

List of Disallowed Expenses under Tax Laws

S. No.	Nature of Expense	Section Reference	Reason for Disallowance
1	Personal Expenses	Section 37(1)	Expenses not incurred wholly and exclusively for business/profession.
2	Provision for Income Tax	Section 40(a)(ii)	Direct taxes paid are not allowable as business expenditure.
3	Payment of Salary without deducting TDS	Section 40(a)(ia)	Salary/contractual payments without proper tax deduction are disallowed.
4	Expenditure in Cash above threshold	Section 40A(3)	Expenses paid in cash exceeding prescribed limit.
5	Donations or Contributions	Section 37(1)	Donations not directly related to business operations are disallowed.
6	Illegal Expenses	Section 37(1) Expl.	Expenditure incurred for any purpose which is an offence or prohibited by law.
7	Penalty or Fine	Section 37(1) Expl.	Payment towards fines or penalties is not allowable.
8	Expenditure relating to exempt income	Section 14A	Expenses incurred in relation to income not includable in total income.
9	Wealth Tax Paid	Section 40(a)(iia)	Any amount paid on account of wealth tax is disallowed.
10	Interest to Partners (above prescribed limit)	Section 40(b)	Interest paid exceeding limits laid down for firms/LLPs.

Important Notes:

- The above list is only illustrative and not exhaustive.
- Reference to relevant sections and legal provisions must be checked for updated laws.
- Supporting documents should be maintained for all business expenses.
- Consult a tax professional for specific queries or unusual business transactions.
- Incorrect claims of business expenses may attract penalties and scrutiny.