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Nagpur, Maharashtra

Presumptive Taxation (44AD) vs Normal Books

A quick decision guide for business owners — FY 2025-26 (AY 2026-27)

Is your annual business turnover ≤ ₹3 crore?

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YES — turnover within limit

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Are you a commission/brokerage agent, or running an agency business?

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NO — eligible for presumptive scheme

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✓ Section 44AD — Presumptive Scheme

— Declare 6% (digital) or 8% (cash) of turnover as profit
— No books of accounts required
— No tax audit required
— Single advance tax instalment by 15 March
— Caution: opting out mid-way bars re-entry for 5 years

NO — turnover above ₹3 crore, OR excluded business type, OR actual profit is lower and you want to declare it

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Turnover crosses ₹1 crore (or ₹10 crore if ≥95% digital)?

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Regular Books of Accounts

— Maintain books under Section 44AA
— Tax audit mandatory above ₹1 Cr (or ₹10 Cr if mostly digital)
— Profit computed on actual income & expenses
— Standard four-instalment advance tax schedule
— More compliance, but reflects true profit/loss

Aspect	Presumptive (44AD)	Normal Books
Turnover limit	Up to ₹3 crore (5% cash test)	Any turnover
Books of accounts	Not required	Mandatory above 44AA limits
Tax audit	Not required	Mandatory above ₹1 Cr / ₹10 Cr
Profit declared	Fixed 6% / 8% of turnover	Actual profit as per books
Advance tax	One instalment, by 15 March	Four instalments through the year

For illustrative purposes only — please consult your tax advisor for guidance specific to your situation.

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