



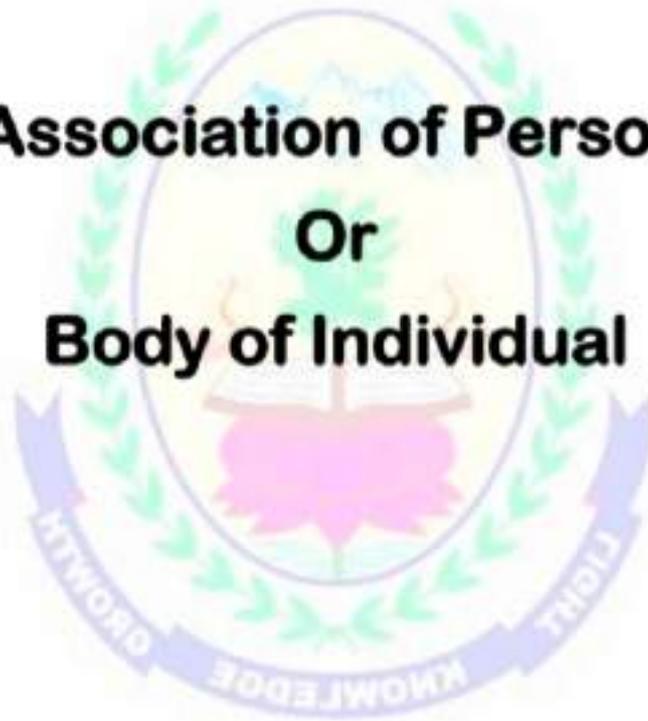
**CARDAMOM PLANTERS' ASSOCIATION COLLEGE**

(Re-accredited with 'B' Grade by NAAC)

Pankajam nagar, Bodinayakanur – 625 582

PG and research department of commerce

**Association of Person  
Or  
Body of Individual**



Dr.V. KRISHNAKUMAR, Ph.D.,

Assistant Professor,

PG and research department of commerce

CPA College Bodinayakanur.

# Association of Person / Body of Individual

## 1. Meaning AOP

When two or more persons associate themselves for managing a property for the purpose of producing income or when there is a combination of persons formed for promotion of joint enterprise. The association must be one for the purpose of producing income.

## Meaning BOI

When two or more individuals associate themselves to earn income it is called Body of Individual. It should be noted that both in requested cases there should not be an agreement form the partnership firm.

1. An association of person has 3 members who share profits and loss equally the profit of AOP as per its Profit & loss account is 3,90,000 after deducting the following to its P/L account

1. Remuneration to members of AOP ₹ 62,000
2. Interest on capital to member ₹ 10,000
3. Depreciation on assets ₹ 60,000

Depreciation allowable is only 50,000. Complete the tax payable by AOP if none of the members of AOP has income exceeding the non-taxable limit

Solution:

Computation of total Tax payable of Association of person for the assessment year 2024-2025

Particulars	₹	₹
Net profit as per profit and loss account		3,90,000
(+) Inadmissible Exon.		
Remuneration to members of AOP	62,000	
Interest on capital to member	10,000	
Deduction on assets	10,000	1,42,000
Total Tax payable Income		5,32,000

Computation of Tax liability of Annuity  
 of person for the assessment year 2024-25

Particulars	₹	₹
Tax on ₹ 5,32,000		
Tax on ₹ 2,50,000	Nil.	- Nil.
Tax on ₹ 2,50,000	5%	12,500
Tax on ₹ 32,000	20%	6,400
Add:		18,900
Educational cess	2%	378
Higher education	1%	189
Swachh Bharath	1%	189
<b>Total Tax Liability</b>		<b>19,656</b>

2. A, B and C are partners in a firm  
 assessed as AOP sharing P/L equally.  
 Net profit of the firm after deducting all  
 expenses was ₹ 65,000 for the year ending  
 31<sup>st</sup> March 2024. Compute the total  
 income of the firm and the share of  
 partners there in if the expenses  
 deducted in computing above profits  
 included the following items

1. Salary to B 1,00,000 P.M
2. Rent to A in whose Building the

3. Interest on Capital A ₹ 750

B 1490

C 650

4. Interest on loan taken from A ₹ 100

5. Commission to C ₹ 500

Solution Computation of Total Income of the firm  
Amputation of profit for the assessment year 2021

Particulars	₹	₹
Net profit as per profit and loss account		65000
(+) Inadmissible Item		
Interest on Capital		
A	750	
B	1490	
C	650	4890
Salary (400 x 12)		4800
Commission to C		500
Interest on loan taken from A		100
Book Profit		79,690