

## **Deduction for Buy-back**

As per Proviso to section 57 of the Income Tax Act, 1961; No deduction allowed in case of dividend income in the nature of Section 2(22)(f) - deemed dividend.

No deduction for expenses shall be available against such dividend income while determining the income from other sources.

### **Case study 3:**

**Mr. Suresh bought 100 shares of Reliance Industries Ltd in January 2020 (RELIANCE) at Rs. 4,000/- per share. During October 2024, Reliance Industries Ltd bought back 20 shares at Rs. 6,000/- per share. Further, during April 2025, sold 50 shares at Rs. 7,000/- per share.**

**Compute:**

- a) **Compute the Income from other sources for the AY 2025-26.**

<b>Particulars</b>	<b>Amount (Rs.)</b>
Deemed dividend u/s 2(22)(f)	1,20,000
Less: Expenses/deductions	-
<b>Income from other sources</b>	<b>1,20,000</b>