

Set a firm policy: receipts of Rs 2 lakh-plus only by bank, no single cash expense above Rs 10,000, and no cash loans or repayments of Rs 20,000 or more. Train your team -- one breach is expensive.

CASH-SAFETY CHECKLIST

- ✗ No cash receipt of Rs 2 lakh or more from any person
- ✗ No single business cash expense above Rs 10,000
- ✗ No cash loans or repayments of Rs 20,000 or more
- ■ Bank / UPI used for all material transactions

! Team trained on the cash limits

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, cash felt like a convenience. After it, Rohan treats the cash limits as hard lines with 100% penalties.

After this chapter, the group makes three specific changes:

From convenience to control

Material transactions go through the bank -- cash is never worth a 100% penalty.

From guideline to hard line

269ST, 40A(3), 269SS/T are penalty rules, not suggestions.

From personal habit to policy

A firm cash policy, trained into the team, prevents a single costly breach.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Make one rule unbreakable: never accept Rs 2 lakh or more in cash from anyone. The 100% penalty is not worth any convenience.

2. Check your expenses for single cash payments above Rs 10,000 -- each is disallowed. Shift them to bank or UPI.

3. If you take or repay any loan -- including director loans -- ensure it is Rs 20,000-plus only through the bank, never cash.

SURAJ SAYS

SURAJ SAYS

Rohan, that Rs 2.5 lakh cash 'convenience' would have cost you Rs 2.5 lakh in penalty -- the whole amount, again. There is no cash limit in this chapter worth crossing. When the number is material, the answer is always the same: bank it.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Cash carries hard limits -- a 100% penalty on receipts of Rs 2 lakh-plus (269ST), disallowance of cash expenses over Rs 10,000 (40A(3)), and penalties on cash loans over Rs 20,000 (269SS/269T) -- so material transactions must go through the bank.

Rohan's near-miss on a Rs 2.5 lakh cash receipt would have doubled the cost as penalty; banking it kept the deal clean.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Section 269ST: receiving Rs 2 lakh-plus in cash is a 100% penalty.
02	A 269ST breach effectively makes you pay the amount twice.
03	Section 40A(3): a cash expense above Rs 10,000 is disallowed.
04	Sections 269SS/269T: cash loans or repayments of Rs 20,000-plus are penalised.
05	These are penalty provisions, not guidelines.
06	The convenience of cash is never worth a 100% penalty.
07	Route all material receipts, expenses, and loans through the bank.
08	Set a firm cash policy and train your team on the limits.

WHAT'S NEXT | CHAPTER 20

Free Government Portals: Your DIY Compliance Toolkit

See Your Own Tax, GST, TDS, and Company Health Yourself -- For Free, Any Time

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

20

Free Government Portals: Your DIY Compliance Toolkit

See Your Own Tax, GST, TDS, and Company Health Yourself -- For Free, Any Time

CASE: MAA AMBA JAGDAMBA PVT LTD	GST + Income Tax + MCA + TRACES + EPFO | All Free | Self-Verify | Maa Amba Jagdamba

INTRODUCTION

Rohan had always experienced his compliance second-hand -- through whatever his CA told him. Then Suraj logged him into the government portals and showed him his own AIS, his GST 2B, his TDS credits, his company's MCA filing status -- all free, all official, all there. 'You never have to be in the dark,' Suraj said. 'Every number that matters is visible to you, directly from the source, for free. This is how you see your own financial and compliance health -- without depending on anyone to tell you.'

The government provides free portals where you can verify your own compliance end to end. This chapter is your DIY toolkit -- the portals, what each shows, and how to use them to see your business's tax and compliance health yourself.

WHAT THIS CHAPTER COVERS

-> Why self-verification matters

-> The income-tax portal: AIS, TIS, 26AS

-> The GST portal: returns and 2B

-> MCA, TRACES, and EPFO/ESIC

-> Building a self-check habit

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Verify your own compliance directly

* Read AIS, TIS, and 26AS on the IT portal

* Check returns and 2B on the GST portal

* Use MCA, TRACES, and EPFO/ESIC

* Build a regular self-check habit

THE ONE QUESTION

Do you ever look at your own AIS, GST 2B, and MCA status directly -- or do you only ever hear about your compliance from someone else?

THE SIMPLE TRUTH

Every key compliance number is visible to you, for free, on official portals. The income-tax portal shows your AIS and TIS (a full statement of your reported income and transactions) and Form 26AS (your TDS credits). The GST portal shows your returns and GSTR-2B. MCA shows your company's filing status, TRACES handles TDS, and EPFO/ESIC show PF and ESI. Used regularly, these let you verify your own health rather than depend on someone to report it.

SURAJ AT MAA AMBA JAGDAMBA

Suraj turned Rohan's compliance from second-hand into first-hand in one session. On the income-tax portal, the AIS showed every interest, dividend, and high-value transaction the department already had on Rohan -- letting him reconcile before filing. Form 26AS confirmed his TDS credits. On the GST portal, 2B confirmed the ITC actually available. On MCA, the filing status showed exactly which ROC forms were done.

'Now you are not guessing, and you are not waiting to be told,' Suraj said. 'You can see your own numbers from the source. This is the heart of financial control -- visibility you own. Check these regularly and nothing about your compliance can surprise you.'

THE VISUAL -- YOUR FREE DIY TOOLKIT

The portals, what each shows, and how to build a habit of seeing your own health.

▲ EVERY KEY COMPLIANCE NUMBER -- INCOME, TDS, GST CREDIT, ROC STATUS -- IS VISIBLE TO YOU, FREE, FROM THE SOURCE.

You never have to be in the dark or wait to be told. Self-verification is the foundation of owning your financial control.

INCOME TAX	GST	COMPANY	COST
AIS / 26AS	**Returns / 2B**	**MCA status**	**Free**

THE PORTALS AND WHAT THEY SHOW

YOUR SELF-CHECK TOOLKIT ■ TEMPLATE

Portal	What you can see / do
incometax.gov.in	AIS, TIS, Form 26AS, file ITR, respond to notices
gst.gov.in	File and view GST returns, download GSTR-2B
mca.gov.in	Company master data and ROC filing status
TRACES	TDS statements, Form 16/16A, defaults
EPFO / ESIC	PF and ESI contributions and member data

ƒ All official, all free -- the same data your advisor uses, available directly to you.

WHAT TO CHECK, AND WHY

THE HIGH-VALUE CHECKS

AIS / TIS	What the department already knows about your income
Form 26AS	TDS credited to you -- reconcile before filing
GSTR-2B	Input credit actually available -- claim only this
MCA status	Which ROC filings are done and which are pending

WHAT THIS MEANS

Visibility you own is the foundation of financial control. When you can see your own AIS, 2B, and filing status from the source, you stop depending on others to tell you whether you are safe.

BUILD THE HABIT

MONTHLY — GST 2B + returns → **QUARTERLY** — 26AS / TDS → **ANNUALLY** — AIS + MCA status → **ALWAYS** — reconcile to your books

▲ RED FLAG

Experiencing your compliance only through someone else's summary is how gaps stay hidden. The portals remove that blind spot -- not using them is a choice to stay in the dark.

◆ THE FOUNDER'S MOVE

Get your own logins to the income-tax and GST portals, check 2B monthly and AIS/26AS before filing, review MCA status yearly, and reconcile everything to your books -- own your visibility.

DIY COMPLIANCE CHECKLIST

- ! Own logins to income-tax and GST portals set up
- ■ GSTR-2B checked monthly against the books
- ■ AIS and 26AS reconciled before filing the ITR
- ■ MCA filing status reviewed annually
- ■ PF/ESI confirmed on EPFO/ESIC

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan heard about his compliance. After it, he sees it himself, from the source.

After this chapter, the group makes three specific changes:

From second-hand to first-hand

Compliance is verified directly on official portals, not just reported by others.

From dependence to ownership

You hold the logins and check your own AIS, 2B, and filing status.

From blind spot to visibility

A regular self-check habit removes the gaps that hide in the dark.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Set up your own logins to the income-tax and GST portals today -- not your CA's. The data is yours to see.

2. Before filing your next return, open your AIS and 26AS and reconcile them to your records -- catch mismatches early.

3. Make checking GSTR-2B a monthly habit and your MCA status an annual one. Visibility you own cannot be taken away.

SURAJ SAYS

SURAJ SAYS

Rohan, the moment you logged into your own AIS, the whole game changed -- you stopped guessing and stopped waiting to be told. Every number that matters is free and visible from the source. Owning that visibility is owning your financial control.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Free government portals -- income tax (AIS, TIS, 26AS), GST (returns, 2B), MCA, TRACES, EPFO/ESIC -- let you verify your entire compliance yourself, turning second-hand reporting into first-hand visibility you own.

Once Rohan saw his own numbers from the source, nothing about Maa Amba Jagdamba's compliance could surprise him again.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Every key compliance number is free and visible to you on official portals.
02	The income-tax portal shows AIS, TIS, and Form 26AS.
03	AIS reveals what the department already knows about your income.
04	Form 26AS confirms the TDS credited to you.
05	The GST portal shows your returns and GSTR-2B.
06	MCA shows company filing status; TRACES handles TDS; EPFO/ESIC show PF/ESI.
07	Self-verification is the foundation of owning your financial control.
08	Check 2B monthly, 26AS/AIS before filing, MCA yearly -- and reconcile to your books.

WHAT'S NEXT | CHAPTER 21

The New Income Tax Act, 2025: What Is Changing

A Simplified, Consolidated Law -- Why the Principles Stay While the Structure Is Modernised

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

21

The New Income Tax Act, 2025: What Is Changing

A Simplified, Consolidated Law -- Why the Principles Stay While the Structure Is Modernised

CASE: MAA AMBA JAGDAMBA PVT LTD	New Act Replaces the 1961 Law | Simplification | Confirm Current Provisions | Maa Amba Jagdamba

INTRODUCTION

Rohan saw headlines about a 'new Income Tax Act' and worried that everything he had just learned was about to be obsolete. Suraj reassured him. 'The new Act is mainly a modernisation -- simpler language, fewer and better-organised sections, replacing a law from 1961. The core principles you have learned -- income, deductions, TDS, advance tax, compliance -- carry over. What changes is the structure and clarity, not the fundamentals. Stay updated, and confirm the exact current provisions when you act.'

India has moved to replace its decades-old income-tax law with a modernised, simplified Act. This chapter explains the intent behind the change, what broadly stays the same, and how to stay current -- with a clear caution that you must always confirm the latest provisions before acting.

WHAT THIS CHAPTER COVERS

-> Why the law is being modernised

-> What broadly stays the same

-> What changes: structure and clarity

-> How transitions are typically handled

-> Staying current and confirming provisions

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand the intent of the new Act
* See which principles carry over
* Recognise what is being simplified
* Approach the transition sensibly
* Always confirm the latest provisions

THE ONE QUESTION

When the law modernises, do you panic that everything changed -- or recognise that the principles hold while you confirm the current specifics?

THE SIMPLE TRUTH

The new Income Tax Act is principally a modernisation of a law that dated from 1961 -- aiming for simpler language, fewer and better-organised provisions, and greater clarity. The fundamentals you have learned in this book -- how income is taxed, deductions, TDS, advance tax, returns, and compliance -- broadly carry forward. What changes is the structure, the section references, and the readability. The essential discipline is to stay updated and confirm the exact current provisions, because details and dates evolve.

SURAJ AT MAA AMBA JAGDAMBA

Suraj framed it for Maa Amba Jagdamba simply. Nothing about Rohan's day-to-day changed in principle: the company would still pay corporate tax, still deduct TDS, still pay advance tax in installments, still file returns. The modernised Act mostly reorganises and simplifies how those rules are written and referenced.

'Do not treat a new Act as a reason to throw away what you have learned,' Suraj said. 'The grammar of tax -- income, deductions, timing, compliance -- is stable. When you actually file or plan, confirm the current section and rate for that year. Treat the law as living, and you will never be caught out by a change.'

THE VISUAL -- MODERNISATION, NOT REINVENTION

The intent, what stays, what changes, and the discipline of confirming current provisions.

▲ A NEW, SIMPLIFIED ACT REPLACES THE 1961 LAW -- BUT THE CORE PRINCIPLES OF TAX CARRY OVER.

Language and structure modernise; income, deductions, TDS, advance tax, and compliance remain. Always confirm the exact current provisions before you act.

REPLACES	AIM	PRINCIPLES	ALWAYS
1961 Act	**Simplify**	**Carry over**	**Confirm current**

WHAT STAYS vs WHAT CHANGES

THE SHAPE OF THE CHANGE ■ TEMPLATE

Aspect	Direction
Core principles of taxation	Broadly unchanged
Language and readability	Simplified
Number and layout of sections	Reorganised, fewer
Section references / numbering	Likely to change
Rates, limits, dates	Set each year -- confirm

ƒ The fundamentals hold; the wording, structure, and references modernise. Verify specifics for the relevant year.

WHAT THIS MEANS FOR YOU

HOW TO APPROACH IT

Do not panic	What you have learned in principle still applies
Re-learn references	Section numbers and layout may differ
Confirm before acting	Check the current provision, rate, and date

Lean on your CA	For the precise current-year position

WHAT THIS MEANS

A modernised law rewards those who understand principles over those who memorised section numbers. If you know why a rule exists, a change in its wording or reference does not unsettle you.

▲ RED FLAG

This chapter is deliberately high-level: tax law evolves and exact provisions, numbers, and dates change. Never act on a general description -- confirm the current, notified position for your year.

◆ THE FOUNDER'S MOVE

Treat tax law as living: hold the principles firmly, re-learn the references as they update, and always confirm the current provision and rate before filing or planning -- ideally with your CA.

STAYING-CURRENT CHECKLIST	
✓	Understood that core principles carry over
■	Aware section references may change
!	Current provisions confirmed before acting
■	CA consulted for the precise current-year position

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan feared a new Act made his learning obsolete. After it, he holds the principles and confirms the specifics.

After this chapter, the group makes three specific changes:

From panic to perspective

A modernised law changes structure, not the fundamentals you have learned.

From numbers to principles

Understanding why a rule exists outlasts any section reference.

From assuming to confirming

The current provision and rate are always verified before acting.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. When you read about tax-law changes, ask first: does this change a principle, or just the wording and references? Usually it is the latter.

2. Before your next filing or major decision, confirm the current section, rate, and date that apply -- do not rely on memory or an old reference.

3. Keep your CA in the loop on transitions -- the precise current-year position is exactly where professional help earns its fee.

SURAJ SAYS

SURAJ SAYS

Rohan, people who only memorised section numbers panic when the law is rewritten. People who understood the principles just update their references. You have learned the grammar of tax in this book -- a new Act changes the spelling, not the language.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

The new Income Tax Act modernises and simplifies the 1961 law, but the core principles -- income, deductions, TDS, advance tax, compliance -- carry over; what changes is structure, language, and references, so always confirm current provisions.

For Maa Amba Jagdamba, the day-to-day discipline is unchanged; Suraj's rule is to hold the principles and verify the specifics for each year.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	A new, simplified Act replaces the income-tax law dating from 1961.
02	The aim is plainer language and fewer, better-organised provisions.
03	Core principles of taxation broadly carry over.
04	Section numbers, layout, and references are likely to change.

05	Rates, limits, and dates are set each year and must be confirmed.
06	Understanding principles matters more than memorising sections.
07	This chapter is high-level -- tax law evolves; verify current provisions.
08	Treat the law as living: hold principles, confirm specifics, use your CA.

WHAT'S NEXT | CHAPTER 22

Proprietorship vs LLP vs Private Limited: Choosing Your Structure

How Liability, Tax, Compliance, and Funding Decide the Right Form for Your Business

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

22

Proprietorship vs LLP vs Private Limited: Choosing Your Structure

How Liability, Tax, Compliance, and Funding Decide the Right Form for Your Business

CASE: MAA AMBA JAGDAMBA PVT LTD	Liability + Tax + Compliance + Funding | 3-Way Choice | Maa Amba Jagdamba is Pvt Ltd

INTRODUCTION

A friend told Rohan he was 'mad' to run Maa Amba Jagdamba as a Private Limited -- 'too much compliance, just be a proprietor.' Rohan asked Suraj if he had chosen wrong. 'There is no universally right structure,' Suraj said. 'A proprietorship is simplest but exposes your personal assets. An LLP limits liability with less compliance. A Pvt Ltd has the most compliance but limited liability, credibility, and the ability to raise equity. You chose Pvt Ltd for liability protection and funding -- that was right for your goals, even with the extra compliance.'

The legal structure you choose shapes your liability, tax, compliance burden, and ability to raise money. This chapter compares the three common forms -- proprietorship, LLP, and Private Limited -- so you can match the structure to your goals.

WHAT THIS CHAPTER COVERS

-> The four factors that decide structure

-> Proprietorship: simple but exposed

-> LLP: limited liability, lighter compliance

-> Private Limited: most compliance, most options

-> Matching the structure to your goals

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Know the four deciding factors
* Understand each structure's trade-offs
* Compare liability, tax, compliance, funding
* See why a Pvt Ltd suits certain goals
* Match the structure to your situation

THE ONE QUESTION

Did you choose your business structure deliberately -- weighing liability, tax, compliance, and funding -- or default into it?

THE SIMPLE TRUTH

Four factors decide the right structure: liability (are your personal assets protected?), tax (slab rates versus a flat company rate), compliance (how much annual filing), and funding (can you raise equity?). A proprietorship is simplest but carries unlimited personal liability and slab tax. An LLP gives limited liability with moderate compliance. A Private Limited has the heaviest compliance but limited liability, a corporate tax rate, credibility, and the ability to raise equity. There is no single best -- only the best for your goals.

SURAJ AT MAA AMBA JAGDAMBA

Suraj laid the three side by side for Rohan. As a proprietor, Rohan's home and savings would be exposed to business debts, and profits taxed at personal slab rates. As an LLP, liability would be limited with lighter compliance, but raising equity is hard. As a Private Limited -- what he chose -- liability is limited, the company pays corporate tax, and he can raise equity and command more credibility, at the cost of ROC and audit compliance.

'Your friend is right that a Pvt Ltd is more work,' Suraj said. 'But you wanted your personal assets protected and the option to raise capital and scale. For those goals, the compliance is a fair price. The structure was not a mistake -- it was a deliberate fit.'

THE VISUAL -- THE STRUCTURE DECISION

The four factors, a three-way comparison, and how to match the form to your goals.

▲ STRUCTURE DECIDES YOUR LIABILITY, TAX, COMPLIANCE, AND ABILITY TO RAISE MONEY.

Proprietorship is simplest but exposes you; LLP limits liability with less compliance; Pvt Ltd is heaviest but unlocks funding and protection. Match it to your goals.

PROPRIETOR	LLP	PVT LTD	DECIDE ON
Simple, exposed	**Limited liability**	**Most options**	**Your goals**

THE THREE STRUCTURES, SIDE BY SIDE

THE CORE COMPARISON ■ TEMPLATE

Factor	Proprietorship	LLP	Pvt Ltd
Liability	Unlimited (personal)	Limited	Limited
Tax	Personal slab rates	~30% flat	~25% corporate
Compliance	Lightest	Moderate	Heaviest (ROC, audit)
Raise equity	No	Difficult	Yes
Credibility	Lower	Moderate	Highest

ƒ No structure wins on every factor -- the right one depends on which factors matter most to you.

WHO SHOULD PICK WHICH

MATCHING STRUCTURE TO GOALS

Proprietorship	Smallest, low-risk, single-owner businesses
LLP	Partners wanting liability protection, light compliance
Pvt Ltd	Limited liability, equity funding, scale, credibility
Convert later	You can move up structures as you grow

WHAT THIS MEANS

The compliance burden of a Pvt Ltd is not a flaw -- it is the cost of liability protection, a corporate tax rate, and the ability to raise capital. Whether it is worth paying depends entirely on your goals.

WHY MAA AMBA JAGDAMBA IS A PVT LTD

ROHAN'S REASONING ■ TEMPLATE

Goal	Why Pvt Ltd fits
Protect personal assets	Limited liability shields home and savings
Raise capital / scale	Only a Pvt Ltd can issue equity easily
Credibility with partners	Customers and lenders trust the form
Accept the trade-off	Worth the ROC and audit compliance

ƒ A deliberate fit -- the extra compliance is the price for protection and funding ability.

▲ RED FLAG

Choosing a structure on a single piece of advice -- 'just be a proprietor' or 'always go Pvt Ltd' -- ignores your actual goals. The wrong structure either exposes you or burdens you needlessly.

◆ THE FOUNDER'S MOVE

Decide on the four factors together. If you need liability protection and funding, a Pvt Ltd's compliance is worth it; if you are small and low-risk, a proprietorship or LLP may fit better. Revisit as you grow.

STRUCTURE DECISION CHECKLIST

- ! Liability exposure assessed (personal assets at risk?)
- ■ Tax compared: slab vs flat vs corporate
- ■ Compliance burden understood and acceptable
- ■ Funding needs considered (will you raise equity?)
- ✓ Structure matched to goals, not to one opinion

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan wondered if his structure was a mistake. After it, he sees it as a deliberate fit to his goals.

After this chapter, the group makes three specific changes:

From opinion to factors

The structure is chosen on liability, tax, compliance, and funding -- not on one person's advice.

From burden to trade-off

A Pvt Ltd's compliance is the price for protection and funding, not a flaw.

From default to deliberate

The form is matched to goals, and revisited as the business grows.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. List your priorities: do you most need liability protection, simplicity, low tax, or the ability to raise capital? That ranking points to your structure.

2. If you are a proprietor with growing risk or assets, consider whether limited liability (LLP or Pvt Ltd) is now worth the extra compliance.

3. If you are a Pvt Ltd doubting it, check whether you value the liability protection and funding ability -- usually that is exactly why it was chosen.

SURAJ SAYS

SURAJ SAYS

Rohan, your friend judged your structure on one factor -- compliance -- and ignored the rest. You chose Pvt Ltd to protect your family's assets and to be able to raise capital. For those goals, it was exactly right. Structure is a fit to goals, never a one-line rule.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Proprietorship, LLP, and Private Limited differ on liability, tax, compliance, and funding -- there is no universal best, only the structure that fits your goals.

Maa Amba Jagdamba is a Pvt Ltd by deliberate choice: limited liability and funding ability, worth the heavier compliance, given Rohan's goals.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Four factors decide structure: liability, tax, compliance, funding.
02	A proprietorship is simplest but carries unlimited personal liability.
03	An LLP gives limited liability with moderate compliance.
04	A Pvt Ltd has the heaviest compliance but limited liability and a corporate rate.
05	Only a Pvt Ltd can raise equity easily and carries the most credibility.
06	No structure wins on every factor -- match it to your goals.
07	A Pvt Ltd's compliance is the price for protection and funding.
08	You can convert to a higher structure as the business grows.

WHAT'S NEXT | CHAPTER 23

FEMA, Foreign Income, and E-Commerce: Crossing Borders and Going Online

Imports, Foreign Payments, and Selling Online -- the Compliance Growth Brings

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

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FEMA, Foreign Income, and E-Commerce: Crossing Borders and Going Online

Imports, Foreign Payments, and Selling Online -- the Compliance Growth Brings

CASE: MAA AMBA JAGDAMBA PVT LTD

Imports = IGST + FEMA | Online = Mandatory GST + TCS | Maa Amba Jagdamba

INTRODUCTION

Maa Amba Jagdamba imported about Rs 1.5 crore of goods a year and sold a fifth of its products online -- and Rohan had treated both casually. He had not reconciled the TCS that Amazon and Flipkart deducted, and was unclear on the FEMA side of his imports. 'The moment you cross a border or sell online, new compliance switches on,' Suraj said. 'Imports bring IGST and FEMA reporting; selling online makes GST registration compulsory and brings marketplace TCS you must reconcile. Neither is hard -- but both are easy to ignore until they bite.'

Growth often means importing goods and selling online -- each bringing its own compliance. This chapter covers the essentials: IGST and FEMA on imports, the rules for foreign payments, and the GST and TCS realities of selling through e-commerce marketplaces.

WHAT THIS CHAPTER COVERS

-> Imports: IGST, customs, and FEMA

-> Foreign payments and remittance reporting

-> Selling online: GST is compulsory

-> Marketplace TCS and reconciliation

-> Keeping cross-border and online clean

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Handle IGST and FEMA on imports
* Report foreign remittances correctly
* Register for GST as an online seller
* Reconcile marketplace TCS
* Keep cross-border and online compliant

THE ONE QUESTION

If you import goods or sell online, are you reconciling the IGST you pay and the TCS that marketplaces deduct -- or leaving that cash and credit unclaimed?

THE SIMPLE TRUTH

Crossing borders and going online each switch on compliance. On imports you pay IGST (claimable as credit) and customs, and the foreign-exchange side falls under FEMA, with remittances often needing Form 15CA/15CB. Selling through e-commerce makes GST registration compulsory regardless of turnover, and marketplaces collect TCS (around 1%) on your sales -- which you must reconcile and claim. None of it is difficult, but the IGST and TCS are real cash and credit you lose if you ignore them.

SURAJ AT MAA AMBA JAGDAMBA

Suraj cleaned up both sides for Maa Amba Jagdamba. On the Rs 1.5 crore of imports, the IGST paid at customs was claimed as input credit rather than treated as a sunk cost, and the FEMA and remittance paperwork was put in order. On the online side, the TCS that Amazon and Flipkart had been collecting was reconciled and claimed against GST liability.

Both had been quietly leaking value. 'The import IGST is your credit -- claim it,' Suraj said. 'The marketplace TCS is your money held by the government -- reconcile and claim it. Cross-border and online are not scary; ignoring their IGST and TCS just means donating cash you were entitled to keep.'

THE VISUAL -- BORDERS AND ONLINE, MADE CLEAN

Import IGST and FEMA, foreign remittances, compulsory online GST, and marketplace TCS.

▲ IMPORTS BRING IGST + FEMA; SELLING ONLINE MAKES GST COMPULSORY AND BRINGS MARKETPLACE TCS.

Import IGST is claimable credit; marketplace TCS is your money held by the government. Reconcile and claim both -- or lose real cash.

IMPORTS	ONLINE GST	MARKETPLACE TCS	ACTION
IGST + FEMA	**Compulsory**	**~1%**	**Reconcile + claim**

IMPORTS -- WHAT SWITCHES ON

ON IMPORTED GOODS ■ TEMPLATE

Element	What it means
IGST at customs	Paid on import -- claimable as input credit
Customs duty	Cost of import -- not creditable like IGST
FEMA	Foreign-exchange law governs the payment side
Form 15CA/15CB	Often needed for foreign remittances

ƒ The import IGST is credit, not cost -- claiming it is a direct cash benefit many importers miss.

SELLING ONLINE -- THE RULES

E-COMMERCE COMPLIANCE ■ TEMPLATE

Element	Rule
GST registration	Compulsory for online sellers, any turnover
Marketplace TCS	Platforms collect ~1% TCS on your sales
TCS reconciliation	Match and claim it against your GST liability

Returns	Report online sales correctly in your GST returns

ƒ TCS collected by Amazon/Flipkart is your money parked with the government -- reconcile it every month and claim it.

WHAT THIS MEANS

Both the import IGST and the marketplace TCS are amounts you have effectively already paid or had withheld. Reconciling and claiming them converts a leak back into working capital.

THE CROSS-BORDER + ONLINE FLOW

IMPORT — pay IGST at customs → **CLAIM** — IGST as credit → **SELL ONLINE** — marketplace deducts TCS → **RECONCILE** — claim TCS

▲ RED FLAG

Treating import IGST as a sunk cost, or never reconciling marketplace TCS, silently donates lakhs. And selling online without GST registration is a straightforward compliance breach.

◆ THE FOUNDER'S MOVE

Claim IGST on every import as credit, keep FEMA and remittance paperwork in order, register for GST before selling online, and reconcile marketplace TCS monthly -- each is recoverable cash.

CROSS-BORDER + ONLINE CHECKLIST

■	Import IGST claimed as input credit
!	FEMA / remittance paperwork (15CA/CB) in order
✗	GST registration in place before selling online
■	Marketplace TCS reconciled and claimed monthly
■	Online sales reported correctly in GST returns

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan treated imports and online sales casually. After it, he claims their IGST and TCS as the cash they are.

After this chapter, the group makes three specific changes:

From cost to credit

Import IGST is claimed as input credit, not written off as a sunk cost.

From ignored to reconciled

Marketplace TCS is reconciled monthly and claimed against GST.

From casual to compliant

GST registration and FEMA paperwork are in place before crossing borders or going online.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. If you import, confirm you are claiming the IGST paid at customs as input credit -- not treating it as part of cost.

2. If you sell online, reconcile the TCS your marketplaces deducted last quarter and claim it. It is your money, held by the government.

3. Check your FEMA and remittance paperwork for foreign payments -- Form 15CA/15CB where required -- so the foreign-exchange side is clean.

SURAJ SAYS

SURAJ SAYS

Rohan, you were importing and selling online like it was all just cost and hassle. But the import IGST is your credit and the marketplace TCS is your cash. Reconcile both, and crossing borders and going online stop leaking money and start paying you back.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Imports bring IGST (claimable credit), customs, and FEMA reporting; selling online makes GST compulsory and brings marketplace TCS -- both the IGST and the TCS are recoverable cash you must reconcile and claim.

Maa Amba Jagdamba stopped treating import IGST as cost and started reconciling marketplace TCS, converting silent leaks back into working capital.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Imports attract IGST (claimable credit) and customs duty (a cost).
02	The foreign-exchange side of imports and payments falls under FEMA.
03	Foreign remittances often need Form 15CA/15CB.
04	Selling online makes GST registration compulsory at any turnover.
05	Marketplaces collect about 1% TCS on your online sales.
06	Reconcile and claim marketplace TCS against your GST liability.
07	Import IGST and marketplace TCS are recoverable cash, not sunk cost.
08	Register for GST and keep FEMA paperwork in order before you start.

WHAT'S NEXT | CHAPTER 24

HUF, Capital Gains, and Crypto: The Founder's Personal Advanced Tax

Planning Tools and Investment Taxes Every Owner Should Understand for Themselves

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

24

HUF, Capital Gains, and Crypto: The Founder's Personal Advanced Tax

Planning Tools and Investment Taxes Every Owner Should Understand for Themselves

CASE: MAA AMBA JAGDAMBA PVT LTD	HUF as a Tax Entity | LTCG / STCG | Crypto 30% + 1% TDS | Rohan's Personal Tax

INTRODUCTION

Beyond the business, Rohan's own money was growing -- equity shares, a second property, some crypto -- and he had no clarity on how any of it was taxed. He had also heard that an HUF could save tax but did not know how. 'Your personal tax deserves the same rigour as the company's,' Suraj said. 'Capital gains have their own rates and holding periods. Crypto is taxed flat at 30% with a 1% TDS and no loss set-off. And an HUF can be a legitimate separate tax entity. Let us bring the same discipline to your money that you now bring to the business.'

A founder's personal finances carry their own tax rules -- on investments, property, and newer assets like crypto -- plus planning tools such as the HUF. This chapter covers the essentials so you manage your own wealth with the same discipline as your business.

WHAT THIS CHAPTER COVERS

-> Capital gains: equity and property

-> Long-term vs short-term holding

-> Crypto: the flat 30% regime

-> HUF as a separate tax entity

-> Bringing discipline to personal wealth

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* Understand capital gains on equity and property
* Distinguish long-term from short-term gains
* Know how crypto is taxed
* Understand the HUF as a planning tool
* Manage personal wealth with discipline

THE ONE QUESTION

Do you know how your own shares, property, and crypto are taxed -- or is your personal tax far less organised than your company's?

THE SIMPLE TRUTH

Personal investments have their own tax rules. Capital gains depend on the asset and holding period: listed equity held beyond a year is long-term (taxed at a concessional rate above an exemption), shorter holdings are short-term (taxed higher); property and other assets have their own periods and exemptions. Crypto and other virtual digital assets are taxed at a flat 30%, with a 1% TDS on transactions and no set-off of losses. An HUF is a separate tax entity with its own PAN and exemption, usable for legitimate family-wealth planning. Rates evolve -- confirm the current year.

SURAJ AT MAA AMBA JAGDAMBA

Suraj organised Rohan's personal tax the way he had the company's. Rohan's listed shares held over a year qualified as long-term, taxed at the concessional rate above the annual exemption; shares sold within a year were short-term and taxed higher. His second property carried its own holding period and reinvestment exemptions. His crypto was taxed flat at 30%, with 1% TDS already deducted on trades and losses that could not be set off against anything.

On the HUF, Suraj was measured: 'It is a legitimate separate tax entity with its own exemption, useful for genuine family wealth -- but it must be real, not a paper arrangement. Set up properly, it is a planning tool; misused, it is a problem. Either way, your personal money now gets the same rigour as the business.'

THE VISUAL -- THE FOUNDER'S PERSONAL TAX

Capital gains by asset and holding, the crypto regime, and the HUF as a planning tool.

▲ CRYPTO IS TAXED FLAT AT 30% WITH A 1% TDS AND NO LOSS SET-OFF. CAPITAL GAINS DEPEND ON ASSET AND HOLDING PERIOD.

Your personal investments have their own rules -- and an HUF can be a legitimate separate tax entity. Bring the same discipline you give the business.

EQUITY LTCG	STCG	CRYPTO	HUF
Concessional	Higher rate	30% + 1% TDS	Separate PAN

CAPITAL GAINS -- BY ASSET AND HOLDING

HOW INVESTMENT GAINS ARE TAXED (INDICATIVE) ■ TEMPLATE

Asset	Long-term	Short-term
Listed equity / equity funds	Concessional rate above an exemption	Higher flat rate
Holding period (equity)	Over 12 months	12 months or less
Property / other assets	Concessional, with exemptions	At slab rates
Holding period (property)	Typically over 24 months	24 months or less

ƒ Rates, exemptions, and indexation have changed recently -- confirm the current-year position before relying on these.

CRYPTO -- THE STRICT REGIME

VIRTUAL DIGITAL ASSETS	
Tax rate	Flat 30% on the gain
TDS	1% deducted on transactions

Loss set-off	Not allowed -- losses cannot offset other income
Deductions	Only the cost of acquisition

WHAT THIS MEANS

Crypto is taxed more harshly than almost any other asset: a flat 30%, a 1% TDS on every trade, and no ability to set off losses. Treat it as a high-tax holding, not a tax-efficient one.

HUF -- A LEGITIMATE PLANNING TOOL

HINDU UNDIVIDED FAMILY ■ TEMPLATE

Aspect	Point
What it is	A separate tax entity with its own PAN
Benefit	Its own basic exemption and slabs
Suitable for	Genuine family / ancestral wealth
Caution	Must be real and properly run -- not a paper device

ƒ An HUF used genuinely is a legitimate tool; used artificially, it invites scrutiny. Set it up properly or not at all.

▲ RED FLAG

Two personal-tax traps: assuming crypto is taxed like equity (it is far harsher), and treating an HUF as a paper tax dodge rather than a genuine family entity. Both are costly errors.

◆ THE FOUNDER'S MOVE

Track holding periods to time equity and property sales tax-efficiently, treat crypto as a high-tax asset, and consider an HUF only as a genuine, properly run family entity -- with professional advice.

PERSONAL ADVANCED-TAX CHECKLIST

- ■ Holding periods tracked for equity and property
- ! Capital-gains rates confirmed for the current year
- ■ Crypto treated as 30% flat with 1% TDS, no set-off
- ! HUF considered only if genuine and properly run
- ✓ Personal tax given the same rigour as the business

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, Rohan's personal tax was an afterthought. After it, it gets the same discipline as the company's.

After this chapter, the group makes three specific changes:

From vague to organised
Capital gains are tracked by asset and holding period, and timed deliberately.

From assumption to reality
Crypto is recognised as a harsh 30% flat regime, not an equity-like one.

From gimmick to genuine
An HUF is used only as a real, properly run family entity, if at all.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. List your personal investments and their holding periods. Timing a sale past the long-term threshold can change the tax materially.

2. If you hold crypto, account for the flat 30%, the 1% TDS, and the inability to set off losses -- it is not a tax-efficient asset.

3. If family wealth genuinely warrants it, discuss an HUF with a professional -- but only as a real entity, never a paper arrangement.

SURAJ SAYS

SURAJ SAYS

Rohan, you ran the business with precision and left your own money to chance. Capital gains reward patience and timing, crypto is taxed hard, and an HUF helps only if it is genuine. Give your personal wealth the same rigour, and it will serve your family far better.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

A founder's personal tax has its own rules: capital gains by asset and holding period, a harsh flat 30%-plus-1%-TDS regime for crypto, and the HUF as a legitimate separate tax entity when genuinely used.

Suraj brought the same discipline to Rohan's shares, property, and crypto as to the company -- timing gains, respecting the crypto regime, and treating an HUF as real, not a device.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Capital gains depend on the asset and how long it was held.
02	Listed equity over 12 months is long-term, taxed at a concessional rate.
03	Shorter holdings are short-term and taxed higher.
04	Property and other assets have their own periods and exemptions.
05	Crypto is taxed flat at 30%, with 1% TDS and no loss set-off.
06	Treat crypto as a high-tax asset, not a tax-efficient one.
07	An HUF is a separate tax entity with its own PAN and exemption.
08	Use an HUF only if genuine and properly run -- confirm current rates throughout.

WHAT'S NEXT | CHAPTER 25

The India Compliance Calendar: Every Deadline, Every Month

One Calendar That Brings Every Date in This Book Into a Single View

INDIA COMPLIANCE FOR FOUNDERS | BOOK 4 OF 4

25

The India Compliance Calendar: Every Deadline, Every Month

One Calendar That Brings Every Date in This Book Into a Single View

CASE: MAA AMBA JAGDAMBA PVT LTD

GST 11th/20th | TDS 7th | PF/ESI 15th | Advance Tax x4 | ROC + ITR Annual

INTRODUCTION

By now Rohan understood every compliance individually -- but they lived in his head as scattered dates, and the occasional one still slipped. Suraj's final gift was the simplest: one calendar. 'You have learned the whole system,' he said. 'Now put every date in one place. When the 7th, the 11th, the 15th, and the 20th are fixed monthly events, and the quarterly and annual dates are diarised, compliance stops being a memory test and becomes a rhythm. This calendar is how everything in this book stays done.'

This capstone chapter gathers every deadline from the book into a single, usable calendar -- the monthly rhythm, the quarterly dates, and the annual filings. Set it up once, and the entire system runs on schedule.

WHAT THIS CHAPTER COVERS

-> The monthly rhythm: 7th, 11th, 15th, 20th

-> The quarterly dates: TDS returns and advance tax

-> The annual filings: ROC, ITR, Form 16

-> A month-by-month master view

-> Turning the calendar into a habit

CHAPTER OBJECTIVE

By the end of this chapter, you will be able to:

* See every deadline in one place
* Fix the monthly compliance rhythm
* Diarise the quarterly dates
* Schedule the annual filings
* Run compliance as a rhythm, not memory

THE ONE QUESTION

Are all your compliance deadlines in one calendar -- or scattered in your head, where the occasional one always slips?

THE SIMPLE TRUTH

Every compliance in this book reduces to a calendar. Each month has a fixed rhythm: TDS deposited by the 7th, GSTR-1 by the 11th, PF and ESI by the 15th, GSTR-3B by the 20th. Each quarter brings TDS returns and an advance-tax installment (15 Jun, Sep, Dec, Mar). Each year brings the ROC filings, the ITR, and Form 16 by 15 June. Put all of it in one calendar, and compliance stops being a memory test.

SURAJ AT MAA AMBA JAGDAMBA

Suraj built Maa Amba Jagdamba one master calendar. The monthly dates became standing reminders -- 7th, 11th, 15th, 20th -- owned by name. The four advance-tax dates and quarterly TDS returns were diarised. The annual ROC filings, ITR, and Form 16 were scheduled with their lead times for audit and the AGM.

Nothing in it was new -- it was every deadline from the book, in one view. 'You spent this whole book learning the pieces,' Suraj told Rohan. 'This calendar is how they stay done. Compliance is not hard once it is a rhythm. Miss nothing, owe no penalty, and never be surprised -- that is what one calendar buys you.'

THE VISUAL -- THE WHOLE BOOK, IN ONE CALENDAR

The monthly rhythm, the quarterly dates, the annual filings, and a month-by-month master view.

▲ EVERY DEADLINE IN THIS BOOK FITS IN ONE CALENDAR: 7th, 11th, 15th, 20th MONTHLY -- PLUS QUARTERLY AND ANNUAL.

Put them all in one place and compliance becomes a rhythm, not a memory test. Miss nothing, owe no penalty, never be surprised.

TDS DEPOSIT	GSTR-1	PF / ESI	GSTR-3B
7th	**11th**	**15th**	**20th**

THE MONTHLY RHYTHM

EVERY MONTH, SAME DATES ■ TEMPLATE

By date	What is due
7th	Deposit TDS deducted last month
11th	File GSTR-1 (outward sales)
15th	Deposit PF and ESI; reconcile GSTR-2B around now
20th	File GSTR-3B and pay net GST

ƒ Four fixed dates, every month. Owned by name, they never slip.

THE QUARTERLY DATES

EVERY QUARTER ■ TEMPLATE

Date / period	What is due
15 Jun / Sep / Dec / Mar	Advance-tax installment (15/45/75/100%)
After each quarter	TDS returns (24Q salary, 26Q non-salary)
After each quarter	Issue Form 16A (TDS certificates)

ƒ The advance-tax dates and TDS returns are the quarterly backbone.

THE ANNUAL FILINGS

EVERY YEAR ■ TEMPLATE

Filing	Timing
Form 16 to employees	By 15 June
Income Tax Return (ITR)	By the due date (31 Jul / 31 Oct if audited)
AOC-4 (financials)	Within 30 days of AGM
MGT-7 (annual return)	Within 60 days of AGM
DIR-3 KYC	By its annual deadline

ƒ Plan audit and AGM lead times so the ROC dates are met comfortably.

MONTH-BY-MONTH MASTER VIEW

THE YEAR AT A GLANCE ■ TEMPLATE

Month	Notable additions to the monthly rhythm
April	New financial year begins; plan estimates
June	15th: Form 16 to staff; advance tax (15%)
July	ITR due (non-audit) by 31st
September	Advance tax (45%); AGM season; audit
October	ITR due (audit) by 31st; AOC-4 after AGM
November	MGT-7 after AGM
December	Advance tax (75%)
March	Advance tax (100%); year-end close

ƒ The 7th/11th/15th/20th repeat every month; this shows what each month adds on top.

WHAT THIS MEANS

Nothing here is new -- it is the entire book reduced to dates. Compliance was never about cleverness; it is about a calendar that is actually kept.

◆ THE FOUNDER'S MOVE

Build this one calendar now: standing monthly reminders for the 7th, 11th, 15th, 20th; diarised quarterly advance-tax and TDS dates; and annual ROC, ITR, and Form 16 dates with lead time. Then simply keep it.

COMPLIANCE-CALENDAR CHECKLIST

- ■ Monthly 7th / 11th / 15th / 20th set as standing reminders
- ! Four advance-tax dates diarised
- ■ Quarterly TDS returns and certificates scheduled
- ■ Annual ROC, ITR, and Form 16 dates set with lead time

! One owner named for each recurring deadline

THE SHIFT -- WHAT CHANGES NOW

Before this chapter, the dates lived scattered in Rohan's head. After it, they live in one calendar that simply gets kept.

After this chapter, the group makes three specific changes:

From memory to calendar

Every deadline is in one place, not held in your head.

From scramble to rhythm

The 7th, 11th, 15th, 20th become a fixed monthly rhythm.

From surprise to control

Quarterly and annual dates are diarised with lead time -- nothing slips.

YOUR TURN

YOUR TURN -- 3 QUESTIONS FOR YOUR BUSINESS

Before moving to the next chapter, answer these questions about your own business:

1. Build the one calendar today: standing monthly reminders for the 7th, 11th, 15th, and 20th, owned by a named person.

2. Diarise the four advance-tax dates and your quarterly TDS returns now -- these are where penalties quietly accrue.

3. Schedule the annual ROC filings, ITR, and Form 16 with enough lead time for audit and the AGM, so the dates are never a rush.

SURAJ SAYS

SURAJ SAYS

Rohan, you have learned the whole system -- GST, TDS, income tax, payroll, registrations, defence, the lot. This calendar is how it all stays done. Compliance is not a test of memory or cleverness. It is a rhythm you keep. Keep it, and you will never owe a penalty or fear a notice again.

-- Suraj Kumar Lohani | Finance and Business Clarity Consultant | 7AM & Realtime CFO

CONCLUSION

Every deadline in this book fits in one calendar: a monthly rhythm of the 7th, 11th, 15th, and 20th, quarterly advance-tax and TDS dates, and the annual ROC, ITR, and Form 16 filings.

With this one calendar, Maa Amba Jagdamba turned compliance from a memory test into a kept rhythm -- nothing missed, no penalty owed, no notice feared.

That is the whole of compliance for a founder: understand the system, then keep the calendar. With both in hand, your business is protected, your cash is yours, and your focus returns to building.

CHAPTER RECAP -- 10 THINGS TO REMEMBER

01	Every compliance in this book reduces to a single calendar.
02	Monthly: TDS by the 7th, GSTR-1 by the 11th, PF/ESI by the 15th, GSTR-3B by the 20th.
03	Reconcile GSTR-2B around the 15th, before filing GSTR-3B.
04	Quarterly: advance tax (15 Jun/Sep/Dec/Mar) and TDS returns.
05	Annually: Form 16 by 15 June, ITR, AOC-4, MGT-7, DIR-3 KYC.
06	Plan audit and AGM lead times so ROC dates are met comfortably.
07	Put every date in one calendar, owned by a named person.
08	Compliance is not cleverness -- it is a rhythm you keep.

Never Get Fooled by a Notice Again.

Every compliance an Indian founder faces, in plain language and worked Rs examples. Built from 22 years in the field.

INSIDE THIS BOOK

- GST registration, filing, and the 2B reconciliation that protects your cash
- TDS, the 30% disallowance trap, and salary TDS done right
- Income tax, old vs new regime, and advance tax with zero penalty
- Payroll, PF, ESI, and the MSME 45-day rule that shields your receivables
- Telling a real notice from a fake, and holding your CA accountable
- One master calendar with every deadline, every month

ABOUT THE AUTHOR

Suraj Kumar Lohani -- 7AM & Realtime CFO. 22+ years in operational finance, FP&A, and MIS. Author of the Finance from Zero to CFO series, helping founders and finance teams build a real Finance Operating System.

THE COMPLETE SERIES

1. Finance for Business Owners
2. Finance for Finance Professionals
3. The CFO Playbook
4. **India Compliance for Founders   <-- this book**