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Introduction The term 'tax' means the 'financial charge' which a government imposes on your income, commodity, or activity. But why does the government do so? It earns or generates revenue from taxes, which is used for the purposes of development and meeting the expenses. Taxes can be classified broadly as direct taxes and indirect taxes. The 'direct taxes' are levied directly on your income and wealth, and income tax is one form of direct taxes. Income tax is governed in India by the Income Tax Act, 1961, and Income Tax Rules 1962. The first module - Introduction to Income Tax has two units the first unit is on the Basic Concepts, teaching various definitions along with one important topic 'residential status' (individual). Different terms and concepts have been provided by the Income-tax Act 1961. You will be able to learn more about them through the unit. These terms and concepts are very significant to learn as they shall help you understand the subsequent concepts of the Income-tax Act. The concept or provision of 'Residential Status'(individual) shall help you to understand who can be considered a resident as We consider the residential status of a tax-payer while charging tax. Hence, whether you are an Indian citizen or an NRI, any income generated in India is taxable as per the Indian Income Tax Act which was passed in the year 1961. Under the Second Unit - Heads of Income, taxation concept - heads of income and one of its most common head 'salary heads' in particular are covered. A salaried employee pays tax on his earned income from the salary to the government, and the provided laws guide us to compute them. The legal knowledge on topics like salary, allowances, perquisites, provident fund, retirement benefits (like gratuity, encash leave, commutation of pension), and allowed deductions shall help you to compute the taxable income under the head 'salary'. The second module, Computation of Income under House Property & Capital Gains has two units. Unit - 3 'House Property' is to make you understand with the Income chargeable to tax under the head 'house property'. How to compute income under this head is to know from the Sections 22 to 27 of the Income-tax Act. Unit - 4 Heads of Income - Capital Gains is about to know the taxes under the head and to learn to compute the income under the said head for the purpose of taxation. From the transfer of a capital asset one makes profits which shall be taxable as capital gains. Hence any made gains in a specific previous year from the transfer of a capital asset shall be taxable in the immediately preceding assessment year under the head "Capital Gains". The third module has two units - Computation of Income Under the Head - Income From Other Sources & Set Off of Losses. Under the module, Unit - 5, Head of Income - Income from Other Sources, shall help you to learn what and how are the incomes and expenses of an assessee are taxable under the said head. Section 56(1) defines the head - Income from Other Sources, while 56(2) specifically tells which incomes are always taxable under the head "Income from other sources.

Section 57 is about 'deductions'; Section 58 is about the 'amounts not deductible'; and Section 59 is about the 'profits chargeable to tax'. Last unit - 6 Set-off losses is covering three important topics like set-off and carry forward loss, deduction from 80C to 80U and Under this unit you will also study about Deductions under Chapter VI A - 80C, 80CCC, 80CCD, 80CCE, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGB, 80QQB, 80RRB, 80U. These deductions are allowed from gross total income to arrive at net taxable income.

Under this unit, you will also know about the concept of individual assessment in pretext to an individual. An Individual refers to a human being. It could be a male, female, minor child, and a lunatic or an idiot. The manifestation of 12 steps of computation of income of an individual shall help you to learn the calculation of gross total income, total income, and net taxable income in a very comprehensive way. The SLM has been created with the usage of tables and charts to simplify the subject. Do read the theory part with the point of learning the rules, such approach shall help you the best to calculate and compute the income-tax problems easily. The Income-tax related laws and related useful information is present on the website of www.income-tax.gov.in, which you can access to understand the complexity related to your subject. The more you will practice, the more you will learn!

Module: I Introduction to Income Tax

Unit: 01 Basic Concept: Definitions Structure 1.0 Introduction 1.1 Unit Objectives 1.2 Income Tax - an introduction 1.3 Definitions 1.4 Residential Status and Incidence of Tax (individual) Section 6(1) 1.5 Unit Summary 1.6 Key Terms 1.7 Check Your Progress 1.0 Introduction The Unit - 1, Basic Concepts, is the first unit of the module 'Introduction to Income Tax'. Income Tax is one form of 'direct taxes' which are levied directly on your income and wealth. It is charged on the total income and to derive the total income you must know the meaning of some important terms like income, previous year, assessment year, exempted income etc. Here, through this unit you will be able to know, understand and learn them. 1.1 Unit Objective By the end of the unit you will be able to know: • Important Terms – Person, Income, Assessment Year, Previous Year, Assessee, Gross Total Income, Total Income, Finance Bill, exempted income; and • Residential Status and Incidence of Tax (Individuals only) 1.2 Income Tax - an introduction Before, we begin to learn the objectives of the unit we need to learn and know a brief account of knowledge pertaining to 'income tax' for the better familiarity with the subject, and it is like: • The term 'tax' means the 'financial charge' which a government imposes on your income or wealth. A government earns or generates revenue from taxes, which is used for development and meeting the expenses. • Taxes can be classified broadly as direct taxes and indirect taxes. The 'direct taxes' are levied directly on your income and wealth, and income tax is one form of direct taxes. Under the 'Direct Tax' burden is directly on the payer. 'Indirect tax' is also paid by us but when we are using a product or service e.g. custom duty, Goods and Service Tax (GST). Figure: 1.1 Taxes • The direct tax - income tax is the major source of revenue in any country. In India, the responsibility of its collection is on the central government under the Income-tax Act, 1961. • The complete amount collected by the central government is classified under the two heads: - corporation tax (on the income of the companies and - Income tax (on the income of the non-corporate assesseees) • Income tax is governed in India by the Income Tax Act, 1961, and Income Tax Rules 1962. The procedural matters of the income-tax are governed under the income-tax Rules, 1962. • Different

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provisions for - determination of taxable income, determination of tax liability, the procedure for assessment, appeal, penalties, and prosecutions

are all contained under the Income Tax Act. The Act also defines the powers and duties of different income tax authorities. • Finance Act: The Finance Minister presents a Budget every year in the parliament house and one of its significant components is the Finance Bill. The Finance Bill contains different amendments in the Income-Tax Act and also prescribes the rates of taxes. When both the houses of parliament approve and the President also gives his/her assent to the Finance Bill,

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it becomes the Finance Act. • The administration of the Income Tax Act, 1962 is done by the Central Board of Direct Taxes (CBDT), which works under the supervision of the Ministry of Finance. CBDT is entrusted with the duty of framing rules for the administration of the Income Tax Act.

These rules, known as the Income Tax Rules, 1962, contain various forms and miscellaneous details. The process of framing rules is a very elaborate one, it involves notifying the rule first for public consideration, and then for adoption. They are also put on the tables of the House for information. These Rules are changed as and when the situation justifies. The CBDT also issues from time to time, various circulars for the direction of the officials of the Income Tax Department, and for Information of taxpayers. It is, therefore, necessary for a student of income tax to keep himself up to date with the latest provision. Hence, make a habit of reading various journals and other tax publications. ● Judicial decision: a) The decision of the Supreme Court: Any decision given by the Supreme Court shall be deemed as law till there is any change in the law by the Parliament. Such decision shall be obligatory on all the Courts, Tribunals, Income tax authorities, assessee, etc. b) Contradiction in the decisions of the Supreme Court: In case there is any contradiction in two decisions, the decision of the larger bench, whether earlier or later, shall always be taken into consideration. However, if decisions are given by benches having an equal number of judges, the decision of the recent case shall be applicable. c) Decisions given by a High Court or ITAT: Decisions given by a High Court or ITAT are obligatory on all assessees and Income tax authorities, which fall under their jurisdiction unless they are overruled by a higher authority. ●

Tax Planning

Tax planning can be defined as an organization of one's financial and economic matters by taking complete lawful benefit of all deductions, exemptions, allowances, and rebates so that tax liability reduces to a minimum. The benefits arising from tax planning are important, especially in the long run. ● Tax Avoidance Tax avoidance is lessening or negating tax accountability in legally permitted ways and has legal sanction.

Tax avoidance is legal and surely not bad morality for anybody to arrange his affairs in such a way that the burden of taxation is the minimum.

This can be done within the legal frame by taking the

help of loopholes in the law. Tax avoidance is an intended tax planning before the actual tax liability arises. ●

Tax Evasion All methods by which tax liability is illegally avoided shall be termed as tax evasion.

Tax evasion may involve an incorrect or false statement knowingly, submitting misleading documents, elimination of facts, not maintaining proper accounts of income earned (if required under law),

the omission of real facts

on assessment. Tax evasion is an intended

attempt to avoid payment of tax after the liability to tax has arisen. ● Tax Management Tax management is related to past (i.e., assessment proceedings, rectification, revision, appeals, etc.), present (filing of return of income on time on the basis of updated records), and future (corrective action). 1.3 Definitions

As

you must have knowledge about the basic concepts pertaining to the Income Tax, you may need to understand and learn the following given important definitions: 1.3.1 Person Figure: 1.2

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Person Income tax is charged in respect of the total income of the previous year of every person; hence, it becomes important to know the definition of the term 'person'.

Section 2(31) defines the term "Person" under the Act. It is an inclusive definition and specifies a list of entities that can be treated as a "

person." The term person

includes the following: ●

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an individual, • a Hindu Undivided Family, • a Company • a firm, • an association of persons or a body of individuals whether incorporated or not, • a Local Authority, and • every artificial juridical person not falling within any of the categories

mentioned above. It can be said that the word person is defined in very wide terms. In some circumstances, a minor would also be included in the definition of persons. All the listed persons described above are subject to pay income tax under the Income Tax Act, 1961. 1.3.2 Assessment Year Figure: 1.3 Assessment Year The definition of an Assessment Year has been provided under Section 2(9) of the Income Tax Act, 1962. According to the Act, an assessment year is of 12 months, which commences on April 1, of each year, and ends on March 31 next year. The income earned during the year is taxable in the next year, and it starts from April 1.

For example, income is earned during the year April 1, 2018, to March 31, 2019. It will be taxable in the next year which starts from April 1, 2019, and ends on March 31, 2020. Thus, the assessment year for the income earned during the year 2018-19 is 2019-2020. The year 2018-19 is known as the previous year, and the year 2019-20 is known as the assessment year.

Simplistically, it can be said that the year in which income is taxable is known as the assessment year. An assessee shall pay tax in the Assessment Year on the income that was earned by him in

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the previous year according to the rates of tax prescribed by the Annual Finance Act. 1.3.3

Previous Year Figure: 1.4 Previous Year The Act defines the 'previous year' under the Income-tax Act individually under section 3.

The previous year means the financial year immediately preceding the assessment year.

Simplistically, it can be said that the year in which income is earned, shall be acknowledged as 'previous year', and the next year in which this income is taxable shall be called an 'assessment year'. The 'previous year' could be less than 12 months for a newly set-up business or profession.

According to the definition: Provided that, in the case of

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a business or profession newly set up, or a source of income newly

coming into existence, in the said financial year,

the previous year shall be the period beginning with the date of setting up of the business or profession

or,

as the

case may be, the date on which the

source of income newly comes into existence and ending with the said financial year [Section - 3, Income-tax Act,

1961-2020]. Hence, if a business or a profession or a taxable income from a new source has newly come into existence,

then in any such case the previous year shall be assumed from the date of its commencement till the ending of the year.

1.3.4 Assessee Figure: 1.5 Assessee The term Assessee has been defined under Sec. 2(7) of the Income Tax Act. According

to the Act, it can be said, that an assessee is the one: ●

who

is accountable to pay any tax; or ● who is accountable to pay any other sum of money under this Act (e.g., interest, penalty, etc.);

or ●

who

in respect of any proceeding under this Act has been taken for the assessment of his income; or ●

who

in respect of any

proceeding under this Act has been taken for

the amount of

refund due to him or to such other person;

or ●

who is

considered to be an assessee

under any provision of this Act;

or

●

who is considered to be an assessee in default under any provision of this Act. 1.3.5

Income

Let's first have a glance at the concept of 'income'. Generally, we understand that income is a periodical monetary return

on the basis of regularity. Though, the Income-tax Act takes the term in other senses. The Income Tax Act treats it as

income for tax purposes for instance winning prizes and lotteries amounts are also considered taxable. Let's see the

income concepts Hence, ● Any received income i.e. cash or kind. ● Income on receipt basis or on an accrual basis. ●

Income accrued or arisen from a legal or illegal source. ● Income either permanent or temporary. ● Income whether

received in lump sum or in installments. ● gifts of personal nature shall not be counted as income provided not more

than Rs. 50,000. ● the receipts that constitute income distinguished from the capital, cannot be charged or taxed.

though some capital receipts have been included in the definition of income. The Act does not define 'income' but has

given an inclusive definition under Section 2(24) of the Act. It specifies items including those that shall generally be not

considered as income but are treated as such. The following table (1.1) is the depiction of the definition of 'income'

according to the Act. Definition

of Income (Section 2(24))

As per Section 2(24),

the term

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income includes: • profits and gains • dividend • voluntary contributions received by - a trust created wholly or partly for charitable or religious purposes or - by an institution established wholly or partly for such purposes, or by an association or institution referred to in clause (21) or clause (23) or - a fund or trust or institution established for charitable purposes and notified under section 10(23C)(iv) or (v) or - any university or educational institution or by any hospital

referred to in sub-clause (iiia) or sub-clause (vi) of section 10 (23C)

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or - any hospital or other institution referred to in sub-clause (iiia) or sub-clause (

via) of clause (23C) of section 10 -

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an electoral trust • the value of any perquisite or profit in lieu of salary taxable. • Any special allowance or benefit specifically granted to the assessee to meet expenses (wholly, necessarily

or

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exclusively) for the performance of the duties of an office or employment of profit. • City Compensatory Allowance/Dearness allowance: any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office are performed or at a place where he resides or to compensate him for the increased cost of living. • Benefit or Perquisite to a Director: The value of any benefit or perquisite,

that may be

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convertible into money or not, if obtained from a company by a. director or person having substantial interest in the company or c. a relative of the director or of the person having substantial interest, and any sum paid by any such company in respect of any obligation which, but for such payment would have been payable by the director or other person aforesaid; • any benefit or prerequisite to a representative assessee: the value of any benefit or perquisite

that may be converted into money or not if

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obtained by any representative assessee under Section 160(1)(iii)(iv) or beneficiary or any amount paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary; • Any sum chargeable under section 28, 41 and 59: ○ any sum chargeable to tax as business income under section 28(ii), any amount taxable in the hands of trade, professional or similar association as its income from

the

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business under Section 28(ii), and deemed profits which are taxable under Sections 41 and 59 of the Act; ○ Any sum chargeable to income-tax under clause (iiia) of Section 28, i.e. profits on

the

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sale of a license granted under the Imports Order, 1955, made under the Imports and Exports Act, 1947[inserted by the Finance Act, 1990, with retrospective effect from 1.4.1962]; ○ any sum chargeable to income tax under clause (iiib) of Section 28 i.e. cash assistance, received or receivable by any person against exports under any scheme of the Government of India. ○ any sum chargeable to income-tax under clause (iiic) of section 28 i.e., any duty of customs or excise re-paid or

repayable as a

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drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971. ○

the value of any benefit or perquisite whether convertible into money or not; taxable as income under Section 28(iv) in the case of a person carrying on business or exercising a profession; ○ any such chargeable to income-tax under clause (v) of

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section 28; ● Any capital gains chargeable under section 45. ● The profits and gains of any insurance business carried on by Mutual Insurance Company or by a cooperative society, computed under Section 44 or any surplus taken to be such profits and gains by the provisions contained in the First Schedule to the Act. ● The profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members. ● Any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling, or betting of any form or nature whatsoever. ● Any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or Employees State Insurance Fund (ESI) or any other fund for the welfare of such employees. ● Any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy will constitute income. "Keyman insurance policy" means a life insurance policy taken by a person on the life of another person where the latter is or was an employee or is or was connected in any manner whatsoever with the former's business. ● Any sum referred to clause (va) of Section 28. Thus, any sum, whether received or receivable in cash or kind, under an agreement for not carrying out any activity about any business; or not sharing any know-how, patent, copyright, trade-mark, license, franchise, or any other business or commercial right of a similar nature, or information or technique likely to assist in the manufacture or processing of goods or provision of services, shall be chargeable to income tax under the head "profits and gains of business or profession". ● Any sum of money or value of property referred to in section 56(2)(vii), or section 56(2) (viiia). ● Any consideration received for issue of shares as exceeds the fair market value of shares referred to in section 56(2)(viib).

Table:1.1 Definition of Income Source: (Income-tax Act 1961) 1.3.6 Gross Income and Total Income After computing up all the taxable incomes from the various '

heads' (salaries,

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house property, profits and gains of business and profession, capital gains,

and

other incomes) we reach at the 'gross total income'. It is the sum of income under all the five heads of income. The concept of 'total income': It is an important title to understand as it is the total income that is laid to tax. The term is defined in Section 2(45), and it says that "total income" means the total amount of income, profits, and gains as referred to in Section 5 and computed in the manner laid down in the Act. " 1. Calculate taxable income under various

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heads of income i.e. salaries, house property, profits and gains of business and profession, capital gains,

and

other incomes, by allowing deductions in respect of expenses incurred by the assessee in earning those incomes up to the permissible extent under the provisions. 2. The net result of adding taxable incomes from various heads of income is Gross Total Income. 3. Out of the computed or calculated gross total, make the deductions allowed under Section 80 A to 80 U, etc. in respect of various expenses such as LIC premium, contribution to Provident Fund, Medical Expenses, etc. and various incomes such as dividends, interests, etc. The remaining net income after allowing all such deductions is called total income that will be relevant for the computation of tax liability. It is also called the Taxable Income. Please refer to the following table depicting the way of calculating the

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total income. Particulars Amount 1. Salaries ***** 2. Income from house property ***** 3. Profits & Gains of business or profession ***** 4. Capital gains ***** 5. Income from other sources ***** Gross Total Income *****

Less deduction u/s 80

A to 80 U ***** Total Income ***** Table: 1.2 Computation of

Total Income Source: ICMIA 1.3.7 Exempted Income Exempt income means that certain kind of income which shall be deemed or considered - non- taxable for the taxpayers. In India, Section 10 of the Income Tax Act directs such provisions that help us to determine such exempt income but following certain guidelines and conditions. Exempt income can be of any kind such as interest earned from the agricultural land, interest earned through PPF, and more. Hence, exempt income shall not be taxed at all. It shall not come under the tax deductions. According to the income-tax provisions, the deduction is an amount to be deducted from the total income of a taxpayer. When a taxpayer invests in some tax-saving instruments, these deductions are offered to him. For instance, when one spends on the insurance premium, PPF, ELSS, etc. under section 80C, it can get or avail an income-tax deduction of up to Rs. 1.5 Lakhs. A brief account of exempt income is being given, which has been provided under Section 10 of the income-tax Act. • Agricultural income • Amount received out of family income • Interest paid to a non-resident • Leave travel concession • Amount received as leave encashment on retirement • Gratuity • House rent allowance • Scholarship income • Amount received under a life insurance policy 1.4 Residential Status and Incidence of Tax (individual) Section 6(1) As you know

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income tax is charged in an assessment year on the total income of the previous year.

This total income varies according to the previous year's residential status of an assessee as he may be a resident in one year and a non-resident in the next. We consider the residential status of a tax- payer while charging tax as it significantly influences a tax payer's tax liability. The incidence of tax shall be highest on a resident who is being assessed on his total world income and it shall be lowest on a resident who is being assessed for his one nation income. This is also to note that there are different rules for determining the different types of tax assessments, for example, individual, Hindu Undivided Family (HUF), firm and a company, etc. Before we move ahead to know the individual residential status mentioned under Section 6(1), let's know some general key points regarding the residential status of an individual, and they are like: • Residential status is determined in respect of each previous year. • A person can hold only one residential status for a previous year • Citizenship and residential status are two different concepts. • A person can have the same residential status in more than one country. 1.4.1 Individual Section 6(1) From the table (1.3) below you can read the exact depiction of the said law under the Income-tax Act 1961 For the purposes of this

Act, — (1)

An individual

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is said to be resident in India in any previous year, if he— (a) is in India in that year for a period or periods amounting in all to		

one hundred and eighty-two days or more: or (c) having within

74%	MATCHING BLOCK 34/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or			

more,

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is in India for a period or periods amounting in all to sixty days or more in that year. Explanation 1. —In the case of an		

individual, — (a) being a citizen of India, who

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leaves India in any previous year as a member of the crew of an Indian ship			

as defined in clause (18) of section 3 of the Merchant Shipping Act, 1958 (44 of 1958), or for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ; (b)

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being a citizen of India, or a person of Indian origin			

within the meaning of Explanation to clause (e) of section 115C, who, being outside India,

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comes on a visit to India in any previous year, the provisions of

sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted 6 [and in case of the citizen or person of Indian origin having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, for the words "sixty days" occurring therein, the words "one hundred and twenty days" had been substituted]. Explanation 2.—For the purposes of this clause,

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in the case of an individual, being a citizen of India

and

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a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined

in the

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manner and subject to such conditions as may be prescribed. (5)

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If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income. (6)

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A person is said to be "not ordinarily resident" in India in any previous year if such person is— (a)an individual who has been a non-resident in India in nine out of the

ten previous
years preceding that year, or
has during the seven
previous

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years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less;

Test to Determine the Residential Status: To determine the residential status of an individual, the first step is to ascertain whether he is resident or non-resident. If he turns to be a resident, then the next step is to ascertain whether he is resident and ordinarily resident or is a resident but not ordinarily resident. Step 1 given below will ascertain whether the individual is resident or non-resident and step 2 will ascertain whether he is ordinarily resident or not ordinarily resident. Step 2 is to be performed only if the individual turns to be a resident. Step 1: Determining whether resident or non-resident Under

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the Income-tax Law, an individual will be treated as a resident in India for a year if he satisfies any of the following conditions (i.e. may satisfy any one or may satisfy both the conditions): (1) He is in India for a period of 182 days or more in that year; or (2) He is in India for a period of 60 days or more in the year and for a period of 365 days or more in 4 years immediately preceding the relevant year. However, in respect of an Indian citizen

and a person of Indian origin who visits India during the year,

the period of 60 days as mentioned in (2) above shall be substituted with 182 days. The similar concession is provided to the Indian citizen who

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leaves India in any previous year as a crew member or for the purpose of employment outside India.

Step 2: Determining whether

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resident and ordinarily resident or resident but not ordinarily resident A resident individual will be treated as resident and ordinarily resident

in India

during the year

if he satisfies

following conditions: (1) He is

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resident in India for at least 2 years out of 10 years immediately preceding the relevant year. (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year..

A resident

individual

who does not satisfy

any of the aforesaid conditions

or satisfies only one of the aforesaid conditions will be

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treated as resident but not ordinarily resident. In short, following test will determine the residential status of

an individual: If the individual satisfies any one or both the conditions specified at step 1 and satisfies any of the conditions specified at step 2, then he will become resident and ordinarily resident in India. If the individual satisfies any one or both the conditions specified at step 1 and satisfies none or one condition specified at step 2, then he will become resident but not ordinarily resident in India. If the individual satisfies no conditions satisfied at step one, then he will become non- resident. Table: 1.3 Section 6(1) and Test Regarding Residential Status Individual, Source: (Income-tax Act 1961) Individual Section 6(1) For imposing income tax on an individual, in India, the income tax law provides information on individuals as: a. A resident, further that could either be an Ordinarily Resident in India or Not- ordinarily Resident in India; and b. A non-resident (NR) Figure: Individual According to the Residential Status, Section 6 The taxability differs for each of the above categories of taxpayers. a. Basic Condition for a person (individual) to be Resident: Under Section 6(1) of the Income Tax Act, an individual shall be deemed

a

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resident in India in any previous year if: • He has been in India in the previous year for a period

or periods

of one hundred and eighty- two (182) days or more. • He has been in India for

at least three hundred and sixty-five (365) days during the four preceding

years and also has been in the country for at least sixty (60) days during the previous year. The exception to the basic

condition: • one who is a citizen of India and left the country in a previous year as a member of a crew of an Indian ship (defined in clause (18) of Section 3, Merchant Shipping Act'58), or for an employment purpose, he/she had to go outside

India. • One who is a citizen of India or is of Indian Origin (within the meaning of Explanation to clause (e), Section 115C), and

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comes on a visit to India in any previous year.

To determine whether an individual is an Ordinarily Resident in India or a Not-ordinarily Resident in India a test of two steps has been provided According to the Act Content (as depicted under the table (1.3) aa. Ordinarily Resident in India: To determine whether a resident or an individual is an Ordinarily Resident in India, he must be satisfying either one or both

of the following conditions (as mentioned under Step 1): (1)

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He is in India for 182 days or more in that year; or (2) He is in India for 60 days or more in the year and 365 days or more in 4 years immediately preceding the relevant year

And he must be satisfying either one of the following two conditions (mentioned under Step 2) (1) He is

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resident in India for at least 2 years out of 10 years immediately preceding the relevant year. or (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year.

ab. Not-ordinarily Resident

in India To determine whether a resident or an individual is a Non-Ordinarily Resident in India, he

must be satisfying either one or both of the following conditions (as mentioned under Step 1): (1)

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He is in India for 182 days or more in that year; or (2) He is in India for 60 days or more in the year and 365 days or more in 4 years immediately preceding the relevant year

and he either does not satisfy any of the following given conditions or does satisfy one of them (step 2), and they are like: (1) He is

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resident in India for at least 2 years out of 10 years immediately preceding the relevant year. or (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year. b. Non-Resident If an individual does not satisfy any of the basic conditions

stated under Step (1) and Step (2) (refer to table 1.3), he/she shall be deemed as Non-Resident. Illustration (1.1): A man says Samuel came

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to India first time during the P.Y. 2018-19. During the previous year, he stayed in India for (i) 50 days; (ii) 183 days; & (iii) 153 days. Determine his residential status for the

A.Y. 2019-20. Solution: - When Samuel lived only for 50 days in India he did not satisfy any of the conditions specified in sec. 6(1). hence, she shall be called a non-resident in India for the P.Y. 2018-19. - When Samuel lived for 183 days during the previous year 2018-19, he satisfies one of the conditions specified in sec. 6(1). Hence, he shall be deemed as a resident (not a citizen)

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in India for the P.Y. 2018-19. - When Samuel stayed in India for 153 days during the previous year 2018-19, he was for more than 60 days during the previous year but in 4 years immediately preceding the previous year (as he

came India first time), he did not reside in India. Hence, he does not satisfy any of the conditions specified in sec. 6(1). Thus, he is a nonresident for the P.Y. 2018-19

1.5 Unit Summary Let's summaries the unit into some key points:

- The term 'tax' means the 'financial charge' which a government imposes on your income or wealth. A government earns or generates revenue from taxes, which is used for development and meeting the expenses.
- Taxes can be classified broadly as direct taxes and indirect taxes. The 'direct taxes' are levied directly on your income and wealth, and income tax is one form of direct taxes. Under the 'Direct Tax' burden is directly on the payer. 'Indirect tax' is also paid by us but when we are using a product or service e.g. custom duty, Goods and Service Tax (GST).
- Income tax is governed in India by the Income Tax Act, 1961, and Income Tax Rules 1962. The procedural matters of the income-tax are governed under the income-tax Rules, 1962.
- Finance Act: The Finance Minister presents a Budget every year in the parliament house and one of its significant components is the Finance Bill. The Finance Bill contains different amendments in the Income-Tax Act and also prescribes the rates of taxes. When both the houses of parliament approve and the President also gives his/her assent to the Finance Bill, it becomes the Finance Act.

Assessee:

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Assessee means a person by whom any tax or any other sum is payable under the Income Tax Act, 1961. • Assessment Year:

It is a period of twelve months commencing on April 1, of each year. • Gross Total Income: It is the income arrived at after adding up all the taxable incomes from various heads of income. • Previous Year: It is a period of twelve months immediately preceding the assessment year. • Total income: It is the income on which tax is payable. • Exempt income means that certain kind of income which shall be deemed or considered - non-taxable for the taxpayers. In India, Section 10 of the Income Tax Act directs such provisions that help us to determine such exempt income but following certain guidelines and conditions. Exempt income can be of any kind such as interest earned from the agricultural land, interest earned through PPF, and more • For imposing income tax on an individual, in India, the income tax law provides information on individuals as: A resident, further that could either be an Ordinarily Resident in India or Not-ordinarily Resident in India; and A non-resident (NR) • To determine whether an individual is an Ordinarily Resident in India or a Not-ordinarily Resident in India a test of two steps has been provided by the Act content.

1.6 Key

Terms •

Assessee:

Assessee

means

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Basics of taxation.docx (D126935931)

a person by whom any tax or any other sum is payable under the Income Tax Act, 1961. • Assessment Year:

It is a period of twelve months commencing on April 1, of each year. • Gross Total Income: It is the income arrived at after adding up all the taxable incomes from various heads of income. • Previous Year: It is a period of twelve months immediately preceding the assessment year. • Total income: It is the income on which tax is payable. • A resident taxpayer is an individual who satisfies one of the following conditions: Resides

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in India for a minimum of 182 days in a year. Has resided in India for

a minimum of 365 days in the immediately preceding four years. (cleartax.com) 1.7 Check Your Progress Q:1) What do you understand by the term tax? Q:2) Define and explain the term Assessee? Q:3) What do you mean by the term person, defined under the Income-tax Act 1961? Q:4) Define the term Previous Year defined under the Income Tax Act 1961? Q:5) What is gross income? Q:6) Write in brief on exempt income? Q:7) Write the two conditions provided by Section 6(1) of the Income Tax Act, which help to know who can be called a resident in any previous year?

Unit:02 Heads of Income: Salary Structure 2.0 Introduction 2.1 Unit Objectives 2.2 Heads of Income 2.3 Salary 2.4 Allowances 2.5 Perquisites 2.6 Retirement Benefits 2.7 Provident Fund 2.8 Deductions (Sections16) 2.9 Unit Summary 2.10 Key Terms 2.11 Check Your Progress 2.0 Introduction Unit -2 Heads of Income - Salary, shall help you to know the taxation concept - heads of income and one of its most common head 'salary head' in particular. A salaried employee pays tax on his earned income from the salary to the government, and the provided laws guide us to compute them. The legal knowledge on topics like salary, allowances, perquisites, provident fund, retirement benefits (like gratuity, encash leave, commutation of pension), and allowed deductions shall help you to compute the taxable income under the head 'salary. 2.1 Objective - Heads of Income - Income from Salary - Features of Salary Income - Basic Salary, - Allowances, - Perquisites, - Provident Funds

- Retirement Benefits - Gratuity, Encash Leave, Commutation of Pension - Deductions U/S 16 2.2 Heads of Income - an introduction Heads of income denotes to those sections under which the taxable income is categorized. A brief description of each of them is given below. • The most common as well as popular head of income is - Income from salary (sections 15-17). Every salaried employee pays tax on his earned income from the salary. • You earn from renting your property, you pay on the rental income under the head of - Income from house property (sections 22-27). Such property can be a residential property or a commercial one. • You earn from your business or you are a professional, you shall pay tax on it under the head of - Income from business or profession (sections 28 - 44 D). • You sold an asset at a profit; you shall pay tax on it under the head of - Income from capital gains (sections 45 - 55 A). capital gains can be incurred on selling your assets, and these assets could be anything like your own property or even an antique you possessed but have sold and incurred gain on it. such capital gains can be short term or long term, but the capital gain shall be added to your income and will have to be taxed. • Any other income earned from any other source than the above-mentioned sources, shall be placed under the head of - Income from other sources (sections 56 - 59). These could be from savings accounts, fixed deposits, dividends earned from equity investments, gifts received, etc. Figure:2.1 Heads of Income

Hence, the total income which you earned in a financial year the previous year can be segregated under these five heads. Hereafter, the 'total income' is taxed as per the existing tax rates. 2.3 Salary The oxford dictionary describes the word salary as - a fixed regular payment, usually paid every month, often expressed as an annual sum, made by an employer to an employee. But according to the income tax concepts, salary is - that amount provided to an employee by his employer which shall be treated as a part of the employee's income under the head 'Salaries'. Section 15 under the Income Tax Act 1961 taxes the remuneration of an employee, whether public or private, and on any position. For income tax purposes salary includes both - the cash received as well as the facilities and benefits provided by the employer to its employee. A person pays tax on its earned income during the previous year based on his residential status. Income from Salary' is one of the main heads of income. 2.3.1 Features of Salary The following are given some features of salary, which shall help you to learn the concept of chargeable as well as not chargeable Income. • Salaries and Wages: Both the words stand the same under the income tax act. Both shall be taken under the head Salaries. • Compulsory deduction from salary the compulsory deductions from salary such as income-tax deducted at source,

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employee's contribution to provident fund, deductions on account of fine or staff welfare scheme, etc., are cases of application of income.

Therefore, the amount of such deductions is added back to the amount of net salary received by an employee. In other words, the total salary due to an employee forms the basis of a taxable salary. • Employment and Profession: When one is giving its services to one employer (Contract of service) and when one is available to give its services to others (contract for services) are the two different things. For example, one academic writer working with one company shall be considered as one employee of that company and its salary shall be taxable under the 'salary head'. While one freelance academic writer giving its services to its different clients, cannot be considered employment, it is merely about exercising a profession, it shall not be considered as a contract of service but a contract for service. When an employee gets any salary dues or other sums like gratuity etc. from its former employer that shall also be considered chargeable under the salary head. • Relationship of employer and employee - If the relationship between a payer and the payee is not of a master and servant or an employer or employee then the payment cannot be taxed under the salary head. Salary can only be given to a person if he has rendered his services to the payer. Employers can be any like a local authority/a company/public body or association/Central or State Government/ foreign Government or any other private employer. ○ The salary of a director of a company is not taxed under the salary head but it is treated under the 'income from other sources' as the relationship between the company and the director is not of a master and servant or employer and employee. But if such a relationship between the company and the director has been created by a service agreement or by the Articles of Association, the remuneration payable to such a director, shall be taxable under the head 'salaries'. ○ Agent and Principal: When a person is working as an agent for his master i.e. Principal, any commission or remuneration that shall be made by the agent will not be taxable under the head "Salaries". • Salary of a

Member

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of Parliament - A member of Parliament is not a Government employee. Hence, the salary received by him as

a Member of Parliament is

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not chargeable to income-tax under the head 'salaries' but as income from 'other sources. •

The salary or pension of the United Nations employee is not taxable. • Pension received by a widow or legal heir of a dead employee is not taxable

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as there is no employer-employee relationship anymore between the payer and the payee. Though, such amount is taxable

under the head "Income from other sources". • Pay received by judges is taxable under the head "Salaries" even though they are not having any employer.

2.3.2 Chargeable income under the head 'Salaries' Section 15 Following is given a table 2.1 depicting the Section 15 under the Income-tax Act, and stating about the chargeable income. Section - 15, Income-tax Act, 1961-2020 Salaries 15.

The following income shall be chargeable to income-tax under the head "Salaries"— (

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a) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not; (b) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him; (c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year. Explanation 1.—

For the removal of doubts, it is hereby declared that where any salary paid in advance is

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included in the total income of any person for any previous year it shall not be included again in the total income

of the person when the salary

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becomes due. Explanation 2.—Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as "salary" for the purposes of this section.

Table: 2.1 ((Income-tax Act 1961) Hence, Section 15 of the Income-tax Act states about income chargeable like: •

Salary income is chargeable on two bases (i) due basis; and (ii) payment basis. • Due Basis -

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Any salary due from an employer or former employer to an assessee in the previous year, whether paid or not, is chargeable to tax. •		

Payment basis - If any salary is paid or allowed by or on behalf of

100%	MATCHING BLOCK 68/469	SA Latest final to publish 2014 tax book.pdf (D19103058)
an employer or former employer to an assessee in the previous year		

before it becomes due to him, such salary is taxed on receipt basis. • If any arrears that did not get charged to income-tax in any previous year shall be chargeable when paid. • Salary paid in advance: Any salary that has been paid in advance shall be added in the computation of the total income for any previous year for getting taxed. • Anything due or received from a partner or firm in the name of pay, bonus or commission, shall not be deemed under the 'salary head', as it is not according to the employer and employee relationship. 2.3.3 Definition of Salary - Meaning According to the Income-tax Act 'salary' refers to generally whatever is received by an employee from an employer in cash, kind or as a facility [perquisite]. Under the Income-tax Act the term salary is defined as what is included in salary under Section 17 (1), perquisites under 17 (2) and profits in lieu under 17 (3). Figure 2.1 Definition of Salary Salary 17 (1) Following is given a table depicting the definition of 'Salary' as what does it includes:
Definition

100%	MATCHING BLOCK 69/469	SA Income from Salaries.docx (D53807802)
of Salary 17 (1) (1) "salary" includes— (i) wages; (ii) any annuity or pension; (iii) any gratuity; (iv) any fees, commissions, perquisites or profits in lieu of or in addition to any salary or wages; (v) any advance of salary; (

va)

94%	MATCHING BLOCK 70/469	SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)
any payment received by an employee in respect of any period of leave not availed of by him; (vi) the annual accretion to the balance at the credit of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under rule 6 of Part A of the Fourth Schedule; (vii) the aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of rule 11 of Part A of the Fourth Schedule of an employee participating in a recognised provident fund, to the extent to which it is chargeable to tax under sub-rule (4)		

thereof;
and (viii)
the
contribution made by the Central Government or any other employer
in the previous year, to the account of an employee under a pension scheme
referred
to in section 80CCD;
Table 2.2 Definition of Salary (

Income-tax Act 1961) Hence, the above definition of Salary, provided by the Act, specifies what shall be included or considered as salary, and they are like: ● Wages: An employee receiving monthly income from his employer for giving his services to him under the contract of service shall be deemed as wages or salary. The term wages is also called 'Pay', 'Basic Pay', 'Salary', 'Basic salary' or 'Remuneration'. ● Any Annuity or Pension: Annuity and pensions paid by the employer are chargeable under the head, 'salaries'. They may either be paid voluntarily or obligatorily due to a commitment. Pension is a periodic payment paid by the employer to the employee after his retirement. Annuities are annual grants made or paid by employers and are taxable under the head 'salary' while annuities being paid by a person other than the employer shall be taxable as 'income from other sources', for example, an insurance policy an annuity will be taxable as 'income from other sources'. ● Any Gratuity: Gratuity is that token of gratitude given by an employer to his employee for his rendered services by the end of the time of employment. This amount is taxable hence considered as salary part but is exempted also up to a certain limit provided under Section 10(10). ●

Any

Fees, commissions, perquisites

or profits in lieu of or in addition to salary: -

Any 'fees' refers to any amount paid by an

employer under the name of the fee that is

chargeable under the head 'salary'. For example, the fee paid by the Company to its secretary for negotiating the sale of a

branch is taxable as salary. - Any commission paid by an employer to his employee as a commission is chargeable under

the head of 'salary'. For example, a salesman earned commission on his work from his employer. - Any perquisites mean

any benefits or facilities earned by an employee from his employer shall be taxable under the salary head, and it shall be

discussed in detail later. - Any payment paid to an employee, other than salary is considered a profit in lieu of salary and

is taxable under the salary head, it shall be discussed in detail later. ● Advance Salary: If an assessee here we can say an

employee who received some salary in advance in a previous year, it shall be charged under that previous year only and

not in that year when it was due. Advance salary does not refer to loans or advance taken from employers. ● Leaves: An

employee who receives payment by an employer regarding the leaves he did not avail is also considered a part of salary

and is taxed under salary head. ● Transferred Balance: An employee who had been a member of an unrecognized

provident fund which has been given recognition by the Commissioner of Income-tax for the first time, the balance

standing to the credit of an employee under unrecognized provident fund shall be transferred to his credit under-

recognized provident fund. Such balance is called transferred balance. This amount shall be taxed under the 'salary head'

to the extent to which it is chargeable under the income-tax rule. ● Under a pension scheme, in the previous year,

the

100%

MATCHING BLOCK 71/469

SA

BEL_Block-6- U16.docx (D142229436)

contribution made by the Central Government or any other employer to the account of an employee

shall be taxable under the 'salary head'. 2.3.4 Computation of Salary Here, we shall discuss how the taxability is

calculated: No. Section Particulars Taxability/Exemption 1. 17 Basic salary Fully taxable

2. 17 Dearness Allowance (referred to as 'DA') Fully taxable 3. 17 Bonus, fees or commission Fully taxable Table: 2.3 Computation of Salary From the above table, we come to know how we calculate taxable income under the head 'salary'. Basic Salary: It is the amount paid to an employee by his employer every month. The basic salary is fully taxable. Dearness Allowance (DA) or Dearness Pay (DP): It is the amount that is given to an employee by his employer to compensate for the increased inflation. This is also fully taxable. Fees: An employee can be given an extra remuneration termed as a fee for performing a specific job under the terms of employment. The 'fee' is fully taxable. Commission: It may be as a percentage of turnovers or as a percentage of profit. In both cases, it is taxable. Bonus: Bonus may be contractual or voluntary. In both cases, it is fully taxable. Here we need to know about Pay-Scale (Grade system) also. It is a system of payment through which an employee comes to know about its increment scale. For example if an employee's basic salary is given as 5,000 – 1,000 – 8,000 – 2,000 – 12,000. This scale indicates the increment schedule. According to this given schedule, the starting salary of the employee will be 5,000 p.m. which will increase by 1,000 every year until it reaches the amount of 8,000 p.m. (in 3 years). Once the salary will be 8000, now every year the employee will get the increment of 2000, until it reaches the amount of 12,000 (in 2 years). 2.3.5 Profits In Lieu of Salary [Section 17(3)] An employee receives some other things also besides salary from his employer, and these are known 'as profits in lieu of salary'; Section 17(3) provides an inclusive definition in this regard. Following is given a table depicting the definition according to the Act. 3) "

100%	MATCHING BLOCK 73/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
<p>profits in lieu of salary" includes— (i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto; (ii) any payment (other than any payment referred to in clause (10), clause (10A), clause (10B), clause (11), clause (12), clause (13) or clause (13A) of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy. Explanation. —For the purposes of this sub-clause, the expression "Keyman insurance policy" shall have the meaning assigned to it in clause (10D) of section 10; (iii) any amount due to or received, whether in lump sum or otherwise, by any assessee from any person— (A) before his joining any employment with that person; or (B) after cessation of his employment with that person.</p>			

Table 2.4 Definition:

48%	MATCHING BLOCK 72/469	W	
<p>Profits in Lieu of Salary (Income-tax Act 1961) Hence, 1. Any compensation amount either due or received by an employee (assessee) from his current or former employer</p>			

shall be considered as 'profits in lieu of salary'. That compensation amount could be regarding retirement, premature termination, resignation or else. 2. The next is that amount which is either due or has been received by an employee from his current or former employer, but except the following: • Gratuity exempted u/s 10(10) • House rent allowance exempted u/s 10(13A) • Commuted pension exempted u/s 10(10A) • Retrenchment compensation exempted u/s 10(10B) • Payment from an approved superannuation fund u/s 10(13) • Payment from the statutory provident fund or public provident fund • Payment from a recognized provident fund to the extent it is exempt u/s 10(12) 3. Any payment that is due or has been

92%	MATCHING BLOCK 74/469	SA	03. Income from Salary.doc (D113162154)
<p>received by an employee under a Keyman Insurance Policy Including the sum allocated by way of bonus on such policy</p>			

shall be considered as profits in lieu of salary.

4. Any amount that is either due or has been received by an employee

74%	MATCHING BLOCK 75/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
lump sum or other way from any person— a. before he joins any employment with that person; or b. after cessation of his employment with that person. 2.4			

Allowances Referring to 'Salary Head' after the basic salary the next component is 'allowances'. Allowances are included in salary income, as they are taxable provided certain exemptions. According to the (Income-tax Act 1961) allowances are fixed periodic amounts, apart from salary, which are paid by an employer for the purpose of meeting some particular requirements of the employee. E.g., Tiffin allowance, transport allowance, uniform allowance, etc. There are generally three types of allowances for the purpose of Income-tax Act - taxable allowances, fully exempted allowances and partially exempted allowances Please refer to the following given table to have an overlook on the allowances. Taxable Allowances Partially Exempted Allowances Wholly Exempted • Dearness Allowance • Tiffin Allowance • Servant Allowance • Medical Allowance • Project Allowance • Family Allowance • Over Time Allowance • City Compensation Allowance • Cash Allowance Category I: Exemption to the extent of Amount spent. If the amount has been spent more than the allowed, it shall be restricted. Examples are: • Travelling Allowance • Conveyance Allowance • Uniform Allowance • Daily Allowance • Researched Allowance • Helper Allowance Category II: • Children education Allowance • Hostel Expenditure Allowance • Allowance to UNO employees • Allowance to High Court Judges • Honorable Allowance to Supreme Court Judges etc. • Allowance to Indian Citizens, a government employee rendering services outside India.

• Underground Allowance (for working in unnatural climate like mines) • Tribal Area Allowance • Transport Allowance etc. Table 2.5: Allowances Allowances are different from the perquisites. Perquisites are the benefits received by a person as for his/her official position and are over and above the salary or wages. These perquisites can be taxable or non-taxable depending upon their nature. According to the Act under the 'Taxability of Various Components of Salary' Part A provides Sections on Allowance. First, comes i) House Rent Allowance — Section 10(13A) and then the other (ii) Prescribed Special Allowances — Section 10(14). 2.4.1 House Rent Allowance [Sec. 10 (13A), Rule 2A] and other allowances We study the house rent allowance under section 10 (13(a)). A. House rent allowance given to an employee, has exemptions or relief from income-tax to some extent. Following is a table depicting Sec.10 (13A) According to the Act Sec. 10 (13A): Least of the following is exempt: a) Actual HRA Received b) 40% of Salary (50%, if house situated in Mumbai, Calcutta, Delhi or Madras) c) Rent paid minus 10% of salary * Salary= Basic + DA (if part of retirement benefit) + Turnover based Commission Note: i. Fully Taxable, if HRA

80%	MATCHING BLOCK 76/469	SA	Income Tax Law and Practice-n.docx (D97574460)
is received by an employee who is living in his own house or if he does not pay any rent			

ii. It is mandatory for an employee to report PAN of the landlord to the employer if rent paid is more than Rs. 1,00,000 [Circular No. 08 /2013 dated 10th October, 2013]. Table 2.6; Allowances (Income-tax Act 1961) The above given section 10 (13A) provides benefits or relief or one can say exemption limits on the provided House Rent allowance. Such allowance has exemptions from income-tax under the following way: a.

100%	MATCHING BLOCK 77/469	SA	Income Tax Law and Practice-n.docx (D97574460)
The actual amount of 'house rent allowance' received by the employee.			

OR b. Rent Paid 10 % of Salary ['Salary' for this purpose may include

87% MATCHING BLOCK 78/469

SA 03. Income from Salary.doc (D113162154)

dearness allowance if the terms of employment so provide, but excludes all other allowances and perquisites.

It may also include commission if it is payable under the

88% MATCHING BLOCK 79/469

SA Income Tax Law and Practice-n.docx (D97574460)

terms of employment at a fixed percentage of turnover achieved by the employee.

Such commission partakes the character of 'Salary'] OR c. (i)50percent of salary due to the employee if rental residence is in Mumbai, Calcutta, Delhi or Chennai; and (ii) 40percent

73% MATCHING BLOCK 80/469

SA IT 1 book.docx (D91482405)

of salary due to the employee if such accommodation is situated at any other place.

Now, whichever is lowest shall be exempted from the tax. If there is any excess of the actual amount of house rent allowance received over the exempted figure, the amount of such excess is liable to be included in the salary income. It has also been cleared by the Act that an employee cannot seek HRA exemption if: (a) he/she is living in his own house or (b) he/she (the assessee or employee) has not incurred any expenditure on the rent of the residential accommodation occupied by him. A. Dearness Allowance: This is the amount paid to compensate for inflation and known as common allowance. It is included in the 'income' from the salary head and is fully taxable. B. Medical Allowance: It is provided to an employee from the employer as a medical facility and is fully taxable. C. Entertainment Allowance This is the allowance that can be kept for providing entertaining the visitors. For example during an outside the premise of office in a meeting a senior officer spent on entertaining the client. He can reimburse such expenses later and such allowances are taxable too. It is

58% MATCHING BLOCK 83/469

SA Unit 2 Calculation of Income under differentia ... (D114321273)

to be included in gross salary. Though, a deduction has been provided under Sec. 16 (ii) in respect of

entertainment allowance in computing taxable salary Illustration (2.1): Mr. Raj,

40% MATCHING BLOCK 81/469

W

a resident of Jhansi: Basic Salary: 48000 (previous year 2018-19). Dearness allowance: 4,800 (forming part of basic salary), Commission 7% on sales made by him (sale made by him during the relevant previous year

is 86,000) House Rent Allowance: 6,000 However, he pays 5,800 as house rent. Determine the quantum of exempted house rent allowance. Solution: Particulars Details Amount House Rent Allowance Received 6,000.00 Less: Minimum of the following being exempted u/s 10(13A)

80% MATCHING BLOCK 82/469

W

a) Actual Amount Received 6,000.00 b) 40% of Salary (Note) 23,528.00 c) Rent paid – 10% of salary [5,800 – 5,882]

Nil Nil Taxable House Rent Allowance 6,000 Note: Salary for the purpose of HRA Basic salary 48,000 Dearness Allowance 4,800 Commission (7% of 86,000) 6,020 Total 58,820 Hence, exemption u/s 10(13A) is Nil. Illustration (2.2) on house rent allowance: Mr. Raja is residing in Mumbai. His salary structure for the previous year 2018-19 was as follows: Particulars Rs. Basic salary 5,84,000 Dearness allowance forming part of salary while computing all retirement benefits 4,16,000 City compensation allowance 20,000

House rent allowance 1,20,000 Other allowances (fully taxed) 1,00,000 Commission @ 8.4% of the turnover achieved by him 1,00,000 Fixed monthly commission (@ Rs. 5,000 per month) 60,000 Total 14,00,000 Monthly rent paid by him for residential accommodation: Rs. 20,000. He wants to know the amount of exemption in respect of HRA. Note: ⇒ Exemption in respect of HRA will be lower of the following amounts: (1) 50%

of salary, when

residential house is situated at Mumbai, Kolkata, Delhi or

Chennai and 40%

of salary where residential house is situated at any other place. (2)

HRA actually

received

by the employee

in

respect of the period

during which rental accommodation is occupied by the employee during

the previous year. (3)

Rent paid in excess of 10%

of salary.

In this case, he resides in a metro city, hence, the exemption will be lower of the following amounts: (1) 50% of salary of Rs. 11,00,000*: Rs. 5,50,000. (2) Actual amount of HRA: Rs. 1,20,000 (3) Rent paid in excess of 10% of salary: Rs. 1,30,000** Hence, Exemption in respect of HRA will be Rs. 1,20,000. Taxable HRA will be computed as follows:

Particulars Rs. Total HRA received during the year 1,20,000

(-) HRA exempt under section 10(13A) (as computed above) 1,20,000 Taxable HRA nil *Note ⇒ Salary for the purpose of computing exemption in respect of HRA

will include:

Basic salary + dearness allowance +

commission (based on fixed

percentage of turnover achieved by the employee).

Salary for this purpose

does not include any other allowances/ perquisites. Particulars Rs. Basic salary 5,84,000 Dearness allowance forming part of salary while computing all retirement benefits 4,16,000 Commission @ 8.4% of the turnover achieved by him 1,00,000

Total 11,00,00 **Note 2: 10% of salary (as computed in Note 1) will come to Rs. 1,10,000. Rent paid by him for the year =

Rs. 2,40,000 Rent in excess of Rs. 1,10,000 will come to Rs. 1,30,000. 2.4.2 Prescribed Special Allowances – Section

10(14) The following allowances have been notified under

the Section 10(14):

57%

MATCHING BLOCK 84/469

SA

Income tax Law and Practice AY 2018-19.pdf (D97374547)

Children Education Allowance Up to Rs. 100 per month per child up to a maximum of 2 children is exempt Hostel Expenditure Allowance Up to Rs. 300 per month per child up to a maximum of 2 children is exempt Transport Allowance granted to an employee to meet expenditure for the purpose of commuting between place of residence and place of duty

Rs. 3,200 per month

92%

MATCHING BLOCK 85/469

SA

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granted to an employee, who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities

Transport

Allowance

to an employee working in any transport business to

meet his personal expenditure during his duty

performed in the course of running of such transport from one place to another

place

provided

the

employee is not in receipt of daily allowance. Amount of exemption

shall be

lower of following: a) 70% of such allowance; or b) Rs. 10,000 per month.

96%

MATCHING BLOCK 86/469

SA

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Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office

66%

MATCHING BLOCK 87/469

SA

03. Income from Salary.doc (D113162154)

Exempt to the extent of expenditure incurred Any Allowance granted to meet the cost of travel on tour or on transfer

Exempt to the extent of expenditure incurred Daily Allowance

to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty

Exempt to the extent of expenditure incurred Helper/Assistant Allowance Exempt to the extent of expenditure incurred

Research Allowance granted for encouraging the academic research and other professional pursuits Exempt to the

extent of expenditure incurred Uniform Allowance Exempt to the extent of expenditure incurred Foreign allowances or

perquisites paid or allowed by Fully Exempt

Government to its employees (an Indian citizen) posted outside India Allowances to Judges of High Court/Supreme

Court (Subject to certain conditions) Fully Exempt. Following allowances and perquisites given to serving

Chairman/Member of UPSC is exempt from tax: a) Value of rent free official residence b) Value of conveyance facilities

including transport allowance c) Sumptuary allowance d) Leave travel concession Fully Exempt Allowances paid by the

UNO to its employees Fully Exempt Special compensatory Allowance (Hilly Areas) (Subject to certain conditions and

locations) Amount exempt from tax varies from Rs. 300 per month to Rs. 7,000 per month. Border area allowances,

Remote Locality allowance or Disturbed Area allowance or Difficult Area Allowance (Subject to certain conditions and

locations) Amount exempt from tax varies from Rs. 200 per month to Rs. 1,300 per month. Tribal area allowance

73%

MATCHING BLOCK 89/469

SA

Income Tax Law and Practice-n.docx (D97574460)

given in (a) Madhya Pradesh (b) Tamil Nadu (c) Uttar Pradesh (d) Karnataka (e) Tripura (f) Assam (g) West Bengal (h) Bihar (i) Orissa Rs. 200 per month Compensatory Field Area Allowance.

If this exemption is taken, employee cannot claim any exemption in respect of border area allowance (Subject to certain conditions and locations) Rs. 2,600 per month Compensatory Modified Area Allowance. If this exemption is taken, employee cannot claim any exemption in respect of border area allowance (Subject to certain conditions and locations) Rs. 1,000 per month

85% MATCHING BLOCK 88/469

W

Counter Insurgency Allowance granted to members of Armed Forces operating in areas away from their permanent locations.

If this exemption is taken, employee cannot claim any exemption in respect of border area allowance (Subject to certain conditions and locations) Rs. 3,900 per month
Underground Allowance is granted to employees working in uncongenial, unnatural climate in underground mines Up to Rs. 800 per month High Altitude Allowance is granted to armed forces operating in high altitude areas (Subject to certain conditions and locations) a) Up to Rs. 1,060 per month (

54% MATCHING BLOCK 90/469

SA

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for altitude of 9,000 to 15,000 feet) b) Up to Rs. 1,600 per month (for altitude above 15,000 feet) Highly active field area allowance granted to members of

armed forces (Subject to certain conditions and locations) Up to Rs. 4,200 per month
Island Duty Allowance granted to members of armed forces in Andaman and Nicobar and Lakshadweep group of Island (Subject to certain conditions and locations) Up to Rs. 3,250 per month City Compensatory Allowance Fully Taxable Fixed Medical Allowance Fully Taxable Tiffin, Lunch, Dinner or Refreshment Allowance Fully Taxable Servant Allowance Fully Taxable Project Allowance Fully Taxable Overtime Allowance Fully Taxable Telephone Allowance Fully Taxable Holiday Allowance Fully Taxable
Any Other Cash Allowance Fully Taxable Table: 2.7 Prescribed Special Allowances 10(14) (Income-tax Act 1961) (a) Traveling and Conveyance Allowance: The amount granted to an employee for traveling or conveyance purposes from his employer to compensate the incurred expenses is taken as allowance. If the incurred traveling or conveyance expenses are more than the allowed allowance then the taxable amount shall be derived in such a way: Total amount granted (traveling allowance) minus the actual expenses spent to meet the cost of traveling, the balance amount is taxable. (b) Daily Allowance on tour/transfer: To meet the ordinary daily charges spent by an employee when he was on tour or for a period of time he was on an official journey, he is entitled to have daily traveling allowance. Mr. X is paid Rs. 100 per day for 10 days as a daily allowance on an official tour to meet his expenses. He has spent Rs. 50 per day. Thus, the balance of Rs. 500/- [(Rs.100 - Rs. 50)x10]] is taxable. (c) Helper allowance: Any amount

88% MATCHING BLOCK 91/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

granted to meet the expenditure spent on a helper, where such helper is

to perform for the official duties, shall be called helper allowance. The exemption shall be to the extent it is spent for the discharge of official duties. (d) Academic allowance: This is the allowance that is granted to an employee with respect to academic purposes for example research and other knowledge gaining pursuits. The exemption applies to the extent the allowance is spent for such purpose. (e) Uniform allowance: As the name suggests, this allowance is provided for spending on the purchase or maintenance of an official uniform. The exemption applies to the extent the allowance is spent for such purposes. The balance is taxable. Other allowances: Other allowances like city compensatory allowance, Proctorship allowance, Wardenship allowance, Bursership allowance, Project allowance, Deputation allowance, Overtime allowance, Tiffin allowance, Servant allowance, Rural allowance, etc. is fully taxable. Illustration (2.3): Mr. Yoges, received: Education Allowance of 80 p.m. for his 1st child, 90 p.m. for his 2nd child 120 p.m. for his 3rd child.

Hostel allowance of 1,000 p.m. None of his children are studying. Find taxable Children Education Allowance and Hostel allowance. Solution: Computation of taxable children education allowance for Mr. Y for the A.Y. 2019-20 Particulars
 Details Amount Hostel Allowance 12,000 Less: Exempted (300 × 2 × 12) 7,200 4,800 Children Education allowance [80 × 12) + (90 × 12) + (120 × 12)] 3,480 Less: Exempted {(100 + 90) × 12} 2,280 1,200 Taxable Allowance 6,000 Note: Education allowance is allowed for any two children of assessee therefore the education allowance of the first child (which is the lowest one i.e. 80 only) is not considered, to avail higher deduction. Illustration (2.4) Mr. Y receives children's education allowance = Rs. 300 per month per child for his 3 children. An accountant informed him that he can claim exemption upto Rs. 100 per month per child upto two children. Mr. Y believed that that exemption can be claimed for all the 3 children and would not be limited to 2 children. Advise him in this regard. Solution: As per the rule 2BB (2) an employee can claim exemption in respect of children's education allowance of lower of the amount of allowance or Rs. 100 per month per child. This allowance is limited to 2 children of the employee. In this case, the exemption will be as follows: Particulars Rs. Total children's education allowance per month (Rs. 300 per child or Rs. 900 for 3 children) 900 (-) Exemption as per rule 2BB(2) per month (Note 1) 200 Taxable value of allowance per month 700 Note 1: As per the rule exemption will be - lower of the amount of allowance or Rs. 100 per month per child (upto 2 children). In this case, Mr. Y is receiving Rs. 300 per month per child. Though, exemption should be Rs. 200 per month. 2.5 Perquisites 17 (2) Perquisites are different from the allowances, as they are not paid to an employee but are provided benefits to an employee. For example, an employer reimbursing the grocery and children education for an employee, it shall be considered of the nature of providing perquisites rather allowances. The Section 17(2) defines 'Perquisites'. Let's study certain matters related to 'perquisites', and they are like: • The term 'Perquisites' usually means a personal advantage; something that shall benefit a person by going into his own pocket. It does not cover the only reimbursement of any expenditure incidental to the employment. • Perquisites can be provided in cash or kind or in money's worth or amenities. • If a salesman with a company is provided with a bike for official use, it has no personal advantage to him. Therefore, we should not say that the bike is a perquisite. But If the bike is provided for personal as well as for official use; the value of the perquisite only for personal use is taxable. If the bike is provided only for personal use, the full value of such perquisite is taxable. • A perquisite is taxable as salary when it is being

66% MATCHING BLOCK 92/469

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provided by the employer during the continuance of the job. Any perquisite received by a person other than

the employer is taxable as 'income from other sources'. • If a perquisite has been provided by an employer to an employee, the value of the perquisite is chargeable to tax even if the employee may not have utilized it. • Perquisite may be received from the former, present, or prospective employer. • It includes(beneficiaries) family and household members also like - Spouse (whether dependent or not), parents (whether dependent or not), servants, and children and their spouse (whether dependent or not), and dependents.

As already mentioned, the term perquisite has been defined under Section 17 (2) of the Income-tax Act, and according to the Section it

includes: 1.

99% MATCHING BLOCK 93/469

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the value of rent-free accommodation provided to the assessee by his employer [sec. 17(2)(i)]; 2. the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer [sec. 17(2)(ii)]; 3. the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases: • by a company to an employee who is a director thereof; • by a company to an employee, being a person who has substantial interest in the company; • by any employer (including a company) to an employee to whom provisions of (i) and (ii) above do not apply and whose income under the head "Salaries" exclusive of the value of all benefits or amenities not provided for by way of monetary benefits, exceeds Rs. 50,000 [sec. 17(2)(iii)]; 4. any sum paid by the employer in respect of any obligation which but for such payment would have been payable by the assessee [sec. 17(2)(iv)]; 5. any sum payable by the employer, whether directly or through a fund other than a recognised provident fund or approved superannuation fund (

future pension program created by a company)

96% MATCHING BLOCK 94/469

SA IT 1 book.docx (D91482405)

or a deposit-linked insurance fund, to effect an assurance on the life of the assessee or to effect a contract for an annuity [sec. 17(2)(v)]; 6. the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee [sec. 17(2)(vi)]; 7. the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds Rs. 1,50,000 [sec. 17(2)(vii)]; and 8. the value of any other fringe (unconventional) benefit or amenity as may be prescribed [sec. 17(2)(viii)]. Table 2.8: Perquisites 17(2) (Income-tax

Act 1961) Hence, the 'perquisite' includes the following:

(i) Rent-free accommodation [Sec. 17(2)(i)]:

Perquisites

include

the value of rent-free accommodation provided to an assessee by his employer.

Hence the value of

such perquisite shall be included in the salary of the assessee or employee. (ii) Accommodation at the concessional rate [Sec. 17(2)(ii)] If accommodation is provided to an employee at some concessional rate even then the value of such perquisite shall be included under the salary head as a taxable component. (iii) Any benefit or amenity to specified employees [Sec. 17(2)(iii)] According to this section perquisites include - the value of any provided benefit or amenity that is either free of cost or at concessional rate, under some specified cases. This means where an employer is providing free motor-car, gas, electricity, water, domestic servant or any other benefit to its employees, the value of such benefits shall be deemed as taxable only in the case of specified employees and not in the case of non-specified employees. Those specified employees are: • Where an employee is a director. • Substantially interested employee: An employee is considered to be a substantially interested employee when he is owning equity shares and carrying not less than 20 percent of the voting power. • An employee whose monetary income exceeds Rs. 24,000 under the head 'Salary': We calculate the monetary income under the head Salaries by adding all taxable monetary payments (whether due or paid or allowed) and minus the 'Deductions'(sec.16) under the head salaries. (iv) The

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Obligation of the employee paid or reimbursed by the employer [Section 17 (2)(iv)]:

If an employer pays or reimburse any sum which an employee was supposed to pay, shall be considered as a 'perquisite'. Such a perquisite shall be included in the taxable salary of the employee. For example, the paid or reimbursed income-tax of an employer is a kind of perquisite; it shall be included in the taxable salary. (v)

Any sum payable by the employer to effect an assurance on the life of the employee or to effect an annuity contract [Sec. 17(2)(v)]: Any sum that is

65% MATCHING BLOCK 96/469 SA Income from Salaries.docx (D53807802)

payable by the employer either directly or through a fund to effect an assurance on the life of the employee (assessee) or to effect a contract for an annuity

is considered a perquisite and shall be included in the taxable salary. But any such payment shall not be considered perquisite if the payment has been made through

89% MATCHING BLOCK 97/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

a recognized provident fund or an approved superannuation fund and deposit-linked insurance fund. 2.5.1

Valuation of Perquisites Specific rules for the valuation of certain perquisites have been laid down in Rule 3 of the I.T. Rules. These are briefly given below as: • Rent-free accommodation [Rule 3 (a)]: Valuation of house accommodation depends on two factors: (a) nature of accommodation i.e. whether it is furnished house or unfurnished house (b) status of the employee i.e. Government employee, Public sector employee and private sector employee. • Accommodation at concessional rent [Rule 3 (b)]: is provided by the employer to an employee. • Motor Car [Rule 3(c)]: A motor-car is being provided by an employer to his employee. Where a motor car is owned by the employee and its maintenance cost is provided by the employer, the value of such perquisites is taxable. The valuation of the motor car shall depend on three factors like who provides/owns the car employer or employee, who bears the maintenance cost - employer or employee and, what is the use of car whether official or personal or official-cum-personal. • Free Supply of Gas, Electricity, and Water [Rule 3(d)]: If

90% MATCHING BLOCK 98/469 SA Income Tax Law and Practice-n.docx (D97574460)

the supply connection for gas/electricity/water is in the name of the employee and the bills for them are paid by the employer, it

shall be deemed as the obligation of the employee that has been discharged by the employer and such payment is always taxable. But, where the supply connection for these facilities is in the name of the employer, any such payment by the employer for these facilities shall be taxable only in the case of specified employees. • Free Education [Rule 3(c)]: This is a provided perquisite by an employer to his employee when he is paying the educational expenses of a member of the family of his employee. The value of such a perquisite shall be included in the taxable salary, as it is an obligation of the employee met by the employer according to Sec. 17(2)(iv). If the employer is maintaining and running an institution in such a case the value of the perquisite to the employee is determined with reference to the

100% MATCHING BLOCK 99/469 SA Income Tax Law and Practice-n.docx (D97574460)

reasonable cost of such education in a similar institution in or near the locality.

The value of the perquisite is taxable only in the case of specified employees [Sec. 17(2)(iii)].

- **Wages of Sweeper and Watchman:** The value of such perquisite is determined on an ad- hoc basis. In the case of sweeper, 75 percent of actual wages or Rs.60 p.m., whichever is less, is the value of perquisite and in the case of a watchman, 50 percent of actual wages or Rs.60 p.m., whichever is less. The relief can be claimed only if the house is owned by the employer. If an employee has been provided rented accommodation by the employer, the value of the perquisite is taken to be the amount paid by the employer for the wages of sweeper or watchman. The value of the perquisite is taxable only in the case of specified employees [Sec. 17(2)(iii)]. Where the watchman or sweeper is engaged by the employee and their wage is reimbursed by the employer, such reimbursement is fully taxable [Sec. 17(2)(iv)].
- **Gardener’s Wages:** If the house provided to the Employee is owned by the Employer and gardener services are provided to the employee, the value of the perquisite is taken to be nil. Where an employer is providing a rented house and also a gardener for its proper upkeep, the real wages paid to the gardener shall be the value of the perquisite. It is taxable only in the case of specified employees [Sec. 17(2)(iii)].
- **Selling assets to the employee at concessional rates:** Under such a case where the employer has sold any of assets to the employee at concessional rates, the value of such concession (perquisite) shall be taxed in the case of specified employee [Sec. 17 (2)(iii)].
- **Shares issued at Concessional Rates:** Under such a case where shares are issued by a company to its employees at concessional rates the value of concession (perquisites) shall be taxed perquisite in the case of specified employees [Sec. 17(2)(iii)].
- **Interest-free Loan to Employees: Providing**

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interest-free loan or loan at Concessional rate by an employer to			

an employee is not to be treated as a perquisite under Sec. 17(2)(iii). Hence, it shall not be chargeable to tax. • **Holiday home for employees:** Providing the following perquisites like a holiday home, boarding, lodging, transport, and other facilities are taxable perquisite only in the case of specified employees [Under Sec. 17(2)(iii)]. For determining the taxable value of such perquisite, various factors like the type of accommodation, a period of stay, other facilities provided to an employee and cost of getting similar facilities from an outside source are taken into consideration • **Any**

78%	MATCHING BLOCK 101/469	SA	03. Income from Salary.doc (D113162154)
other Benefit or Amenity [Rule 3(g)]: The value of any other benefit or amenity			

is determined on such basis and in such amount as the Assessing Officer considers fair and reasonable.

- **Credit card:** Any expenditure incurred by the employer in respect of credit card used by the employee or any member of his household after deducting the expenditure on use of this credit card for official purposes is the taxable value of the perquisite.
- Illustration (2.5): on perquisite in respect of concessional accommodation Mr. Jayesh is working with ABC Ltd. During the year 2014-15, his employer provided him with a furnished accommodation in Mumbai. Other details are as follows: • Basic salary for the year 2014-15 : Rs. 3,84,000 • Dearness allowance forming part of salary for computing all retirement benefits: Rs. 3,13,000. • Employer’s contribution to Provident Fund : Rs. 84,000 • Transport allowance received during the year : Rs. 12,600 • Value of other perquisites : Rs. 2,84,000 • The accommodation is owned by the employer. • Cost of various furniture provided by the employer: Rs. 1,50,000 • an air-conditioner hired by the employer @ Rs. 10,000 per annum. • His employer has recovered Rs. 4,800 from him towards rent of the accommodation. • From the above information, assist Mr. Jayesh in computing the value of concessional accommodation. Solution: Here, the employer has provided a concessional furnished accommodation, hence, the value will be computed as follows:
 Calculate the value of accommodation bearing in mind the accommodation as rent free furnished accommodation
 xxxxx Less: The amount recovered from the employee xxxxx Value of furnished accommodation (if positive) xxxxx
 ⇒Value of rent-free furnished accommodation will be computed as follows: Particulars Rs. Calculate the value of accommodation bearing in mind the accommodation as unfurnished accommodation xxxxx Add : 10% per annum

of the original

cost of furniture to the employer or actual hire charges (paid or payable) by the employer (if the furniture is hired by the employer) xxxxx Value of furnished accommodation xxxxx ⇒ Value of rent-free unfurnished accommodation will be computed as

follows: In this case, the accommodation is owned by the employer. Hence, the value will be computed as follows: Population of the city (based on 2001 Census) where the property is located Value of perquisite Not exceeding 10 lakhs 7.5% of the salary Exceeding 10 lakhs but not exceeding 25 lakhs 10% of the salary Exceeding 25 lakhs 15% of the salary ⇒ Accommodation is located in Mumbai (i.e., population of more than 25 lakhs). Hence, the value of the accommodation will be 15% of the salary. Salary will be computed as follows: Particulars Rs. Basic salary 3,84,000 (+) Dearness allowance forming part of salary while computing all retirement benefits 3,13,000 (+) Transport allowance Rs. 12,600 – Rs. 9,600 (exempt @ Rs. 800 per month) 3,000 Salary for the purpose of computing value of accommodation 7,00,000 Value of unfurnished accommodation will come to Rs. 1,05,000 (15% of Rs. 7,00,000). ⇒ Value of furnished accommodation will be computed as follows: Particulars Rs. Value of unfurnished accommodation 1,05,000 (+) Value of furniture (a) 10% of cost of furniture of Rs. 1,50,000 15,000 (b) Rent of air-conditioner 10,000 Value of furnished accommodation 1,30,000 (-) Amount recovered from the employee in respect of the accommodation 4,800 Value of concessional accommodation 1,25,200

Illustration (2.6) Mr. Jagdeep is a salaried employee. He annually pays Rs. 94,000 as the school fees of his children. However, later on his employer reimburses the school fees to him. What shall be the tax treatment of perquisites arising from reimbursement of the school fees of Mr. Jagdee' children. Advise him in this regard. Solution: Note: Perquisites arising from reimbursement of the school fees are taxable in any case. Hence, the value of the perquisite that is reimbursed by the employer i.e. Rs. 94,000 will be charged to tax. 2.6 Retirement Benefits The benefits given to an employee at time of retirement by his employer are known as Retirement benefits. Some common retirement benefits are like: 2.6.1 Leave Salary [Sec. 10 (10AA)] During the period of his service an employee is given different types of leaves. He avails all number of leaves allowed throughout the period of his job is not necessary, hence by the time of his retirement or death or leaving the job he may be having a number of unavailed leaves. These leaves may be encashed every year or at the time of retirement/death/leaving the job.

Following is given the tax treatment of such leaves:

Nature

of leave encashment Status of employee Taxability Leave encashment during continuity of employment Government/ non-Government employee It is fully chargeable to tax. However, relief can be taken under section 89.

Leave encashment at

the time of retirement/ leaving job Government employee

It is fully

exempt from tax

Leave encashment at the time of retirement/ leaving job

Non-Government employee It is fully

or partially exempt from tax. Here, exemption depends upon the provisions.

Table 2.9: Leaves Encashment

(A) Encashment of leave during the continuation of service: During the continuation of job if an employee whether government or non-government gets it leaves encashed then in such a cash the received amount is wholly taxable under that year of encashment of leaves. Though a relief has been provided under section 89. Illustration (2.7) (Government employee) Mr. Jayesh does a Government job. He is entitled to 25 days' leave per year. He has credit for 250 days' leave in his account. During the year 2016-17 he encashed leave of 50 days and received Rs. 62,000 on account of leave encashment. In this case, Rs. 62,000 will amount to encashment of leave during the continuation of service and will be fully taxed in his hands. Illustration (2.8) (Non-Government employee) Mr. Rajesh is working in Essex Ltd. He is entitled to 28 days' leave per year. He has credit for 284 days of leave in his account. During the year 2016-17 he encashed leave of 84 days and received Rs. 94,000 on account of leave encashment. In this case, Rs. 94,000 will amount to encashment of leave during the continuation of service and will be fully taxed in his hands. (B)

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Encashment of leave at the time of retirement: Encashment of leave at the time of retirement

has two aspects: (i)

Leave encashment at the time of retirement by Government employee is fully exempted from tax

under section [10 (10AA) (i)] Illustration (2.9) (Government employee) Mr. Jayesh is a Government employee. He is entitled to 28 days' leave per year. He has credit of 384 days of leaves in his account. He retired in the year 2015-16. He received Rs. 3,84,000 on account of leave encashment at the time of retirement. In this case, Rs. 3,84,000 will amount to encashment of leave

at the time of retirement and will be fully exempt from tax. (ii) Leave encashment at the time of retirement by a non-Government

employee: In case of non-Government employees the leave encashment at the time of retirement is taxable under section [10(10AA) (ii)]. It

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will be least of the following: 1. Period of earned leave

in months (*) ×

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Average monthly salary (**) 2. Average monthly salary (**) × 10 (i.e., 10 months' average salary) 3. Maximum amounts as specified by the

Central Government i.e., Rs. 3,00,000 Different amounts (i.e., ceiling limits) are specified by the Government for different years. However, for employees retiring after April 1, 1998 specified ceiling limit is

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Rs. 3,00,000. 4. Leave encashment actually received at the time of retirement. (*)

Period of earned leave in months is to be computed as follows: SL. No. Particulars 1. Number of completed years of service (i.e., ignoring part of the year) 2. No. of days of leave entitlement for each year of service as per service rules (

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if leave entitlement as per service rules exceeds 30 days per year of actual service,

then it should be restricted to 30 days) 3. Gross total leave (in days) (i.e., 1 × 2) 4. Leave encashed or availed during the continuation of service (in days) 5. Period of earned leave (in days) (i.e., 3 - 4) 6. Period of leave in months (i.e., days derived at 5 above ÷ 30) (**) Meaning of average monthly salary: Average monthly salary refers to the

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average salary drawn in the past ten months immediately preceding the day of retirement.

It includes the following only: • Basic salary, • Dearness allowance considered while computing retirement benefits (i.e. DA in terms), •

Commission based on fixed percentage of turnover achieved by the employee.

Apart from

above items, salary for this purpose does not include any other allowance or perquisites.

Illustration (2.10): Mr. Gaurav is working in Essex Ltd. at a monthly basic salary of Rs. 84,500. Apart from basic salary he is receiving following: • Dearness allowance (forming part of salary while computing retirement benefits) = Rs. 16,500 per month • Dearness allowance (not forming part of salary while computing retirement benefits) = Rs. 50,000 per month. • Fixed monthly commission of Rs. 10,500. • Commission based on fixed percentage of turnover achieved by him Rs. 10,500 (@ 2% of turnover of Rs. 5,00,000 for the month). • Children's education allowance Rs. 1,000 per month for his two children. • Medical allowance of Rs. 2,000 per month. • Value of perquisites provided by the employer during the month Rs. 8,400. There is no change in the above pay structure throughout the year 2012-13. If he retires in the month of April 2013, what will be the amount of average monthly salary to be used while computing exemption in respect of leave encashment at the time of retirement? Solution: While computing average monthly salary for the purpose of exemption in respect of leave encashment at the time of retirement, salary will include following items: • Basic salary, • Dearness allowance considered while computing retirement benefits (i.e., DA in terms), •

Commission based on fixed percentage of turnover achieved by the employee.

Apart from

above items, salary will not include any other item. Based on above, salary for the purpose of computing exemption in respect of retirement benefits will be computed as follows: Particulars Rs.

71%	MATCHING BLOCK 107/469	W
Basic salary 84,500 Dearness allowance (forming part of salary while computing retirement benefits) 16,500 Commission based on fixed percentage of turnover achieved by the employee 10,500		

Monthly salary 1,11,500 Other Points: • If an employee receives a leave salary

70%	MATCHING BLOCK 109/469	SA	Sem IV_BCom_B21CM07DC (1).docx (D165443748)
from more than one employer in the same year, then the maximum amount of exemption			

under section 10(10AA) (ii) cannot exceed the amount specified by the Central Government (i.e., Rs. 3,00,000). • Where any employee has claimed exemption of leave salary under this section in any earlier year(s), then in case of such employee, the ceiling limit (i.e., Rs. 3,00,000) shall be reduced by the amount of exemption earlier claimed. • Relief under section 89 is available in respect of leave salary. Illustration (2.11):(Non- Government employee) In April 2004, Mr. Kumar retired from Essex Ltd. and received leave encashment of Rs. 84,500. Entire amount qualified for exemption. After his retirement from Essex Ltd. he joined SM Ltd. In March 2015, he retired from SM Ltd. and received leave encashment of Rs. 2,00,000. In this case, the maximum amount of exemption in respect of leave encashment received from SM Ltd. will be limited to Rs. 2,15,500 (Rs. 3,00,000 less Rs. 84,500 claimed earlier). Illustration (2.12): Gaurav was employed by XYZ Ltd. upto August 31, 2003. At the time of leaving XYZ Ltd. He was paid Rs. 4,00,000 as leave salary out of which Rs. 80,000 was exempted from tax as per the provisions of Income-tax Act at that time. Thereafter, he joined another private company, ABC Ltd. and from this company, he retired on October 31, 2017 after receiving

a leave salary of Rs. 5,04,000. Determine the taxable leave salary for the assessment year 2018-19 from the following information: Salary at the time of retirement: Rs. 28,000 Salary till March 31, 2017:

Rs. 25,000

Salary after March 31, 2017: Rs. 28,000 Duration of service: 14 years 11 months

Leave entitlement for every year of service: 60

days Leave availed while in service: 300 days

Leave at the credit

of employee at the time of retirement $[(14 \times 60 - 300) \div 30]$: 18

months Leave salary paid at the time of retirement (18*Rs. 28,000): 5,04,000 Solution: The amount of taxable leave salary for the assessment year 2018-19 is computed as follows: N has retired from ABC Ltd., a private sector company, on October 31, 2017. Out of Rs. 5,04,000 received as leave salary, least of the following four points is exempt from Tax: a. Earned leave (in number of months) standing to the credit * Average monthly salary [i.e., 4*Rs. 27,100] Rs. 1,08,400 b. 10*Average monthly salary [i.e., 10*Rs. 27,100] Rs. 2,71,000

c. Amount specified by the government (Rs. 3,00,000 minus amount exempted earlier) [i.e., Rs. 3,00,000 – Rs. 80,000] Rs. 2,20,000 d. Leave encashment actually received at the time of retirement Rs. 5,04,000 Rs. 1,08,400, being the least, is exempt from tax and thus, taxable leave salary is Rs. 3,95,600 (Rs. 5,04,000 – Rs. 1,08,400). Notes: ⇒ Calculation of leaves (in number of months) standing to the credit: Leave entitlement (must not exceed 1 month for actual service) 14

months Less: Leave actually availed 10 months Leave at the credit 4 months

⇒ Calculation of average monthly salary: Basic salary (Rs. 25,000*3 +

Rs. 28,000*7) Rs. 2,71,000 Add: DA (forming part) Nil Add: Commission based on percentage of turnover Nil Total salary of 10 months Rs. 2,71,000 Average monthly salary Rs. 27,100 ⇒ While completing actual years of service, any fraction of the year is ignored. ⇒ Gaurav can claim relief under section 89 in respect of Rs. 3,95,600. 2.6.2 Gratuity Gratuity is usually payable to an employee at the time of cessation i.e., retirement/death/termination/resignation/becoming incapacitated (disabled) prior to the retirement of employment in appreciation of the past services rendered by him.

A. In the case of a 'government employee', the gratuity is fully exempted from tax. B. In the case of a 'non-government employee', it has further two classifications: - Exemption in respect of gratuity in case of employees covered by the

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Payment of Gratuity Act, 1972. - Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972

Table: 2.10: Gratuity Hence, the tax treatment of gratuity has the following aspects:

1. In the case of a 'government employee', the gratuity

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is fully exempted from tax. 2. In the case of a 'non-government employee',

it has further two classifications: a. Exemption in respect of gratuity in case of employees covered by the

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Payment of Gratuity Act, 1972. b. Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972

The above given i) and ii) points are further explained (Income-tax Act 1961): (1)

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Exemption in respect of gratuity in case of employees covered by the Payment of Gratuity Act, 1972 [

Section 10(10)(ii)] Exemption in this case will be lower of the following amounts: 1. 15 days' salary (*) × years of service 2. Maximum amount specified by the Central Government, i.e., Rs. 10,00,000. 3. Gratuity actually received. (*) Following points should be kept in mind: • 7 days instead of 15 days

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in case of employees of a seasonal establishment • 15 days' salary = Salary last drawn \times 15/26 • Salary for this purpose will include basic salary and dearness allowance only.

Illustration (2.13): If Mr. Rajan's monthly salary at the time of his retirement is Rs. 8,484 and basic, Rs. 2,526 as dearness allowance, Rs. 1,848 as commission and Rs. 1,252 as bonus, then salary for aforesaid exemption will be Rs. 6,352, computed as follows: Rs. 11,010 (Basic + DA) \times 15/26 = Rs. 6,352 (rounded off) •

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In case of piece rated employee, 15 days' salary will be computed on the basis of average of total wages (excluding overtime wages) received for a period of three months immediately preceding the termination of his service.

Illustration: If in the above Illustration, Mr. Keshav is a piece-rated worker and salary drawn by him in three months preceding the retirement is Rs. 11,010 including Rs. 2,526 overtime (OT) wages, then salary for the aforesaid exemption will be Rs. 1,632 computed as follows:

Step 1 - Computation of three months' salary Three months' salary will be Rs. 8,484 (Rs. 11,010 – Rs. 2,526 being OT wages) Step 2 - Computation of monthly salary One-month salary will be Rs. 2,828 (i.e., 8,484/3) Step 3 - Computation of salary will be Rs. 1,632 (rounded off) (i.e., 2,828 \times 15/26) •

Part of the year,

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in excess of 6 months, shall be taken as one full year. Illustration (2.14): If the period of service is 18

years and 8 months, then 19 years will be taken as duration of service. If the period of service is 18 years and 5 months, then duration of service will be taken as 18 years. (2)

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Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972 [

Section 10(10) (iii)(Income-tax Act 1961)

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In case of employees not covered by the Payment of Gratuity Act, 1972

exemption in respect

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of gratuity will be least of the following: 1. Half month's average salary for each completed year of service, i.e., [Average monthly salary \times 1/2] \times Completed years of service. (*) 2.

Maximum amount specified by the Central Government, i.e., Rs. 10,00,000 3. Gratuity actually received. (*) Following points should be kept in mind: •

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Average monthly salary is to be computed on the basis of average salary for 10 months immediately preceding the month (

not the day) of retirement. Illustration: Mr. Keshav retires from service on 8-4-2010. In this case, average salary will be computed on the basis of salary for the period of 1-6-09 to 31-3-10 (i.e., 10

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months preceding the month of retirement). • Salary for this purpose will include basic salary, dearness allowance, if the terms of service so provide and commission based on

a

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fixed percentage of turnover achieved by the employee. • While computing the year of service, any fraction of the year is to be ignored. Illustration (2.15):

If duration of service is 18 years and 11 months, then 18 years will be considered for computation. Illustration (2.16):(Non- Government employee) Mr. Kaushal retired from A Ltd. on 15-2-3013, after serving for a period of 25 years and 9 months. Following are other details:

- Basic salary per month during 10 months preceding the month of retirement (i.e., monthly salary from 1-4-12 to 31-1-13): Rs. 60,000.
- Dearness allowance per month during 10 months preceding the month of retirement (i.e., monthly DA from 1-4-12 to 31-1-13) (a) Forming part of salary for computing retirement benefits : Rs. 60,000 (b) Not forming part of salary for computing retirement benefits : Rs. 10,000
- Gratuity received at the time of retirement Rs. 25,20,000. Compute the amount of exemption in respect of gratuity under section 10(10)(ii)/(iii), considering: (i) Mr. X

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is covered by the Payment of Gratuity Act, 1972 ii) Mr. X is not covered by the Payment of Gratuity Act, 1972.

Solution: (i) When Mr. X is

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covered by Payment of Gratuity Act, 1972 As per section 10(10)(ii), exemption in respect of gratuity received by non-Government employee (covered by the Payment of Gratuity Act, 1972) is least of the following: Particulars Rs. 1. 15 days' salary for each completed year of service

or part

in excess of 6 months (

Note 1) 19,50,000 2.

Maximum amount specified by the Central Government 10,00,000 3. Actual amount received 25,20,000 Amount of exemption under section 10(10)(ii) will be Rs. 10,00,000, being least of above. Thus, taxable amount of gratuity will be Rs. 15,20,000 (Rs. 25,20,000 – Rs. 10,00,000) Note 1: Computation of 15 days'

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03. Income from Salary.doc (D113162154)

salary for each completed year of service or part in excess of 6 months:

Following points should be considered: • Part of the year in excess of six months will be considered as a full year. • Salary for the aforesaid purpose will be the last drawn salary.

- Salary for the aforesaid purpose will include basic salary and any dearness allowance (i.e., whether or not forming part of salary while computing retirement benefits).
- While computing 15 days' salary, we will divide the monthly salary by 26 days. Based on above, computation will be as follows: • Monthly salary will be Rs. 1,30,000 (Rs. 60,000 + Rs. 60,000 + Rs. 10,000).
- 15 days' salary will be Rs. 75,000 (Rs. 1,30,000/26 × 15).
- Duration of service is 25 years and 9 months, i.e., it will be taken as 26 years (for computation of exemption). Thus, the total amount of salary will be Rs. 19,50,000 (Rs. 75,000 × 26 years).

(ii) When Mr.

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Unit 2 Calculation of Income under differentia ... (D114321273)

X is not covered by the Payment of Gratuity Act, 1972

As per section 10(10)(iii), exemption in respect of gratuity received by

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non-Government employee (not covered by the Payment of Gratuity Act, 1972) is least of the following: Particulars Rs.

1. Half month's salary for each completed year of service (

Note 2) 15,00,000 2. Maximum amount specified by the Central Government 10,00,000 3. Actual amount received 25,20,000 Note 2: Computation

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of half month's salary for each completed year of service

Following points should be considered in this regard: • While computing the duration of service, any part of the year will be ignored. • Salary for the aforesaid purpose will be average salary for 10 months preceding the month (not

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the day) of retirement. • Salary for this purpose will include basic salary, dearness allowance

forming part of salary while computing

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retirement benefits and commission based on fixed percentage of turnover achieved by the employee. •

Half month's salary will be computed by dividing average salary by 2. Based on above, salary will be computed as follows:

Particulars Rs. Basic salary per month, for 10 months immediately preceding the month of retirement 60,000 (+) Dearness allowance per month (forming part of salary while computing retirement benefits), for 10 months immediately preceding the month of retirement 60,000 Total monthly salary for the purpose of computing exemption 1,20,000 There is no need to convert aforesaid monthly salary of Rs. 1,20,000 into average monthly salary, since there is no change in salary during past 10 months. Based on above, computation will be as follows: ● Half month's salary will be Rs. 60,000 (i.e., Rs. 1,20,000/2). ● Duration of service will be 25 years (part of the year will be ignored). Thus, the total amount of salary will be Rs. 15,00,000 (Rs. 60,000 × 25 years).

2.6.3 Pension Pension is that reward of the amount which is given to an employee after his retirement or death. This reward is given on the cessation of his job as an employee for the rendered services in the past. Pension is generally of certain types: (a) Uncommuted pension is a periodic payment received after retirement. (b) Commuted pension is a lump sum payment in lieu of periodic pension. (c) Partly commuted: An employee may (depending upon his service rules) partly commute his pension and receive the balance as periodic payments (i.e. uncommuted). Generally, pension is paid on - monthly i.e. periodic basis this is called uncommuted pension or periodic pension. While certain employers allow their employee to surrender that portion of pension and receive a lump sum amount in place of the periodic pension, this is called commuted pension. The third type comes When an employee according to the rules of his services partly commute and receive the balance as the periodic payments. Further given illustrations shall help you better to understand the above given types of pension.

Illustration (2.17) (uncommuted pension)

Mr. Jayesh receives pension of Rs. 26,200 per month after his retirement from Shyamal Ltd. **Illustration(2.18):** At the time of retirement, Mr. Rajesh received a lump sum payment of Rs. 2,62,000 towards commuted pension (i.e., in lieu of monthly pension). **Illustration (2.19):** Mr. Raghav decided to commute 80% of his pension for Rs. 2,00,000 and continue to receive the balance in periodic payments (i.e. uncommuted). In this situation, Rs. 2,00,000 is called as commuted pension and Rs. 2,50,000 (Rs. 2,00,000 ÷ 80 × 100) is called as full value of commuted pension.

2.6.3.1 Treatment of Pension according to kinds: Following is given information on the treatment of the kinds of pensions according to the Act: **Uncommuted Pension or periodic pension:** It is fully taxable for an employee whether he is a government or non-government employee. **Commuted Pension:** As per section [10(10A) (i)], in case of a government employee it is exempt while in case of a non-government employee, exemption is according to some rules. They are: - If the employee receives gratuity, one third of the

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full value of commuted pension will be exempt from tax under section 10(10A) (

ii)(

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a). - If the employee does not receive gratuity, one half of

the

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full value of commuted pension will be exempt from tax under section 10(10A) (

ii)(b). Following are given certain points for your consideration: - In case of gallantry award winner, for exemption, his family members will refer to section 10(18) and 10(19). - After the death of an employee the pension received by the family members is chargeable but under the head "Income from other sources". Under such a case, deduction of lower of 1/3rd of the amount of pension or Rs. 15,000 is available from such income. - Relief under section 89 is available in respect of the amount of commuted pension which is not exempt from tax. Illustration (2.20) (Government employee) Mr. Ahuja is a Government employee. On 31-12-2012 he retired from his service. For the month of January 2013, he received a pension of Rs. 8,400 per month. On 1-2-2013, he commuted 50% of pension for Rs. 84,000 and continued to receive a balance of 50% of pension of Rs. 4,200. What will be the tax treatment of pension in the hands of Mr. Ahuja if he received gratuity of Rs. 1,84,000 at the time of retirement and if he has not received any gratuity at the time of retirement? Solution:

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As per section 10(10A) (i), any commuted pension, i.e., accumulated pension in lieu of monthly pension

is exempt in the hands of a Government employee. There is no exemption in respect of uncommuted pension. In this case, for the month of January, Mr. Ahuja had received pension (uncommuted) of Rs. 8,400 and for the month of February and March he would be receiving Rs. 4,200 per month as uncommuted pension. This amount will be fully taxed. Commuted pension received by a Government employee is exempt from tax. This rule will remain the same even if the employee is receiving gratuity. Thus, nothing will be taxed in respect of a commuted pension of Rs. 84,000. Illustration(2.21) (Non- Government employee) Mr. Kapoor is a non-Government employee. On 31-12-2012 he retired from his service. For the month of January, 2013, he received a pension of Rs. 8,400 per month. On 1-2- 2013, he commuted 50% of pension for Rs. 84,000 and continued to receive a balance 50% of pension of Rs. 4,200. What will be the tax treatment of pension in the hands of Mr. Kapoor if he received gratuity of Rs. 1,84,000 at the time of retirement and if he has not received any gratuity at the time of retirement? Solution: For the month of January, Mr. Kapoor had received pension (uncommuted) of Rs. 8,400 and for the month of February and March he would be receiving Rs. 4,200 per month as uncommuted pension. This amount (i.e., uncommuted pension) will be fully taxed. As per section 10(10A) (ii),

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exemption in respect of commuted pension in case of a non-government employee will be as follows: - If the employee receives gratuity, one third of

the

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full value of commuted pension will be exempt from tax under section 10(10A) (

ii)(

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a). - If the employee does not receive gratuity, one half of

the

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full value of commuted pension will be exempt from tax under section 10(10A) (

ii)(b). If Mr. Kapoor has received gratuity, then out of Rs. 84,000 received on account of commuted pension, Rs. 56,000 [1/3rd of Rs. 1,68,000 (Rs.84,000/50*100)] will be exempt from tax. If Mr. Kapoor has not received gratuity, then out of Rs. 84,000 received on account of commuted pension, Rs. 84,000 [1/2 of Rs. 1,68,000 (Rs.84,000/50*100)] will be exempt from tax.

2.6.4

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Compensation Received at the time of Voluntary Retirement or Separation [Section 10(10C)]

Any compensation that has been received at the time of voluntary retirement or separation is exempt under section 10(10C) from tax complimenting the golden handshake scheme: I.

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a public sector company; or II. any other company; or III. an authority established under a Central, State or Provincial Act; or IV. a local authority; or V. co-operative society; or VI. a University

established or incorporated by

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or under a Central, State or Provincial Act and an institution declared to be

a University under section 3 of the University Grants Commission Act, 1956; or VII. an Indian Institute of Technology within the meaning of clause (g) of section 3 of the Institutes of Technology Act, 1961; or

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VIII. such institute of management as the Central Government may, by notification in the Official Gazette, specify in this behalf; IX. State Government; X. Central Government; XI. Institutions having importance throughout India or in any State or States as

may be notified. Exemption shall be available, provided the following conditions are satisfied: 1. The compensation received should be in accordance with any schemes/s of voluntary retirement. If it is a public sector company then in accordance with the scheme of voluntary separation. If the compensation is received in instalments, still the exemption shall be allowed. 2. The scheme of the said companies or authorities or societies or universities or the institutes mentioned under the clauses (vii) and (viii) above, depending upon the case, controlling the payment of such amount, are framed in accordance with such guidelines (including inter alia criteria of economic viability) as may be prescribed. In the case of public sector companies, if there is a scheme of voluntary separation, it shall also be according to the said prescribed guidelines.

3. If exemption has already been allowed to an employee under section 10(10C) for any assessment year, no exemption under this section shall be allowed to him for any other assessment year. 4. Relief under section 89 is admissible in respect of such amount: Quantum of Exemption: • Maximum amount of exemption is Rs. 5,00,000 Illustration(2.22) Mr. Kamal has been working in Essex Ltd. from January, 2000 at a monthly salary of Rs. 84,000. His official date of retirement is January, 2020. In June, 2012, the company declared a voluntary retirement scheme. The scheme of voluntary retirement is framed in accordance with prescribed guidelines given in Rule 2BA. Mr. Kamal opted for the scheme and received Rs. 8,40,000 as compensation on account of voluntary retirement. In this case, Rs. 5,00,000 will be exempt in the hands of Mr. Kamal and a balance Rs. 3,40,000 will be charged to tax. 2.6.5 Retrenchment Compensation A workman receiving any compensation at the time of his retrenchment, under the Industrial Disputes Act, 1947 or under any other Act or any rules or any issued notifications or any award or contract of service etc.; such compensation amount shall have exemption from being taxed to a certain extent, and that extent shall be lower

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of the following: - Actual amount received; - 15 days' average pay for each completed year of continuous service or any part in excess of six months) - Maximum amount specified by the Central Government (

Rs. 5,00,000).

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Compensation received in excess of the aforesaid limit is taxable and would, therefore, form part of Gross Salary.

Though, the assessee shall be eligible for relief under section 89 read with rule 21A. 2.7 Provident Fund Provident Fund is a welfare scheme which benefits an employee. Under this scheme: every month a certain amount from the salary of an employee is deducted and added to the Provident Fund. An employer also adds a certain percentage of the employee's salary to the Fund. Such an added or contributed amount is either deposited or invested. The earned interest also gets added to the

Provident Fund account of the employee and increases the amount. The employee receives this Provident Fund amount at the time of retirement or leaving the job after satisfying certain conditions. There are the following kinds of Provident funds: Figure: 2.2 Provident Funds Statutory Provident Fund:

This is maintained by the governmental/

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semi-governmental organizations / local authorities, railways, universities and recognized educational institutions under the provisions of the Provident Funds Act, 1925. Recognized Provident Fund (

RPF): This comes under the provident Fund Act 1952. According to the Act, any organization with 20 or more employees can apply this scheme. Though any organization that has less than 20 employees can also apply it to the will of the employer. The Act allows two kinds of alternative schemes under the Recognized Provident Fund, which are like two choices for an organization to choose either one. They are like: - An organization may choose to join the government scheme set up by the Provident Fund Commissioner. Or - An organization may start a Provident Scheme in its own organization after getting the approval from the Provident Fund Commissioner. Unrecognized Provident Fund: If the Provident Fund Scheme has not been recognized by the Provident Fund Commissioner it shall be called an unrecognized provident fund.

Public Provident Fund: This is one such provident scheme that benefits the general public with their savings. This has been established by the Central Government. This is for both - a salaried employee as well as a self-employed person. This scheme can be availed by anyone

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by opening a provident fund account at the State Bank of India or its subsidiaries or other nationalized banks. One person can become a member of

a Public Provident Fund scheme along with any other scheme also that could either be a statutory or recognized or unrecognized fund scheme. From a minimum of Rs. 500 to a maximum of Rs. 1,50,000 can be deposited under this account. The amount keeps increasing with the added interests and only after a certain period of maturity shall be payable to the beneficiary. 2.7.1 Treatment of Provident Fund for Income Tax Purposes To know the treatment of Provident Fund for income-tax purposes a table has been provided by the Act, which is like:

Statutory Provident Fund	Recognised Provident Fund	Unrecognised Provident Fund	Public Provident Fund
Employer's contribution	Exempt from tax	Exempt upto 12% of salary (Note 1)	Exempt from tax
Employee's contribution	Eligible for deduction u/s 80C	Yes	Yes
Interest credited to the said fund	Exempt from tax	Exempt from tax if rate of interest is up to 9.5%. Interest in excess of 9.5% is charged	Exempt from tax
Amount received at the time of termination of service	Exempt from tax	Exempt from tax	Exempt from tax

conditions are satisfied, then lump sum amount is exempt from tax (Note 2) (Note 3) Exempt from tax Table: 2.11 Tax-treatment (Income-tax Act 1961) Notes: Tax treatment of various form of Salary (Income-tax Act 1961): 1. Salary for this purpose will include the following:

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Basic salary, Dearness allowance, if the terms of service so provide, Commission based on

a fixed percentage of turnover achieved by the employee. 2. Accumulated balance from a recognized provident fund

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will be exempt from tax if the following conditions are satisfied: (a)

If the employee has rendered continuous service of 5 years or more. If accumulated balance includes the amount transferred from another recognized provident fund, then the period for which the employee rendered service to such previous employer shall also be included in computing the aforesaid period of 5 years. (b) If the service of an employee is terminated before the period of 5 years due to his ill health or discontinuation of business of the employer or other reasons beyond his control. (c) If on termination, the employee takes employment with any other employer and the balance becoming payable to him is transferred to his account in any recognized fund maintained by such other employer, then the amount transferred will not be charged to tax. 3. Treatment of payment received from an unrecognized provident fund: Payment on termination will include four components, viz, employee's contribution and interest thereon and employer's contribution and interest thereon. The tax treatment of such payments is as follows:

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Employee's contribution is not charged to tax; interest thereon is taxed under the head "Income from other sources".

Employer's contributions, as well as interest thereon, will be taxable as salary income. However, relief under Section 89 will be available. Illustration(2.23): Mr. X has the following salary structure – Basic pay: 10,000 p.m. Commission (fixed): 2,000 DA: 1,000 p.m. Entertainment allowance: 2,000 p.m. X contributes Rs.20,000 to provident fund. Employer also makes a matching contribution. Compute gross salary of if – a) Mr. X is a Government employee and such provident fund is a statutory provident fund. b) Mr. X is an employee of Y Ltd. and such fund is a recognized fund. c) Mr. X is an employee of Z Ltd. and such fund is an unrecognized fund.

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Solution Computation of taxable salary of Mr. X for the A.Y. 2019-20

Particulars

Case A	Case B	Case C	Basic	Details	Amount	Details	Amount	Details	Amount
Commission	1,20,000	1,20,000	1,20,000						
Allowance	2000	2000	2000	Dearness Allowance	12,000	12,000	12,000	Entertainment Allowance	24,000
36,000	24,000	36,000	Employer's contribution to PF	20,000	20,000	20,000	Less: Exempted	200,00	1 Nil
200,00	1 Nil							158,40	2 4,160
Gross Salary	1,58,000	1,62,160	1,58,000						

Notes: 1. Contribution to statutory and unrecognized provident fund is fully exempted. 2. Contribution to recognized provident fund is exempt up to 12% of salary. Salary for such purpose – Particulars Amount Basics 1,20,000 Commission as fixed nil Dearness Allowance 12,000 Total 1,32,000 2.8 Deductions (Sections16) Following is given a table depicting the provision of deduction under

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the salary head. Deductions section 16 16. The income chargeable under the head "Salaries" shall be computed after making the following deductions,

namely : – (

i) a

deduction

of [forty thousand] rupees or the amount of the

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salary, whichever is less;] (ii) a deduction in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee who is in receipt of a salary from the Government, a

sum equal to one-fifth

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of his salary (exclusive of any allowance, benefit or other

perquisite) or five thousand rupees, whichever is less; (iii) a deduction of

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any sum paid by the assessee on account of a tax on employment

within the meaning of clause (2) of article 276 of the Constitution, leviable by or under any law. Table: 2.12 Deductions (16)(Income-tax Act 1961)

Hence, According to the section 16 under the Income-tax Act 1961,

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the income chargeable under the head "Salaries" is computed after making the following deductions: 1. Standard Deduction; 2. Entertainment Allowance Deduction; and 3. Professional Tax			

Figure: 2.3 Deductions (section 16) 1. Standard deduction: According to the Act

83%	MATCHING BLOCK 156/469	SA	Income from Salaries.docx (D53807802)
standard deduction is 40,000 or the amount of gross salary, whichever is lower			

shall be considered. 2. Entertainment Deduction: Before deduction we keep the entertainment allowance in salary income under the 'salary

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head' and subsequently a deduction is done on the following basis: a. In the case of a Government employee, a Central Government or a State Government employee, the least of the following is deductible: Rs. 5000.00 or 20 % of Basic Salary; or amount of entertainment allowance granted during the previous year. b. In			

the case of a Non-Government Employee, entertainment allowance is not deductible.

Illustration(2.24): Compute taxable Entertainment allowance & net salary of Sri R Prasad from the following data: Basic

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salary 8,000 p.m. D.A. 2,000 p.m. Taxable perquisite ` 35,000, Entertainment Allowance ` 4,000 p.m.			

Out of such allowance ` 20,000 is expended and balance amount is saved. Assuming he is: a. Government employee b. Non-Government employee. Solution: Computation of taxable income of Sri R Prasad for the A.Y.2019-20

Particulars	Case A (govt. employee)	Case B (non-govt. employee)
Details Amount	96,000	96,000
Dearness Allowance	24,000	24,000
Entertainment Allowance	48,000	48,000
Taxable Perquisite	35,000	35,000
Gross Taxable Salary	2,03,000	2,03,000
Less Deduction u/s Standard Deduction	40,000	40,000
Entertainment Allowance	5,000	45,000
Net Taxable salary	1,58,000	1,63,000

3. Professional Tax: Tax imposed by a State under Article 276 of the Constitution on employment, profession, trade, etc. are allowed as deduction on a cash basis, whether paid by employee or by employer (on behalf of employee) from gross taxable salary. Note: If the employer (on behalf of employee) pays Professional tax then: a. Firstly, it is to be included as taxable perquisite; and b. Further, it is allowed as deduction u/s 16

Illustration(2.25): Mr. X a non-Government employee has the following salary details: • Basic

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Salary 5,000 p.m. • D.A. 2,000 p.m. • Entertainment Allowance 300 p.m. •			

Professional tax paid by employee 600

- LIC

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Premium paid by employer 3,600 • Income tax paid by employee 2,000 • Professional tax paid by employer on behalf of employee 1,600

Find his taxable salary.

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Solution Computation of taxable salary Mr. X for the A.Y.2019-20 Particulars Details Amount Basic Salary 60,000 Allowances Dearness Allowance 24,000 Entertainment Allowance 3600 27,600

Taxable Perquisites Professional tax paid by employer 1600 LIC Premium

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paid by employer 3600 5200 Gross Taxable Salary 92,800 Less: Deduction u/s 16(ia) Standard Deduction 40,000 16(ii) Entertainment allowance (

Assessee is a Non-government employee) nil 16(iii) Professional Tax (` 1,600 + ` 600) 2200 42,200 Taxable Salary 50,600

2.9 Unit Summary Let's summarize the unit into some key points:

- Salary: According to the Income-tax Act 'salary' refers to generally whatever is received by an employee from an employer in cash, kind or as a facility [perquisite]. Under the Income- tax Act the term salary is defined as what is included in salary under Section 17 (1), perquisites under 17 (2) and profits in lieu under 17 (3).
- Basic salary refers to the amount of money that an employee receives prior to any extras being added or payments deducted. It excludes bonuses, overtime pay or any other potential compensation from an employer. The whole amount of basic salary is part of the take-home salary.
- Allowances: Referring to 'Salary Head' after the basic salary the next component is 'allowances'. Allowances are included in salary income, as they are taxable provided certain exemptions. According to the income-tax act: allowances are fixed periodic amounts, apart from salary, which are paid by an employer for the purpose of meeting some particular requirements of the employee. E.g., Tiffin allowance, transport allowance, uniform allowance, etc.
- Perquisites: Perquisites are different from the allowances, as they are not paid to an employee but are provided benefits to an employee. For example, an employer reimbursing the grocery and children education for an employee shall be considered of the nature of providing perquisites rather allowances. The Section that defines the meaning of Salary also states about the Perquisites under the 2nd point (17 (2)) after the salary.
- Leave Salary: During the period of his service an employee is given different types of leaves. He avails all number of leaves allowed throughout the period of his job is not necessary, hence by the time of his retirement or death or leaving the job he may be having a number of unavailed leaves. These leaves may be encashed every year or at the time of retirement/death/leaving the job.
- Gratuity: Gratuity is usually payable to an employee at the time of cessation i.e., retirement/death/termination/resignation /becoming incapacitated (disabled) prior to the retirement of employment in appreciation of the past services rendered by him.
- Pension: Pension is that reward of the amount which is given to an employee after his retirement or death. This reward is given on the cessation of his job as an employee for the rendered services in the past. It is of three kinds: commuted, uncommuted and partly commuted.
- Provident Fund: Provident Funds are of four kinds: Statutory Provident Fund or the Fund to which the Act of 1925 applies (

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S.P.F.), Recognised Provident Fund (R.P.F.), Unrecognised Provident Fund (U.R.P.F.),

and Public Provident Fund (P.P.F.).

Deductions:

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The income chargeable under the head "Salaries" is computed after making the following deductions under Section 16: Standard Deduction; Entertainment Allowance Deduction; and Professional Tax. 2.10

Key Terms Retrenchment Compensation; Any payment received by an employee on termination of his contract of service due to his professional misconduct, violation of Company policies, or incapability of the company to continue any of its units further. Perquisites: they are different from the allowances, as they are not paid to an employee but are provided benefits to an employee. 2.11 Check Your Progress Q:1) Explain the following given two terms: Compulsory deduction from salary and employment and profession? Q:2) Write in brief about the following given three terms: dearness allowance, medical allowance, and entertainment allowance? Q:3) A government employee retires and receives the leave encashment amount on his retirement, state what is the taxability of such amount with illustration? Q:4) What is a Public Provident Fund? Q:5) How would you do the entertainment deduction vehicle computing taxable income under both the cases a) government employee and b) non-government employee? Q:6) Ram is an employee of a company XYX Ltd., in Pune. Basic pay of Rs. 5,000 p.m. D.A. of Rs: 500 p.m. (which is considered for computation of retirement benefits). He earns 5% commission on sales achieved by him. The turnover achieved by him during the financial year ended 2018-19 is Rs. 2,00,000/- He is paid HRA of Rs. 2,000 p.m.

He pays a rent of Rs. 15,00 p.m. Calculate his taxable salary for assessment year 2019-20

Suggested Readings •

Singhania, V.K. and Singhania, Monica [2018], Students' Guide to Income Tax (University Edition), Taxmann Publications (P) Ltd. • Ahuja, Girish and Gupta, Ravi [2018], Simplified Approach to Income Tax (University Edition), Flair Publications Pvt. Ltd.

Module - II

Computation of Income

under House Property & Capital Gains

Unit - 3 Heads of Income: House Property Structure 3.0 Introduction 3.1 Unit Objectives 3.2 Meaning of House Property 3.3 Chargeability 3.4 Deemed Ownership [Section 27] 3.5 Some Special Cases 3.6 Exempted Properties 3.7 Annual Income and Determination of Annual Values under Different situations [Section 23] 3.8 Deductions - Deductions from income from house property [Section 24] 3.9 Amounts Not Deductible from Income from House Property [Section 25] 3.10 Unit Summary 3.11 Key Terms 3.12 Check Your Progress 3.0 Introduction 'House Property' is to make you

understand with the Income chargeable to tax under the head 'house property'. How to compute income under this head is to know from the Sections 22 to 27 of the Income-tax Act. 3.1 Unit Objective On the completion of this unit you will be able to know: • Meaning of House Property • Chargeability • Deemed Ownership [Section 27] • Some Special Cases • Composite Rent its Tax Treatment • Property Owned By Co-owners [Sec. 26] • Disputed Property • Property In Foreign

• Property Owned By Partners of The Firm • Exempted Properties • Annual Income and Determination of Annual Values under Different situations [Section 23] • Treatment of Unrealised Rent [Explanation to Section 23(1)] • Computation of Income of a property which is self-occupied for residential purposes or could not be self-occupied owing to employment [Section 23(2), (3), (4)] • Computation of income

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of house property which is partly let out and partly self-occupied •

Deductions - Deductions from income from house property [Section 24] • Amounts Not Deductible From Income From House Property [Section 25] 3.2 Meaning of

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House Property House property means: - Any building or land appurtenant thereto of which the assessee is the owner. The appurtenant lands could be

any belonging part of the building like a lawn, a compound, etc. but such land should not be

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an open plot of land, which is not charged under this head but under the head 'Income from Other sources' or 'Business Income', as the case may be. - House property includes flats, shops, office space, factory sheds, agricultural land, and farmhouses. - House property includes all types of house properties like residential houses,

godowns, cinema building, workshop building, hotel building,

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etc. Example:- Mr. X has one big house. It includes

a

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vast open area within its boundaries. The house has been let out at a rent of Rs. 2,00,000 p.m., out of which rent of Rs. 50,000 p.m. is attributable to the open land. In this case,

the

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entire rental income is taxable under the head house property. 3.3 Chargeability Under the Section 22, Income from House Property,

chargeability has been defined like table 3.1: C.—Income from house property

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Income from house property. 22. The annual value of property consisting of any buildings or lands appurtenant thereto of which the assessee is the owner,

other than such portions

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of such property as he may occupy for the purposes of any business or profession carried on by him the profits of which are chargeable to income-tax, shall be chargeable to income-

tax under the head "Income from house property". Table: 3.1 Income From

House Property (Income-tax Act 1961) Hence, Essential conditions for taxing income under this head: • The house property income is taxable from the real owner only. For example, your son stays in Germany. He owns a house and has let it out for rent. You are receiving the rent still the son is liable to pay tax on this rental income, not you unless the property is transferred to you legally. Hence,

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income from house property is taxable from its legal owner only in whose name the property

is. • The House property refers to buildings and lands appurtenant thereto. • The property can be used for any purpose. But if the property is being used by the owner for his own business or profession, it shall not be chargeable to tax. •

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Ownership includes both free-hold and lease-hold rights and also includes deemed ownership. 3.4 Deemed

Ownership [Section 27] According to this Section, under the following cases, a person who may not be the registered owner of the property, but will be treated as the owner (i.e., deemed owner) of the property and rental income from such property will be charged to tax: • If a person transfers his or her house property to his/her spouse. But not under the case where a property has been transferred to a spouse under

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an agreement to live apart [Section 26(ii)]. • If a person transfers his house property to his/her minor child. But not

under the case where the daughter is married [Section 27 (

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ii)]. • Holder of an 'impartible estate' is deemed as the owner of the property included in the estate [

Section 27(ii)] Impartible estate means the property that cannot be divisible legally. •

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A member of a co-operative society, company, or other association of persons to whom a building (or part of it) is allotted or leased under house building scheme of the society, that company, or association,

as the case may be, will be treated as deemed owner of the property [Section 27(iii)]. • A person who has acquired the property by fulfilling the conditions of

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section 53A of the Transfer of Property Act will be deemed as the owner (

although he may not be the registered owner)[Section 27(iia)]. Section 53A of said Act directs the following conditions: - There must be an agreement in writing. - The purchase consideration is paid or the purchaser is willing to pay it. - The purchaser has taken possession of the property in pursuance of the agreement. • A person who has acquired any right to any building under any lease of the property for a period not less than 12 years

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he will be deemed to be the owner of the property. 3.5

Some Special Cases Under the special case we shall learn about the followings like: 3.5.1 Composite Rent: In some cases, a house owner who is receiving a house rent may also be getting rent of other assets like furniture. In other words, an owner may be charging on other provided things or services like lifts, air conditioner, furniture, or security service than just a house. In such a case, the rent received is known as a 'Composite Rent'. 3.5.1.1 Tax Treatment of Composite Rent

The tax treatment of composite rent is as follows: -

- If we cannot separate the lettings i.e the house and other things, the entire rent will be

charged

to tax under

the head - 'profits and gains of business and profession'

or '

income from other

sources'.

For example, renting a theatre involves letting the chairs also along, now such a rental income shall be chargeable under

the head '

profits and gains of business and profession' or '

income from other

sources'. •

If we can separate the lettings i.e the house and other things like a refrigerator or furniture, then we shall keep the house rent income under the head 'income from house rent' and the other lettings

out of other assets under

the head '

profits and gains of business and profession' or '

income from other

sources'.

•

Where one is letting a house along with services like lift, watchman, water supply, etc., in this situation, it is taken as the owner is charging for the provided services, hence the composite rent shall be bifurcated and the sum received against the use of property will

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be charged to tax under the head "Income from house property"

and charges for various

services will be

charged

to tax under

the head "

Profits and gains of business and

profession"

or "

Income from other sources" (

as the case may be). 3.5.2

Property Owned by Co-owners [Sec. 26] Where a property has more than one owner, or the building and land appurtenant to has two owners, we call them 'co-owners'. If their representational shares are definite and determinable, they shall not be called as an AOP (association of persons)

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in respect of such property. The share of each such person in the income from the property, as computed under Sec. 22-25, shall be included in his total income			

as under:- ● Where house property is self occupied by each co-owner:- Under such case the annual value of the property for each of such of co-owner shall be nil and each of the co owner shall be entitled to the deduction of Rs. 30,000/ 1,50,000 under Sec. 24 (b) on account of interest on borrowed money. ●

55%	MATCHING BLOCK 182/469	SA	Income Tax Law and Practice-n.docx (D97574460)
Where the entire or part of the property is let out:- Under such case the income from such property or part thereof shall be first computed as if this property			

or part thereof

93%	MATCHING BLOCK 183/469	SA	Sem IV_BCom_B21CM07DC (1).docx (D165443748)
is owned by one owner and thereafter the income so computed shall be apportioned amongst each co-owner as per their definite share. 3.5.3			

Disputed Property In a case of rent from a disputed property where the issue is the property is on whose name, the assessee shall be the one who has been possessing the property and enjoying the rental income. Hence, due to the existence of a dispute with the claim of the property can not postpone the assessment of tax from it. 3.5.4 Property in Foreign If one's house property is in abroad, and rental income from it is being received in India, then the 'annual value'(shall be covered in subsequent sections) of such property shall be taxable. Income from house property in case of 'Not Ordinary Resident' and a 'Non-Resident' shall be exempted but it will be taxable in India if it is payable or received or in India. 3.5.5 Property Owned by Partners of the Firm Partners of a firm have one single identity i.e the firm. They are not different from a firm. Hence, partners of a firm shall be taken as a whole or one owner of the house property. When a particular immovable property or properties are to be included in the assets of the firm, the

87%	MATCHING BLOCK 184/469	SA	Income Tax Law and Practice-n.docx (D97574460)
income from such property shall be assessed in the hands of the			

firm. According to Law, a partner has no individual right in any specific asset of the firm also he/she has no exclusive right to possess or use the property. 3.6 Exempted Properties Income from the following house properties is exempted from tax: • Any palace or part thereof of an ex-ruler, provided the same is not let out [Sec. 10(19A)]. If the ex-ruler has a house property and the part of which is self-occupied and remaining let out then only the self-occupied part of the house property shall be exempted. • House property of a local authority [Sec. 10(20)]. • House property of an approved scientific research association [Sec. 10(21)]. • House property of an educational institution [Sec. 10(23C)]. • House property of a hospital [Sec. 10(23C)]. • House property of a person being a resident of Ladakh [Sec. 10(26A)] • House property of a political party [Sec. 13A] • House property of a trade union [Sec. 10(24)] • A farmhouse [Sec. 10(1)] • House property held for charitable purpose [Sec. 11] • House property used for own business or profession [Sec. 22]. 3.7 Annual Income and Determination of Annual Values under Different situations [Section 23] Following is given a box depicting the section 23, it shall be easier for you to comprehend the section and to learn how to determine the annual values under its different sub-sections.

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<p>Annual value how determined. 23. (1) For the purposes of section 22, the annual value of any property shall be deemed to be— (a) the sum for which the property might reasonably be expected to let from year to year; or (b) where the property or any part of the property is let and the actual rent received or receivable by the owner in respect thereof is in excess of the sum referred to in clause (a), the amount so received or receivable; or (c) where the property or any part of the property is let and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable : Provided that the taxes levied by any local authority in respect of the property shall be deducted (irrespective of the previous year in which the liability to pay such taxes was incurred by the owner according to the method of accounting regularly employed by him) in determining the annual value of the property of that previous year in which such taxes are actually paid by him. Explanation.—For the purposes of clause (b) or clause (c) of this sub-section, the amount of actual rent received or receivable by the owner shall not include, subject to such rules as may be made in this behalf, the amount of rent which the owner cannot realise. (2) Where the property consists of a house or part of a house which— (a) is in the occupation of the owner for the purposes of his own residence; or (b) cannot actually be occupied by the owner by reason of the fact that owing to his employment, business or profession carried on at any other place, he has to reside at that other place in a building not belonging to him, the annual value of such house or part of the house shall be taken to be nil. (3) The provisions of sub-section (2) shall not apply if— (a) the house or part of the house is actually let during the whole or any part of the previous year; or (b) any other benefit therefrom is derived by the owner. (4) Where the property referred to in sub-section (2) consists of more than 54 [two houses]— (a) the provisions of that sub-section shall apply only in respect of 55 [two] of such houses, which the assessee may, at his option, specify in this behalf; (b) the annual value of the house or houses, 56 [other than the house or houses] in respect of which the assessee has exercised an option under clause (a), shall be determined under sub-section (1) as if such house or houses had been let. (5) Where the property consisting of any building or land appurtenant thereto is held as stock-in- trade and the property or any part of the property is not let during the whole or any part of the previous year, the annual value of such property or part of the property, for the period up to 57 [two years] from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be nil.</p>			

Table: 3.2 Determination of Annual Value (Income-tax Act 1961) Hence: Section 23 states how to determine annual value. 3.7.1

Annual Value As per
Sec. 23(1)(a)
the annual value of any property is
the sum for which
a
property might reasonably be expected to
be let

out from year-to-year.

There are four factors

to consider in determining the annual value. They

are: 1) Actual rent received or

receivable, 2)

Municipal value, 3) Fair rent of the property, 4) Standard rent.

Actual Rent Received

or receivable: It is an important factor in finding the annual value of a property. The actual rent could be subject to various considerations. For example, an owner has agreed

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to bear some obligations of the tenant like paying water and electricity bills of the tenant.

Now to determine the rent on which an owner shall pay tax under the head 'income from house property' we shall reduce the amount paid for the electricity and water bills from the total rent received/receivable by the owner. Municipal Value: Municipal authority levies taxes on an owner's house property. The Municipal value is determined by the municipal authorities. A municipal authority charges house tax on the basis of annual letting value of such house property. Municipal taxes are deductible only if these taxes are paid by the owner during the previous year.

Fair

Rent: Fair or notional rent of a property is the

rent obtained by a similar property in the same or similar locality.

Two properties might not be exactly the same still it is a sign of rent reasonably expected from the property. An increased or decreased rent due to emergency, relationship and such other conditions need to be adjusted to determine fair rent.

Standard Rent: If the rent of a property has been fixed under the Rent Control Act an owner is expected to not charge more than the standard rent. This factor is also helping to determine the annual value. 3.7.2 Computation of Annual Value of a Property [Section 23(1)] According to the Act, the annual value is the value after the deduction of municipal taxes.

The following are given the steps to determine the annual value. • Step I: Find the gross annual value. • Step II: From the gross annual value deduct the municipal tax actually paid in the previous year by the owner. You shall have the net annual value. We determine the annual value for the different categories of properties. Like: Category

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A: House property - Let out throughout the previous year. Category B: House property - Let out and was vacant during the whole or part of the previous year Category C: House Property - Part of the year

let out

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and part of the year occupied for own residence ⇒Category A: House property - Let out throughout the previous year

Step 1: Determination of the gross annual value: As you already read above (table 3.2), according to

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the Act, Section 23(1), the annual value of a property is: a. The sum for which the property might reasonably be expected to let out from year-to-year (i.e., expected rent);

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Unit 2 Calculation of Income under differentia ...
(D114321273)

or b. Where the property or any part of the property is let out and the actual rent received or receivable by the owner in respect thereof is more than the sum referred to in clause a), the amount so received or receivable

is the actual rent. Hence, to find the gross annual value of a let-out property: Sub-Step i): We find the expected rent. Expected rent is the higher of the following: i) Municipal Valuation; ii) Fair Rental Value. [expected rent should not be higher than the standard rent] Sub-step ii): We shall compare the sum on which a property is expected to let out and the received/receivable rent from the property. If the received/receivable rent is more than the expected rent then the gross annual value will be the received/receivable rent. But if the expected rent is more than the received/receivable rent then the gross annual value will be the expected rent. Step II: If an owner has paid the municipal taxes in the previous year then it shall be deducted from the gross annual value determined above. Deducting it you will get the net annual value. Illustration(3.1): Mr. Srivastava has a house in Lucknow. He wants to know how to compute the gross annual value of his house, where the particulars are like: Municipal Value: 3,00,000 Fair Rental Value: 3,40,000 Standard rent: N.A. Actual Rent/ Annual Rent: 2,80,000 Solution: The Gross Annual Value of the house is 3,40,000. Illustration(3.2): Mr. Awasthi has a house in Delhi, the particulars are given below. You have to calculate the annual value of

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the house for the assessment year. Particulars: Municipal Value: 72,000 Fair rental Value: 75,000 Standard Rent: 80,000 Rent per annum: 84,000 Municipal Taxes:

Rs. 5,000 for the last year paid in this year, and Rs. 8,000 of the current year is due but not paid. Particulars Amount Gross Annual Value 84,000 Less: municipal taxes 5,000 Net Annual Value 79,000 ⇒Category

82%

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B: House property - Let out and was vacant during the whole or part of the previous year

As you have already read above (table:3.2), according to

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the Act, Section 23(1), the annual value of a property is: a) The sum for which the property might reasonably be expected to let out from year-to-year (i.e., expected rent);

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Unit 2 Calculation of Income under differentia ...
(D114321273)

or b) Where the property or any part of the property is let out and the actual rent received or receivable by the owner in respect thereof is more than the sum referred to in clause a), the amount so received or receivable

is the actual rent.

100%

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SA

Unit 2 Calculation of Income under differentia ...
(D114321273)

c) where the property or any part of the property is let

out

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Unit 2 Calculation of Income under differentia ...
(D114321273)

and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable,

i.e., the actual rent, if any. Reading the above, two situations are seen like: situation 1: Where

42%

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the property is let out and was unfilled for part of the year and the actual rent received or receivable is more than the sum determined under clause (a)

despite the vacancy period. In this case, clause (c) shall not be fit as it will be applicable only

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when actual rent received or receivable is less than the

sum referred under clause (a). Therefore, the gross annual value, in this case,

shall

be:

1)

the sum for which the property might reasonably be expected to

be let

out from year-

to-year;

or 2) actual rent received or receivable, whichever is higher. Illustration(3.3):- Following are given the particulars of the house of Mr. Roy. Municipal

Value of the

95%

MATCHING BLOCK 199/469

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304 Corporate Taxation.docx (D117962176)

house = Rs.1,00,000, Fair Rent Rs. = 1,40,000, Standard Rent = Rs.1,30,000. The house property has been let out for Rs.13,000 p.m. and was vacant for one month during the previous year 2019-20. Municipal taxes paid during the year were Rs. 50,000. Compute the annual value for

assessment year 2020-21. Solution: Particulars Amount (Rs.) Gross Annual Value 1,43,000 a) Fair Rent 1,40,000 b) Municipal Value 1,00,000 c) Higher of a) or b) 1,40,000 d) Standard Rent 1,30,000 e) Expected Rent (Lower of c or d) 1,30,000 f) Rent received/receivable 1,43,000 Gross Annual Value shall be higher of e) or f) 1,43,000 Less: Municipal Tax 50,000 Net Annual Value 93,000

Situation 2: If

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SA

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(D143424526)

the property was vacant for whole or part of the year and the actual rent received or receivable

owing to such vacancy is less than the

sum determined under clause (a). The annual value of the property shall be determined under this situation if all

97%

MATCHING BLOCK 201/469

SA

Income Tax Law and Practice-n.docx (D97574460)

the following 3 conditions are satisfied: 1) The property is let out; 2) It was vacant during the whole or part of the previous year; 3) Owing to such vacancy, the actual rent received or receivable is less than

the

value determined under clause Sec. 23(1)(a). In this case, both clause (a) and clause (b) shall not be applicable but clause (c) shall be applicable and the gross annual value shall be the actual rent received or receivable. Illustration(3.4): Refer to

73%

MATCHING BLOCK 202/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

the above given illustration. Suppose the property was vacant for 3 months. Determine the annual value for the

assessment year 2020-21 Solution: Particulars Amount (Rs.) a) Expected rent (as determined above) Rs. 1,30,000 b) Actual rent received/receivable (Rs. 13,000*9)

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MATCHING BLOCK 203/469

SA

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Rs. 1,17,000 As the actual rent received or receivable owing to vacancy is less than the sum determined

under clause (a), it will fall under situation 2, i.e., Sec. 23(1)(

76%

MATCHING BLOCK 206/469

SA

304 Corporate Taxation.docx (D117962176)

c) and, therefore, net annual value shall be determined as under: Particulars Amount (Rs.) Actual rent received or receivable Rs. 1,17,000 Less:- Municipal Taxes Paid Rs. 50,000 Net Annual Value Rs. 67,000 ⇒

Category C:

House Property -

70%

MATCHING BLOCK 204/469

W

Part of the year let out and part of the year occupied for own residence If a '

house property' is let out for part of the year and the rest of the year remained for own dwelling, in this situation,

84%

MATCHING BLOCK 205/469

W

the expected rent shall be taken for the full year but the actual rent received or receivable shall be taken only for the

period

it was let out and the gross annual value shall be higher of these two. Illustration(3.5):- Mr. Vij owns a house property in Delhi. The particulars are as: Municipal Value is Rs. 2,20,000 Fair Rental Value is Rs. 2,40,000. Municipal taxes paid during the year were Rs.40,000 It was self occupied by him from 1.4.2018 to 31.7.2018. W.e.f. 1.8.2018 it was let out at Rs.20,000 p.m. Compute the annual value of the house property for assessment year 2019-20. Solution: Particulars Amount The

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gross annual value shall be higher of the following two: a) Expected rent (Municipal Value

Rs. 2,20,000 or FR Rs. 2,40,000, whichever is higher) 2,40,000 b) Actual rent received/receivable for let out period, i.e., Rs. 20,000*8 1,60,000

76% MATCHING BLOCK 208/469 SA IT 1 book.docx (D91482405)

Gross Annual Value a) or b), whichever is higher) 2,40,000 Less: Municipal Taxes 40,000 Net Annual Value 2,00,000 3.7.3

Treatment of Unrealized Rent [Explanation to Section 23(1)] As per the Explanation, the actual rent received or receivable mentioned in Sec. 23(1)(b) and (c) shall not include the amount of rent which the owner cannot realize, subject to the rules made in this behalf. In other words, unrealized rent, if any, should be deducted from clause (b) or (c) of Sec. 23(1). Rules for the unrealized (not received) rent: The amount of

55% MATCHING BLOCK 209/469 SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)

rent which the owner cannot received from the tenant shall be equal to the amount of rent payable

but not paid by a tenant of the assessee: where-

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a) The tenancy is bona fide; b) The defaulting tenant has vacated, or steps have been taken to compel him to vacate the property; c) The defaulting tenant is not in occupation of any other property of the assessee; d) The assessee has taken all reasonable steps to institute legal proceedings for the recovery of the unpaid rent or satisfies the Assessing Officer that legal proceedings would be useless.

Important Note: - Explanation to Sec. 23(1) states that unrealized rent should be deducted from

71% MATCHING BLOCK 211/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

clause (b) or clause (c) of Sec. 23(1), i.e., the actual rent received or receivable.

It does not state that it should be deducted from clause (a), i.e., from expected rent. Hence, the problem arises when the gross annual value is to be taken. But, in the income-tax return forms, unrealized rent has been shown as a deduction from the gross annual value (i.e., after taking expected rent or actual rent, whichever is higher). It is, therefore, suggested that unrealized rent should be deducted after the computation of

71% MATCHING BLOCK 212/469 SA IT 1 book.docx (D91482405)

gross annual value. Similarly, where a house is vacant for part of the year,

Sec. 23(1)(c) provides that gross annual value is to be taken as actual rent if the same is less than the expected rent. In this case also unrealized rent should be deducted after computation of gross annual value (i.e., the actual rent). Illustration(3.5): Mr. Yadav owns

77%

MATCHING BLOCK 213/469

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a house property in Delhi. Particulars are like: Municipal Value: 2,00,000 Fair Rent: 2,40,000 Actual Rent per month: 20,000 Municipal tax paid during the year: 19,000 The tenant vacated the property on 31.10.2015 and thereafter the property was let out for Rs. 25,000 p.m. Mr. Yadav could not receive the rent for the months of September and October, 2015 due to the death of the earlier tenant. Question i) Compute the annual value of the property for the assessment year 2016-17. Solution:

Answer to the first Question: Particulars Amount (Rs.) Step I: Determine the value as per Sec. 23(1)(a) It shall be Rs. 2,00,000 or Rs. 2,40,000, whichever is higher 2,40,000 Step II: Actual rent received/receivable (Rs. 20,000*7 + 25,000*5) 2,65,000 Gross Annual Value 2,65,000 Less: Unrealised Rent 20,000 x 2 = 40,000 Less: Municipal Tax Paid = 19,000 59,000 Net Annual Value 2,06,000 3.7.4 Computation of Income of a property which is self-occupied for residential purposes or could not be self-occupied owing to employment [Section 23(2),(3),(4)] i. Where the annual value of such house shall be nil [Sec. 23(2)(a) & (b)]: If a 'house property' is for residence purpose not for business activities and the employer due to reasons like job or business or professional goals was away from his residential property then in such a case

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Unit 2 Calculation of Income under differentia ... (D114321273)

the annual value of such house or part of the house shall be taken to be NIL.

ii. Where the annual value shall not be nil [Section 23(3)]: The 'annual value' of a self-occupied 'house property' shall not be nil: - if such

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a house or part of the house is let out during the whole or any part of the previous year or - any other benefit has been derived by the owner

from such a house. In the above cases, the 'annual value' shall be found as per provisions applicable to let out properties, i.e., under clause (a), (b) or (c) of Sec. 23(1).

iii. Where an assessee has more than one house for self-occupation [Sec.23(4)]: If a person has more than one residential 'houses property' for the residential purpose, and he is occupying only one while other is/are lying vacant then he may choose to treat any one of the houses to be self-occupied, while the other house(s) will be considered

81%

MATCHING BLOCK 216/469

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Unit 2 Calculation of Income under differentia ... (D114321273)

to be let out and the 'annual value' of such house(s) will be determined as

per Sec. 23(1)(a), i.e.,

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MATCHING BLOCK 217/469

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the sum for which the property might reasonably be expected to be let out from year-to-year. The

person, in this case, shall exercise his option in such a manner that his taxable income is the minimum. Such an option may change from year-to-year. Where a person or an assessee has two or more residential house properties and all are self-occupied,

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MATCHING BLOCK 218/469

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the 'annual value' of the entire house property shall be taken as nil

because there is only one house property, though it has more than one residential units. iv. Deduction in respect of one self-occupied house where the annual value is nil: Where

100%

MATCHING BLOCK 219/469

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the 'annual value' of one self-occupied house is nil,

the assessee will not be entitled to the standard deduction of 30% but he will be allowed a deduction on the amount of interest (including 1/5th of the accumulated interest of pre construction period) as under:- ?

77%

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Where the property is acquired or constructed with capital borrowed on or after 1.4.1999 and such acquisition or construction is completed within 3 years of the end of the financial year in which the capital was borrowed. Actual interest payable,

subject to maximum Rs. 1,50,000

if certificate mentioned in point 2 in box given below is obtained. ? In any other case, i.e., borrowed for repairs or renewal or conditions mentioned in clause (a) are not satisfied. Actual interest payable subject to maximum of Rs. 30,000

Illustration(3.6): Mr. Reddy

owns

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MATCHING BLOCK 221/469

SA

Income tax Law and Practice AY 2018-19.pdf (D97374547)

two houses, both are self-occupied. The particulars are as under: Particulars House I House II Municipal Value 80,000 2,00,000 Fair Rent Value 92,000 2,30,000 Standard rent - 2,10,000 Date of Completion 1.1.2014 1.10.2014 Municipal Taxes 7000 paid during the Year 10,000

paid during the year Advise

92%

MATCHING BLOCK 222/469

SA

Income Tax Law and Practice-n.docx (D97574460)

which house should be opted by him to be assessed as self-occupied so that his tax liability is minimum. Solution:

Assume both

houses to be

let out Particulars

Deemed To Be Let Out House I Deemed to be

68%

MATCHING BLOCK 223/469

SA

Income Tax Law and Practice-n.docx (D97574460)

Let Out House II Gross Annual Value 92,000 2,10,000 Less: Municipal Taxes 7,000 10,000 Net Annual Value 85,000 2,00,000 Less: Statutory Deduction @30% 25,500 60,000 Net Annual Value 59,500 1,40,000

Now, If Mr. Reddy chooses the house I

77% MATCHING BLOCK 224/469 SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

to be self occupied the income of house property shall be: Particulars Amount (Rs.) House I Nil House II 1,40,000

And, If Mr. Reddy chooses the

76% MATCHING BLOCK 225/469 SA Income Tax Law and Practice-n.docx (D97574460)

house II to be self occupied the income of house property shall be : Particulars Amount (Rs.) House

I 59,500 House II Nil Therefore, he should opt for house II to be self-occupied. 3.7.5 Computation of income

95% MATCHING BLOCK 226/469 SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)

of house property which is partly let out and partly self- occupied

To compute the income

100% MATCHING BLOCK 227/469 SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)

of a 'house property' which is partly let out and partly self-occupied

we separately compute the - 'annual value', deductions, and the income of the part of the property that is let out under the let out property and the income of the portion or the part of the property which is self-occupied shall be determined as mentioned under the para 'self-occupied property' category. Example:- Mr. Prasad has given the first floor of the house on rent and he lives on the ground floor of the same building. Here the ground floor is self-occupied and the first floor is let out or vice- versa, such property shall not be treated as a single unit. Instead, income from the first floor which is let out shall be computed separately as per let out provisions and the floor which is self-occupied shall be computed separately as per self-occupied provisions. Municipal tax and interest shall also be apportioned on the basis of the built-up/floor area. 3.8 Deductions - Deductions from income from house property [Section 24] Following is given the provision of deduction under the Income-tax Act 1961 (table 3.2) 24.

82% MATCHING BLOCK 228/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

Income chargeable under the head "Income from house property" shall be computed after making the following deductions, namely:— (

a) a sum equal to thirty per cent of the annual value; (b)

100% MATCHING BLOCK 229/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital:

Provided that in respect of property referred to in sub-section (2) of section 23, the amount of deduction shall not exceed thirty thousand rupees :

Provided further that where the property referred to in the first proviso

100%

MATCHING BLOCK 230/469

SA

IT 1 book.docx (D91482405)

is acquired or constructed with capital borrowed on or after

the 1st day of April, 1999

and such acquisition

or

construction

is

completed

within five

years from the end of the financial year in which

capital was borrowed,

the

amount of deduction

under this clause shall not exceed two lakh rupees. Explanation.—Where the property has been acquired or constructed with borrowed capital, the interest, if any,

79%

MATCHING BLOCK 231/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed,

as reduced by any part thereof

allowed as deduction under any other provision of this Act, shall be deducted under this clause

100%

MATCHING BLOCK 232/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

in equal instalments for the said previous year and for each of the four immediately succeeding previous years:

Provided also that no deduction shall be made under the second proviso unless

95%

MATCHING BLOCK 233/469

SA

Income Tax Law and Practice-n.docx (D97574460)

the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of

the

91%

MATCHING BLOCK 235/469

SA

Income Tax Law and Practice-n.docx (D97574460)

whole or any part of the capital borrowed which remains to be repaid as a new loan.

Explanation.—For the purposes of this proviso, the expression "new loan" means the whole or any part of a loan taken by the assessee subsequent to the capital borrowed, for the purpose of repayment of such capital: 59 [Provided also that the aggregate of the amounts of deduction under the first and second provisos shall not exceed two lakh rupees.] Table 3.2: Deductions (Income-tax Act 1961) Hence: The Act provides two deductions where 24(a) is about the statutory deduction and 24(b) is about Interest on loan or borrowed capital. The Act does not allow deductions from the net annual value. 1. Statutory deduction [Section 24(a)]:It says that 30% of the net annual value is allowed as a standard deduction in respect of all expenditures (other than interest on borrowed capital) irrespective of the actual expenditure incurred. This deduction is allowed even when the actual expenditure on the property is higher or lower.

77% MATCHING BLOCK 234/469

W

For a self-occupied house property, Annual Value is nil, hence, the standard deduction is also zero on such a property.
2. Interest on loan

or borrowed capital u/s 24(b): For the purchase, construction, restoration, repairing, or extension any loan is taken and the interest payable on the amount borrowed can be claimed as a deduction on the accumulated basis. - For calculation, interest on the loan is divided into two parts: Interest for pre- construction period and Interest for the post-construction period. But first, you understand the related terms:- pre-construction period and post-construction period. i. The pre-construction period refers to the

40% MATCHING BLOCK 236/469

SA

Ist-sec.JGNDOSU-lessons .RTF (D111940059)

period starting from the day of construction or the day of borrowing whichever is later and ending on March 31 immediately before the year of completion of construction.

For example, Mr. X took a loan on 11/4/2014 for the construction of house property. Construction started on 31/12/2016 and completed on 15/8/2019. In such a case, the pre-construction period will be a period starting from 31/12/2016 and ending on 31/3/2016. - Treatment: Interest for the pre-construction period will be accumulated and claimed as a deduction after the construction of the house is completed in 5 years in equal installments. ii. The post-construction period refers to the period starting from the beginning of the year in which construction is completed and continues until the loan is paid. - Treatment: It can be fully claimed as a deduction in the respective year(s). In the given example, the post-construction period will start from 16/08/2019. Particular s Pre-construction Period Post-Construction Period Start The day of commencement of construction or the day of borrowing, whichever is later The first day of the previous year in which construction is completed End March 31 immediately prior to the year of completion of construction When loan is fully paid Treatment The interest incurred during aforesaid period shall

67% MATCHING BLOCK 237/469

SA

BEL_Block-6- U16.docx (D142229436)

be accumulated and allowed as deduction in 5 equal installments from the year of completion of construction. The

interest expenses for the year (on accrual basis) shall be allowed as deduction in the respective year Table: 3.3 Deduction Concept u/s 24(b)(Income-tax Act 1961) Following are given some key points to be considered regarding deductions: ● Where a fresh loan has been raised to repay the original loan is the second borrowing has really been used merely to repay the original loan and this fact is proved to the satisfaction of the Income Tax Office, the interest paid on the second loan would also be allowed as a deduction under Section 24(1)(vi), (circular No. 28, dated 20.08.1969). ● Interest on interest is not deductible. The assessee is entitled to deduct only the interest payable by him on the capital borrowed, and not the additional interest which because of his failure to pay the interest on the due date is considered as a part of the loan. ● Any amount paid for brokerage or commission for the arrangement of loan will not be allowed as deduction [Circular No. 28, dated 20.08.1969]. ● The assessee shall not be entitled to any other deduction on account of any expenses incurred in relation to such house property. ● The deduction in respect of a self occupied house shall be discussed later in the unit. Following is given a table, through which you can learn step-wise to compute interest on capital borrowed.

Steps for computation of Interest on Capital Borrowed: Step 1: Calculate Pre-construction Period PCP which begins from DOB (

Date of borrowing) and ends on 31st March prior to DOC (Date of completion), OR Actual DOR (Date of repayment), Whichever is earlier

Step 2: Calculate

Pre-construction Period Interest Step 3: Total Pre-construction Period Interest is allowed as deduction in 5 equal annual instalments and first instalment will be deductible in the year in which the house is purchased or constructed.

Step 4: Calculate Post-construction period interest It starts from YOC (Year of Completion) and ends on Actual DOR (Date of Repayment). Step 5: Calculate IOCB (Interest on capital borrowed) which is equal to PCPI (Pre- construction period interest) +

PCPI (Post-construction period interest) for different years. For assessment year 2018-19,

the relevant previous year is 2017-18. Table: 3.4 Steps for computation of Interest on Capital Borrowed Illustration (3.6):

Mr. X has a house property

85% MATCHING BLOCK 238/469

SA Income Tax Law and Practice-n.docx (D97574460)

in Indore. From the given particulars compute the income from house property for the assessment year 2019-20. Municipal Value 2,00,000 Fair rent 2,52,000 Standard Rent 2,40,000 Actual Rent (per month) 23,000 Municipal Taxes 20%

of municipal value Municipal taxes paid during the year 50% of tax levied Expenses on Repairs 20,000 Insurance Premium 5,000

Mr.

X borrowed a sum of Rs. 12,00,000 @ 10%

73% MATCHING BLOCK 239/469

SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

p.a. On 1.7.2016 and the construction of the property was completed on 28.02.2018. Solution: Gross annual value shall be higher of the following two:

Rs. Rs. a.

Expected rent [Municipal value (Rs. 2,00,000), Fair Rent (Rs. 2,52,000)

whichever is higher,

70% MATCHING BLOCK 240/469

SA 304 Corporate Taxation.docx (D117962176)

but limited to standard rent (Rs. 2,40,00) 2,40,000 b. Actual rent received/receivable (23,000 x 12) 2,76,000 Hence, gross annual value 2,76,000 Less: Municipal taxes paid [50%

of (20% of Rs. 2,00,000)] 20,000 2,56,000

70%	MATCHING BLOCK 241/469	SA	Income Tax Law and Practice-n.docx (D97574460)
Less: Deductions u/s 24 a. Standard deduction @30% 76,800 b. Interest on borrowed money* 1,38,000 2,14,800 Income from house property 41,200 *Interest			

on borrowed money: interest for pre-construction period shall be from 1.7.2016 to 31.3.2017 (9 months) Interest for 9 months = $12,00,000 \times 10/100 \times 9/12 = 90,000$ $\frac{1}{5}$ of Rs. 90,000 = 18,000 Rs. 18,000 Interest for previous year (10% of Rs. 12,00,000) = 1,20,000 1,20,000 1,38,000

Illustration (3.7): Mr. Prasad has 3 house properties on his name in Delhi. The details of the houses are as under: House I at Kamla Nagar

65%	MATCHING BLOCK 242/469	SA	Income Tax Law and Practice-n.docx (D97574460)
House II at Rohini House III at Laxmi Nagar Municipal Value 1,20,000 1,70,000 2,00,000 Fair Rent 1,60,000 2,00,000 2,40,000 Standard Rent 1,40,000 2,20,000 - Actual Rent (per month) 12,000 18,000 21,000 Period of vacancy nil 1 month 6 Months Municipal			

taxes for the year 20% of Municipal Value 40,000 50,000

100%	MATCHING BLOCK 243/469	SA	Income Tax Law and Practice-n.docx (D97574460)
Municipal tax paid during the year 24,000 80,000 30,000 Compute the income under the head house property of all the 3 properties. Solution: House			

I at Kamla Nagar As the

91%	MATCHING BLOCK 244/469	SA	IT 1 book.docx (D91482405)
house property is let out throughout the previous year the annual value			

shall be determined as per clauses (a) and (b) of Sec. 23(1). Particulars Amount (Rs.) Step I:- Compute gross annual value The

100%	MATCHING BLOCK 245/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
Gross Annual Value shall be higher of the following two: a)			

Rs. 1,20,000 or Rs. 1,60,000 whichever is higher

52%	MATCHING BLOCK 247/469	SA	304 Corporate Taxation.docx (D117962176)
but subject to 1,40,000 maximum Rs. 1,40,000 1,40,000 b) Actual rent received or receivable, i.e., Rs. 12,000 * 12 1,44,000 1,44,000 Gross Annual Value 1,44,000 Step II: Deductions Less:- Municipal			

tax paid during the previous year 24,000 Net Annual Value 1,20,000 Less:- Statutory Deduction @30% 36,000 Income from house property 84,000 House II at Rohini Particulars Amount (Rs.) Step I:- Determination of value as per Sec. 23(1)(a) Municipal Value | Rs. 1,70,000 Fair rent | Rs. 2,00,000 Standard Rent | Rs. 2,20,000 Value as per Sec. 23(1)(a) 2,00,000 Step II: Actual rent received/receivable (18,000*11)= Rs. 1,98,000 1,98,000 Since the actual rent received/receivable in spite of vacancy is more than the value determined as per clause (a), Sec. 23(1)(c) will not be applicable and the gross annual value shall be Rs.1,98,000, being higher of the amount determined as per Sec. 23(1)(a) and Sec. 23(1)(b).

Particulars Amount

75%	MATCHING BLOCK 246/469	W
Gross Annual Value 1,98,000 Less: Municipal tax paid 80,000 Net Annual Value 1,18,000 Income from House Property 82,600		

House III at laxmi Nagar Particulars Amount Computation of Gross Annual Value Step I: Determination of value as per Sec. 23(1)(a) It will be Rs. 2,00,000 or Rs. 2,40,000, whichever is higher as Standard rent is not applicable in this case Value as per Sec. 23(1)(a) 2,40,000 Step II: Actual rent received/receivable (21,000*6) 1,26,000 Since

58%	MATCHING BLOCK 248/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
the property is let out and was vacant for part of the year and the actual rent received			

is less than the value determined u/s 23(1)(a), Sec. 23(1)(c) would be applicable. Therefore, the gross annual value shall be the actual rent received or receivable

Particulars

50%	MATCHING BLOCK 249/469	SA	TAX Module 2.pptx (D147365260)
Amount Gross annual value 1,26,000 Less: Municipal tax paid 30,000 Net annual value 96,000 Less: Statutory deduction @ 30% 28,800 Income from House Property 67,200 3.9 Amounts Not Deductible From Income From House Property [

Section 25] Following given provision states about the amounts not deductible from income from house property, (table 3.5) 25. Notwithstanding anything contained in section 24,

100%	MATCHING BLOCK 250/469	SA	Sem IV_BCom_B21CM07DC (1).docx (D165443748)
any interest chargeable under this Act which is payable outside India (

not being interest on a loan issued for public subscription before the 1st day of April, 1938), on which tax has not been paid or deducted under Chapter XVII-B

100%	MATCHING BLOCK 251/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
and in respect of which there is no person in India who may be treated as an agent			

under section 163 shall not be deducted in computing the income chargeable under the head "Income from house property". Table: 3.5: Amounts Not Deductible From Income From House Property [Section 25] (Income-tax Act 1961) Hence, According to the Act, regarding the amount not deductible from Income from house property [Sec. 25] is: If money is borrowed from outside India and its interest shall be payable outside only so the act does not allow deduction on such interest u/s 24(b), except: - Except the tax on the same

80%	MATCHING BLOCK 252/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
has been paid or deducted at source - And in respect of such interest, there is no person in India who can be treated as an agent			

u/s 163. Unrealised rent received subsequently to be charged to income-tax [Sec. 25AA] An assessee who could not realize rent from a let-out property, but if later he receives it, that amount shall be chargeable under the head 'Income from house property', and, accordingly,

90%	MATCHING BLOCK 253/469	SA	Sem IV_BCom_B21CM07DC (1).docx (D165443748)
charged to income-tax as the income of that previous year			

in which such rent is realized,

87%	MATCHING BLOCK 254/469	SA	2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)
whether or not the assessee is the owner of that property in			

the previous year. Special provisions for arrears of rent received [Sec. 25B] Where the assessee:
a.

75%	MATCHING BLOCK 257/469	SA	Ist-sec.JGNDOSU-lessons .RTF (D111940059)
is the owner of an property consisting of any buildings or lands appurtenant thereto			

which
has been let out to a tenant; and b.

81%	MATCHING BLOCK 255/469	W	
has received any amount, by way of arrears of rent from such property, not charged to			

income-tax for any previous year;
the amount so received, after deducting a sum equal to 30% of such amount,
shall

100%	MATCHING BLOCK 256/469	W	
be deemed to be the income chargeable under the head income from house property.			

Further, it will

91%

MATCHING BLOCK 258/469

SA

Sem IV_BCom_B21CM07DC (1).docx (D165443748)

be charged to income-tax as the income of that previous year

in which such rent is received,

100%

MATCHING BLOCK 259/469

SA

Income Tax Law and Practice-n.docx (D97574460)

whether the assessee is the owner of that property in that year or not. 3.10

Unit Summary Let's summarize the unit into some key points: • House property as per the Income-tax Act, 1961 means any building (or land adjacent to such building) owned by an assessee himself.

81%

MATCHING BLOCK 261/469

SA

PROJECT REPORT.DOC (D37553180)

House property includes flats, shops, office space, factory sheds, commercial buildings, agricultural land and farm houses

etc. •

83%

MATCHING BLOCK 260/469

W

The annual value of any property consisting of building or land appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head "Income from house property". •

A person who has been allowed to have the possession of any building or part thereof in part shall be deemed owner of that house property. • Income from some house properties is exempted from tax. • According to the Act, the annual value is the value after the deduction of municipal taxes. The following are given the steps to determine the annual value. Step I: Find the gross annual value. Step II: From the gross annual value deduct the municipal tax actually paid in the previous year by the owner. You shall have the net annual value. We determine the annual value for the different categories of properties. Like: Category

74%

MATCHING BLOCK 262/469

SA

IT 1 book.docx (D91482405)

A: House property - Let out throughout the previous year. Category B: House property - Let out and was vacant during the whole or part of the previous year Category C: House Property - Part of the year

let out and part of the year occupied

for own residence • The Act provides two deductions where 24(a) is about the statutory deduction and 24(b) is about Interest on loan or borrowed capital. The Act does not allow deductions from the net annual value. Statutory Deduction and Interest on loan or borrowed capital u/s 24(b). 3.11 Key term • Appurtenant: It means belonging, here the property appurtenant to the main building. • Composite Rent: In some cases, a house owner who is receiving a house rent may also be getting rent of other assets like furniture. In other words, an owner may be charging on other provided things or services like lifts, air conditioner, furniture, or security service than just a house. In such a case, the rent received is known as a 'Composite Rent'. •

Annual Value: As per

Sec. 23(1)(a)

the annual value of any property is

the sum for which

a

property might reasonably be expected to be let out from year-to-year.

There are four factors

to consider in determining the annual value. They

are like, Actual rent received or receivable, Municipal value, Fair rent of the property, and standard rent. 3.12

Check Your Progress Q:1) What is the 'annual value' of a house property and how is it determined? Q:2) List any three properties which are exempted from tax? Q:3) Mr. Yadav owns

a house property in Delhi. Particulars are like:

86%

MATCHING BLOCK 263/469

SA

304 Corporate Taxation.docx (D117962176)

Municipal Value: 2,00,000 Fair Rent: 2,40,000 Actual Rent per month: 20,000 Municipal tax paid during the year: 19,000 The tenant vacated the property on 31.10.2015 and thereafter the property was let out for Rs. 25,000 p.m. Mr. Yadav could not receive the rent for the months of September and October, 2015 due to the death of the earlier tenant.

100%

MATCHING BLOCK 264/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

What will be your answer if the unrealised rent is

for one month instead of two months?

Q:4) Write all the key points that need to be considered regarding deductions? Q:5) Where the issue is the property is on whose name under such a dispute who shall be the assessee?

Unit - 4 Heads of Income: Capital Gains Structure 4.0 Introduction 4.1 Unit Objective 4.2 Capital Asset [Section 2(14)] 4.3 Types of Capital Assets & Gains 4.4 Transfer 4.5 Basis of Charge in case of Capital Gain [Section 45(1)] 4.6 Computation of Capital Gains & Related Aspects 4.7 Certain Special Cases 4.8 Capital Gains Exempted under Section 10 and 115JG 4.9 Exemption of Capital Gains under Sections 54 & others 4.10 Some Important Points 4.11 Unit Summary 4.12 Key Terms 4.13 Check your progress 4.0 Introduction Capital Gains is about to know the taxes under the head and to learn to compute the income under the said head for the purpose of taxation. From the transfer of a capital asset one makes profits which shall be taxable as capital gains. Hence any made gains in a specific previous year from the transfer of a capital asset shall be taxable in the immediate preceding assessment year under the head "Capital Gains". 4.1 Unit Objective On the completion of this unit you would have learnt the following under the unit - Capital Gains. - Types of capital Assets - Transfer - Cost of Acquisition & Cost of Improvement - Exemptions - Deduction U/S 54 & others 4.2 Capital Asset [Section 2(14)] Section 2(14) defines the term 'Capital Asset' according to it

48%

MATCHING BLOCK 265/469

SA

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the capital is any kind of property that is fixed or circulating, movable or immovable, tangible or intangible except some. The definition of capital asset

given by the act is: 14) "

capital asset" means— (a)

property

of

any kind

held by an assessee, whether or not connected with

his

business

or profession; (

b)
any securities held by a
Foreign
Institutional Investor
which has invested in such securities in accordance with the regulations made
under the
Securities and Exchange Board of India Act, 1992 (15
of 1992), but
does not include— i) any stock-in-trade [other than the
securities referred to in
sub-clause (b)],
consumable stores or raw materials held for the purposes of
his business or profession ; (
ii) personal
effects,
that is to say,

94% MATCHING BLOCK 266/469 SA IT 1 book.docx (D91482405)

movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes— a. Jewellery;

b. archaeological collections; c. drawings; d. paintings; e. sculptures;
or f. any work of art. For the purposes of this sub-clause, "jewellery" includes— - (

95% MATCHING BLOCK 267/469 SA IT 1 book.docx (D91482405)

a) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel; - (

b)

100% MATCHING BLOCK 268/469 SA IT 1 book.docx (D91482405)

precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel. (

iii) agricultural land in India, not being land situate— a. in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name)

100% MATCHING BLOCK 269/469 SA 304 Corporate Taxation.docx (D117962176)

or a cantonment board and which has a population of not less than

ten thousand; or b.

100% MATCHING BLOCK 270/469 SA Income Tax Law and Practice-n.docx (D97574460)

in any area within the distance, measured aerially,— - (I) not being more than two kilometres, from the local limits

of any municipality or cantonment board referred to in item (a) and which has a

93% MATCHING BLOCK 271/469 SA Income Tax Law and Practice-n.docx (D97574460)

population of more than ten thousand but not exceeding one lakh; or - (II) not being more than six kilometres, from the local limits

of any municipality or cantonment board referred to in item (a) and which has a population of

92% MATCHING BLOCK 272/469 SA Income Tax Law and Practice-n.docx (D97574460)

more than one lakh but not exceeding ten lakh; or - (III) not being more than eight kilometres, from the local limits

of any municipality or cantonment board referred to in item (a) and which has a population of more than ten lakh. For the purposes of this sub-clause, "population" It means the population according to the last preceding census of which the

76% MATCHING BLOCK 273/469 SA IT 1 book.docx (D91482405)

relevant figures have been published before the first day of the previous year; (iv) 6 percent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, or National Defence Gold Bonds, 1980, issued by the Central Government; (v) Special Bearer Bonds, 1991,

issued

by the Central Government ; (vi) Gold Deposit Bonds issued under the Gold Deposit Scheme, 1999 or deposit certificates issued under the Gold Monetisation Scheme, 2015

notified by the Central Government. Table: 4.1 Capital Assets (Income-tax Act 1961) Illustration(4.1): Mr. Rajesh bought a residential house in February, 2019 for Rs. 94,00,000. He sold the house in April, 2019 for Rs. 98,00,000. In this instance the residential house is a capital asset for

Mr. Rajesh. He gained Rs. 4,00,000 from the sale of the house, this will be treated as capital gains and will be charged to tax under the head "Capital Gains". Illustration(4.2): Mr. Mehta is a property dealer. He bought an apartment for resale.

The apartment was bought in January, 2020 for Rs. 94,00,000 and sold in August, 2021 for Rs. 99,00,000. In this instance, Mr. Mehta is a dealer in properties, it is his business. Hence, the apartment so purchased by him would form part of the stock-in-trade of the business. In other words, for Mr. Mehta the apartment is not a capital asset and, hence,

gain of Rs. 5,00,000 arising on account of sale of the apartment will be charged to tax as business income and not as capital gains. 4.3 Types of Capital Assets & Gains Capital assets are of two types and accordingly two types of gains: - Short-Term Capital Asset (STCA) [Section 2(42A)] & Short term Capital Gains [Section 2(42B)] - Long-Term Capital Asset (LTCA) [Section 2(29A)] & Long term Capital Gains [Section 2(29B)] Please refer to the following table to learn and understand both the categories in detail in table form. Short-Term Capital Asset (STCA) [Section 2(42A)] Long-Term Capital Asset (LTCA) [Section 2(29A)]

Short-Term Capital Asset (STCA) [Section 2(42A)] & Short term Capital Gains [Section 2(42B)] - Long-Term Capital Asset (LTCA) [Section 2(29A)] & Long term Capital Gains [Section 2(29B)] Please refer to the following table to learn and understand both the categories in detail in table form. Short-Term Capital Asset (STCA) [Section 2(42A)] Long-Term Capital Asset (LTCA) [Section 2(29A)]

93%

MATCHING BLOCK 274/469

SA

Unit 2 Calculation of Income under differentia ...
(D114321273)

According to Sec. 2(42A) "short-term capital asset" means a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer "

Hence,

63%

MATCHING BLOCK 276/469

SA

IT 1 book.docx (D91482405)

any capital asset owned by a taxpayer for not more than 36 months immediately preceding the date of its transfer will be arranged as

a short-term capital asset. ⇒Exceptions: According to Section 2(29A), "

93%

MATCHING BLOCK 275/469

W

long-term capital asset" means a capital asset which is not a short-term capital asset;

Hence,

81%

MATCHING BLOCK 277/469

SA

Manish Project 1 (1).docx (D116186563)

any capital asset held by a taxpayer for more than 36 months immediately preceding the date of its transfer will be treated as

a long- term capital asset. ⇒
Exceptions: It is not mandatory for certain assets like: - shares (equity or preference) which are
It is not mandatory for

100%

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certain assets like: - shares (equity or preference) which are listed in a recognized stock exchange in India (

if the

93%

MATCHING BLOCK 279/469

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transfer of such shares took place on or before July 10, 2014), - units of equity-oriented mutual funds, - listed securities like debentures and - Government securities, - Units of UTI and Zero-Coupon Bonds The period of holding is to be considered 12 months instead of 36 months. Period of holding shall be considered as 24 months

in place of 36 months under the following cases: - unlisted shares of a company or - an immovable property like land or building or both. Illustration(4.3): Mrs. Arora is a salaried employee. In the month of April, 2019 she bought gold and sold the same in December, 2020. In this instance gold is a capital asset for Mrs. Arora. Since she purchased the gold in April, 2019 and sold it in December, 2020, i.e., after holding it

64% MATCHING BLOCK 280/469 SA IT 1 book.docx (D91482405)

for a period of less than 36 months, the gold will be treated as 'Short Term Capital Asset'.

Illustration(4.4): Mr. Awasthi is a salaried employee. In the month of April, 2020 he purchased equity shares of XYZ Ltd. (listed in listed in a recognized stock exchange in India (if the

93% MATCHING BLOCK 281/469 SA IT 1 book.docx (D91482405)

transfer of such shares took place on or before July 10, 2014), - units of equity-oriented mutual funds, - listed securities like debentures and - Government securities, - Units of UTI and Zero-Coupon Bonds The period of holding is to be considered 12 months instead of 36 months. Period of holding shall be considered as 24 months

in place of 36 months under the following cases: - unlisted shares of a company or an immovable property like land or building or both.: Illustration(4.7): Mrs. Ahuja is a salaried employee. In the month of April, 2017 she purchased gold and sold the same in August, 2020. In this instance the gold is a capital asset for Mrs. Ahuja. Since she purchased gold in April, 2017 and sold it in August, 2020, i.e., after holding it

76% MATCHING BLOCK 282/469 SA IT 1 book.docx (D91482405)

for a period of more than 36 months, the gold will be treated as Long Term Capital Asset.

Illustration(4.8): Mr. Srivastava is a salaried employee. In the month of April, 2018 he purchased equity shares of XYX Ltd. (listed in BSE) and sold the same in January, 2021. In this instance the shares are capital assets for him. Since he purchased shares in April, 2010 and sold them in January, 2021, i.e., after holding them

62% MATCHING BLOCK 283/469 SA IT 1 book.docx (D91482405)

for a period of less than 12 months, the shares will be treated as Short Term Capital

Assets. Illustration(4.5) Mr. Sikka a salaried employee. In the month September, 2018 he purchased unlisted shares of ABC Ltd. and sold the same in May 2019. In this instance, shares are sold in assessment year 2020-21. Since, the period of holding for unlisted shares is to be considered as 24 months instead of 36 months, the purchased shares in September 2018 and sold in May 2020, will be treated as Short Term Capital Assets after holding them for a period of less than 24 months. BSE) and sold the same in December, 2019. In this instance, the shares are capital assets for Mr. Srivastava. Since the purchased shares in April, 2018 and sold in December 2019, had been holded for a period of more than 12 months, the

70% MATCHING BLOCK 284/469 SA ACG 301 Direct Taxes.pdf (D165094743)

shares will be treated as Long Term Capital Assets. Short term Capital Gains [Section 2(42B)] Long term Capital Gains [Section 2(29B)] Capital gain arising

on the sale

80% MATCHING BLOCK 285/469 SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)

of a short-term capital asset is termed as short-term capital gain. Illustration(4.6): In

April 2020 Mr. Rajan sold his residential house property which was purchased in May 2018. Capital gain on such sale is Rs. 9,40,000. In this instance, the house property is sold after holding for less than 24 months and, hence, a gain of Rs. 9,40,000 will be charged to tax as Short Term Capital Gain. Illustration(4.9): In January 2021 Mr. Y sold his residential house property which was purchased in May, 2002. Capital gain on such a sale is as Rs. 9,40,000. In this instance, the

house is sold after holding it for more than 24 months and, hence, capital gain of Rs. 9,40,000 will be charged to tax as Long Term Capital Gain. The short-term capital gain (other than referred to in section 111A) like any other income is taxable at a normal rate. Whereas long-term capital gain is taxed at a concessional rate. Table:4.2 Long-term and Short-term Assets & Gains - An exception regarding both the capital-gains is gain on depreciable assets is always taxed as a short-term capital gain. - To determine the taxability capital gains are classified into short-term and long-term gains. The tax-rates for long-term capital gain and short-term capital gain are different. 4.4 Transfer Capital gains will arise only when there has been any transfer of capital assets. Under no transference or transaction of capital assets, there shall be no capital-gain. Similarly, if there is any transaction but cannot be regarded as transfer then also it shall be considered as no capital-gain. 4.4.1 Transfer Inclusions [Section 2(47)] Section 2(47) states what transfer in relation to a

75%

MATCHING BLOCK 286/469

SA

Income Tax Law and Practice-n.docx (D97574460)

capital asset, includes: i. the sale, exchange or relinquishment of the asset ; or ii. the extinguishment of any rights therein ; or iii. the compulsory acquisition thereof under any law ; or iv.

in a case

82%

MATCHING BLOCK 287/469

SA

Income Tax Law and Practice-n.docx (D97574460)

where the asset is converted by the owner thereof into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment ; or v. (v) the maturity or redemption of a zero coupon bond; or vi. (v) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882) ; or vii. (vi) any transaction (whether by way of becoming a member of, or acquiring shares in, a co- operative society, company or

other

100%

MATCHING BLOCK 289/469

SA

Income Tax Law and Practice-n.docx (D97574460)

association of persons or by way of any agreement or

any arrangement or in any other manner whatsoever)

80%

MATCHING BLOCK 288/469

W

which has the effect of transferring, or enabling the enjoyment of, any immovable property.[Section 2(47)] 4.4.2 Transactions Not Considered as Transfer [

Section 46 and 47] According to the Act, there are transactions that are not regarded as transfer u/s 46 and 47. Some of the relevant transactions which are not regarded as transfer are: • where the assets of a company are distributed to its shareholders on liquidation of a company, such distribution shall not be regarded as transfer in the hands of the company [Section 46(1)]; •

96% MATCHING BLOCK 290/469 SA BEL_Block-6- U16.docx (D142229436)

any distribution of capital assets on the total or partial partition of Hindu Undivided Family [

Section 47(i)]; •

100% MATCHING BLOCK 291/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

any transfer of a capital asset under a gift or will or an irrevocable trust [

Section 47(iii)]; •

100% MATCHING BLOCK 292/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

any transfer of a capital asset by a company to its 100% subsidiary company provided the subsidiary company is an Indian company [

Section 47(iv)]; •

89% MATCHING BLOCK 293/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

any transfer of a capital asset by a 100% subsidiary company to its holding company, if the holding company is an Indian company [Section 47(v)]; • any transfer in a scheme of amalgamation of a capital asset by the amalgamating company to the amalgamated company, if the amalgamated company is an Indian company [Section 47(vi)]; • any transfer in a scheme of

amalgamation of shares held in an Indian company

by the amalgamating foreign company to the amalgamated foreign company if certain conditions are satisfied. •

89% MATCHING BLOCK 294/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

any transfer, in a demerger, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company [Section 47(vib)]; • any transfer

in a demerger,

100% MATCHING BLOCK 295/469 SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

of a capital asset, being a share or shares held

in an Indian company,

78% MATCHING BLOCK 296/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

by the demerged foreign company to the resulting foreign company, if certain conditions are satisfied. • any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company if the transfer or issue is made in consideration of demerger of the undertaking [Section 47(vid)]; • any transfer by a shareholder, in a scheme of amalgamation, of shares held by him in the amalgamating company if

certain conditions are satisfied: • any

100% MATCHING BLOCK 297/469

SA Income Tax Law and Practice-n.docx (D97574460)

transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident; [

Section 47(viiaa)] 4.5 Basis of Charge in case of Capital Gain [Section 45(1)]

Income is taxable under

the head "Capital Gains"

if

the following conditions are satisfied: 1. There should be a capital asset. 2. The capital asset

is transferred by the assessee during the previous year. 3.

Any profit or gains arises as a result of

such transfer. 4.

Such profit or gains is not exempt from tax under section 54, 54B, 54D, 54EC, 54EE, 54F, 54G, 54GA,

and 54GB. If the aforesaid conditions are satisfied, then capital gain is taxable in the assessment year. 4.6

Computation of Capital Gains & Related Aspects Under this section we shall study all the aspects of importance towards

learning the computation of capital gains. 4.6.1 Computation of Short-term Capital Gains On the account of transfer or

transaction of a short-term capital asset, the arising short-

term gain will be computed as:

Particulars

Rs.

78% MATCHING BLOCK 298/469

SA IT 1 book.docx (D91482405)

Full value of consideration (i.e., Sales consideration of asset) xxxxx Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). xxxxx Net sale consideration xxxxx Less: Cost of acquisition (i.e.,

the purchase price of the capital asset) (xxxxx) Less: Cost of improvement (i.e., post purchases capital expenses on improvement of capital asset) (xxxxx) Short-Term Capital Gains xxxxx Let's know the important terms - full value of consideration, expenditure on transfer, cost of acquisition and cost of improvements under the following given headings.

4.6.2 Full value of consideration In the language of finances, consideration refers to the word payment. The 'full value of consideration' points to that value received or receivable by a transferor for the transaction of his/her capital assets.

Such consideration may be in cash or kind. If it is in

the form of 'kind' then the 'fair market value' (FMV) of such an asset shall be considered as the 'full value of consideration'.

Though, in some cases, the 'fair value of consideration' is determined on the

notional basis according to the different provisions given in the Income-tax Act. 4.6.3 Expenditure on transfer Any

expenditure borne in connection with

the transaction of a capital asset is deductible from the 'full value of consideration'. These borne transactions are

necessary and affect

the transfer. Such expenditures are expenses like: - brokerage or commission paid for acquiring a purchase - cost of the stamp,

- registration fees endured by the vender, - travel expenses in connection with

the transfer, - litigation expense for claiming an improvement

of compensation awarded in the case of compulsory acquisition of assets. 4.6.4 Cost of Acquisition This is the value on which

an assessee acquired an asset. This includes: - all those expenses an assessee incurred on

acquiring the title to the property or the asset. - Interest paid on the money borrowed to acquire the asset is also part of

the actual cost of an asset. 4.6.5 Cost of Improvement An assessee spent on making improvements or additions of the asset, such expenses make the 'cost of improvement' .

It includes: - any expenses incurred towards protecting or completing the title or right to the capital asset. - any expenses incurred towards increasing the value of the capital asset. - The cost of improvement includes only expenditure on improvement incurred on or after April 1, 2001 (whether incurred by the previous owner or by the assessee).

Illustration(4.10): Mr. Krishna is a salaried employee. In the month of December, 2018 he purchased gold worth Rs. 7,40,000 and sold the same in August, 2019 for Rs. 8,00,000. At the time of sale of gold, he paid brokerage of Rs. 10,000. What is the amount of taxable capital gain? Solution:Gold was purchased in December, 2018 and sold in August, 2019, i.e., sold after holding it for a period of less than 36 months hence, the gain will be short-term capital gain. The gain will be computed as follows :

82%	MATCHING BLOCK 299/469	SA	IT 1 book.docx (D91482405)
Particulars Amount Full value of consideration (i.e., Sales consideration) 8,00,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (i.e., brokerage) (10,000) Net sale consideration 7,90,000 Less: Cost of acquisition (i.e.,			

the purchase price of the capital asset) 7,40,000 Less: Cost of improvement (i.e., post purchases capital expenses on improvement

75%	MATCHING BLOCK 300/469	SA	lst-sec.JGNDOSU-lessons .RTF (D111940059)
of capital asset) Nil Short-Term Capital Gains 50,000 4.6.6 Computation Of Long-term Capital Gains			

On the account of transfer or transaction of a long-term capital asset, the arising long-term gain will be computed as: Particulars
Rs.

67%	MATCHING BLOCK 301/469	SA	IT 1 book.docx (D91482405)
Full value of consideration (i.e., Sales consideration of asset) xxxxx Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). xxxxx Net sale consideration xxxxx Less: Indexed cost of acquisition (*) (xxxxx) Less: Indexed cost of improvement if any (*) (xxxxx) Long-Term Capital			

Gains

xxxxx 4.6.7 Indexation & Improvement Inflation causes changes in the value of a capital asset. Indexation is the process by which we adjust the rising cost of acquisition. For this purpose, the Central Government has declared the cost inflation index. The benefit of indexation is available only to long-term capital assets. For this purpose, the following factors are to be considered: - Year of acquisition/improvement - Year of transfer

-

75%	MATCHING BLOCK 302/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
Cost inflation index of the year of acquisition/improvement - Cost inflation index of the year of			

transfer ⇒ Formula For the computation of Indexed cost of acquisition: ⇒ Formula For the computation of Indexed cost of improvement: ⇒The Central Government

85%

MATCHING BLOCK 303/469

SA

Sem IV_BCom_B21CM07DC (1).docx (D165443748)

has notified the following Cost Inflation Indexes:- Sl. No. Financial Year Cost Inflation Index 1 2001-2002 100 2 2002-2003 105 3 2003-2004 109 4 2004-2005 113 5 2005-2006 117 6 2006-2007 122 7 2007-2008 129 8 2008-2009 137 9 2009-2010 148 10 2010-2011 167 11 2011-2012 184 12 2012-2013 200 13 2013-2014 220 14 2014-2015 240 15 2015-2016 254 16 2016-2017 264 17 2017-2018 272 18 2018-2019 280 19 2019-2020 289 20 2020-2021 301

Illustration(4.11): Mr. Swaraj purchased a flat in May, 2004 for Rs. 94,000 and sold the same in April, 2020 for Rs. 10,20,000 (brokerage Rs. 20,000). What will be the taxable capital gain in the hands of him? Computation of capital gain will be as follows : Particulars
Rs.

72%

MATCHING BLOCK 305/469

SA

IT 1 book.docx (D91482405)

Full value of consideration (i.e., Sales consideration of asset) 10,20,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). 20,000 Net sale consideration 10,00,000 Less: Indexed cost of acquisition (*) 2,50,389 Less: Indexed cost of improvement if any (*) nil Long-Term Capital

Gains 7,49,611 (*)

82%

MATCHING BLOCK 304/469

W

The cost inflation index notified for the year 2004-05 is 113 and for the year 2020-21 is 301.

Hence: The indexed cost of acquisition, i.e., the inflated

50%

MATCHING BLOCK 306/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

cost of acquisition will be computed as follows: Cost inflation index of the year of acquisition Cost of acquisition x Cost inflation index of the year of

transfer of capital asset 113 94,000

x 301 = 2,50,389 ⇒ Under

the following cases, benefit of indexation is not available even if

a long-term capital asset

is transferred: ●

Bonds or debentures (

other than capital indexed bonds issued by the Government); ● Shares in or debentures

of an Indian company acquired by utilizing convertible foreign exchange

as mentioned under first proviso to section 48* (applicable to a non-resident assessee only); and ● Bonds/ debentures or Sovereign Gold Bond issued by the RBI under the Sovereign Gold Bond Scheme, 2015. 4.7

Certain Special Cases There are certain special cases, which have been given down under the following sub-headings.

4.7.1 Cost of asset to the Previous Owner [Sec. 49(1)] Under the case

54%

MATCHING BLOCK 307/469

SA

Income Tax Law and Practice-n.docx (D97574460)

of inheritance, gift, will etc.: - the cost of such an asset will be the cost of the asset to the previous owner. -

the

period of holding of the previous owner shall be taken into consideration

to know whether such an asset is a short-term or long term capital asset. 4.7.2

Cost of Acquisition Being Fair Market Value as on April 1, 2001 Under the following cases, an assessee may choose whether

the

actual cost or

68%

MATCHING BLOCK 308/469

SA

Ist-sec.JGNDOSU-lessons .RTF (D111940059)

the fair market value of the asset, as on April 1, 2001, will be the cost of acquisition,

provided it should not be a depreciable asset. When such an option is given, whichever is higher is taken as the cost of acquisition. ●

Where the capital asset became the property of the assessee before April 1, 2001; or ●

Where the capital asset became the property of the assessee by any

method mentioned under section 49(1) and

the capital asset became the property of the previous owner before April 1, 2001. The option is not available

regarding the

transfer of a capital asset being

goodwill of a business; trademark/ brand name associated with a business;

right to manufacture, produce or process any article or thing;

right to carry on business; tenancy right; route permits or lorry hours (

whether self-generated or otherwise). 4.7.3 Cost of Acquisition in Case of Depreciable Assets [Sec. 50]

According to section 50, the

computation of capital gain/loss can be made in the case of a transfer of a depreciable asset under the given

two situations: a. When written down value (WDV) of 'block of assets' (BOA) on the last day of the previous year is zero [

Section 50(1)]: Amount (Rs.) Full value of sale consideration XX Less: Expenses on transfer XX

WDV of the BOA at the beginning of the previous year XX Actual cost of any asset(s) of same block acquired during the previous year

XX XX

Short Term Capital Gain XXX If the resulting figure is negative, then section 50(1) is not applicable and capital gain is not chargeable to tax (unless the case comes under situation 2 which is explained below). b. When

block of asset is empty on the last day of the previous year [

Section 50(2)]: Amount (Rs.) Full value of sale consideration XX Less: Expenses on transfer XX

WDV of the BOA at the beginning of the previous year XX Actual cost of any asset(s) of same block acquired during the previous year

XX Short Term Capital Gain /Loss

XX XXX 4.7.4 Advance Money Forfeited According to Law,

Advance money forfeited during

the previous year 2014-15 and in any following previous year, that shall be taxable in the hands of the

beneficiary under

the head "Income from other sources" in the year in which

advance money is forfeited.

Though,

advance money forfeited during the previous year 2013-14 and any earlier previous year, then it is not taxable as "Income from other sources". Rather, it is

deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition. 4.7.5 Conversion of Capital Asset into Stock-in-trade [Sec. 45(2)] There are certain rules which are applicable if a

100%	MATCHING BLOCK 309/469	SA	Income Tax Law and Practice-n.docx (D97574460)
capital asset is converted into stock-in-trade during the previous year 1984-85			

or any following previous years thereafter, they are like: 1. Such conversion of a capital asset into stock-in-trade shall be treated as a 'transfer'. 2. Such conversion is treated as a transfer,

85%	MATCHING BLOCK 310/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
but the capital gain will not arise in the previous year in which the asset is converted, rather it will arise in the previous year in which such converted asset is sold or otherwise transferred. 3. If the indexation and improvement			

of the cost of acquisition need to be done then it

87%	MATCHING BLOCK 311/469	SA	304 Corporate Taxation.docx (D117962176)
will be done till the previous year in which such conversion took place. 4. For knowing the fair market value as on the date of conversion			

of the asset, it shall be considered to be the full value of the consideration of the asset. 5. Business income = The sale price - market value as on the date of conversion. This business income will be taxed under the head 'Profits and gains of business and profession'. 4.7.6 Compulsory Acquisition of an Asset [Sec. 45(5)] Under the matter of compulsory acquisition where the Government has acquired an asset of a person or when consideration is determined or decided by the Central Government or RBI, two cases are considerable where the sec. 45(5) is applicable. Initial Compensation - - Initial compensation will be the full value of consideration. - The capital gain will be chargeable to tax in the year in which the initial compensation or part of it

97%	MATCHING BLOCK 312/469	SA	Income Tax Law and Practice-n.docx (D97574460)
is first received. - Indexation benefit is, however, available up to the year in which the asset is compulsorily acquired. Additional Compensation - -			

If the compensation has been enhanced by

68% MATCHING BLOCK 313/469

SA Income Tax Law and Practice-n.docx (D97574460)

a Court/Tribunal/authority, then it will be taxable in the year in which the enhanced compensation is received. -

the

79% MATCHING BLOCK 314/469

SA Income Tax Law and Practice-n.docx (D97574460)

cost of acquisition and cost of improvement shall be taken as nil. - Litigation expenses or incidental expenditure

shall be deductible. -

If the enhanced compensation is received by any other person (because of the death of the transferor or for any other reason), it shall be taxable as income of the recipient. If the compensation is later reduced by any court/Tribunal/other authority, then the capital gain of that year, in which the enhanced compensation received was taxed, shall be recomputed accordingly.

4.7.7 Transfer of Shares/ Debentures in case of Non-Resident [First proviso to sec. 48]

Under the case where

a non-resident has acquired shares or debentures of an Indian company with foreign currency, then the gain will be calculated in the same foreign currency,

and after calculating the gain in foreign currency it shall be converted into the Indian Currency. • This rule is compulsory to apply. •

The benefit of indexation is not there but the choice of taking fair market value on April 1, 2001, is there. • Provisions of securities transaction tax (i.e., sec. 10(38) or sec. 111A, as the case may be) are applicable in case shares are transferred.

Steps to follow to compute capital gain (whether short-term or long-term) under this provision: First Find out sale consideration in Indian currency and convert it into foreign currency at "average exchange rate" on the date of transfer

Second Find out the expenditure on transfer in Indian currency and convert it into foreign currency at "average exchange rate" on the date of transfer (and not on the date when expenditure is incurred) Third Find out the cost of acquisition in Indian currency and convert it into foreign currency at "average exchange rate" on the date of acquisition Fourth Capital

gain $(1 - 2 - 3)$ will be reconverted in to Indian currency at "buying rate" on

the date of transfer 4.7.8 Computation of Capital Gain in Case of Self-generated Assets

A self-generated asset is the one that

does not cost anything to an assessee in money for its creation or acquisition.

Hence, there may be no capital gain on the transfer of such a self-generated asset to an assessee. Though due to some amendments, now on the transfer of

the following assets some specific

rules are applicable: -

Goodwill of

a business (not a profession), right to manufacture/ produce any article/thing or right to carry on any business or profession:

On the transfer of these capital assets,

the

cost of acquisition and improvement are taken as nil. However, expenses on

the transfer shall be deductible based on

actual expenditure.

- Tenancy rights, route permit, loom hours, trademark or brand name associated with business:

On the transfer of these capital assets, the cost of acquisition is taken as nil. However, the cost of improvement and expenses on the transfer shall be deductible based on actual expenditure. - Any other self-generated asset: On the

transfer of any other self-generated capital asset, the capital gain is not chargeable to tax. However, if the above-

mentioned self-generated assets are acquired before April 1, 2001, the option of adopting the fair market value on the said date is not available. 4.7.9

Fair Market Value of the Asset Disclosed under Income Declaration Scheme, 2016
Under the said case

88% MATCHING BLOCK 315/469

SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)

the cost of acquisition will be the Fair market value of the asset

declared under the scheme on June 1, 2016. 4.7.10

Cost of Acquisition

of Bonus Shares If bonus shares were allotted before 1st April 2001: The fair market value on 1st April 2001 is taken as the cost of acquisition. If bonus shares are allotted on or after April 1, 2001:

The

cost of acquisition is taken as Nil. 4.7.11 Capital Gain on Transfer of Right Shares

Under the case of

transfer of Right Shares two situations can arise: Rights entitlement (which is renounced by the assessee in favor of a person): -

The cost of acquisition will be Nil. - In the

case, the amount realized by the original shareholder by selling his rights entitlement will be short-term capital gains in his hands (as the cost is

taken as nil). -

The period of holding of the rights entitlement will be taken - from the date of the

offer made by the company

to subscribe to shares to the date when such right entitlement is renounced by the person.

Right shares

purchased by the person in whose favor rights entitlement has been renounced:

In such a case,

the

cost of acquisition will be equal to the purchase price paid to renouncer of rights entitlement plus

the

amount

paid to the company which has allotted the rights shares. 4.7.12

Computation

of Capital Gain in Case of Transfer of Unlisted Shares in a Company [Sec.50CA]

Where

the consideration for the

transfer of shares in a company (other than quoted shares) is less than the FMV of such share, the FMV shall be deemed to be the full value of consideration

for

computing "Capital Gains". 4.7.13

Transfer of

Land and Buildings [Sec. 50C] If the following two

conditions are satisfied, the value adopted by the

Stamp duty authority shall be taken as 'full value of consideration'

to compute capital gain. -

There is a transfer of land or building

or both. The asset

may be

a long-term capital asset or short-term capital asset.

Where the

assessee declares before the Assessing Officer that value adopted by Stamp duty authority is more than the fair market value (but he has not disputed or challenged such valuation under the Stamp Act), then two possibilities arise may be a

92% MATCHING BLOCK 316/469 SA Income Tax Law and Practice-n.docx (D97574460)

depreciable or non-depreciable asset. - The sale consideration is less than the value adopted (or assessed) by any authority of a State Government for payment of stamp duty in respect of such transfer.

However, the exception says: Where the assessee declares before the Assessing Officer that value adopted by Stamp duty authority is more than the fair market value (but he has not disputed or challenged such valuation under the Stamp Act), then two possibilities arise: - Fair market value determined by the Valuation Officer (if it is less than the stamp duty valuation) is taken as full value of consideration. - Stamp duty valuation (if the fair market value determined by the Valuation officer is more than the Stamp duty valuation) is taken as full value of consideration. 4.8 Capital Gains Exempted under Section 10 and 115JG Capital gains are not chargeable to tax under Section 10, under the following given cases:

- Capital gain on transfer of US 64: Any income from the transaction of a capital asset being a unit of US 64 is not chargeable to tax if the transfer of such assets has taken place on or after April 1, 2002. This rule is applicable for both -

71% MATCHING BLOCK 317/469 SA ACG 301 Direct Taxes.pdf (D165094743)

long-term capital assets or short-term capital assets. • Long-Term Capital Gain on Transfer of

BSE-500 Equity Shares [Section 10(36)]: This exemption can be available if the following given conditions have been satisfied – - A capital gain arises on the transfer of long-term equity shares (being shares in a BSE-500 Index of the Bombay Stock Exchange, as on March 1, 2003). - These shares were purchased on or after March 1, 2003, but before March 1, 2004. - A capital gain arises on the transfer of these shares in a recognized stock exchange. • Capital Gain on Compulsory Acquisition of Urban Agricultural Land [Section 10(37)]: Section 10(37) is applicable, provided the following given conditions are satisfied. It is applicable for both short-term and long-term capital gains. -

100% MATCHING BLOCK 318/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

The assessee is an individual or a Hindu undivided family. -

He or it has agricultural land located in the urban area mentioned in section 2(14)(iii)(a)/(b). - There is the transfer of the agricultural land by way of compulsory acquisition or the consideration for the transfer is approved or determined by the Central Government (not by a State Government) or RBI. - The

agricultural land was used by the assessee (and/or his parents if the land was owned by an individual) for agricultural purposes

for 2

years immediately prior to the date of transfer. -

The asset may be

a long-term capital asset or short-term capital asset. -

A

capital gain arises from compensation (and/or additional

compensation) or consideration which is received by the assessee after March 31, 2004. •

Long-term capital gain

on

transfer of securities not chargeable to tax in cases covered by transaction tax [

Section 10(38)]:

Section 10(38) is applicable for all the assesses, if the following conditions are satisfied: -

The asset which is transferred is a long-term capital asset. - Such

an asset is

an equity share in a company or units of the equity-oriented mutual fund.

- Such a

transaction takes place on or after October 1, 2004, in a recognized stock exchange in India. - At the time of transfer as

well as at the time of acquisition of shares, the transaction is chargeable to securities transaction tax*. •

Capital Gain Exemption Under Section 115JG(1): Under section 115JG(1) capital gains which arise on the

100%

MATCHING BLOCK 319/469

SA

Income Tax Law and Practice-n.docx (D97574460)

conversion of an Indian branch of a foreign bank into an Indian subsidiary is not chargeable to tax. The exemption is available only if the conversion takes place in accordance with the scheme framed by RBI and subject to the conditions notified by the Central Government. •

Compensation under Section 96 of the RFCTLARR Act. 2013: Capital gain arising out of any award/agreement under

89%

MATCHING BLOCK 320/469

SA

Income tax Law and Practice AY 2018-19.pdf (D97374547)

Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013,

is exempt from tax. 4.9 Exemption of Capital Gains under Sections 54 & others Exemptions under section 54, 54B, 54D, 54EC, 54EE, 54F, 54G, 54GA, and 54GB

are given under the following sub-headings. 4.9.1 Exemption under Section 54 Exemption under section 54 is claimable where a capital gain is arising on the transfer of a long-term residential house property. Hence, one can avail the section 54 exemptions on the capital gain made on the transfer of a residential house only. This exemption is not applicable to any other kind of property than the residential one. Basic conditions: Following are given the basic conditions that should be satisfied to claim the benefit of sec. 54: • The benefit of

section 54 is available only to an individual or HUF(Hindu Undivided Family). •

Type of Asset: It must be a

long-term capital asset - a residential house property. • Time-limit: If an

Assessee has purchased another residential

house within one year before or within

60%

MATCHING BLOCK 321/469

SA

Income Tax Law and Practice-n.docx (D97574460)

two years after the sale of the original house or constructed another house within three years after the sale of the original house. In the case of compulsory acquisition, these time-limits shall be determined from the date of receipt of compensation (original or additional) • Amount of

deduction: It must be lower of

45%

MATCHING BLOCK 322/469

SA

Income Tax Law and Practice-n.docx (D97574460)

the following: - Amount of capital gains arising on transfer of residential house or - Amount invested in the purchase/construction of new residential house

property. • The exemption is claimable for only one residential house property purchased/constructed in India. However, with effect from the AY 2020-21, after an amendment(2019) to sec. 54, an assessee can have the benefit of exemption u/s 54 in respect of investment (purchase/construction) made in two residential house properties, if the amount of long term capital gains does not exceed Rs. 2 crores and also for only once in one or any other assessment year. • No exemption is applicable in respect of a house purchased outside India. • Capital Gain Deposit Account Scheme: Under the scheme of 'Capital Gain Deposit Account Scheme' central government provides a kind of benefit to an assessee who transacted a house but did not utilize the money to purchase or construct another house as per the condition then still that assessee can avail exemption u/s54 if he deposits the unutilized amount in the '

87%

MATCHING BLOCK 326/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

Capital Gain Deposit Account' in any branch of public sector bank. The

assessee can withdraw his amount from the CGDA account for the purpose of purchase or construction within the stipulated time limit of 2 years or 3 years, as the case may be. • No-utilisation of the amount deposited in Capital Gain Deposit Account Scheme: If the assessee fails to utilize the amount deposited in the Capital Gains Account Scheme within the specified period for purchase/construction of the residential house, then the unutilized amount will be taxed as income according to the long - term capital gains computation. • Withdrawal of exemption - a restriction: If a taxpayer purchases/constructs a house and claims an exemption under section 54 and then transfers the new house

100%

MATCHING BLOCK 323/469

W

within a period of 3 years from the date of its acquisition/

completion of construction, then the benefit granted under section 54 will be withdrawn. For the computation of capital gain arising on transfer of the new house, the amount of capital gain claimed as exempt under section 54

100%

MATCHING BLOCK 324/469

W

will be deducted from the cost of acquisition of the

new house.

Illustration(4.12): Read the following particulars- Mr. Awasthi sold his old house in April 2018 for Rs. 25,20,000. Long-term capital gain arising on transfer of old house was to Rs. 8,40,000. In December 2018 he purchased another residential house worth Rs. 10,00,000. The new house was, however, sold in April 2019 for Rs. 12,00,000 (stamp duty value of the new house was Rs. 10,00,000). Find the amount of taxable capital gains in the hands of Mr. Awasthi

70% MATCHING BLOCK 325/469

W

for the financial years 2018-19 and 2019-20? Solution: Computation of capital gains for the financial year 2018-19 Particulars

Amount (Rs) Long-term capital gain arising on transfer of old house 8,40,000 Less: Exemption under section 54 (*) 8,40,000 Taxable long-term capital gains nil (*) Exemption under section 54 will be lower of following : - Amount of capital gains arising on transfer of residential house; or - Investment in new residential house property Considering the above provisions, the exemption in this case will be lower of the following amount: Amount of capital gain, i.e., Rs. 8,40,000. Amount of investment in a new house, i.e., Rs. 10,00,000 Thus, exemption will be Rs. 8,40,000 Computation of capital gains for the financial year 2019-20 If a taxpayer purchases/constructs a house and claims exemption under section 54 and then the new residential house property

88% MATCHING BLOCK 327/469

SA

Income Tax Law and Practice-n.docx (D97574460)

is transferred within a period of 3 years from the date of its acquisition/

completion of construction, then the benefit granted under section 54 will be withdrawn. The computation in this case will be

50% MATCHING BLOCK 330/469

SA

TAX Module 2.pptx (D147365260)

as follows Particulars Amount (Rs) Full value of consideration (i.e., Sales value) 12,00,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, etc.). Nil Net sale consideration 12,00,000 Less: Cost of acquisition of the house (*) 1,60,000 Taxable short- term capital gains

on sale of new house 10,40,000 (*)

61% MATCHING BLOCK 328/469

W

If the new house is sold before a period of 3 years from the date of its purchase/

completion of construction, then at the time of computation of capital gain arising on transfer of the new house, the amount of capital gain claimed as exemption under section 54

62% MATCHING BLOCK 329/469

W

will be deducted from the cost of acquisition of the new house. Applying this provision, the cost of acquisition of

new house will be computed as follows: Particulars Amount (Rs) Actual cost of acquisition of new house 10,00,000 Less: Exemption claimed earlier under section 54 8,40,000 Taxable long-term capital gains 1,60,000 4.9.2 Sale of Land used for Agricultural Purposes [Section 54B] The Provisions of Section 54B for the Exemption of Capital Gains from the transfer of Land used for Agricultural Purpose are given below – • This exemption can be available to an individual or a Hindu Undivided Family. • Any short-term or long-term capital asset (being agricultural land),

90%

MATCHING BLOCK 331/469

SA

Income Tax Law and Practice-n.docx (D97574460)

if it was used by the individual or his parents or by the Hindu undivided family for agricultural purpose for 2 years immediately prior to transfer. •

The taxpayer has acquired other agricultural lands whether in a rural area or in an urban area within two years from the date of transfer of original asset. •

The amount of exemption is an investment in a new asset or capital gain, whichever is lower.

• Deposit Scheme:

If the assessee is not getting able to purchase the other land till the due date of filing return of income, he can deposit the amount in Capital Gains, this way he can get the exemption u/s 54B.

But assessee will have to withdraw the deposited amount and utilize it within the prescribed time limit for purchasing the land. • If the deposited amount is not wholly utilized in purchasing the land within the acceptable time limit, then the unutilized amount will be taxable as LTCG or STCG, depending upon the original gain in the year in which the maximum time limit for purchasing land (i.e., 2 years) ends. • If the new asset on which exemption is claimed under section 54B has been transferred within 3 years of its acquisition/construction, exemption given will be taken back. • For calculating STCG on

the transfer of the new asset, the cost of acquisition will be calculated as the original cost of acquisition minus exemption availed under section 54B. 4.9.3 Compulsory Acquisition of Land and Building Forming Part of Industrial Undertaking [Sec. 54D]

The Provisions of Section 54D for the Exemption of Capital Gains on Compulsory Acquisition of Land and Buildings forming part of Industrial Undertaking are like: • It is available to all taxpayers. •

Such land or building (short-term or long-term) that was

used by the assessee for the industrial undertaking for at least 2 years preceding the date of compulsory acquisition •

The

Tax-payee

has bought any other land or building (for industrial purposes)

within

a period of 3 years from the date of receipt of compensation

or has constructed a building within such period. •

The

amount of exemption is = investment in a new asset or capital gain, whichever is lower. • Deposit Scheme:

If

the assessee is not interested in purchasing

land or building or constructing a building

till

the due date of filing return of income, he can deposit the amount in

the

Capital Gains Deposit Account Scheme till the due date of filing return of income to get the exemption. On the basis of this deposit, the exemption under section 54D can be claimed. But

the assessee will have

to withdraw the deposited amount and utilize this amount within the prescribed time limit for purchasing the land or building or constructing the building.

- If the deposited amount is not fully utilized in purchasing the land or building or constructing the building within the eligible

time limit, then the unutilized amount will be taxable as LTCG or STCG (depending upon the original capital gain)

in the year in which the maximum time limit for making the new investment (i.e., 3 years) expires. • Withdrawal of exemption: If the new asset on which exemption is claimed under section 54D is transferred within 3 years of its

acquisition/construction, exemption given will be taken back. • For calculating STCG on the transfer of the new asset, the

cost of acquisition will be calculated as = original cost of acquisition minus exemption availed under section 54D. 4.9.4 Exemption

95% MATCHING BLOCK 332/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

of Capital Gain on Transfer of any Long Term Capital Asset

on the basis of

44% MATCHING BLOCK 333/469 SA ACG 301 Direct Taxes.pdf (D165094743)

Investment in certain Bonds [Section-54EC] The Provisions of Section 54EC for the Exemption of Capital Gains on Transfer of any Long Term Capital Asset on the

basis of Investment in certain Bonds are like – • It is available for all taxpayers. • The capital assets this exemption is for are - any Long-term capital asset that is a land or building or both, either residential or commercial, could be situated in India or outside India. • To get the benefit of exemption one taxpayer should acquire -

Bonds of National Highways Authority of India (NHAI) or Rural Electrification Corporation (REC) or notified bonds. The maximum investment in one financial year is Rs. 50 lakh. Investment made by an assessee in the NHAI/ REC bonds,

out of capital gains arising from transfer of one or more original asset, during the financial year in which the original asset or assets are transferred and in the subsequent financial year should not exceed Rs. 50,00,000. •

For acquiring the new asset time-limit is six months. • The amount

66% MATCHING BLOCK 334/469 SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

of exemption will be = Investment in the new asset or capital gain, whichever is lower. •

Withdrawal of exemption is possible

if

the new asset is transferred within 3 years of its acquisition or converted into money,

the

exemption will be taken back and the

amount of exemption given earlier

4.9.5

92% MATCHING BLOCK 335/469 SA Income Tax Law and Practice-n.docx (D97574460)

Capital Gain not to be charged on Investment in Units of a Specified Fund [Section 54EE] The Provisions of Section 54

EE for the Exemption of

100% MATCHING BLOCK 336/469 SA Income Tax Law and Practice-n.docx (D97574460)

Capital Gain not to be charged on Investment in Units of a Specified Fund

are like: • It is available for all taxpayers. • This exemption is for the assessee who has transferred a long-term capital asset. • If investment in units of a specified fund within 6 months from the date of transfer. • The Amount of exemption = the investment in new asset or LTCG, whichever is lower. • The maximum investment in one financial year is Rs. 50,00,000. The investment made by an assessee in long-term specified assets, out of capital gains arising from the transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year should not exceed Rs. 50,00,000. • Withdrawal of exemption is possible if the new asset has been transferred within 3 years of its acquisition or converted into money. In that case, the exemption will be taken back and the amount of exemption given earlier under section 54EE will become LTCG of the year in which the assessee commits the default.

4.9.6 Exemption of

70% MATCHING BLOCK 337/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

Capital Gain on Transfer of Long-Term Capital Assets other than a House Property [Sec. 54F] The

Provisions of Section 54F of the Exemption of Capital Gains on Transfer of Long-Term Capital Assets other than a House Property are like: • This exemption can be claimed by an individual or a Hindu Undivided Family (HUF) • An assessee will have to buy or construct one residential house property within the specified period. • Specified time-limit: In case of the 'purchase option': 1 year before, or within 2 years after the date of transfer of the original asset. In case of the 'construction option': Within 3 years from the date of transfer of the original asset, construction should be completed. • Amount of exemption = LTCG _____ x Cost of new house Net sale consideration

• Exemption u/s 54F has one condition that on the date of transfer of the original asset, the assessee has not more than one residential house property (other than the new house on which exemption under section 54F is claimed). • Deposit Scheme: Where the taxpayer is not getting able to purchase or construct the house till the due date of filing return of income, he may deposit the amount in Capital Gains Deposit. But the assessee will have to withdraw the deposited amount and utilize this within the prescribed time limit for purchasing or constructing the house. • If the deposited amount is not fully utilized in purchasing or constructing the house within the prescribed time then we shall divide the long-term capital gain LTCG by the 'net sale consideration' and multiplying it with the 'unutilized amount' we shall determine

the amount which shall be taxable in the year in which the maximum time limit for making the new investment (i.e., 3 years for construction) expires.

LTTCG _____ x Unutilized amount Net sale consideration • Withdrawal of exemption is possible: -

If the new house on which exemption is claimed under section 54F

is transferred within 3 years of its acquisition/ construction,

the capital gain on the transfer of the

new house will be taken as

STCG. Also, the capital gain which was exempt under section 54F will be treated as LTTCG of the year in which the new house is transferred. - Where

the assessee has purchased within a period of 2 years from the date of transfer

of an original asset or

has constructed within a period of 3 years from

the date of transfer

of the

original asset,

another residential house other than the new house

on which exemption under section 54F is claimed, then,

in that case, the capital gain which was exempt under the

section, 54F shall

be deemed to be income by way of LTTCG of the year in which

such another residential house is purchased or constructed.

4.9.7

Exemption on

80% MATCHING BLOCK 338/469

SA Income Tax Law and Practice-n.docx (D97574460)

Capital Gain on Shifting of industrial undertaking from urban area to rural area [Sec. 54G]

The Provisions of Section 54G towards

Exemption of

89% MATCHING BLOCK 339/469

SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

Capital Gains on Shifting of Industrial Undertaking from Urban Areas to Non-Urban Areas

are

like – • It is available to all taxpayers. • It is on the transfer of

any long-term or short-term capital asset whether land or building or plant or machinery. • Condition: New land, building, plant, or machinery is purchased to shift undertaking to a rural area within 1 year before or within 3 years after shifting of the industrial undertaking. •

Amount of exemption = investment in a new asset or capital gain, whichever is lower. • Deposit Scheme:

If the taxpayer is not

getting able or

interested in purchasing the new assets till

the due date of filing return of income, he can deposit the amount in Capital Gains Deposit.

This way he can avail the benefit of exemption provided u/s 54G. But the assessee will have

to withdraw the deposited amount and utilize it within the prescribed time limit for purchasing the new assets. • Where

the deposited has not been fully utilized towards purchasing the new assets within the eligible time limit, then the

unutilized amount will be taxable as LTTCG or STCG as per the gain in the year in which the maximum time limit for making

the new investment (i.e., 3 years) expires. • Withdrawal of exemption is possible where the new asset on which exemption is claimed under section 54G is transferred within 3 years of its acquisition, exemption given will be taken back. For calculating STCG on the transfer of the new asset, the cost of acquisition will be calculated as the original cost of acquisition minus exemption availed under

88% MATCHING BLOCK 340/469 SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

section 54G. 4.9.8 Exemption of Capital Gain on transfer of assets in case of shifting of Industrial Undertaking from an urban area to any Special Economic Zone (

SEZ) [Section 54GA] The Provisions of Section 54GA towards

87% MATCHING BLOCK 341/469 SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

Exemption of Capital Gain on transfer of assets in case of shifting of Industrial Undertaking from an urban area to any Special Economic Zone

are like – • It is available to all taxpayers. • Applicability: It is on the transfer of any long-term or short-term capital asset being land, building, plant, or machinery. • Condition: New land, building, plant or machinery is purchased to shift undertaking to any SEZ within 1 year before or within 3 years after shifting of the industrial undertaking. • Amount

84% MATCHING BLOCK 342/469 SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

of exemption = investment in the new asset or capital gain, whichever is lower. •

Deposit Scheme: Where a taxpayer is not getting able or interested in purchasing the new asset till the due date of filing return of income, he may deposit the amount in Capital Gains Deposit and avail the benefit of the exemption on the gain being provided u/s 54GA. But the assessee will have to withdraw the deposited amount and utilize this amount within the prescribed time limit for purchasing the new assets. • If the deposited amount has not been fully utilized in purchasing the new assets within the eligible time limit, then the unutilized amount will be taxable as LTCG or STCG as per the gain in the year in which the maximum time limit for making the new investment (i.e., 3 years) expires. • Withdrawal of exemption is possible If the new asset on which the exemption is claimed under section 54GA is transferred within 3 years of its acquisition, exemption given will be taken back. For calculating STCG on the transfer of the new asset: the cost of acquisition will be calculated by deducting exemption availed under section 54GA from the original cost of acquisition. 4.9.9

76% MATCHING BLOCK 343/469 SA Income Tax Law and Practice-n.docx (D97574460)

Exemption of Long-term Capital Gain Tax on Transfer of Residential Property if

Net Consideration is

87% MATCHING BLOCK 344/469

SA Income Tax Law and Practice-n.docx (D97574460)

Invested in the Equity Shares of a new Start-up SME Company [

Section 54GB] Essential conditions to be satisfied to get Exemption under Section 54GB: • If it is any residential house property whether

a house or a plot of land transferred by an individual or a HUF. • The

transferred house property should be a long-term capital asset. • The exemption will be given if the transfer was made during April 1, 2012, and March 31, 2017. Though in the case of an investment in an eligible start-up, the transfer was made during the period between

April 1, 2012, to March 31, 2019. • To claim exemption: - the assessee will have to purchase equity shares in an "eligible company"

on or before the due date of filing return of income. - the "

eligible company" should utilize this amount for the purchase of a "new asset" within 1 year from the date of subscription in equity shares.

•
The

company must qualify to be an SME (i.e., small

or medium enterprise under the Micro, Small and Medium Enterprises Act, 2006) (i.

e.,

where the investment in plant and machinery is more than Rs. 25 lakh but not more than Rs. 10 crores). Alternatively, the company is an eligible start-up. •

To determine the amount of exemption: $LTCG \times$

Investment in "new asset" by the eligible company

Net Sale Consideration =

Sale consideration – Expenses on sale • Withdrawal of exemption is possible

if the equity shares in the eligible company or "new asset" is

sold or

transferred within 5 years from the date of acquisition,

the

exemption will be taken back

and the amount of exemption given earlier under section 54GB will become LTCG of the

assessee (i.e., transferor of residential property). 4.10

Some Important Points Following are given some important

points: - Relief is available from LTCG as well as from STCG under section 111A [This relief is available to a resident individual/ a resident HUF]: If net taxable income excluding LTCG and STCG of section 111A is less than the exemption limit (i.e., Rs. 5,00,000; Rs. 3,00,000 or Rs. 2,50,000, depending upon the case) of an assessee, then the difference between net taxable income (after deducting LTCG and STCG of section 111A) and exemption limit is the amount of relief. This difference (i.e. relief) will be deducted from LTCG or STCG of section 111A, as the case may be and on the balance amount, the capital gain will be chargeable to tax. - STCG (if covered under section 111A) is taxable @ 15% + Surcharge (if any) + Cess @ 3% and normal STCG is taxable as per slab rates of the assessee. - No deduction under section 80C to 80U is available from LTCG or from STCG under section 111A.

- LTCG is taxable @ 20% + Surcharge (if any) + Cess @ 3%.

However, in the following 2 cases, LTCG can be taxable @ 10% + Surcharge (if any) + Cess @ 3%. - In the following 2 cases, LTCG is taxable @ 10%: a. If unlisted securities (i.e., unlisted shares, unlisted debentures, etc.)

are transferred by a non-resident/ foreign company, long-term capital gain is taxable @ 10% +

Surcharge (if any) + Cess @ 3%.

However, this rule is applicable only if indexation benefit is not claimed and capital gain is calculated

without giving effect to the first proviso to section 48 (under first proviso to section 48, capital gain is calculated in foreign currency if a few conditions are satisfied). b.

If listed securities (i.e., shares, bonds, debentures, Government Securities) or zero-coupon bonds are transferred by any taxpayer and the taxpayer does not avail the benefit of indexation, LTCG can be taxable @ 10% + Surcharge (if any) + Cess @ 3%. In this case, the taxpayer has an option available. Tax can be paid by the assessee @ 20%, if indexation benefit is claimed or @ 10%, if indexation benefit is not claimed. However, it is to be noted that in case of transfer of listed debentures or listed bonus shares,

the option of paying tax @ 10% is always better. (Income-tax Act 1961) Following are given some mixed illustrations for your reference: Illustration(4.13): Mr. Yadav

purchased jewelry worth Rs. 80,000 during the year 2005-06. During the year 2011-12, he further purchased jewelry worth

Rs. 90,000.

All the jewelry was sold by him on May 15, 2017. The jewelry purchased in 2005-06 was sold for Rs. 8,00,000 and that purchased in 2011-12 was sold for Rs. 10,10,000. The expenses

on

the

transfer of jewelry were 1% of the

sale price. He purchased a plot of land for Rs. 5,15,000 on January 04, 2018, for construction of

the

residential

house. On June 15, 2018, he deposited Rs. 7,00,000 in the Capital Gains Deposit Account Scheme and a further sum of Rs.3,00,000 as on

November 15, 2018. He owns only one residential house as on May 15, 2017.

Compute the capital gains for the assessment year 2018-19.

Note: Cost Inflation Index (

CII) for 2005-06 is 117, for 2011-12

is 184

and for 2017-18 is 272.

Solution: Assessment Year 2018-19 Particulars Jewelry Jewelry Year of Purchase 2005-06 2011-12 Sale

Consideration 8,00,000 10,10,000 Less: Expenses

on sale (1%) 8,000 10,100 Net Sale Consideration 7,92,000 9,99,900 Less: Indexed cost of acquisition $(90,000/117 \times 272)$; $(1,00,000/184 \times 272)$ 1,85,983 1,33,043

LTCG (before exemption) 6,06,017 8,66,857 Less: Exemption

under section 54F 11,554 8,66,857 LTCG 5,94,463 nil Working note for calculation of exemption under section 54F:

Percentage [Capital gain (before exemption)/ Net sale consideration] 76.52% 86.69% Ranking II I Total amount eligible for exemption under section 54F is Rs. 10,15,000 [4,15,000 + 6,00,000] (amount deposited after due date of filing return of income is not considered for the purpose of exemption). First utilisation should be towards gains from jewellery purchased in 2011-12 Exemption under section 54F 8,66,857

$[8,66,857/9,99,900 \times 9,99,900]$ Exemption under section 54F $[6,06,017/7,92,000 \times 15,100]$ [15,100 = 10,15,000 – 9,99,900 (utilised above)] 11,554 Illustration(4.14): Mrs. Lalita purchased a house on 1

st July, 1998 for Rs. 95,000 Brokerage Expenses = 2,000 Registration Charges = 8,000 She gifted the house to her son

Mr. Jayesh on 15, September 2005 She gifted the house to her son Mr. Jayesh on 15, September 2005 The capital

expenditures incurred by both Mrs. Lalita and Jayesh were: Mrs. Lalita added two rooms during 1999-00 = 50,000 She

added the first floor during 2004-05 = Rs.1,00,000. Mr. Jayesh added Second floor during 2010-11 = Rs. 1,50,000. The

fair market value of the house on April 1, 2001 = Rs. 1,25,000. Mr. Jayesh transferred the house to Mr. Rajesh on

November 15, 2017,

for = Rs. 82,00,000, he had to pay brokerage @ 1% for arranging this deal. Mr. Jayesh purchased a residential plot for Rs.

10,00,000 on June 25, 2018 and deposited Rs. 15,00,000 with SBI

under the '

Capital Gain Deposit Account Scheme'. Compute capital gains for the assessment year 2018-19 and also advise, by which date, he must utilize this amount by constructing a house on the aforesaid plot in order to avoid withdrawal of exemption claimed under section 54.

Cost Inflation Index for financial year 2001-02 is 100, 2004-05 is 113, 2005-06 is 117, 2010-11 is 167 and 2017-18 is 272.

Solution: Computation of capital gains for the assessment year 2018-19:

Particulars

Amount(Rs.) Sale Consideration 82,00,000

Less: Expenses on sale 82,000

Less: Indexed cost of

acquisition $(1,25,000/100 \times 272)$ 3,42,000 Less: Indexed cost of improvement 2004-05: $1,00,000/113 \times 272$ 2010-11:

$1,50,000/167 \times 272$ 2,40,708 2,44,311

LTCG (

before exemption) 72,90,981 Less: Exemption

under section 54 [10,00,000 + 15,00,000] 25,00,000

LTCG 47,90,981 Mr. Jayesh should utilize the amount of Rs. 15,00,000 for construction purpose on purchased residential plot latest by November 14, 2020; otherwise exemption given earlier will be taken back to the extent of the unutilized amount.

Illustration(4.15): Mr. Singh had the following assets which were sold/compulsorily acquired during the previous year. Particulars Dt. of acquisition Mode of acquisition Dt. of sale/compulsory acquisition Sale Price/consideration Cost of acquisition by assessee or previous owner

Particulars	Dt. of acquisition	Mode of acquisition	Dt. of sale/compulsory acquisition	Sale Price/consideration	Cost of acquisition by assessee or previous owner
Gold	2001-02	self	31.10.2018	13,50,000	4,00,000
Urban Agricultural Land	2006-2007	self	15.11.2018	19,50,000	7,00,000
Rural Agricultural Land	1978-79	Gift from mother	on 1.5.1982	15.12.2018	4,50,000
Motor car for personal use	2001-02	self	15.01.2019	2,00,000	80,000
Land & Building forming part of Industrial undertaking	15.10.2005	self	15.02.2019	6,50,000	4,00,000
Compulsorily acquired W.D.V.	as on 1.4.2018	Mr. Singh purchased a residential house property	on 20.02.2018	by investing Rs. 6,00,000.	He purchased agricultural land on 13.04.2019 for Rs. 2,40,000. He also purchased a building for Rs. 1,50,000 on 31.07.2019 to be used for industrial undertaking.

Urban Agricultural Land 2006-2007 self 15.11.2018 19,50,000 7,00,000 Rural Agricultural Land 1978-79 Gift from mother on 1.5.1982 15.12.2018 4,50,000 50,000 Motor car for personal use 2001-02 self 15.01.2019 2,00,000 80,000 Land & Building forming part of Industrial undertaking 15.10.2005 self 15.02.2019 6,50,000 4,00,000 Compulsorily acquired W.D.V. as on 1.4.2018

Mr. Singh purchased a residential house property on 20.02.2018 by investing Rs. 6,00,000. He purchased agricultural land on 13.04.2019 for Rs. 2,40,000. He also purchased a building for Rs. 1,50,000 on 31.07.2019 to be used for industrial undertaking. Compute capital gain of him for the assessment year 2019-20

Solution: Particulars Amount a. Capital Gain on sale of gold Full Value of

consideration 13,50,000 Less Indexed cost of acquisition = $4,00,000/100 \times 280$ 11,20,000 Long-term capital gain 2,30,000 Less exemption u/s 54F*

Value of

100%

MATCHING BLOCK 345/469

SA

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consideration 13,50,000 Less Indexed cost of acquisition = $4,00,000/100 \times 280$ 11,20,000 Long-term capital gain 2,30,000 Less exemption u/s 54F*

b.

Capital Gain

on sale of urban agricultural land

89%

MATCHING BLOCK 347/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

Full Value of Consideration 19,50,000 Less indexed cost of acquisition = $7,00,000/100 \times 280$ = 16,06,557 Long Term Capital Gain 3,43,443

For exemption

under section 54B and 54F* c. Capital Gain on sale of rural agricultural land = nil. As It is not a capital asset. d. Capital gain on sale of motor car = nil. As it is not a capital asset. e. Capital Gain on compulsory acquisition of land and building

Full Value of Consideration 6,50,000 Less the cost of acquisition 4,00,000 Short-term capital gain 2,00,000 Less u/s 54D Amount invested in purchase of building to be used for industrial undertaking 1,50,000 Taxable short-term capital gain 50,000 Long -term capital gain u/s 54F can be claimed as the house property is purchased

within one year before the date

of transfer of long-term capital asset other than residential house property.

88% MATCHING BLOCK 346/469

W

Long-term capital gain on gold 2,30,000 Long-term capital gain on sale of

urban agricultural land before availing exemption u/s 54B 3,43,443 Total long-term capital gain 5,73,443 *Less exemption u/s 54B allowed to the extent of actual amount spent on purchase of agricultural land or Rs. 3,43,443 (whichever is

66% MATCHING BLOCK 349/469

SA

Income Tax Law and Practice-n.docx (D97574460)

less) = 2,40,000 Exemption u/s54F** = 1,05,675 3,45,675 Taxable long term capital gain 2,27,768 Taxable short term capital gain 50,000 **

He can claim exemption u/s 54F in respect of the investment in the new house either against

61% MATCHING BLOCK 348/469

W

long-term capital gain from sale of gold or against long-term capital gain from sale of

urban land. Option 1: if he claims exemption against long-term capital gain on sale of gold, the exemption shall be = $2,30,000/13,50,000 \times 6,00,000 = 1,02,222$ Option 2: If he claims exemption against long-term capital gain on sale of urban land, the exemption shall be = $3,43,443/19,50,000 \times 6,00,000 = 1,05,675$ Therefore he should claim = 1,05,675 Illustration(4.16): Mr. K

purchased a house property on July 17, 1995 for Rs. 45,000. Fair market value of the property on April 1, 2001 was Rs. 48,000. He incurred the following expenses: a. Construction of a room on the ground floor during 2000-01 Rs. 30,000 b. Construction of 1st floor in 2015-16 Rs. 40,000 The property was transferred on April 6, 2017 for Rs. 95,00,000 (circle rate was 98,00,000, which is stamp duty value, on which purchaser has paid stamp duty at the rate of 9%). He made the following investments: • On August 1, 2017, he purchased Rs. 10,00,000 NHA bonds. • On March 31, 2017, he purchased a residential house in Delhi for Rs. 13,00,000. In addition, he paid stamp duty at the rate of 6% on circle rate of Rs. 15,00,000. • On June 30, 2017, he constructed the first floor in Delhi house by spending Rs. 2,70,000. • On October 8, 2017, X purchased Rs. 8,00,000 REC bonds. CII for previous year 2001-02 is 100, 2015-16 is 254 and 2017-18 is 272.

Find out

the net income and tax liability

for the assessment year 2018-19. Solution: Computation of

net taxable income of X for the assessment year 2018-19:

Sale

consideration 98,00,000

Less: Indexed cost of acquisition $(48,000/100 \times 272)$ 1,30,560 Less: Indexed cost of improvement $(40,000/254 \times 272)$ 42,835

LTCG (

before exemption) 96,26,605 Less: Exemption

under section 54 $[13,00,000 + 90,000 (6\% \text{ of } 15,00,000) + 2,70,000]$ 16,60,000 Exemption under section 54EC

10,00,000 LTCG 69,66,605 Add: Other incomes Nil Gross/ Net taxable income (Rounded off) 69,66,610 Since the assessee is a resident (assumed) individual and income other than LTCG i.e., Nil is less than the exemption limit of Rs. 2,50,000, shifting from LTCG is possible to the extent of Rs. 2,50,000 $[2,50,000 - \text{Nil}]$. Thus, computation of tax is as followed – Amount (Rs.) Tax $[69,66,610 - 2,50,000] \times 20\%$ 13,43,322 Add: Surcharge @ 10% (Taxable income exceeds Rs. 50,00,000) 1,34,332 14,77,654 Add: Cess @ 3% 44,330 Tax liability 15,21,980

4.11

Unit Summary • Section 2(14) defines the term 'Capital Asset' according to it

61% MATCHING BLOCK 350/469

SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

the capital is any kind of property that is fixed or circulating, movable or immovable, tangible or intangible

except some. • Capital assets are of two types and accordingly two types of gains: - Short-Term Capital Asset (STCA) [Section 2(42A)] & Short term Capital Gains [Section 2(42B)] - Long-Term Capital Asset (LTCA) [Section 2(29A)] & Long term Capital Gains [Section 2(29B)] • Capital gains will arise only when there has been any transfer of capital assets. Under no transference or transaction of capital assets, there shall be no capital-gain. • According to the Act, there are transactions that are not regarded as transfer u/s 46 and 47. •

Basis of charge: Income is taxable under the head "Capital Gains"

if

the following conditions are satisfied: - There should be a capital asset. - The capital asset is transferred by the assessee during the previous year. -

Any profit or gains arises as a result of such transfer. -

Such profit or gains is not exempt from tax under section 54, 54B, 54D, 54EC, 54EE, 54F, 54G, 54GA, and 54GB. •

Capital gains are not chargeable to tax under Section 10, under few cases. • Exemptions under section 54, 54B, 54D, 54EC, 54EE, 54F, 54G, 54GA, and 54GB

are given under the Act. 4.12 Key Terms • The 'full value of consideration' points to that value received or receivable by a transferor for the transaction of his/her capital assets. • Any expenditure borne in connection with the transaction of a capital asset is deductible from the 'full value of consideration'. • Cost of Acquisition: This is the value on which an assessee acquired an asset. This includes:

- all those expenses an assessee incurred on

acquiring the title to the property or the asset. - Interest paid on the money borrowed to acquire the asset is also part of the actual cost of an asset. • Cost of improvement: An assessee spent on making improvements or additions of the asset, such expenses make the 'cost of improvement'. • Indexation is the process by which we adjust the rising cost of acquisition

4.13 Check Your Progress Q:1) Write the basis of charge under the head 'capital gains'? Q:2) Explain the method of computing short term gain amounted on the account of transfer of a short-term asset? Q:3) Explain the method of computing long term gain amounted on the account of transfer of a long-term asset? Q:4) Write a short note on

100% MATCHING BLOCK 351/469

SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

Capital Gain on Compulsory Acquisition of Urban Agricultural Land [Section 10(37)]

Q:5) Write a brief note on the exemption u/s 54. Laws Cited Income-tax Act 1961. (n.d.). Retrieved from incometax.gov.in.

Suggested Readings •

Singhania, V.K. and Singhania, Monica [2018], Students' Guide to Income Tax (University Edition), Taxmann Publications (P) Ltd. • Ahuja, Girish and Gupta, Ravi [2018], Simplified Approach to Income Tax (University Edition), Flair Publications Pvt. Ltd.

Module – III

Computation of Income under Other Sources & Set Off of Losses

Unit: 05 Head of

Income: Other Sources Structure 5.0 Introduction 5.1 Unit Objective 5.2 Head of Income - 'Income from Other Sources' 5.2.1 Chargeability 5.2.3 Specific Incomes Chargeable under "

Income from Other Sources'

Section 56(2) 5.2.4 Other Incomes included under

76% MATCHING BLOCK 352/469

SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)

the head 'Income from Other Sources' 5.3 Income from Dividends [Sec. 56(2)(i)] 5.4 Winnings from Lotteries, Crossword Puzzles, Horse Races & Card Games [

Section 56(2) ib] 5.5 Income from Interest on Securities [Section 56(2) (id)] 5.6 Income from Letting out machinery, plant or furniture [Section 56(2)(ii) &(iii)] 5.7 Gift of Money from any person(s)/Gift of Property (Movable or Immovable) or Property Acquired for inadequate consideration [Section 56(2)(x)] 5.8 Income from Interest on Compensation/enhanced Compensation [Section 56(2)(viii)] 5.9

100% MATCHING BLOCK 353/469

SA Manish Project 1 (1).docx (D116173328)

Forfeiture of advance received for transfer of a capital asset to be taxed under the head 'Income from Other Sources' [Section 56(2)(ix)] 5.10

Money of a Deceased Family Member Received as Family Pension 5.11 Contribution of the employee towards his welfare fund received by the employer [Section 56(2) (ic)] 5.12 Amounts Not Deductible in Computing the Income Under the head 'Income from Other Sources' 5.13 Unit Summary 5.14 Key Terms 5.15 Check Your Progress 5.0 Introduction Income from Other Sources, shall help you to learn what and how are the incomes and expenses of an assessee are taxable under the said head. Section 56(1) defines the head - Income from Other Sources, while 56(2) specifically tell which incomes are always taxable under the head "Income from other sources.

Section 57 is about 'deductions'; Section 58 is about the 'amounts not deductible'; and Section 59 is about the 'profits chargeable to tax'. 5.1 Unit Objective On the completion of this unit you will have learnt – - Computation of tax under

30% MATCHING BLOCK 354/469

SA ACG 301 Direct Taxes.pdf (D165094743)

the head - 'Income from Other Sources' 5.2 Head of Income - 'Income from Other Sources' Sections 56 to 59 are for 'Income from Other Sources'. Section 56(1) defines the head, while 56(2) specifically tell which incomes are always taxable under the head "Income from other sources.

Section 57 is about 'deductions'; Section 58 is about the 'amounts not deductible'; and Section 59 is about the 'profits chargeable to tax'.

Income chargeable under

the head '

Income from other sources' is computed in accordance

with the method of - accounting regularly employed by the assessee. 5.2.1

Chargeability According to section 56(1), anything that cannot be excluded from the 'total income' but cannot be charged under the heads like salary, capital gain, house property, and business/profession then it is chargeable under the head - Income From Other Sources'. In other words, we can say that the following conditions must be checked before we tax any income under

76% MATCHING BLOCK 355/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

the head 'Income from Other Sources': - If it is an income - If it is not

exempt under any provision of the Act - If it is not chargeable under any other four heads. 5.2.3 Specific Incomes Chargeable under "Income from Other Sources' Section 56(2) The down given incomes have been specified in the section 56(2)(Income-tax Act 1961): • Certain Dividend Income; •

100% MATCHING BLOCK 356/469 SA Income tax Law and Practice AY 2018-19.pdf (D97374547)

Winnings from Lotteries, Crossword Puzzles, Horse Races and Card Games •

85% MATCHING BLOCK 357/469 SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)

Interest on Securities if the income is not chargeable to income-tax under the head 'Profits and gains of business or profession' • Income from machinery, plant or furniture belonging to the assessee and let on hire, if the income is not chargeable to income-tax under the head "Profits and gains of business or profession" • where an assessee lets on hire machinery, plant or furniture belonging to him and also buildings, and the letting of the buildings is inseparable from the letting of the said machinery, plant or furniture, the income from such letting, if it is not chargeable to income-tax under the head "Profits and gains of business or profession"; • Any sum received under a Keyman Insurance Policy, including

the sum allocated by way of

63% MATCHING BLOCK 358/469 SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU ... (D143424526)

bonus on such policy, if such income is not chargeable to income-tax under the head 'salaries' or 'profits and gains of business or profession. • where any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1

st day of April, 2006 but before

84% MATCHING BLOCK 359/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

the 1st day of October, 2009, the whole of the aggregate value of such

sum. •

75% MATCHING BLOCK 360/469 SA Manish Project 1 (1).docx (D116173328)

Where a closely held company receives in any previous year from any resident person any consideration for issue of shares that exceeds the face value of shares then the aggregate consideration received for such shares which is in excess of the fair market value shall be taxable. • Income through interest received as compensation or as enhanced compensation to be taxed in the year in which such interest is received. •

Any sum of money received as an advance or otherwise

100%

MATCHING BLOCK 361/469

SA

Ist-sec.JGNDOSU-lessons .RTF (D111940059)

in the course of negotiations for transfer of a capital asset,

if,— (a) such sum

is forfeited; and (b) the negotiations do not result in transfer of such capital asset; •

92%

MATCHING BLOCK 362/469

SA

Manish Project 1 (1).docx (D116173328)

Any compensation received or receivable, whether revenue or capital, in connection with the termination or modification of the terms and conditions of any contract relating to its employment shall be taxable under section 56.

•

80%

MATCHING BLOCK 363/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

Any sum received by an assessee from his employee as contribution to any provident fund/

welfare

fund for the employees and

76%

MATCHING BLOCK 364/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

is not taxable under the head 'Profits and Gains of Business and Profession'. 5.2.4 Other Incomes included under the head '

Income from Other Sources'

Following are given

some incomes which

are generally

chargeable to tax under

the head 'Income from Other Sources": • Income

from

subletting

of a house property •

Interest on bank deposits • Interest on company deposits, interest on loans, etc. • Remuneration received from a person

other than his employer for evaluation of answer scripts • Rent from vacant land • Insurance commission •

Income from undisclosed sources ○ Unexplained Cash credits (Sec. 68) ○ Unexplained Investments (Sec. 69) ○

Unexplained Money (Sec. 69A) ○ Unexplained Expenditure (Sec. 69C) ○ Amount borrowed/ repaid on Hundi •

Income from private tuition •

Income from royalty (if it is not an income from business/

profession) •

Interest on income tax refund • Family pension received by the family members of a deceased employee [discussed

later] • Dividend received from a co-operative society • Directors' sitting fee for attending Board Meetings •

96% MATCHING BLOCK 365/469

SA Manish Project 1 (1).docx (D116176361)

Director's commission for underwriting shares of a new company • Gratuity received by a director who, under the relevant contract, is not an employee or servant of the company, is assessable as income from other sources • Income from granting of mining rights • Income from markets, fisheries, rights of ferry or moorings • Income from grant of grazing rights •

Income received after discontinuance of business • Income from activity of owning and maintaining race-horses • Stipend to trainee
• Interest on employee's contribution towards unrecognized provident funds at the time of payment of lump sum amount •
Agricultural income from land situated outside India • Casual income • Salaries payable to a Member of Parliament • Compensation received for use of business assets 5.3 Income from

52% MATCHING BLOCK 366/469

SA Unit 2 Calculation of Income under differentia ... (D114321273)

Dividends [Sec. 56(2)(i)] Dividends are of three types: - Dividends Declared By A Domestic Company Dividend paid by a domestic company

in respect of Sec.115-O is not taxable for the shareholders u/s 10(34). Though, any amount or dividend paid by a domestic company in respect of Sec. 115BBDA (dividend income exceeds 10 Lakhs) is not exempted for the shareholder u/s 10(34). Even, if the domestic company has already paid tax on that amount/dividend. Taxability of 115BBDA:
Exceeding
Rs. 10,00,000 is chargeable to tax @ 10% + Surcharge + Cess @ 3% Taxation of dividend income in excess of Rs. 10 Lakh shall be on gross basis i.e., no deduction is allowed from dividend income. -
Dividends Distributed By Unit Trust Of India Income from Units is exempt

78% MATCHING BLOCK 367/469

SA Latest final to publish 2014 tax book.pdf (D19103058)

in the hands of the unit holders, though the mutual funds or specified company pay additional income tax on the distributed

amount. - Dividends Declared By A Foreign Company It is taxable under the head 'Income from Other sources'.
Illustration (5.1): Mr. Awdesh has submitted his income particulars
for the assessment year 2020- 21 Particulars Amount (Rs)
Income under the head Salary (calculated) 7,00,000
Income under the head house property 3,00,000
Dividends from domestic company 15,00,000 Solution: Particulars Amount (Rs.) Amount (Rs.) Income under the head
Salary (calculated) 7,00,000 Income under the head house property 3,00,000 Income from other sources:
Dividends from domestic company 15,00,000
Less exemption u/s 10(34) 10,00,000 5,00,000

70% MATCHING BLOCK 368/469

SA Income Tax Law and Practice-n.docx (D97574460)

Gross Total Income 15,00,000 Less Deduction u/s 80C to 80U Nil Total Income: 15,00,000 Tax on Dividend exceeding 10,00,000 (5,00,000 x 10%) 50,000 Tax on

balance total income of Rs. 10,00,000 First, Rs,2,50,000 Nil Tax on next Rs. 2,50,000 @ 5% 12,500 Tax on balance income of 5,00,000 @20% 1,00,000 1,12,500 Tax 1,62,500 Add: H&EC (Health & Education Cess) @4% 6,500 1,69,000

5.4 Winnings from Lotteries, Crossword Puzzles, Horse Races & Card Games [Section 56(2) ib] To understand taxability under the said section please read the following given points: • Under this section, on the winning amount the assessee shall pay tax @30% + surcharge (if applicable) + health & education cess@4%. • According to Section 58(4), no deduction in respect to any expenditure or allowance shall be allowed. Though, expenses towards owning and maintaining race horses are allowed. • Deductions under section 80C to 80U from Gross Total Income are also not available for such income. • There is a provision for tax deduction at source from income from the winning of lotteries, horse races and crossword puzzles. TDS (Tax Deduction at Source) for such incomes is 30% if the income exceeds 10,000. Amount received under such incomes is grossed up, and the method is(in the form of an illustration): Winning sum from a lottery = Rs.1,00,000 Tax will be deducted @30% = Rs. 70,000 Grossing up: $Rs.70,000 \times 100/100-30 = Rs.10,00,000$ 5.5 Income from

78%

MATCHING BLOCK 369/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

Interest on Securities [Section 56(2) (id)] Income from interest on securities is chargeable under the head - 'Income from Other Sources', provided such income is not chargeable under the head 'Profits & Gains of Business

or Profession'. •

Interest shall be taxed according to the accounting system adopted by an assessee. - Under the cash system: interest shall be taxed on receipt basis. - Under the no system of accounting: it shall be taxed on the 'due' basis'. • Note: Interest on securities becomes 'due' on a specified date, and the date may come on a quarterly basis, half-yearly basis, or annual basis. For example a company has specified that 10% of debentures shall become due on 31st of December every year, now the debentures holder shall receive the interest of the full year on this specified date. • Tax is deducted at the source, though in the case of government securities no TDS is deducted, but other than that the rate of TDS is 10%. • Deductions: In the case of dividends deductions are allowed and in this regard, Under Section 57(i) and (iii), the given deductions are:

- Collection Charges u/s 57(i): any sum paid as remuneration

45%

MATCHING BLOCK 370/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

or commission to a banker or any other person for receiving the interest is deductible. - Interest on loan u/s 57(iii): Interest paid on money borrowed towards investing in securities

is claimable as a deduction. - Any other expenditure u/s 57(iii): Any other expenses paid towards making or earning such income are claimable as a deduction. 5.6 Income from Letting Out Machinery, Plant or Furniture [Section 56(2)(ii) &(iii)] Income to an assessee from the letting out of machinery or a plant or furniture

75%

MATCHING BLOCK 372/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

is taxable under the head - 'Income From Other sources', if such income is not eligible to charge under the head 'Profits & Gains of Business

or Profession'. [

Section 56(2)(

ii)] Similarly, When such assets like machinery or a plant or furniture or building are let out in a composite manner, not separately and the received rent

60%

MATCHING BLOCK 371/469

W

is not chargeable under the head 'Profits & Gains of Business or Profession', then it is chargeable under the head 'Income From

Other Sources'. [Section 56(2)(iii)]. Deductions U/S 57(ii) & (iii): Deductions are claimable u/s 57(ii) and (iii) for the following expenses: - Repairing expenditures if not being incurred by the tenant. - An Insurance premium paid against the

95%	MATCHING BLOCK 373/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
risk of damage or destruction of the premises. - Repairs and insurance of machinery, plant, or furniture. - Depreciation based upon block of assets. -			

72%	MATCHING BLOCK 374/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
Any other expenditure If not of a capital nature, for the purpose of making or earning such income can be claimed as a deduction. 5.7			

Gift of Money from any person(s)/Gift of Property (Movable or Immovable) or Property acquired for inadequate consideration [Sec. 56(2)(x)] An assessee who has received from any person or persons on or after 1.4.2017 a) any sum of money, b) any immovable property c) any other property than immovable then they

87%	MATCHING BLOCK 375/469	SA	Latest final to publish 2014 tax book.pdf (D19103058)
are chargeable to tax under the head 'Income from Other Sources' u/s 56(2)(

x) a) Sum: If in a previous year an assessee receives sum (without consideration) from any person or persons

46%	MATCHING BLOCK 376/469	SA	Latest final to publish 2014 tax book.pdf (D19103058)
and the aggregate value exceeds Rs. 50,000, then the whole of the aggregate value of such sum is taxable. b) Any immovable property: The taxability of such an immovable property			

depends on the following aspects: Without consideration: If the received immovable property is without any consideration, and whose stamp duty value is exceeding Rs. 50,000, then that stamp duty value is chargeable to tax. For a consideration: If the received immovable property is for a consideration and whose value is less than the

stamp duty value of the property by an amount exceeding Rs. 50,000

then the

difference between stamp duty value and consideration is chargeable to tax.

c) Other Than Immovable: The taxability of such a movable property depends on the following aspects: Without Consideration: If the received movable property is without any consideration and whose fair market value is exceeding Rs. 50,000 then

the whole of the

aggregate fair market value of such property

is

chargeable to tax.

For a consideration: If the received movable property or properties

is/are

for a consideration which is less

than the aggregate

fair market value of the property by an amount exceeding Rs. 50,000 then the

difference between aggregate fair market value and the consideration is chargeable to tax. ⇒

Let's know the following terms: Property, movable property and relatives: a. Property: Here the word 'property' refers to the following: •

immovable property being

land or building or both; • shares and securities; • jewellery;

• archaeological collections; • drawings; • paintings; • sculptures; • any work of art;

or • bullion. b. Movable property:

Here the word 'movable property' refers to the following:

100%

MATCHING BLOCK 377/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

Shares and securities; • jewellery; • archaeological collections; • drawings; • paintings; • sculptures; • any work of art;

or • bullion.

c. Relatives: Here the word 'relatives' refers the following of an individual: • Spouse, • Brother or sister and their spouse,

• Spouse's Brother or sister, •

90%

MATCHING BLOCK 378/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

Brother or sister of either of the parents' • any lineal ascendant or descendant of the individual

along with their spouses, [

father, grandfather, great grandfather, mother, grandmother, great grandmother and so on or an individual's son, grandson, great grandson, daughter, granddaughter, great granddaughter and so on] •

100%

MATCHING BLOCK 379/469

SA

Latest final to publish 2014 tax book.pdf (D19103058)

any lineal ascendant or descendant of the spouse of the individual

along with their spouses. [spouse'

s grandfather, great grandfather, mother, grandmother, great grandmother and so on or son, grandson, great grandson, daughter, granddaughter, great granddaughter and so on]

Illustrations (5.2): Mr. Amrit's friend has gifted an immovable property to him. The stamp duty value of the gift is Rs.30,00,000. Find the following: a. The taxability of the gift u/s 56(2)(vii) for Mr. Amrit.

b. The taxability of the immovable property for Mr. Amrit if he purchases it from his friend for a consideration of Rs. 25,00,000. Solution: a. The whole of the stamp duty value which is Rs. 30,00,000 shall be taxable for the assessee Mr.

Amrit. Here he has received it from his friend without consideration and the stamp duty is exceeding Rs. 50,000. Hence according to the section the whole of stamp duty is taxable for him. b. Under the case, where Mr. Amrit is purchasing the

immovable property at the rate which is less than the stamp duty: The difference amount i.e Rs. 5,00,000 shall be taxable in the hands of Mr. Amrit under the head of 'Income From Other Sources'. Illustration (5.3): Mr. Ram is an assessee who receives a salary of Rs. 20,000 per month. During the previous year 2019-20 he has received the following gifts:

Particulars Date Amount Received gift of sum from a friend 16.04.19 Rs. 6,00,000 Received gift of jewelry from a friend

17.05.19 Rs. 3,50,000 (fair market value Received gift of sum from friends on the occasion of marriage 22.10.19 Rs. 51,000

Received gift of sum from father's sister 21.11.19 Rs. 1,00,000 Received gift of sum from mother's brother 24.11.19 Rs.

65,000 Received gift of sum from spouse's friend 2.12.19 Rs, 50,000

Received gift of sum from father's friend 16.12.19 Rs. 22,000 Received gift of sum from brother's father-in-law 24.12.19 Rs. 26,000 Received gift of sum from wife's brother - Rs. 1,00,000 Received gift of sum from employer - Rs. 68,000 Scholarship from a registered charitable institution - Rs. 1,00,000 Purchased an immovable property from a friend (the stamp duty value = 27,00,000 - Rs. 25,00,000 Purchased bullion Rs. 4,00,000 (fair market value = 4,30,000) Received gift of an immovable property from a friend Value of Stamp duty Rs. 5,00,000 Compute Mr. Ram's total income for the year 2020-21 Solution: Particulars Amount Income Under the head Salary: Salary @20,000 x 12 2,40,000 Add; gift of sum from the employer 68,000 3,08,000 Less: Standard Deduction 40,000 2,68,000 Income From Other Sources: a. Received sum of money as gift from - Gift From a friend 6,00,000 - Gifts received from friends are exempted as they had been received on the occasion of marriage. - - Gift of sum received from the father's sister is exempt as the donor comes under the definition of relative - - Gift of sum received from the mother's brother is exempt as the donor comes under the definition of relative - - Gift of sum received from spouse's friend on 2.12.19 is taxable as the aggregate sum received during the previous year exceeds Rs. 50,000 50,000 - Gift of sum received from spouse's friend on 16.12.19 is taxable as the aggregate sum received during the previous year exceeds Rs. 50,000 22,000 - Gift of sum from his brother's father-in-law is taxable as the donor is not covered under the definition of relative 26,000 - Gift of sum received from wife's brother is exempt as the donor is covered under the definition of relative - - Gift of sum received from the employer is taxable under the income from salary - - Scholarship from registered charitable institute is exempt u/s 12AA - b. Gift of movable property - Gift of Jewelry 3,50,000 c.

75% MATCHING BLOCK 381/469 SA project report 19421002 priya rani.pdf (D105763343)

Movable property acquired for inadequate consideration - Difference between the fair market value and the

purchased price does not exceed Rs. 50,000 Hence not taxable - d. Gift of immovable property - Gift of immovable property received from a friend 5,00,000 e. Gift of immovable property acquired for inadequate consideration Difference between the stamp duty and purchase price 2,00,000 17,48,000 Total Income 20,16,000 5.8 Income from Interest on Compensation/enhanced Compensation [Section 56(2)(viii)] Section 145A(b) says that any

100% MATCHING BLOCK 380/469 W

interest received on compensation or on enhanced compensation shall be deemed

as income. And according to Section 56(2)(viii) such income

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received on compensation or on enhanced compensation shall be taxable under the head - 'Income from Other sources.

Deductions [Section 57(iv)]: According to section 57(iv) a deduction of sum equal to 50 % of such income is allowed to an assessee. Illustration (5.4): Mr. Ram had a property that was compulsorily acquired in the year 2010. He received enhanced compensation of Rs. 10,00,000 which included Rs. 2,00,000 as interest on such enhanced compensation on 14.12.2019. State the taxability of such compensation.

Particulars Amount Interest Received on enhanced compensation 2,00,000 Less: Deduction@50% u/s57(iv) 1,00,000 Balance taxable 1,00,000 5.9

100% MATCHING BLOCK 383/469 SA Manish Project 1 (1).docx (D116173328)

Forfeiture of advance received for transfer of a capital asset to be taxed under the head 'Income from Other Sources' [Section 56(2)(ix)]

Section 56(2)(ix) says that any advance money taken before the transfer

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of a capital shall be taxable under the head 'Income from Other Sources' if:

a. That advance money is forfeited and b. The negotiating failed and no transfer of asset resulted. 5.10 Money of a Deceased Family Member Received as Family Pension If an employee of a company dies and If there is any family pension which is received by his legal heir from the company, it shall be considered the heir's income from other sources. Deduction: According to section 57(ia),

100% MATCHING BLOCK 384/469 W

standard deduction of 33 1/3% of such pension or Rs.15,000 whichever is less

shall be allowed to a legal heir. 5.11 Contribution of the employee towards his welfare fund received by the employer [Section 56(2) (ic)] According to section 56(2)(ic), if there has been any amount received by an employer from his employee for the employee's welfare fund, such amount shall be considered an income of the employer and

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is taxable under the head 'Income From Other Sources' if such income is not chargeable under the head 'Profits and Gains of Business

and Profession'.

5.12

Amounts Not Deductible in Computing the Income Under the head 'Income from Other Sources' Section 58, states what expenses that are not deductible in computing the income chargeable under the head 'Income from Other Sources', and they are like: - Any personal expenses of the assessee is not deductible [Section 58(1)(a)(i)]. - Any interest paid outside India and

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on which tax has not been deducted at source is not deductible [

Section 58(1)(a)(ii)]. - Salary paid outside India and on which tax has not been deducted at source [Section 58(1)(a)(iii)]. -

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Any sum paid on account of wealth-tax is not deductible [

Section 58(1)]. - Amount Specified By Section 40a [Section 58(2)] - Any expenditure referred to in section 40A like excessive or unreasonable payments to certain specified persons [Section 40A(2)] and payments exceeding Rs. 20,000 otherwise than by way of account payee cheque [

87% MATCHING BLOCK 390/469 SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)

Section 40A(3)]; - Any expenditure In respect of royalty and technical fees received

by a foreign company is not deductible. [Section 58(3)] - Any expenditure in respect of winnings from the lottery is not deductible. [Section 58(4)]. However, expenditure incurred by the assessee for

100% MATCHING BLOCK 389/469

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the activity of owning and maintaining race horses shall be

allowed

as a deduction while computing the income from this activity. Illustration (5.5): Mr. Singh made the following investments in the year 2018-19. Calculate his income under the head 'Income from Other Sources'. 1. On 1.10.2018, purchased 12% directly IDBI debentures of Rs. 2,00,000. Due date of interest: 31st March every year. 2. On 1.3.2018, purchased 100, 12% IDBI debentures from the

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market @Rs. 2000 per debenture. Face Value of Debenture = Rs. 1900/- . Due date of interest = 31st March every year.

The debentures were issued in the year 2013. 3. On 30.11.2018, purchased 100, 14% debentures of XYZ Ltd. (listed on stock exchange) @ Rs. 200 each from a broker. Due date of interest = 30th June and 31st December every year. 4. On 30.10.2018, purchased 100, 12% debentures of CZ Ltd. @ Rs. 200 each directly from the company. Due date of interest = 30th June and 31st December every year 5. On 15.06.2018, purchased 1500 shares of YZ Ltd. @ Rs. 60 per share from market. The face value of each share = Rs. 15. Company declared dividend @20% on 30.9.18. Solution:
Particulars Amount (Rs.) 12% IDBI debentures purchased directly from IDBI for 6 months 12,000 12% IDBI debentures purchased from market 22,800 14% debentures of XYZ Ltd. for 6 months 1400 12% debentures of CZ Ltd. for 2 months 400 Dividend from YZ Ltd. exempt Income under the head 'Income From Other Sources' 36,600 Particulars Amount (Rs.) TDS on (1) 1200 TDS on (2) 2280 TDS on (3) Nil TDS on (4) Nil TDS on (5) Nil

Note: - In the case where Securities are purchased directly from the company, interest is calculated from the date of purchase of securities to the due date of the interest. - In the case where securities are purchased from the market, interest is calculated from the last due date to the next due date of interest. 5.13 Unit Summary Sections 56 to 59 are for 'Income from Other Sources'. Section 56(1) defines the head, while 56(2) specifically tells which incomes are always taxable under the head "Income from other sources.

Section 57 is about 'deductions'; Section 58 is about the 'amounts not deductible'; and Section 59 is about the 'profits chargeable to tax'. According to section 56(1), anything that cannot be excluded from the 'total income' but cannot be charged under the heads like salary, capital gain, house property, and business/profession then it is chargeable under the head - 'Income From Other Sources'. 5.14 Key Terms • Bullion: gold or silver in bulk before coining, or valued by weight • TDS: Tax deducted at source 5.15 Check Your Progress Q:1) What is the chargeability under the head 'Income from Other Sources'? Q:2) List down any five incomes that have been specified under section 56(2), which are taxable under the head - 'Income from Other Sources'? Q:3) List down any five incomes that are generally taxable under the head 'Income From Other Sources' Q:4) List down any five expenses that are not deductible in computing

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the income chargeable under the head 'Income from Other Sources'? Q:5)

What standard deduction has been given u/s 57(iia) for the amount received by a legal heir in respect of the family pension of a deceased family member, while computing taxable income under the head 'Income from Other Sources'?

Unit - 6 - Set off of Losses Structure 6.0 Introduction 6.1 Unit Objective 6.2 Steps For Set-off and Carry Forward 6.3 Deductions 80C to 80U 6.4 Assessment of Individuals 6.5 Unit Summary 6.6 Key-Terms 6.7 Check Your Progress 6.0 Introduction Unit 6 - Set-off of losses is the concluding unit of Module 3. An individual receives or earns income from different sources under one same head or under different heads in the previous year. The net result from a particular head may come as a loss, and this unit is about such losses. Under this unit, you shall learn about the different rules and provisions of setting off of losses and carry forward that are applicable before the computation of the gross total. As you know we have not covered one head of income i.e. 'Profits and Gains from Business and Profession' under this semester, that shall be covered in another semester, hence set-off and carry forward rules in respect of that head have also not been covered under this unit. Under this unit you will also study about Deductions under Chapter VI A - 80C, 80CCC, 80CCD, 80CCE, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGB, 80QQB, 80RRB, 80U. These deductions are allowed from gross total income to arrive at net taxable income.

Under this unit, you will also know about the concept of individual assessment in pretext to an individual. An Individual refers to a human being. It could be a male, female, minor child, and a lunatic or an idiot. The manifestation of 12 steps of computation of income of an individual shall

help you to learn the calculation of gross total income, total income, and net taxable income in a very comprehensive way. 6.1 Unit Objective - Three steps for set-off and

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carry forward losses. - Set off of loss from one source against income from another source under the same head of income (

Intra head) [Section 70] -

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Set-off of loss from one head against income from another head (Inter-head adjustment) [

Section 71] - Carry forward of unadjusted loss - Deductions under Chapter VI A - 80C, 80CCC, 80CCD, 80CCE, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGB, 80QQB, 80RRB, 80U - Assessment of Individuals - 6.2 Steps for Set-off and Carry Forward Sections 70 to 80 under the Income-tax Act are in respect of setting-off and carry forward of losses. The process of setting off and carry forward of losses involves three steps: Step 1: Inter-source (Intra-head) adjustment under the same head of income. Step 2: Inter-head adjustment in the same assessment year (Step 2 is applied only if a loss cannot be set off under step 1). Step 3: Carry forward of a loss (Step 3 is applied only if a loss cannot be set off under step 1 and 2).

Figure: 6.1 Three Steps of Setting-off & Carry Forward of Losses 6.2.1 Inter-source or Intra-head Adjustment [Section 70] According to Section 70(1),(Income-tax

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Act 1961) "where the net result for any assessment year in respect of any source, falling under any head of income other than "capital gains", is a loss, the assessee is entitled to have the amount of such loss set off against his income from any other source under the same head."

This is
also

referred to as an intra-head adjustment. As we know one individual can have income from different sources under the same income head. If an individual incurs a loss from any one source then the law allows him to adjust that loss against the income coming from another source but that source should be falling under the same income head. Such a process of adjusting the loss from one source against the income from another source under the same head is known as "intra-head adjustment" For example, the adjustment of loss from one house property against the profit from the other house property is allowed.

Certain Exceptions to the Rule: • According to the provision of 74A, any loss incurred

59% MATCHING BLOCK 398/469 SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)

from the activity of owning and maintaining race horses cannot be set off against the income from any other source. Though, such a loss can only be set off against the income

from the same activity. • Any loss on account of lottery etc. cannot

100% MATCHING BLOCK 399/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

be set off against winnings from lotteries, crossword puzzles, card games etc. •

Any loss from an exempt income is not allowed

89% MATCHING BLOCK 400/469 SA Latest final to publish 2014 tax book.pdf (D19103058)

to be set-off. • A short-term capital loss can be set-off from

the both kinds of capital gains i.e Short-term and long-term, but

100% MATCHING BLOCK 404/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

a long-term capital loss can be set-off against a long-term capital gain

only. 6.2.2 Inter-head Adjustment [Section 71] Inter-head adjustment is considered as the second step of setting off losses. The following given provision provides us that second step. According to Section, 71(1), (Income-tax Act 1961), "where in respect of any assessment year, if after setting off losses against income under the same head, the net result of the computation under

100% MATCHING BLOCK 395/469 W

any head of income, other than "capital gains" is a loss, the assessee shall be entitled to have the amount of such

a loss set off against his income, if any, assessable for that assessment year under any other head".

Hence, in any year, if a taxpayer has incurred loss under one head of income then he can adjust the loss against the income from another head when the loss could not be set off under the first step (setting off losses from the other source under the same head). For example, incurred loss under the head of house property can be adjusted against salary income. Losses under the different heads are treated like: Loss under the head "Capital Gains", [Section 71(3)] According to Section 71(3), no short-term or long-term

loss

73% MATCHING BLOCK 401/469 SA ACG 301 Direct Taxes.pdf (D165094743)

can be set-off against income from any other head. Though, such losses can be carried forward.

Loss under the head 'Income From House Property' [Section 71(3A)]: According to Section 71(3A), an assessee is permitted to set off its loss from the head "House Property" against his income from any other head to the extent of Rs.2,00,000 only.
A tax-payer cannot set off his losses

93% MATCHING BLOCK 407/469 SA TAX Module 2.pptx (D147365260)

against income from winnings like lotteries, crossword puzzles, race including horse race, card game, and any other game of any sort or gambling or betting of any form or nature. 6.2.3

100% MATCHING BLOCK 402/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

Carry Forward and Set Off of Losses If the losses could not be set off under the

above two circumstances then they can be carried forward. According to the Act, losses that could not be set off under the intra-head and inter-head adjustments can be carried forward to the next year to be adjusted against the income of the subsequent year/s. There are different provisions under the Income-tax Act for the carry forward of losses and they are like: • Provisions under the Income-tax Law about

69% MATCHING BLOCK 403/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

carry forward and set off of house property loss: Any house property loss that could not be set-off in the

year it was incurred can be carried forward to the next

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year/s. Such loss can be adjusted only against income chargeable to tax under the head "

Income from house property" for eight years immediately succeeding the year in which the loss incurred. • Provisions under the Income-tax law about carry forward and set off of capital loss: Any capital loss that could not be set-off in the year it was incurred can be carried forward to the next

100% MATCHING BLOCK 406/469 SA TAX Module 2.pptx (D147365260)

year/s. Such loss can be adjusted only against income chargeable to tax under the head "Capital gains"

for the

61% MATCHING BLOCK 408/469 SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)

eight years immediately the year in which the loss is incurred. • Carry Forward and Set-Off of

Loss from activity of Owning and Maintaining Race Horses (Section 74A): Such loss from the activity of owning and maintaining race horses can be carried forward and set off only against the income from the activity of owning and maintaining race horses for a maximum of 4

100%	MATCHING BLOCK 410/469	SA	Unit 2 Calculation of Income under differentia ... (D114321273)
assessment years, immediately succeeding the assessment year for which the loss was first computed. 6.3			

Deductions 80C to 80U For computing the 'total income' of a tax-payee, the Act permits certain deductions, provisioned under sections 80C to 80U from the 'gross total income'. After the said deductions we receive the taxable income of a tax-payer. From the following given incomes, the deductions provisioned u/s 80C to 80U are not permissible.
a.

82%	MATCHING BLOCK 396/469	W	
long -term capital gains; b. Short-term capital gains on transfer of equity shares			

and units of equity oriented funds through a recognized stock exchange. c. Winnings of lotteries, races etc. d. Incomes referred to in section 115A, 115AB, 115AC, 115ACA, 115AD and 115D. Following is a chart of certain Deductions provisioned under sections 80CCC to 80U, available on the website of income-tax.gov.in Table 6.1 Section Nature of deduction Who can claim 80CCC Contributions to certain pension funds of LIC or any other insurer (up to Rs. 1,50,000) (subject to certain conditions) Individual 80

100%	MATCHING BLOCK 412/469	SA	Manish Project 1 (1).docx (D116176361)
CCD Contribution to pension scheme notified by Central Government up to 10% of salary (

subject to certain conditions and limits) Contribution made by the

95%	MATCHING BLOCK 414/469	SA	Manish Project 1 (1).docx (D116176361)
employer shall also be allowed as deduction under 80CCD (2) while computing total income of the employee. However, the amount of deduction could not exceed 14% of salary where contribution is made by			

the

100%	MATCHING BLOCK 415/469	SA	Manish Project 1 (1).docx (D116176361)
central government and 10% of salary, where contribution is made by any other employee.			

Individual 80CCF Amount up to Rs. 20,000, paid or deposited, during the previous year(s) relevant to assessment year 2011-12 or 2012-13, as subscription to notified long-term infrastructure bonds Individual/HUF
80D Amount paid (in any mode other than cash) by an individual or HUF to LIC or other insurer

95% MATCHING BLOCK 416/469 SA BEL_Block-6- U16.docx (D142229436)

to effect or keep in force insurance on the health of

specified person. An individual can also make payment to the Central Government health scheme and/or on account of preventive health check-up (subject to limit) Individual/HUF • specified person means: - In case of Individual - self, spouse, dependent children or parents - In case of HUF - Any member thereof • Deduction for preventive health check-up shall not exceed in aggregate Rs. 5,000. • Payment on account of preventive health check-up may be made in cash. 80DD Deduction of Rs. 75,000 (Rs. 1,25,000 in case of severe disability) to a resident individual/HUF where (a) any expenditure has been incurred for the

93% MATCHING BLOCK 417/469 SA Income Tax Law and Practice-n.docx (D97574460)

medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability [

as defined under

89% MATCHING BLOCK 413/469 SA project report 19421002 priya rani.pdf (D105763343)

Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] (w.e.

f. assessment year 2005-06 including autism, cerebral palsy and multiple disability as referred to in National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999), or (b) any amount is paid or deposited under an approved scheme framed in this behalf by the

100% MATCHING BLOCK 409/469 W

LIC or any other insurer or the Administrator or the specified company

for the maintenance of a dependent, being a person with disability (subject to certain conditions) Resident Individual/HUF
80DDB Expenses actually paid for medical treatment of specified diseases and ailments subject to certain conditions
Resident Individual/HUF
80E Amount paid
out of income chargeable to tax by way of payment

76% MATCHING BLOCK 411/469 W

of interest on loan taken from financial institution/approved charitable institution for pursuing higher education(

subject to certain conditions) (maximum period : 8 years) Individual 80

100% MATCHING BLOCK 419/469 SA Manish Project 1 (1).docx (D116176361)

G Donations to certain approved funds, trusts, charitable institutions/donations for renovation or repairs of notified temples, etc. [

amount of deduction is 50 percent of net qualifying amount]. 100 percent of qualifying donations

84% MATCHING BLOCK 418/469 W

to National Defence Fund, Prime Minister's National Relief Fund, Prime Minister's

Citizen Assistance and Relief in Emergency Situations Fund (PM CARES

100% MATCHING BLOCK 421/469 W

FUND) Prime Minister's Armenia Earthquake Relief Fund, Africa (Public Contributions - India) Fund, National

Children's Fund (from 1-4-2014), Government or approved association for promoting family planning, universities and approved

87% MATCHING BLOCK 420/469 W

educational institutions of national eminence, National Foundation for Communal Harmony, Chief Minister'

s Earthquake Relief Fund (Maharashtra), ZilaSaksharta Samitis, National

82% MATCHING BLOCK 422/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

or State Blood Transfusion Council, Fund set up by State Government to provide medical relief to the poor, Army Central Welfare Fund, Indian Naval Benevolent Fund

and

86% MATCHING BLOCK 423/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

Air Force Central Welfare Fund, Andhra Pradesh Chief Minister's Cyclone Relief Fund, National Illness Assistance Fund, Chief Minister's Relief Fund or the Lt. Governor's Relief Fund in respect of any State or Union Territory,

National Sports Fund, National Cultural Fund,

72% MATCHING BLOCK 424/469 SA Income Tax Law and Practice-n.docx (D97574460)

Fund for Technology Development and Application, Indian Olympic Association, etc., fund set up by State Government of Gujarat exclusively for providing relief to victims of earthquake in Gujarat, National Trust for Welfare of Persons with Autism, Cerebral palsy, Mental retardation and Multiple Disabilities,

and sums paid between 26-1-2001 and 30-9- 2001 to any eligible trust, institution or fund for providing relief All assesseees

to Gujarat earthquake victims, the Swachh Bharat Kosh and the Clean Ganga Fund (from assessment year 2015-16) and National Fund for Control of Drug Abuse (from assessment year 2016-17) [subject to certain conditions and limits] 80

92% MATCHING BLOCK 425/469 SA Manish Project 1 (1).docx (D116176361)

GG Rent paid in excess of 10% of total income for furnished/unfurnished residential accommodation (subject to maximum of Rs. 5,000 p.m. or 25% of total income, whichever is less) (

subject to certain conditions) Individuals not receiving any house rent allowance 80GGB Sum contributed to any political party/electoral trust Indian company 80QQB Royalty income of author of certain specified category of books (up to Rs. 3,00,000) (subject to certain conditions) Resident Individual - Author 80RRB Royalty on patents up to Rs. 3,00,000 in the case of a resident individual who is a patentee and

100% MATCHING BLOCK 426/469 SA Income Tax Law and Practice-n.docx (D97574460)

is in receipt of income by way of royalty in respect of a patent registered

on or after 1-4-2003 (subject to certain conditions). Resident individuals 80U Deduction of Rs. 75,000 to a resident individual who, at any time during the previous year,

100% MATCHING BLOCK 427/469 SA Income Tax Law and Practice-n.docx (D97574460)

is certified by the medical authority to be a person with disability [

as defined under

89% MATCHING BLOCK 429/469 SA project report 19421002 priya rani.pdf (D105763343)

Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] [w.e.

f. assessment year 2005-06 including autism, cerebral palsy, and multiple disabilities as defined under National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation & Multiple Disabilities Act, 1999] [in the case of a person with severe disability, allowable deduction is Rs. 1,25,000] (subject to certain conditions). Resident individuals Table: 6.1 Certain Deductions Under Sections 80CCC, 80CCD, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGB, 80QQB, 80RRB and 80U (Income-tax Act 1961) 6.3.1 Deduction 80C - Life Insurance Premium, deferred annuity etc. Read the following given points to know the deduction under Section 80C(

87% MATCHING BLOCK 428/469 W

Income-tax Act 1961): • Allowed to: an individual or a Hindu Undivided Family (

HUF) • It

is allowed on the basis of specified investments/ contributions/ deposits/payments made by a tax-payer during the previous year. Notify: investments

in Indira Vikas Patra, Kisan Vikas Patra and National Relief Bonds are not eligible for deduction under section 80C. • The maximum amount deductible under sections 80C cannot exceed Rs.1,50,000. • List of investments/contributions /deposits/payments under section 80C(Income-tax Act 1961): - LIP on the name of self/spouse/child or if HUF then policy can be taken on the life of any family member. If

52%

MATCHING BLOCK 430/469

SA

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policy issued on or before 31.3.2012 then 20% of the sum assured If policy issued on or after 1.4.2012 then 10% of the sum assured. If

policy issued on or after 1.4.2013 for the life insurance of a person having any disability or suffering from disease then 15% of the sum is assured.

- Contribution

towards statutory provident fund (SPF) and recognized provident fund (RPF). - Contribution towards 15-year public provident fund (PPF). - Contribution towards an approved superannuation fund. -

Subscription to National Savings Certificates, VIII Issue or IX issue or Sukanya Samriddhi Account. - Contribution for participating in the unit-linked insurance plan (ULIP) of

Unit Trust of India. (

minimum period of holding is 5 years) - Contribution for participating in the unit-linked insurance plan (ULIP) of LIC Mutual Fund (i.e., formally known as Dhanraksha plan of LIC Mutual Fund). (Minimum period of holding is 5 years) -

Payment

for notified annuity plan of LIC (i.e. New Jeevan Dhara, New Jeevan Akshay) or any other insurer. -

Subscription towards notified units of Mutual Fund or UTI. -

Contribution to notified pension funds set up by Mutual Fund or

UTI (

i.e., Retirement Benefit Pension Fund of UTI). -

Any sum paid

as subscription to notified Home Loan Account

Scheme of the National Housing Bank (NHB) or

contribution

to any

notified pension fund set up by

the National Housing Bank. -

Any sum paid

as

subscription to

any scheme of –

a. Public sector company engaged in

providing

long-term finance for purchase/construction of

residential houses in India (

i.e., public deposit scheme of HUDCO); b. Housing board

constituted in India

for the purpose of planning, development or improvement of cities/ towns. -

Any sum paid

as tuition fees (not including any payment towards development fees/donation/ capitation fees/

payment of similar nature)

whether

at the time of admission

or otherwise to any university/ college/

educational institution

in India for full time education

of any two children of

an individual. (full-time education includes even play-school activities, pre-nursery and nursery classes. -

Any payment

towards the cost of purchase/ construction of a residential property (including repayment of loan taken from Government, bank, cooperative bank, LIC, National Housing Bank, assessee's employer where such employer is a public company/ public sector company/ university/ co-operative society). - Amount invested in approved debentures of, and equity shares in, a public sector company engaged in infrastructure including power sector or units of a mutual fund proceeds of which are utilized for developing, maintaining, etc., of a new infrastructure facility. - Amount deposited as term deposit for a period of 5 years or more in accordance with a scheme framed by the Government. - Subscription to any notified bonds of National Bank for Agriculture and Rural Development (NABARD). - Amount deposited under Senior Citizens Saving Scheme. (Minimum period of holding is 5 years) - Amount deposited in a 5 year time deposit scheme in the post office. 6.3.2 Contribution to Certain Pension Fund [Section 80CCC] Read the following given points to know deduction under Section 80CCC(Income-tax Act 1961):

- Allowed to: an individual assessee
- Condition: If the amount is paid out of his income that is

91% MATCHING BLOCK 431/469

SA Unit 2 Calculation of Income under differentia ... (D114321273)

chargeable to tax. • Quantum of deduction: the whole amount paid or deposited

or Rs. 1,50,000, whichever is less. • Deduction is allowed to the assessee

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in respect of any amount paid or deposited in a previous year to preserve his contract for - any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the fund. 6.3.3

Contribution to Pension Scheme of Central Government [Section 80CCD] Read the following given points to know the deduction under Section 80CCD(Income-tax Act 1961):

- Allowed to: an "individual" (a normal tax payer or a central government employee (on or after 1.1.2004) or an employee of any employer)
- Deduction is allowed on the contribution to the notified pension scheme of the central government.
- Contributions made by the employers towards the notified pension scheme of the Central Government also come under this section.
- According to the 80CCD(1), the said individual is allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited as does not exceed,— (a) in the case of an employee, ten percent of his salary in the previous year; and (b) in any other case, twenty percent of his gross total income in the previous year.
- According to Section 80CCD(1B), the said assessee or individual can be allowed a deduction to the extent of - (a) The whole of the amount paid or deposited in the previous year or (b) Rs.50,000 Whichever is less.
- According to Section 80CCD(2) Where, in the case of an assessee referred to in sub- section (1), the Central Government or any other employer makes any contribution to his account the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government or any other employer as does not exceed— (a) fourteen per cent, where such contribution is made by the Central Government; (b) ten per cent, where such contribution is made by any other employer

6.3.4 Limits on deduction under sections 80C, 80CCC and 80CCD [Section 80CCE](Income- tax Act 1961) According to section 80CCE,

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the aggregate amount of deduction under section 80C, Section 80CCC and Section 80CCD (1) should not exceed

Rs.1,50,000 Illustration (6.1): Mr. XYZ is a self-employed person, his gross total income is Rs. 6,00,000. He deposited Rs. 1,00,000 in provident fund and Rs. 1,00,000 in pension scheme of the Central Government. Compute his taxable income. Particulars Amount (Rs.)

Amount (Rs.)

Gross Total Income 6,00,000 Less: Deduction - u/s 80C 1,00,000 -

u/s 80CCD(1) Rs. 1,00,000 But limited to 20% of gross total income of Rs. 6,00,000 1,20,000 2,20,000 But aggregate should not exceed 1,50,000 (u/s80CCE) 1,50,000 Additional deduction u/s 80CCD(1B) 50,000 2,00,000 Total Income 4,00,000

6.3.5 Health Insurance Premium or Health Check-up [Section 80D] Read the following given points to know the deduction under Section 80D(Income-tax Act 1961):

- Allowed to: individuals and HUF regarding medical insurance premium - In case of an Individual, it is allowed: If amount is paid to preserve an insurance on health of the assessee himself, his spouse, dependent children and parents (whether dependent or not).

or If any contribution made to the Central Government Health Scheme/such other scheme. If any payment is made in the view of preventive health check-up. - In case of HUF, it is allowed, If amount is paid to preserve an insurance on health of members of a HUF. - In case of senior citizen, it is allowed, on the account of medical expenditure incurred

- Some Conditions: - Payment was not made in cash - Payment should be out of the assessee's income chargeable to tax.

- Deduction:
 - o In the case where an assessee is an individual: the allowed deduction would be the aggregate of the following:
 - A) Clause a: - The whole amount paid on the insurance of health of the assessee, his/her spouse and dependent children - Any contribution made to the Central Government Health Scheme. The aggregate must not exceed Rs. 25,000
 - B) Clause b: - The whole amount paid on the insurance of health of the dependent or not dependent parent or parents of the assessee. The aggregate must not exceed Rs. 25,000.
 - o Preventive health check-up deduction: For the amount paid on the preventive health check-up of - an assessee his family or his parents the maximum allowed deduction is of Rs.5,000, and it shall be within the limit of Rs. 25,000.
 - o Additional deduction of Rs. 25,000: Additional deduction of Rs.25,000 is allowed when the sum specified in the above clause a) and b) is paid on the insurance on the health of any person specified therein and who is a senior citizen. The deduction shall be Rs. 50,000 instead of Rs. 25,000.
 - o In the case where the assessee is HUF: The allowed deduction shall be - the whole of the amount paid on the

95%

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insurance on the health of any member of the family and

it shall not exceed the limit of Rs. 25,000 - Additional deduction of Rs. 25,000: Additional deduction of Rs. 25,000 is allowed on the sum paid on the insurance on the health of any person, who is a senior citizen in the family.

- Any medical expenditure made

in respect of a super senior citizen (80 years or more),

as does not exceed in the aggregate Rs. 30,000 shall be allowed as deduction under section 80D, provided

no payment has been

made

to keep in force an insurance on the health of such person.

Illustration (6.2): Mr. XYZ is an individual who had made the following payments in the previous year of 2019-20:

1. Payment of Rs. 8,500 by cheque to PYZ for insuring his own health.
2. Payment of Rs. 8,500 by cheque to PYZ for insuring the health of his spouse (not dependent on him).
3. Payment of Rs. 3,500 by cheque to PYZ for insuring the health of his dependent major daughter.
4. Payment of Rs. 5,500 by cash to PYZ for insuring the health of his dependent minor daughter
5. Payment of Rs. 5,500 by cheque to PYZ for insuring the health of his dependent brother.
6. Payment of Rs. 39,000 by cheque to PYZ for insuring the health of his 66 years old father (not dependent on him).
7. Payment of Rs. 15,500 by cheque to PYZ for insuring the health of his dependent mother.
8. Payment of Rs. 150 by cheque to LIC for group insurance of which he is a member.
9. Payment of Rs. 5,500 by cash on the account of preventive health check-up.

Compute the deduction allowed under section 80D

Solution: Particulars

For Spouse & dependent children

For Parents whether dependent or not

1. Amount paid on own health 8,500
2. Amount paid on spouse's health (even she is not dependent on him) 8,500

3. Amount paid on health of dependent major daughter 3,500 4. Amount paid on health of dependent minor daughter (not allowed as paid in cash) Not allowed 5. Amount paid on health of brother (not allowed whether he is dependent or not) Not allowed 6. Amount paid on health of father 39,000 7. Amount paid on health of mother 15,500 8. Amount paid to LIC is not allowable under section 80D nil 9. Amount paid for preventive health check-up (even if paid in cash and it shall be limited to Rs. 5000) 5,000 Total Amount 25,500 54,500 Deduction in case of self and spouse and dependent children will be restricted to a maximum of Rs. 25,000. Deductions in case of parents whether dependent or not shall be restricted to Rs. 50,000. Total Deduction: (50,000 + 25,000) = 75,000

6.3.6 Deduction on Maintenance including Medical Treatment of a dependent with disability [Section 80DD] Read the following given points to know deduction under Section 80DD (Income-tax Act 1961):

- Deduction is allowed to: one who is a resident of India or is either an individual or HUF.
- Deduction is on any

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expenditure incurred on the medical treatment (including nursing), training and rehabilitation of

disabled dependent relative. •

For availing such deduction assessee must have the prescription for such medical treatment.

- Amount of deduction is Rs. 75,000 and Rs. 1,25,000 for severe disability (if disability is more than 80%). This amount is fixed irrespective of actual expenditure. **6.3.7**

Deduction of Medical Treatment, etc. [Section 80DDB] Read the following given points to know deduction under Section 80DDB (Income-tax Act 1961):

- Deduction is allowed to: one who is a resident of India or is either an individual or HUF on the expenditure incurred on the medical treatment of a notified disease. •

Amount of deduction is Rs. 40,000 or amount paid, whichever is less. Amount of deduction for senior citizens (60 years)

is Rs. 60,000 or amount paid, whichever is less. Amount of deduction for super

senior citizens (80 years) is Rs. 80,000 or amount paid, whichever is less. • Where the amount is received from an insurer or

the amount is reimbursed by the employer that shall be deducted from the aforesaid amount of deduction, and the left amount shall be allowed as deduction. **6.3.8 Deduction on interest paid for Loan Taken for Pursuing Higher Education [Section 80E]** Read the following given points to know the deduction under section 80E (Income-tax Act 1961):

- Deduction is allowed to: individuals on the payment of interest on loan taken for higher studies (i.e., after passing class 12). • Maximum time limit is 8 years. •

For availing such deduction: Loan should have been taken from a bank, financial institution or an approved charitable institution by an assessee for his/her own higher

education or for the education of his relatives (i.e., spouse, children or any student for whom the individual is the legal guardian). •

Interest must be paid out of the assessee's income chargeable to tax. **6.3.9 Deduction on interest paid for loan taken for residential house property [Section 80EE]** Read the following given points to know the deduction under section 80EE (Income-tax Act 1961):

- Deduction is available to: an individual on the interest paid on loan taken by him from a bank or a housing finance company for residential house.

- conditions to

be satisfied: - Loan amount does not exceed Rs. 35 lakhs. - Value of property does not exceed Rs. 50 lakhs. - Loan is sanctioned during the previous year 2016-17. - Assessee does not own any residential house on the date of sanction of loan. •

Amount of deduction:

Deduction amount shall not exceed Rs. 50,000 • Notify: If deduction is being claimed under section 80EE, then no other deduction will be allowed. 6.3.10 Deduction on Donations to Certain Funds, Charitable Institutions, etc. [Section 80G] Read the following given points to know the deduction under section 80G(Income-tax Act 1961): • Deduction is allowed to: all assesseees or taxpayers on any donation made to specified funds or institutions. • Mode of payment: Cash/ Cheque/ Draft • However, if donation is made in cash and exceeding Rs. 2,000/- , no deduction is allowed. • Contributions made in kind also do not qualify for any deduction under this section. • Donations are divided into two categories: - On some donations, deduction is without any limit. - On some donations, deduction is subject to limit. Following are given two tables: Table (6.2) - I, contains a list of donations on which there is no maximum limit. Table (6.3) - II, contains a list of donations on which there is a limit applicable. Table I SNo. Donation To: Deduction (as a percentage of amount donated) 1.

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National Defence Fund set up by the Central Government 100% 2. Prime Minister's National Relief Fund 100% 3. Prime Minister's Armenia Earthquake Relief Fund 100% 4. Africa (Public Contribution – India) Fund 100% 5. National

Children's Fund 100% 6. National Foundation for Communal Harmony 100% 7. Approved University or

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Educational Institution of National Eminence 100% 8. Chief Minister's Earthquake Relief Fund, Maharashtra 100% 9. Fund set up by State Government of Gujarat for providing relief to the victims of earthquake in Gujarat 100% 10.

ZilaSaksharta Samiti 100% 11.

87% MATCHING BLOCK 437/469

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National Blood Transfusion Council or a State Blood Transfusion Council 100% 12. Fund set up by a State Government for the medical relief to the poor 100% 13. Central Welfare Fund

of Army

82% MATCHING BLOCK 438/469

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or the Indian Naval Benevolent Fund or The Air Force Central Welfare Fund 100% 14. Andhra Pradesh Chief Minister's Cyclone Relief Fund 100% 15. National Illness Assistance Fund 100% 16. Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund 100% 17. National Sports Fund or National Cultural Fund or Fund for Technology Development and Application 100% 18.

Swachh Bharat Kosh 100% 19. Clean Ganga Fund 100% 20. National Fund for Control of Drug Abuse 100% 21. Jawaharlal Nehru Memorial Fund 50% 22. Prime Minister's Drought Relief Fund 50% 23. Indira Gandhi Memorial Fund 50% 24. Rajiv Gandhi Foundation 50%

Table 6.2 Donations Do Not Qualify for Any Limit (Income-tax Act 1961) The above given list is about such contributions/ donations made towards certain Funds that are eligible for 100% or 50% deduction from Gross Total Income of the assessee and do not qualify for any limit. Following given table is about such contributions/ donations made towards such funds that are eligible for deduction from Gross Total Income subject to the qualifying limit: Table II S.No. Donations To: Deduction (as a percentage of net qualifying amount) 1.

94%	MATCHING BLOCK 439/469	W
<p>Donation to Government or any approved local authority, institution or association to be utilized for the purpose of promoting family planning. 100% 2. Donation by a company to the Indian Olympic Association or to any other association or institution notified for the development of infrastructure for sports and games in India or the sponsorship of sports and games in India. (</p>		

Note: Only the donations/ contributions made by companies are eligible to claim deduction under this i.e. this particular deduction is not available to any other assessee.) 100% 3. Funds/ Institutions which satisfies conditions mentioned under section 80G(5) 50% 4. Donation to Government or any local authority for the purpose of utilization

77%	MATCHING BLOCK 440/469	W
<p>for any charitable purpose other than promoting family planning 50% 5. Any authority constituted in India for dealing with and satisfying the needs for housing accommodation or for the purpose of planning/development of towns, villages, etc. 50% 6. Any corporation specified in section10(26BB) for promoting</p>		

the interest of minority community 50% 7. Any notified temple, mosque, gurdwara, church or other places for

the purpose of renovation or repairs 50% Table 6.3 Donations Qualify for Limit(Income-tax Act 1961) • For applying qualifying limit: All donations made towards such funds/institutions covered under Table II shall be aggregated, and the aggregate amount shall be limited to 10%

75%	MATCHING BLOCK 443/469	SA	BEL_Block-6- U16.docx (D142229436)
<p>of Adjusted Gross Total Income. • Adjusted gross total income: From the gross total income</p>			

deduct the following to find the adjusted gross total income: a. Amount deductible under sections 80C to 80U (except section 80G); b. Such incomes on which income-tax is not payable; c. Long-term capital gains; d. Short-term capital gain which is taxable under section 111A @ 15%; and e. Incomes referred to in section 115A, 115AB, 115AC or 115AD. • Quantum of deduction: It shall be the aggregate of the deductions permissible under the both above given tables. Illustration:(6.3) Gross Total Income for the previous year 2019-20 of Mr. XYZ is 3,95,000 including the LTCG of Rs. 35,000 and STCG of Rs. 19,000 and has submitted the following information as: Particulars Rs. Rs. 1. Contribution towards PPF 9,000 2. LIP paid for his married son (not dependent) 4,500 3. Mediciam Premium paid by cheque for: a. For himself 2,000 b. For married son (not dependent) 3,000 5,000 4. Donations made by him: a. National Defence Fund 45,00 b. PM's National Relief Fund 2,000 c. Swachh Bharat Kosh 2,000 d. Indira Gandhi Memorial Trust 5,000 e. Delhi University 2,000 f. ZilaSaksharta Samiti 3,500 g. An approved charitable institution 30,000 h. Government For Family Planning 15,000 i. Donations to National Children Fund 2,000 Compute: The Total Income for the assessment year 2020-21 Solution: Rs. Rs. Gross Total Income (Includes LTCG but when claiming deduction under section 80C to 80U, LTCG is to be excluded) 3,95,000 Less: Deduction under section 80C to 80U 15,000 a. 80C (Rs. 10,000 + 5,000) b. 80D for himself 2,000 c. For son - 2,000 d. 80G for donations 1) Donations (qualifying limit does not apply) i) Allowed @100% 4,500 - Delhi University 2,000 - ZilaSakhsar Samity 3,500

- Donations to National Children Fund 2,000 - PM's National Relief Fund 2,000 - Swachh Bharat Kosh 2,000 16,000 ii) Allowed @50% - Indira Gandhi Memorial Trust (5,000) 2,500 2,500 2) Donations (subject to qualifying limit) - Government For Family Planning 15,000 - An approved charitable institution 30,000 But limited to 10% of Adjusted Total* Income of Rs. 3,44,000 34,400 From 34,400 less donation of Rs. 15,000 for Family planning @100% 19,400 Balance 19,400 @ 50% 9,700 29,100 64,600 Total Income 3,30,400 *Adjusted Gross Total Income Calculation: Rs. Gross Total Income 3,9500 Less: LTCG 35,000 Less: Deduction under Sections 80C-80U excepting 80G 16,000 51,000 3,44,000 6.3.11 Deductions for the Rent Paid [Section 80GG] Please read the following given points to understand the deduction 80GG(Income-tax Act 1961): • Deduction is allowed to: Individuals not receiving any house rent allowance. • Certain conditions for claiming the deduction: - If Self employed or salaried - If HRA is not received at any time during the previous year. - If the tax-payer's

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spouse or minor child or HUF of which he/she is a member do not own any residential property at the place where the tax-payer is currently residing or working or carrying on his/her business or profession. -

But, if the assessee own any residential accomodation at any place for which his/her house property is calculated under the applicable sections then no deduction shall be allowed to the assessee under section 80GG. • The assessee shall have to file Form 10BA with details of payment of rent. • Quantum Deduction - The lowest of the following shall be considered as the deduction under the section. - Rs. 5,000 per month - 25% of the Adjusted Gross Total Income (Adjusted Gross Total Income = Gross Total Income – LTCG – STCG taxable under section 111A – deductions under sections 80C to 80U (except 80GG). - Rent paid minus 10% of adjusted gross total income. Illustration (6.4): Following are given

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particulars of an assessee for the previous year 2019-20 Basic Salary 25,000 per month DA (forming part of salary for retirement benefits) 10% of Basic

Salary The assessee has taken a furnished accommodation in Madhya Pradesh for Rs. 4000 per month. His Income other than salary in the previous year: Interest on saving bank account Rs. 55,000 Winning from card games Rs.6,000 Note: Neither he nor his wife nor his minor child own any residential property in Delhi or Madhya Pradesh. Though, his wife owns a house property in Mumbai, which she claims as self-occupied in her assessment. Now, compute the assessee's total income for the assessment year 2020-21, you can assume he donated Rs. 3,000 to National Children Fund deposits Rs. 20,000 in PPF. Solution: Particulars Rs. Rs. Income from salary Basic Salary 25,000 x 12 3,00,000 Dearness Allowance 30,000 3,30,000 Less Standard Deduction u/s 16A 40,000 2,90,000 Income From Other Sources Interest on saving bank deposit 55,000 Winnings from card games 6,000 61,000 Gross Total Income 3,51,000 Less: Deduction u/s 80C to 80U - 80C 20,000 - 80G - 100% of 3,000 3,000 - 80GG* 15,200 - 80TTA (shall be discussed ahead) 10,000 48,200 Total Income 3,02,800 Adjusted Gross Total Income = 3,51,000 - 20,000 - 3000 = 3,28,000 Deduction under section 80GG will be the minimum of the following: a. Rs. 5,000 per month = 60,000 b. 25 % of the Adjusted Gross Total Income = 82,000 c. Rent paid minus 10% of adjusted gross total income (48,000 - 32,800). = 15,200 6.3.12 Deduction on Contribution given by Companies to political Parties [Section 80GGB] Section 80GGB(Income-tax Act 1961) allows deduction on the given contribution to a political party or electoral trust by an Indian Company. The condition for the deduction is that the amount of contribution must not be paid in cash. 6.3.13 Deduction

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Unit 2 Calculation of Income under differentia ... (D114321273)

of Royalty Income, etc. of Authors of Certain Books Other Than

Textbooks [Section 80QQB] Please read the following given points to understand the deduction 80QQB(Income-tax Act 1961):

- Deduction is allowed to: An individual resident in India and an author or joint author of a book.
- Certain Conditions: - If the book is of literary, artistic or scientific nature - If the author is the resident individual - If the income is the author's professional income. - The income must be either:

Royalty or copyright fees (payable in lump sum or otherwise) in respect of aforesaid book; and Lump sum consideration for transfer (or grant) of any interest in the copyright of the book.

Quantum of Deduction: 100%

of such income or Rs. 3,00,000 whichever is less. 6.3.14 Deduction on Royalty on Patents [Section 80RRB] Please read the following given points to understand the deduction 80RRB(Income-tax Act 1961):

- Deduction is allowed to: An individual resident in India and a patentee.

- Certain Conditions: - If the patent is registered under the Patents Act 1970 If the gross total income of the assessee includes royalty in respect of such patent.
- Quantum of Deduction: 100% of such royalty income or Rs.3,00,000, whichever is less.

6.3.15 Interest on Deposits in Savings Account [Sec. 80TTA] Section 80TTA (Income-tax Act 1961) provides a deduction up to Rs. 10,000 in aggregate to an assessee

who is

an individual or a HUF and has

85%

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any income by way of interest on deposits (not being time deposits) in a savings account with a banking company or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank) or a post office. 6.3.16

Deduction for Person with Disability [Section 80U] Please read the following points to understand the deduction u/s 80

64%

MATCHING BLOCK 447/469

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U: • Deduction is for: An assessee individual who is a resident in India and a person with

disability. •

Amount of deduction: Rs. 75,000 or Rs. 1,25,000 (for severe disability) • If a deduction is claimed under section 80U, no deduction can be claimed under section 80DD and vice versa. 6.4

Assessment of Individuals ⇒ An Individual refers to a human being. It could be a male, female, minor child and a lunatic or an idiot. • Male/Female: Income-tax is levied on the total taxable income of a male or female individually. Though, income can be clubbed under the provisions of sections 60-64. • Minor child: On the income of a minor child the exemption up to Rs. 1,500 per minor child is given. After the exemption the income shall be clubbed with the total

76%

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income of that parent whose total income is greater before the clubbing of

the income. There are certain incomes which cannot be clubbed. • Lunatic individual: Income of such an individual is assessed in the hands of its representative individual.

⇒ The Incomes on which an individual pay taxes: - Income earned by the individual himself. - Remuneration and interest received by the partner from a firm or a limited liability partnership. - Income from an association of persons. - When Income of other persons is clubbed with the income of the individual. - Income from the impartible estate of HUF. ⇒ The Incomes received from firm/AOP/HUF - exempt in the hands of an individual - Such income that comes from the share of profit from a partnership firm or limited liability partnership shall be exempt in the hands of an individual. - If the income of AOP or BOI is chargeable at the maximum marginal rate then the part of income of a member from such AOP or BOI shall be not included in the taxable income. - Since an HUF is considered as an assessee itself hence, any part of income received by a member of HUF will be exempt in the hands

76% MATCHING BLOCK 449/469 SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)

of the individual. ⇒ The 12 steps of Computation of total Incomes and tax liability:

Step 1 On the basis of the residential status the income of an individual is computed under the 5 heads. Step 2 If the income of the individual is to be clubbed (u/ss 60 to 64), then it will be included under its respective head or heads. Step 3 Setting off of losses if allowable. Step 4 Carry forward of losses if allowable Step 5 Income calculated till the step 4 is the Gross Total Income. From itdeductions u/s 80C-80U are allowed. Notify: no such deductions are allowed from short-term capital gain covered u/s 111

100% MATCHING BLOCK 450/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

A, any long-term capital gain and winning of lotteries etc. though

such incomes remain the

57% MATCHING BLOCK 451/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

part of the gross total income. Step 6 After the deductions the balance income is the 'Total Income' which can be rounded off to the nearest Rs.10 Step 7

Now we compute tax on the Total Income according to the prescribed rates of tax. Step 8 Give Rebate of maximum Rs. 2,500 (section 87A), if the total income of the resident individual is upto Rs. 3,50,000 Step 9 Addition of surcharge: @10% if Total Income exceeds Rs. 50,00,000 and upto Rs. 1 Crore, and @15%

69% MATCHING BLOCK 452/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

if Total Income exceeds Rs. 1 Crore. Step 10 Add - health and education cess @4% Step 11 Give relief under section 89, if any. Step 12 Deduct the TDS, advance tax paid for the relevant assessment year and double taxation relief

u/s 90, 90

100% MATCHING BLOCK 453/469 SA Unit 2 Calculation of Income under differentia ... (D114321273)

A or 91. The balance is the net tax payable which will be rounded

off to nearest

Rs. 10 and should be paid as self-assessment tax before the submission of the return of income. ⇒ Rates of Income Tax for the

96% MATCHING BLOCK 454/469 SA 304 Corporate Taxation.docx (D117962176)

assessment year 2020 - 21 Particulars Rates of Interest a Winnings from lotteries, crossword puzzles or races including horse races or card games and other games of any sort or from gambling or betting of any form or nature whatsoever [Section 115BB] 30% b Short-term capital gain on equity shares in a company or units of an equity-oriented fund where the transaction is chargeable to securities transaction tax [Section 111A] 15% c Long-term capital gains (Section 112) 20% d

Long-term capital gain referred to Section 112A 10%

71%

MATCHING BLOCK 455/469

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A) an individual (man or woman), resident in India who is of the age of 80 years or more at any time during the previous year: Upto Rs.5,00,000 Nil Rs. 5,00,010 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% B) an individual (man or woman). Resident in India who is of the age of 60 years or more at any time during the previous year. Upto Rs.3,00,000 Nil Rs. 3,00,010 to Rs. 5,00,000 5% Rs. 5,00,000 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% C) An Individual, [other than mentioned above], HUF, AOP/BOI/ (other than a Co-operative Society).

Upto

95%

MATCHING BLOCK 456/469

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Rs.2,50,000 Nil Rs. 2,50,010 to Rs. 5,00,000 5% Rs. 5,00,000 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% ⇒ Surcharge:

Surcharge @15% is

charged if the total income of the individual exceeds Rs. 1 Crore. ⇒ Health & Education Cess: Health and Education Cess @4% on income-tax + surcharge, if any, is

75%

MATCHING BLOCK 457/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

levied. ⇒ Rebate of maximum Rs. 2,500 for resident individuals, if having total income upto Rs.3,50,000[Section 87A] ⇒

100%

MATCHING BLOCK 458/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

Alternate Minimum Tax (AMT) on all persons (other than companies [Section 115JC to 115JF]

According to the Section 115JC(1)(Income-tax Act 1961),

99%

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Unit 2 Calculation of Income under differentia ... (D114321273)

Where the regular income-tax payable for a previous year by a person (other than a company) is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of such person and he shall be liable to pay tax on such total income at the rate of 18.5%.

According to the Section 115JC(3)(Income-tax Act 1961),

87%

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Unit 2 Calculation of Income under differentia ... (D114321273)

Every person to whom this section applies shall obtain a report, in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date of furnishing of return of income under such section 139(1). The provision of AMT shall be applicable to a person who has claimed any deduction under: a. u/s 80-IA to 80RRB other than section 80P; or b. Section 10AA ⇒

Following are given illustrations for your understanding and practice: Illustration (6.5): Read the following given particulars of Mr. XYZ's income and calculate his taxable income for the assessment year 2020-21 Particulars Amount (Rs.) Salary per month 16,000 Dearness allowance 5,500 Medical bill reimbursed (out of which 14,000 is treatment of specified ailments in a hospital approved by the principal chief commissioner) 40,000 Free telephone at residence 12,000 House-rent allowance (rent paid Rs. 15,000 p.m. in Delhi) 10,000 House property

100% MATCHING BLOCK 460/469

W

is let out on a monthly rent of Rs. 2,500. The

annual value of house property is 30,000. Municipal tax paid is Rs.1,700 for the whole year. Repayment of house building loans taken from friends is Rs. 6,000 and from LIC is 10,000 (which includes 6,000 on account of interest). Particulars Amount (Rs.) Interest on Savings Bank A/c 70,000 Interest on P.P.F. A/c 2,000 Income from Units of Unit Trust of India 700 Life Insurance Premium 5,500 Contribution to Public Provident Fund 5,500 Deposit in account under National Savings Scheme, 1992 10,000 Interest accrued on (NSC VIII Issue) 30,000 The construction of the building was completed on 1.1.1992 Particulars Amount (Rs.) Amount (Rs.) A. Income From Salary head: Basic Pay 1,92,000 Dearness Allowance 66,000 Medical reimbursement (40,000 - 14,000) 26,000 *House Rent allowance (1,20,000 - 96,000) 24,000 Taxable Salary 3,08,000 Less : Standard Deduction 40,000 Taxable Salary 2,68,000 2,68,000 B.

61% MATCHING BLOCK 462/469

SA Income Tax Law and Practice-n.docx (D97574460)

Income From House Property: Annual Value (Actual rent or Annual value whichever is higher) 30,000 Less: Municipal taxes 1,700 28,300

Less: i) Standard Deduction @30%= 8,490 :ii) Interest borrowed on construction = 6,000 14,490 13,810 C. Income From Other Sources: Interest on saving bank account 70,000 Dividends on Units of UTI Exempt Interest accrued on NSC VIII Issue 30,000 1,00,000 Gross total Income 3,81,810 Less Deduction u/s 80C 59,000 Less deduction u.s 80TTA 10,000 69,000 3,12,810 The exempt on the house rent allowance shall be

42% MATCHING BLOCK 465/469

SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)

to the extent of the minimum of the following: a. A. Rs. 1,20,000 (actual HRA received) B. Rs. 96,000 (50% of Salary) C. Rs. 1,80,000 - 19,200 (Rent Paid - 10% of Salary) = 1,60,800

Deductions u/s 80C Amount (Rs.) Life Insurance Premium 5,500 Public Provident Fund 5,500 *Interest accrued on NSC 34,000 National Savings Scheme, 1992 10,000 **Repayment of housing loan to LIC 4,000 59,000 *Interest accrued on NSC will be included under the head 'Income from Other Sources' and it qualifies for deduction u/s 80C. **

68% MATCHING BLOCK 463/469

W

Interest on loan taken for construction of house property is allowed as deduction under the head 'Income from House Property'

from annual value. While, repayment of principal amount to LIC is allowed as deduction u/s80C. Notify repayment of loan to a friend is not eligible for deduction. Illustration (6.6): Mr. XYZ a government servant has submitted

84% MATCHING BLOCK 464/469

W

the following particulars of his income under the previous year 2019-20. Find his total income

and the tax payable? a. His Salary = Rs. 20,000 p.m. b.

34% MATCHING BLOCK 466/469

SA

Sem IV_BCom_B21CM07DC (1).docx (D165443748)

Contributed @10% to his Provident Fund to which the government contributed an equal amount. c. He owns two apartments, one is let out at Rs. 1500 p.m. second apartments is occupied for residence purpose by him (annual rental value of this apartment is Rs. 8,000). He paid ground rents and insurance charges

for both the apartments as Rs.700 for the first apartment and Rs. 800 for the second one. He paid municipal taxes for both the apartments as Rs.250 for the first apartment and Rs.300 for the second one. He spent Rs. 500 on petty repairs for both the houses. d. He received an amount of Rs. 1,50,000 as interest on Government securities. He received an amount of Rs 800 as dividend from an Indian company. He paid an annual premium of Rs. 8,000 for life insurance policy of his life.
Solution: Particulars Amount (Rs.) Amount (Rs.)
1 Income From Salary: Salary: 20,000 x 12 2,40,000 Less: deduction 40,000 2,00,000
2 Income From House Property: a. Self occupied apartment nil b. Rent from the let-out apartment 18,000 Less: Municipal Tax 250 Annual Value 18,250 Less: Standard deduction 30% 5,475 12,775 3

59% MATCHING BLOCK 467/469

SA

ACG 301 Direct Taxes.pdf (D165094743)

Income from Other Sources: Interest on Government Securities 1,50,000 Dividend From Indian Company exempt 1,50,000 Gross Total Income: 3,62,775 Less: Deduction u/s 80C [Provident fund of 24,000 + 8,000] 32,000 Total Income 3,30,775

Tax payable on Rs. 3,30,775 4039

83% MATCHING BLOCK 469/469

SA

Unit 2 Calculation of Income under differentia ... (D114321273)

Less Rebate u/s 87A 2,500 1539 Add Health & Education Cess @4% 62 Total Tax Payable 1,601 Tax Rounded off 1,600 6.5

Unit Summary Let's summarize the unit into some key-points: • Sections 70 to 80 under the Income-tax Act are in respect of setting-off and carry forward of losses.

The process of setting off and carry forward of losses involves three steps: Step 1: Inter-source (Intra-head) adjustment under the same head of income. Step 2: Inter-head adjustment in the same assessment year (Step 2 is applied only if a loss cannot be set off under step 1). Step 3: Carry forward of a loss (Step 3 is applied only if a loss cannot be set off under step 1 and 2). •

For computing the 'total income' of a tax-payee, the Act permits certain deductions, provisioned under sections 80C to 80U from the 'gross total income'. After the said deductions we receive the taxable income of a tax-payer. From the following given incomes, the deductions provisioned

46% MATCHING BLOCK 468/469

W

u/s 80C to 80U are not permissible. long -term capital gains; Short-term capital gains on transfer of equity shares and units of equity oriented funds

through a recognized stock exchange; Winnings of lotteries, races etc.; Incomes referred to in section 115A, 115AB, 115AC, 115ACA, 115AD and 115D.

• An Individual refers to a human being. It could be a male, female, minor child and a lunatic or an idiot. 6.6 Key-Terms An Individual refers to a human being. It could be a male, female, minor child and a lunatic or an idiot. Patent: an exclusive right to a product or a process that generally provides or offers a new technical solution to a problem. 6.7 Check Your Progress Q:1) What are sections 70 - 80 about? Q:2) What are the different provisions under the Income-tax Act for the carry forward of losses: Q:3) Write down the deduction of 80DDB. Q:4) Write down the deduction of 80U? Q:5) Write down all the 12 steps of computation of total incomes and tax liabilities? Laws Cited Income-tax Act 1961. (n.d.). Retrieved from incometax.gov.in. Suggested Readings: Simplified Approach to Income-tax by Dr. Girish Ahuja &Dr. Ravi Gupta

Hit and source - focused comparison, Side by Side

Submitted text	As student entered the text in the submitted document.
Matching text	As the text appears in the source.

1/469 SUBMITTED TEXT 14 WORDS **100% MATCHING TEXT** 14 WORDS

Compensation Received at the time of Voluntary Retirement or Separation 2.6.5	Compensation received at the time of voluntary retirement or separation
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W <https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be>

2/469 SUBMITTED TEXT 13 WORDS **95% MATCHING TEXT** 13 WORDS

of house property which is partly let out and partly self-occupied 3.8

SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)

3/469 SUBMITTED TEXT 15 WORDS **100% MATCHING TEXT** 15 WORDS

Computation of Short-term Capital Gains 4.6.2 Full value of consideration 4.6.3

SA Income Tax Law and Practice-n.docx (D97574460)

4/469	SUBMITTED TEXT	21 WORDS	68% MATCHING TEXT	21 WORDS
<p>Cost of Acquisition Being Fair Market Value as on April 1, 2001 4.7.3 Cost of Acquisition in Case of</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
5/469	SUBMITTED TEXT	16 WORDS	89% MATCHING TEXT	16 WORDS
<p>Conversion of Capital Asset into Stock-in-trade [Sec. 45(2)] 4.7.6 Compulsory Acquisition of an Asset [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
6/469	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
<p>not to be charged on Investment in Units of a Specified Fund [Section 54EE] 4.9.6</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
7/469	SUBMITTED TEXT	38 WORDS	68% MATCHING TEXT	38 WORDS
<p>on Shifting of industrial undertaking from urban area to rural area [Sec. 54G] 4.9.8 Exempt. of CG on transfer of assets in case of shifting of Industrial Undertaking from an urban area to any Special Economic Zone (</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
8/469	SUBMITTED TEXT	12 WORDS	87% MATCHING TEXT	12 WORDS
<p>Invested in the Equity Shares of a new Start-up SME Company [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
9/469	SUBMITTED TEXT	24 WORDS	76% MATCHING TEXT	24 WORDS
<p>the head 'Income from Other Sources' 5.3 Income from Dividends [Sec. 56(2)(i)] 5.4 Winnings from Lotteries, Crossword Puzzles, Horse Races & Card Games [</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

10/469	SUBMITTED TEXT	33 WORDS	100% MATCHING TEXT	33 WORDS
<p>Forfeiture of advance received for transfer of a capital asset to be taxed under the head 'Income from Other Sources' [Section 56(2)(ix)] 5.10</p> <p>SA Manish Project 1 (1).docx (D116173328)</p>				
11/469	SUBMITTED TEXT	53 WORDS	32% MATCHING TEXT	53 WORDS
<p>it becomes the Finance Act. • The administration of the Income Tax Act, 1962 is done by the Central Board of Direct Taxes (CBDT), which works under the supervision of the Ministry of Finance. CBDT is entrusted with the duty of framing rules for the administration of the Income Tax Act.</p> <p>it becomes the Finance Act. Income-tax Rules: The administration of direct taxes is looked after by the Central Board of Direct Taxes (CBDT). The CBDT is empowered to make rules for carrying out the purposes of the Act. For the proper administration of the Income-tax Act,</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
12/469	SUBMITTED TEXT	20 WORDS	83% MATCHING TEXT	20 WORDS
<p>provisions for - determination of taxable income, determination of tax liability, the procedure for assessment, appeal, penalties, and prosecutions</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
13/469	SUBMITTED TEXT	49 WORDS	93% MATCHING TEXT	49 WORDS
<p>an individual, • a Hindu Undivided Family, • a Company • a firm, • an association of persons or a body of individuals whether incorporated or not, • a Local Authority, and • every artificial juridical person not falling within any of the categories</p> <p>an individual; 2. a Hindu undivided family; 3. a company; 4. a firm; 5. an association of persons or a body of individuals, whether incorporated or not; 6. a local authority; and 7. every artificial juridical person not falling with in any of the categories.</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
14/469	SUBMITTED TEXT	33 WORDS	88% MATCHING TEXT	33 WORDS
<p>Person Income tax is charged in respect of the total income of the previous year of every person; hence, it becomes important to know the definition of the term 'person'.</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				

15/469	SUBMITTED TEXT	18 WORDS	90% MATCHING TEXT	18 WORDS
<p>the previous year according to the rates of tax prescribed by the Annual Finance Act. 1.3.3</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
16/469	SUBMITTED TEXT	14 WORDS	84% MATCHING TEXT	14 WORDS
<p>a business or profession newly set up, or a source of income newly</p> <p>SA IT 1 book.docx (D91482405)</p>				
17/469	SUBMITTED TEXT	20 WORDS	73% MATCHING TEXT	20 WORDS
<p>the previous year shall be the period beginning with the date of setting up of the business or profession</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
18/469	SUBMITTED TEXT	84 WORDS	52% MATCHING TEXT	84 WORDS
<p>income includes: • profits and gains • dividend • voluntary contributions received by - a trust created wholly or partly for charitable or religious purposes or - by an institution established wholly or partly for such purposes, or by an association or institution referred to in clause (21) or clause (23) or - a fund or trust or institution established for charitable purposes and notified under section 10(23C)(iv) or (v) or - any university or educational institution or by any hospital</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
19/469	SUBMITTED TEXT	15 WORDS	86% MATCHING TEXT	15 WORDS
<p>or - any hospital or other institution referred to in sub-clause (iiia) or sub-clause (</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				

20/469	SUBMITTED TEXT	33 WORDS	96% MATCHING TEXT	33 WORDS
<p>an electoral trust • the value of any perquisite or profit in lieu of salary taxable. • Any special allowance or benefit specifically granted to the assessee to meet expenses (wholly, necessarily</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
21/469	SUBMITTED TEXT	74 WORDS	93% MATCHING TEXT	74 WORDS
<p>exclusively) for the performance of the duties of an office or employment of profit. • City Compensatory Allowance/Dearness allowance: any allowance granted to the assessee either to meet his personal expenses at the place where the duties of his office are performed or at a place where he resides or to compensate him for the increased cost of living. • Benefit or Perquisite to a Director: The value of any benefit or perquisite,</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
22/469	SUBMITTED TEXT	81 WORDS	93% MATCHING TEXT	81 WORDS
<p>convertible into money or not, if obtained from a company by a. director or person having substantial interest in the company or c. a relative of the director or of the person having substantial interest, and any sum paid by any such company in respect of any obligation which, but for such payment would have been payable by the director or other person aforesaid; • any benefit or prerequisite to a representative assessee: the value of any benefit or perquisite</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				

23/469	SUBMITTED TEXT	74 WORDS	93% MATCHING TEXT	74 WORDS
<p>obtained by any representative assessee under Section 160(1)(iii)(iv) or beneficiary or any amount paid by the representative assessee in respect of any obligation which, but for such payment, would have been payable by the beneficiary; • Any sum chargeable under section 28, 41 and 59: ◦ any sum chargeable to tax as business income under section 28(ii), any amount taxable in the hands of trade, professional or similar association as its income from</p>				
<p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
24/469	SUBMITTED TEXT	35 WORDS	92% MATCHING TEXT	35 WORDS
<p>business under Section 28(ii), and deemed profits which are taxable under Sections 41 and 59 of the Act; ◦ Any sum chargeable to income-tax under clause (iiia) of Section 28, i.e. profits on</p>				
<p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
25/469	SUBMITTED TEXT	82 WORDS	86% MATCHING TEXT	82 WORDS
<p>sale of a license granted under the Imports Order, 1955, made under the Imports and Exports Act, 1947[inserted by the Finance Act, 1990, with retrospective effect from 1.4.1962]; ◦ any sum chargeable to income tax under clause (iiib) of Section 28 i.e. cash assistance, received or receivable by any person against exports under any scheme of the Government of India. ◦ any sum chargeable to income-tax under clause (iiic) of section 28 i.e., any duty of customs or excise re-paid or</p>				
<p>SA project report 19421002 priya rani.pdf (D105763343)</p>				

26/469	SUBMITTED TEXT	340 WORDS	95% MATCHING TEXT	340 WORDS
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section 28; • Any capital gains chargeable under section 45. • The profits and gains of any insurance business carried on by Mutual Insurance Company or by a cooperative society, computed under Section 44 or any surplus taken to be such profits and gains by the provisions contained in the First Schedule to the Act. • The profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members. • Any winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or gambling, or betting of any form or nature whatsoever. • Any sum received by the assessee from his employees as contributions to any provident fund or superannuation fund or Employees State Insurance Fund (ESI) or any other fund for the welfare of such employees. • Any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy will constitute income. "Keyman insurance policy" means a life insurance policy taken by a person on the life of another person where the latter is or was an employee or is or was connected in any manner whatsoever with the former's business. • Any sum referred to clause (va) of Section 28. Thus, any sum, whether received or receivable in cash or kind, under an agreement for not carrying out any activity about any business; or not sharing any know-how, patent, copyright, trade-mark, license, franchise, or any other business or commercial right of a similar nature, or information or technique likely to assist in the manufacture or processing of goods or provision of services, shall be chargeable to income tax under the head "profits and gains of business or profession". • Any sum of money or value of property referred to in section 56(2)(vii), or section 56(2) (viiia). • Any consideration received for issue of shares as exceeds the fair market value of shares referred to in section 56(2)(viib).

section 28. (11) Any capital gains chargeable under section 45. (12) The profits and gains of any insurance business carried on by Mutual Insurance Company or by a cooperative society, computed in with Section 44 or any surplus taken to be such profits and gains by virtue of the provisions contained in the first Schedule to the Act. (13) The profits and gains of any business of banking (including providing credit facilities) carried on by a co-operative society with its members. (14) Any winnings from cross-word puzzles, races including horse races, card games and other games of any sort or from or betting of any form or nature whatsoever. (15) Any sum received by the assessee from his employees as contributions to any provident or superannuation fund or Employees State Insurance Fund (ESI) or any other fund for the welfare of such employees. (16) received under a Keyman insurance policy including the sum allocated by way of bonus on such policy will constitute income. "Keyman insurance policy" means a life insurance policy taken by a person on the life of another person where the latter is or was an employee or is or was connected in any manner what so ever with former's business. (17) Any sum referred to clause (va) of Section 28. Thus, any sum, whether received or receivable in cash or kind, under an agreement for not carrying out any activity in relation any business; or not sharing any know-how, patent, copy trade-mark, franchise, or any other business or commercial right of a similar nature, or information or technique likely to assist in the manufacture or processing of goods or provision of services, shall be chargeable to tax under the head "profits and gains of business or profession". (18) Any sum of money or value of property referred to in section 56(2)(vii) or section 56(2)(viiia). (19) Any consideration received for issue of shares as exceeds the fair market value of shares referred to in section 56(2)(viib).

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27/469	SUBMITTED TEXT	18 WORDS	85% MATCHING TEXT	18 WORDS
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drawback to any person against exports under the Customs and Central Excise Duties Drawback Rules, 1971.

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SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)

28/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>house property, profits and gains of business and profession, capital gains,</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
29/469	SUBMITTED TEXT	17 WORDS	84% MATCHING TEXT	17 WORDS
<p>heads of income i.e. salaries, house property, profits and gains of business and profession, capital gains,</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
30/469	SUBMITTED TEXT	17 WORDS	62% MATCHING TEXT	17 WORDS
<p>income tax is charged in an assessment year on the total income of the previous year.</p> <p>Income-tax is charged in respect of the total income of the previous year</p> <p>W https://commercesnmv.files.wordpress.com/2018/06/income-tax-law-and-practice-i.pdf</p>				
31/469	SUBMITTED TEXT	30 WORDS	75% MATCHING TEXT	30 WORDS
<p>is said to be resident in India in any previous year, if he— (a) is in India in that year for a period or periods amounting in all to</p> <p>is said to be a resident in India in the relevant previous year: a) He has been in in that year for a period or periods amounting in all to 182</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
32/469	SUBMITTED TEXT	38 WORDS	75% MATCHING TEXT	38 WORDS
<p>total income. Particulars Amount 1. Salaries ***** 2. Income from house property ***** 3. Profits & Gains of business or profession ***** 4. Capital gains ***** 5. Income from other sources ***** Gross Total Income *****</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

33/469	SUBMITTED TEXT	27 WORDS	80% MATCHING TEXT	27 WORDS
<p>is in India for a period or periods amounting in all to sixty days or more in that year. Explanation 1. —In the case of an</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>		<p>is in India for a period or periods amounting in all to 60 days or more in the year. Exceptions: In the case of an</p>		
34/469	SUBMITTED TEXT	26 WORDS	74% MATCHING TEXT	26 WORDS
<p>the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
35/469	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
<p>leaves India in any previous year as a member of the crew of an Indian ship</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
36/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>being a citizen of India, or a person of Indian origin</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
37/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>comes on a visit to India in any previous year, the provisions of</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
38/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>in the case of an individual, being a citizen of India</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

39/469	SUBMITTED TEXT	29 WORDS	100% MATCHING TEXT	29 WORDS
<p>a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined</p> <p>SA Taxation_Gaurav Narang_BBA2018.docx (D106290422)</p>				
40/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>manner and subject to such conditions as may be prescribed. (5)</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
41/469	SUBMITTED TEXT	52 WORDS	100% MATCHING TEXT	52 WORDS
<p>If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income. (6)</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
42/469	SUBMITTED TEXT	34 WORDS	62% MATCHING TEXT	34 WORDS
<p>A person is said to be "not ordinarily resident" in India in any previous year if such person is— (a)an individual who has been a non-resident in India in nine out of the</p> <p>SA Taxation_Gaurav Narang_BBA2018.docx (D106290422)</p>				
43/469	SUBMITTED TEXT	26 WORDS	100% MATCHING TEXT	26 WORDS
<p>years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less;</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

44/469 SUBMITTED TEXT 93 WORDS **89% MATCHING TEXT** 93 WORDS

the Income-tax Law, an individual will be treated as a resident in India for a year if he satisfies any of the following conditions (i.e. may satisfy any one or may satisfy both the conditions): (1) He is in India for a period of 182 days or more in that year; or (2) He is in India for a period of 60 days or more in the year and for a period of 365 days or more in 4 years immediately preceding the relevant year. However, in respect of an Indian citizen

SA Taxation_Gaurav Narang_BBA2018.docx (D106290422)

45/469 SUBMITTED TEXT 19 WORDS **75% MATCHING TEXT** 19 WORDS

leaves India in any previous year as a crew member or for the purpose of employment outside India.

SA Income Tax Law and Practice-n.docx (D97574460)

46/469 SUBMITTED TEXT 22 WORDS **69% MATCHING TEXT** 22 WORDS

resident and ordinarily resident or resident but not ordinarily resident A resident individual will be treated as resident and ordinarily resident

SA project report 19421002 priya rani.pdf (D105763343)

47/469 SUBMITTED TEXT 37 WORDS **64% MATCHING TEXT** 37 WORDS

resident in India for at least 2 years out of 10 years immediately preceding the relevant year. (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year..

SA project report 19421002 priya rani.pdf (D105763343)

48/469 SUBMITTED TEXT 18 WORDS **64% MATCHING TEXT** 18 WORDS

treated as resident but not ordinarily resident. In short, following test will determine the residential status of

SA Income Tax Law and Practice-n.docx (D97574460)

49/469	SUBMITTED TEXT	23 WORDS	75% MATCHING TEXT	23 WORDS
<p>resident in India in any previous year if: • He has been in India in the previous year for a period</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
50/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>comes on a visit to India in any previous year.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
51/469	SUBMITTED TEXT	40 WORDS	67% MATCHING TEXT	40 WORDS
<p>He is in India for 182 days or more in that year; or (2) He is in India for 60 days or more in the year and 365 days or more in 4 years immediately preceding the relevant year</p> <p>SA Taxation_Gaurav Narang_BBA2018.docx (D106290422)</p>				
52/469	SUBMITTED TEXT	40 WORDS	62% MATCHING TEXT	40 WORDS
<p>resident in India for at least 2 years out of 10 years immediately preceding the relevant year. or (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year.</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
53/469	SUBMITTED TEXT	41 WORDS	67% MATCHING TEXT	41 WORDS
<p>He is in India for 182 days or more in that year; or (2) He is in India for 60 days or more in the year and 365 days or more in 4 years immediately preceding the relevant year</p> <p>SA Taxation_Gaurav Narang_BBA2018.docx (D106290422)</p>				

54/469	SUBMITTED TEXT	34 WORDS	44% MATCHING TEXT	34 WORDS
<p>to India first time during the P.Y. 2018-19. During the previous year, he stayed in India for (i) 50 days; (ii) 183 days; & (iii) 153 days. Determine his residential status for the</p>		<p>to India for the first time during 2003-04. During the financial years 2003 - 2004; 2004-2005; 2005 -2006; 2006 -2007, 2007 -2008 he is in India for 55 days, 60 days, 80 days, 160 days and 70 days respectively. Determine his residential status for the</p>		
<p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

55/469	SUBMITTED TEXT	53 WORDS	46% MATCHING TEXT	53 WORDS
<p>resident in India for at least 2 years out of 10 years immediately preceding the relevant year. or (2) His stay in India is for 730 days or more during 7 years immediately preceding the relevant year. b. Non-Resident If an individual does not satisfy any of the basic conditions</p>				
<p>SA IT 1 book.docx (D91482405)</p>				

56/469	SUBMITTED TEXT	44 WORDS	36% MATCHING TEXT	44 WORDS
<p>in India for the P.Y. 2018-19. - When Samuel stayed in India for 153 days during the previous year 2018-19, he was for more than 60 days during the previous year but in 4 years immediately preceding the previous year (as he</p>				
<p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

57/469	SUBMITTED TEXT	25 WORDS	87% MATCHING TEXT	25 WORDS
<p>Assessee means a person by whom any tax or any other sum is payable under the Income Tax Act, 1961. ● Assessment Year:</p>				
<p>SA Basics of taxation.docx (D126935931)</p>				

58/469	SUBMITTED TEXT	17 WORDS	66% MATCHING TEXT	17 WORDS
<p>in India for a minimum of 182 days in a year. Has resided in India for</p>		<p>in India for a minimum period of 182 days in the previous year: Mr. P has stayed in India for 236 (</p>		
<p>W https://commercesnmv.files.wordpress.com/2018/06/income-tax-law-and-practice-i.pdf</p>				

59/469	SUBMITTED TEXT	23 WORDS	94% MATCHING TEXT	23 WORDS
<p>a person by whom any tax or any other sum is payable under the Income Tax Act, 1961. • Assessment Year:</p> <p>SA Basics of taxation.docx (D126935931)</p>				
60/469	SUBMITTED TEXT	22 WORDS	54% MATCHING TEXT	22 WORDS
<p>employee's contribution to provident fund, deductions on account of fine or staff welfare scheme, etc., are cases of application of income.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
61/469	SUBMITTED TEXT	20 WORDS	72% MATCHING TEXT	20 WORDS
<p>of Parliament - A member of Parliament is not a Government employee. Hence, the salary received by him as</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
62/469	SUBMITTED TEXT	16 WORDS	96% MATCHING TEXT	16 WORDS
<p>not chargeable to income-tax under the head 'salaries' but as income from 'other sources. •</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
63/469	SUBMITTED TEXT	19 WORDS	68% MATCHING TEXT	19 WORDS
<p>as there is no employer-employee relationship anymore between the payer and the payee. Though, such amount is taxable</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

64/469	SUBMITTED TEXT	92 WORDS	100% MATCHING TEXT	92 WORDS
<p>a) any salary due from an employer or a former employer to an assessee in the previous year, whether paid or not; (b) any salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer though not due or before it became due to him; (c) any arrears of salary paid or allowed to him in the previous year by or on behalf of an employer or a former employer, if not charged to income-tax for any earlier previous year. Explanation 1.—</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
65/469	SUBMITTED TEXT	23 WORDS	54% MATCHING TEXT	23 WORDS
<p>included in the total income of any person for any previous year it shall not be included again in the total income</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
66/469	SUBMITTED TEXT	39 WORDS	96% MATCHING TEXT	39 WORDS
<p>becomes due. Explanation 2.—Any salary, bonus, commission or remuneration, by whatever name called, due to, or received by, a partner of a firm from the firm shall not be regarded as "salary" for the purposes of this section.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
67/469	SUBMITTED TEXT	27 WORDS	93% MATCHING TEXT	27 WORDS
<p>Any salary due from an employer or former employer to an assessee in the previous year, whether paid or not, is chargeable to tax. ' •</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
68/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>an employer or former employer to an assessee in the previous year</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

69/469	SUBMITTED TEXT	42 WORDS	100% MATCHING TEXT	42 WORDS
<p>of Salary 17 (1) (1) "salary" includes— (i) wages; (ii) any annuity or pension; (iii) any gratuity; (iv) any fees, commissions, perquisites or profits in lieu of or in addition to any salary or wages; (v) any advance of salary; (</p> <p>SA Income from Salaries.docx (D53807802)</p>				
70/469	SUBMITTED TEXT	110 WORDS	94% MATCHING TEXT	110 WORDS
<p>any payment received by an employee in respect of any period of leave not availed of by him; (vi) the annual accretion to the balance at the credit of an employee participating in a recognized provident fund, to the extent to which it is chargeable to tax under rule 6 of Part A of the Fourth Schedule; (vii) the aggregate of all sums that are comprised in the transferred balance as referred to in sub-rule (2) of rule 11 of Part A of the Fourth Schedule of an employee participating in a recognised provident fund, to the extent to which it is chargeable to tax under sub-rule (4)</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
71/469	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
<p>contribution made by the Central Government or any other employer to the account of an employee</p> <p>SA BEL_Block-6- U16.docx (D142229436)</p>				
72/469	SUBMITTED TEXT	30 WORDS	48% MATCHING TEXT	30 WORDS
<p>Profits in Lieu of Salary (Income-tax Act 1961) Hence, 1. Any compensation amount either due or received by an employee (assessee) from his current or former employer</p> <p>profits in lieu of salary include the following: 1. The amount of any compensation due to or received by an employee from his employer or former employer</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

73/469	SUBMITTED TEXT	200 WORDS	100% MATCHING TEXT	200 WORDS
<p>profits in lieu of salary" includes— (i) the amount of any compensation due to or received by an assessee from his employer or former employer at or in connection with the termination of his employment or the modification of the terms and conditions relating thereto; (ii) any payment (other than any payment referred to in clause (10), clause (10A), clause (10B), clause (11), clause (12), clause (13) or clause (13A) of section 10), due to or received by an assessee from an employer or a former employer or from a provident or other fund, to the extent to which it does not consist of contributions by the assessee or interest on such contributions or any sum received under a Keyman insurance policy including the sum allocated by way of bonus on such policy. Explanation. —For the purposes of this sub-clause, the expression "Keyman insurance policy" shall have the meaning assigned to it in clause (10D) of section 10; (iii) any amount due to or received, whether in lump sum or otherwise, by any assessee from any person— (A) before his joining any employment with that person; or (B) after cessation of his employment with that person.</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
74/469	SUBMITTED TEXT	21 WORDS	92% MATCHING TEXT	21 WORDS
<p>received by an employee under a Keyman Insurance Policy Including the sum allocated by way of bonus on such policy</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
75/469	SUBMITTED TEXT	30 WORDS	74% MATCHING TEXT	30 WORDS
<p>lump sum or other way from any person— a. before he joins any employment with that person; or b. after cessation of his employment with that person. 2.4</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

76/469	SUBMITTED TEXT	22 WORDS	80% MATCHING TEXT	22 WORDS
<p>is received by an employee who is living in his own house or if he does not pay any rent</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
77/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>The actual amount of 'house rent allowance' received by the employee.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
78/469	SUBMITTED TEXT	17 WORDS	87% MATCHING TEXT	17 WORDS
<p>dearness allowance if the terms of employment so provide, but excludes all other allowances and perquisites.</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
79/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>terms of employment at a fixed percentage of turnover achieved by the employee.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
80/469	SUBMITTED TEXT	17 WORDS	73% MATCHING TEXT	17 WORDS
<p>of salary due to the employee if such accommodation is situated at any other place.</p> <p>SA IT 1 book.docx (D91482405)</p>				
81/469	SUBMITTED TEXT	38 WORDS	40% MATCHING TEXT	38 WORDS
<p>a resident of Jhansi: Basic Salary: 48000 (previous year 2018-19). Dearness allowance: 4,800 (forming part of basic salary), Commission 7% on sales made by him (sale made by him during the relevant previous year</p> <p>a resident of received Rs.380000 basic salary. Dearness allowances which forms part of basic salary for computing pension (but not gratuity) 4% commission on sales achieved by him (turnover achieved by him during the relevant previous year 2018-2019</p> <p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				

82/469	SUBMITTED TEXT	26 WORDS	80% MATCHING TEXT	26 WORDS
<p>a) Actual Amount Received 6,000.00 b) 40% of Salary (Note) 23,528.00 c) Rent paid – 10% of salary [5,800 – 5,882]</p>		<p>a) Actual amount received 24,000 (b) 50% of Salary of Rs 64,800 32,400 (c) Rent paid less 10% of Salary [2,000 × 12 – 10%</p>		
<p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
83/469	SUBMITTED TEXT	20 WORDS	58% MATCHING TEXT	20 WORDS
<p>to be included in gross salary. Though, a deduction has been provided under Sec. 16 (ii) in respect of</p>				
<p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
84/469	SUBMITTED TEXT	64 WORDS	57% MATCHING TEXT	64 WORDS
<p>Children Education Allowance Up to Rs. 100 per month per child up to a maximum of 2 children is exempt Hostel Expenditure Allowance Up to Rs. 300 per month per child up to a maximum of 2 children is exempt Transport Allowance granted to an employee to meet expenditure for the purpose of commuting between place of residence and place of duty</p>				
<p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
85/469	SUBMITTED TEXT	20 WORDS	92% MATCHING TEXT	20 WORDS
<p>granted to an employee, who is blind or deaf and dumb or orthopedically handicapped with disability of lower extremities</p>				
<p>SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)</p>				
86/469	SUBMITTED TEXT	17 WORDS	96% MATCHING TEXT	17 WORDS
<p>Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office</p>				
<p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				

87/469	SUBMITTED TEXT	22 WORDS	66% MATCHING TEXT	22 WORDS
<p>Exempt to the extent of expenditure incurred Any Allowance granted to meet the cost of travel on tour or on transfer</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
88/469	SUBMITTED TEXT	18 WORDS	85% MATCHING TEXT	18 WORDS
<p>Counter Insurgency Allowance granted to members of Armed Forces operating in areas away from their permanent locations.</p> <p>counter insurgency allowance given to the members of the armed forces operating in areas away from their permanent locations</p> <p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				
89/469	SUBMITTED TEXT	33 WORDS	73% MATCHING TEXT	33 WORDS
<p>given in (a) Madhya Pradesh (b) Tamil Nadu (c) Uttar Pradesh (d) Karnataka (e) Tripura (f) Assam (g) West Bengal (h) Bihar (i) Orissa Rs. 200 per month Compensatory Field Area Allowance.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
90/469	SUBMITTED TEXT	29 WORDS	54% MATCHING TEXT	29 WORDS
<p>for altitude of 9,000 to 15,000 feet) b) Up to Rs. 1,600 per month (for altitude above 15,000 feet) Highly active field area allowance granted to members of</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
91/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>granted to meet the expenditure spent on a helper, where such helper is</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

92/469

SUBMITTED TEXT

19 WORDS

66% MATCHING TEXT

19 WORDS

provided by the employer during the continuance of the job. Any perquisite received by a person other than

SA Income Tax Law and Practice-n.docx (D97574460)

93/469

SUBMITTED TEXT

190 WORDS

99% MATCHING TEXT

190 WORDS

the value of rent-free accommodation provided to the assessee by his employer [sec. 17(2)(i)]; 2. the value of any concession in the matter of rent respecting any accommodation provided to the assessee by his employer [sec. 17(2)(ii)]; 3. the value of any benefit or amenity granted or provided free of cost or at concessional rate in any of the following cases: • by a company to an employee who is a director thereof; • by a company to an employee, being a person who has substantial interest in the company; • by any employer (including a company) to an employee to whom provisions of (i) and (ii) above do not apply and whose income under the head "Salaries" exclusive of the value of all benefits or amenities not provided for by way of monetary benefits, exceeds Rs. 50,000 [sec. 17(2)(iii)]; 4. any sum paid by the employer in respect of any obligation which but for such payment would have been payable by the assessee [sec. 17(2)(iv)]; 5. any sum payable by the employer, whether directly or through a fund other than a recognised provident fund or approved superannuation fund (

SA IT 1 book.docx (D91482405)

94/469	SUBMITTED TEXT	112 WORDS	96% MATCHING TEXT	112 WORDS
<p>or a deposit-linked insurance fund, to effect an assurance on the life of the assessee or to effect a contract for an annuity [sec. 17(2)(v)]; 6. the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee [sec. 17(2)(vi)]; 7. the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds Rs. 1,50,000 [sec. 17(2)(vii)]; and 8. the value of any other fringe (unconventional) benefit or amenity as may be prescribed [sec. 17(2)(viii)]. Table 2.8: Perquisites 17(2) (Income-tax</p> <p>SA IT 1 book.docx (D91482405)</p>				
95/469	SUBMITTED TEXT	14 WORDS	83% MATCHING TEXT	14 WORDS
<p>Obligation of the employee paid or reimbursed by the employer [Section 17 (2)(iv)]:</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
96/469	SUBMITTED TEXT	30 WORDS	65% MATCHING TEXT	30 WORDS
<p>payable by the employer either directly or through a fund to effect an assurance on the life of the employee (assessee) or to effect a contract for an annuity</p> <p>SA Income from Salaries.docx (D53807802)</p>				
97/469	SUBMITTED TEXT	17 WORDS	89% MATCHING TEXT	17 WORDS
<p>a recognized provident fund or an approved superannuation fund and deposit-linked insurance fund. 2.5.1</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

98/469	SUBMITTED TEXT	24 WORDS	90% MATCHING TEXT	24 WORDS
<p>the supply connection for gas/electricity/water is in the name of the employee and the bills for them are paid by the employer, it</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
99/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>reasonable cost of such education in a similar institution in or near the locality.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
100/469	SUBMITTED TEXT	12 WORDS	87% MATCHING TEXT	12 WORDS
<p>interest-free loan or loan at Concessional rate by an employer to</p> <p>SA Income from Salaries.docx (D53807802)</p>				
101/469	SUBMITTED TEXT	15 WORDS	78% MATCHING TEXT	15 WORDS
<p>other Benefit or Amenity [Rule 3(g)]: The value of any other benefit or amenity</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
102/469	SUBMITTED TEXT	17 WORDS	68% MATCHING TEXT	17 WORDS
<p>Encashment of leave at the time of retirement: Encashment of leave at the time of retirement</p> <p>SA IT 1 book.docx (D91482405)</p>				
103/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>will be least of the following: 1. Period of earned leave</p> <p>SA IT 1 book.docx (D91482405)</p>				

104/469	SUBMITTED TEXT	27 WORDS	90% MATCHING TEXT	27 WORDS
<p>Average monthly salary (**). 2. Average monthly salary (**) × 10 (i.e., 10 months' average salary) 3. Maximum amounts as specified by the</p> <p>SA IT 1 book.docx (D91482405)</p>				
105/469	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
<p>Rs. 3,00,000. 4. Leave encashment actually received at the time of retirement. (*)</p> <p>SA IT 1 book.docx (D91482405)</p>				
106/469	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
<p>if leave entitlement as per service rules exceeds 30 days per year of actual service,</p> <p>SA IT 1 book.docx (D91482405)</p>				
107/469	SUBMITTED TEXT	30 WORDS	71% MATCHING TEXT	30 WORDS
<p>Basic salary 84,500 Dearness allowance (forming part of salary while computing retirement benefits) 16,500 Commission based on fixed percentage of turnover achieved by the employee 10,500</p> <p>Basic Salary, Dearness Allowance (if it forms part of salary for the purpose retirement benefits), Commission based on fixed percentage of turnover achieved by the employee.</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
108/469	SUBMITTED TEXT	15 WORDS	85% MATCHING TEXT	15 WORDS
<p>average salary drawn in the past ten months immediately preceding the day of retirement.</p> <p>SA IT 1 book.docx (D91482405)</p>				
109/469	SUBMITTED TEXT	16 WORDS	70% MATCHING TEXT	16 WORDS
<p>from more than one employer in the same year, then the maximum amount of exemption</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				

110/469	SUBMITTED TEXT	28 WORDS	85% MATCHING TEXT	28 WORDS
<p>Payment of Gratuity Act, 1972. - Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972</p> <p>SA IT 1 book.docx (D91482405)</p>				
111/469	SUBMITTED TEXT	14 WORDS	76% MATCHING TEXT	14 WORDS
<p>is fully exempted from tax. 2. In the case of a 'non-government employee',</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
112/469	SUBMITTED TEXT	27 WORDS	81% MATCHING TEXT	27 WORDS
<p>Payment of Gratuity Act, 1972. b. Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972</p> <p>SA IT 1 book.docx (D91482405)</p>				
113/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>Exemption in respect of gratuity in case of employees covered by the Payment of Gratuity Act, 1972 [</p> <p>SA IT 1 book.docx (D91482405)</p>				
114/469	SUBMITTED TEXT	38 WORDS	94% MATCHING TEXT	38 WORDS
<p>in case of employees of a seasonal establishment • 15 days' salary = Salary last drawn × 15/26 • Salary for this purpose will include basic salary and dearness allowance only.</p> <p>SA IT 1 book.docx (D91482405)</p>				

115/469	SUBMITTED TEXT	39 WORDS	100% MATCHING TEXT	39 WORDS
<p>In case of piece rated employee, 15 days' salary will be computed on the basis of average of total wages (excluding overtime wages) received for a period of three months immediately preceding the termination of his service.</p> <p>SA IT 1 book.docx (D91482405)</p>				
116/469	SUBMITTED TEXT	23 WORDS	91% MATCHING TEXT	23 WORDS
<p>in excess of 6 months, shall be taken as one full year. Illustration (2.14): If the period of service is 18</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
117/469	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
<p>Exemption in respect of gratuity in case of employees not covered by the Payment of Gratuity Act, 1972 [</p> <p>SA IT 1 book.docx (D91482405)</p>				
118/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>In case of employees not covered by the Payment of Gratuity Act, 1972</p> <p>SA IT 1 book.docx (D91482405)</p>				
119/469	SUBMITTED TEXT	35 WORDS	81% MATCHING TEXT	35 WORDS
<p>of gratuity will be least of the following: 1. Half month's average salary for each completed year of service, i.e., [Average monthly salary × ½] × Completed years of service. (*). 2.</p> <p>SA IT 1 book.docx (D91482405)</p>				

120/469	SUBMITTED TEXT	21 WORDS	97% MATCHING TEXT	21 WORDS
<p>Average monthly salary is to be computed on the basis of average salary for 10 months immediately preceding the month (</p> <p>SA IT 1 book.docx (D91482405)</p>				
121/469	SUBMITTED TEXT	31 WORDS	98% MATCHING TEXT	31 WORDS
<p>months preceding the month of retirement). • Salary for this purpose will include basic salary, dearness allowance, if the terms of service so provide and commission based on</p> <p>SA IT 1 book.docx (D91482405)</p>				
122/469	SUBMITTED TEXT	25 WORDS	77% MATCHING TEXT	25 WORDS
<p>is covered by the Payment of Gratuity Act, 1972 ii) Mr. X is not covered by the Payment of Gratuity Act, 1972. is covered by the Payment of Gratuity Act, 1972. b) he is not covered by the Payment of Gratuity Act, 1972. (</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
123/469	SUBMITTED TEXT	30 WORDS	81% MATCHING TEXT	30 WORDS
<p>fixed percentage of turnover achieved by the employee. • While computing the year of service, any fraction of the year is to be ignored. Illustration (2.15):</p> <p>SA IT 1 book.docx (D91482405)</p>				
124/469	SUBMITTED TEXT	48 WORDS	53% MATCHING TEXT	48 WORDS
<p>covered by Payment of Gratuity Act, 1972 As per section 10(10)(ii), exemption in respect of gratuity received by non-Government employee (covered by the Payment of Gratuity Act, 1972) is least of the following: Particulars Rs.</p> <p>1. 15 days' salary for each completed year of service</p> <p>SA IT 1 book.docx (D91482405)</p>				

125/469	SUBMITTED TEXT	16 WORDS	96% MATCHING TEXT	16 WORDS
<p>salary for each completed year of service or part in excess of 6 months:</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
126/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>X is not covered by the Payment of Gratuity Act, 1972</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
127/469	SUBMITTED TEXT	29 WORDS	76% MATCHING TEXT	29 WORDS
<p>non-Government employee (not covered by the Payment of Gratuity Act, 1972) is least of the following: Particulars Rs. 1. Half month's salary for each completed year of service (</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
128/469	SUBMITTED TEXT	13 WORDS	95% MATCHING TEXT	13 WORDS
<p>of half month's salary for each completed year of service</p> <p>SA IT 1 book.docx (D91482405)</p>				
129/469	SUBMITTED TEXT	18 WORDS	89% MATCHING TEXT	18 WORDS
<p>the day) of retirement. • Salary for this purpose will include basic salary, dearness allowance</p> <p>SA IT 1 book.docx (D91482405)</p>				
130/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>retirement benefits and commission based on fixed percentage of turnover achieved by the employee. •</p> <p>SA IT 1 book.docx (D91482405)</p>				

131/469	SUBMITTED TEXT	14 WORDS	100%	MATCHING TEXT	14 WORDS
full value of commuted pension will be exempt from tax under section 10(10A) (SA IT 1 book.docx (D91482405)					
132/469	SUBMITTED TEXT	15 WORDS	100%	MATCHING TEXT	15 WORDS
a). - If the employee does not receive gratuity, one half of SA IT 1 book.docx (D91482405)					
133/469	SUBMITTED TEXT	14 WORDS	100%	MATCHING TEXT	14 WORDS
full value of commuted pension will be exempt from tax under section 10(10A) (SA IT 1 book.docx (D91482405)					
134/469	SUBMITTED TEXT	17 WORDS	100%	MATCHING TEXT	17 WORDS
As per section 10(10A) (i), any commuted pension, i.e., accumulated pension in lieu of monthly pension SA IT 1 book.docx (D91482405)					
135/469	SUBMITTED TEXT	26 WORDS	100%	MATCHING TEXT	26 WORDS
exemption in respect of commuted pension in case of a non-government employee will be as follows: - If the employee receives gratuity, one third of SA IT 1 book.docx (D91482405)					
136/469	SUBMITTED TEXT	14 WORDS	100%	MATCHING TEXT	14 WORDS
full value of commuted pension will be exempt from tax under section 10(10A) (SA IT 1 book.docx (D91482405)					

137/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>a). - If the employee does not receive gratuity, one half of</p> <p>SA IT 1 book.docx (D91482405)</p>				
138/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>Compensation Received at the time of Voluntary Retirement or Separation [Section 10(10C)]</p> <p>Compensation received at the time of voluntary retirement or separation section 10 (10C):</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
139/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>full value of commuted pension will be exempt from tax under section 10(10A) (</p> <p>SA IT 1 book.docx (D91482405)</p>				
140/469	SUBMITTED TEXT	35 WORDS	98% MATCHING TEXT	35 WORDS
<p>a public sector company; or II. any other company; or III. an authority established under a Central, State or Provincial Act; or IV. a local authority; or V. co-operative society; or VI. a University</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
141/469	SUBMITTED TEXT	15 WORDS	96% MATCHING TEXT	15 WORDS
<p>or under a Central, State or Provincial Act and an institution declared to be</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				
142/469	SUBMITTED TEXT	40 WORDS	96% MATCHING TEXT	40 WORDS
<p>VIII. such institute of management as the Central Government may, by notification in the Official Gazette, specify in this behalf; IX. State Government; X. Central Government; XI. Institutions having importance throughout India or in any State or States as</p> <p>SA 03. Income from Salary.doc (D113162154)</p>				

143/469	SUBMITTED TEXT	36 WORDS	54% MATCHING TEXT	36 WORDS
<p>of the following: - Actual amount received; - 15 days' average pay for each completed year of continuous service or any part in excess of six months) - Maximum amount specified by the Central Government (</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
144/469	SUBMITTED TEXT	19 WORDS	91% MATCHING TEXT	19 WORDS
<p>Compensation received in excess of the aforesaid limit is taxable and would, therefore, form part of Gross Salary.</p> <p>SA Income from Salaries.docx (D53807802)</p>				
145/469	SUBMITTED TEXT	27 WORDS	75% MATCHING TEXT	27 WORDS
<p>by opening a provident fund account at the State Bank of India or its subsidiaries or other nationalized banks. One person can become a member of</p> <p>by opening a Provident Fund Account at the State Bank of India or its subsidiaries or other nationalized banks. salaried employee can simultaneously become member of</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
146/469	SUBMITTED TEXT	25 WORDS	71% MATCHING TEXT	25 WORDS
<p>semi-governmental organizations / local authorities, railways, universities and recognized educational institutions under the provisions of the Provident Funds Act, 1925. Recognized Provident Fund (</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
147/469	SUBMITTED TEXT	13 WORDS	87% MATCHING TEXT	13 WORDS
<p>will be exempt from tax if the following conditions are satisfied: (a)</p> <p>will be exempt from tax provided the following conditions are satisfied: (a)</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

148/469	SUBMITTED TEXT	19 WORDS	96% MATCHING TEXT	19 WORDS
<p>Basic salary, Dearness allowance, if the terms of service so provide, Commission based on</p> <p>SA IT 1 book.docx (D91482405)</p>				
149/469	SUBMITTED TEXT	14 WORDS	87% MATCHING TEXT	14 WORDS
<p>Solution Computation of taxable salary of Mr. X for the A.Y. 2019-20</p> <p>Solution: Computation of taxable salary of Mr.Akhildas for the A Y 2013-14</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
150/469	SUBMITTED TEXT	22 WORDS	58% MATCHING TEXT	22 WORDS
<p>Employee's contribution is not charged to tax; interest thereon is taxed under the head "Income from other sources".</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
151/469	SUBMITTED TEXT	26 WORDS	81% MATCHING TEXT	26 WORDS
<p>the salary head. Deductions section 16 16. The income chargeable under the head "Salaries" shall be computed after making the following deductions,</p> <p>SA BEL_Block-6- U16.docx (D142229436)</p>				
152/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>of his salary (exclusive of any allowance, benefit or other</p> <p>of his salary exclusive of any allowance, benefit or other</p> <p>W https://commercesnmv.files.wordpress.com/2018/06/income-tax-law-and-practice-i.pdf</p>				
153/469	SUBMITTED TEXT	40 WORDS	94% MATCHING TEXT	40 WORDS
<p>salary, whichever is less;] (ii) a deduction in respect of any allowance in the nature of an entertainment allowance specifically granted by an employer to the assessee who is in receipt of a salary from the Government, a</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				

154/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>any sum paid by the assessee on account of a tax on employment</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
155/469	SUBMITTED TEXT	27 WORDS	97% MATCHING TEXT	27 WORDS
<p>the income chargeable under the head "Salaries" is computed after making the following deductions: 1. Standard Deduction; 2. Entertainment Allowance Deduction; and 3. Professional Tax</p> <p>SA Income from Salaries.docx (D53807802)</p>				
156/469	SUBMITTED TEXT	14 WORDS	83% MATCHING TEXT	14 WORDS
<p>standard deduction is 40,000 or the amount of gross salary, whichever is lower</p> <p>SA Income from Salaries.docx (D53807802)</p>				
157/469	SUBMITTED TEXT	55 WORDS	79% MATCHING TEXT	55 WORDS
<p>head' and subsequently a deduction is done on the following basis: a. In the case of a Government employee, a Central Government or a State Government employee, the least of the following is deductible: Rs. 5000.00 or 20 % of Basic Salary; or amount of entertainment allowance granted during the previous year. b. In</p> <p>SA Income from Salaries.docx (D53807802)</p>				
158/469	SUBMITTED TEXT	16 WORDS	76% MATCHING TEXT	16 WORDS
<p>salary 8,000 p.m. D.A. 2,000 p.m. Taxable perquisite ` 35,000, Entertainment Allowance ` 4,000 p.m.</p> <p>Salary 15000 p.m. D A 1250 p.m. Entertainment Allowance 1000 p.m.</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				

159/469	SUBMITTED TEXT	17 WORDS	100% MATCHING TEXT	17 WORDS
Salary 5,000 p.m. • D.A. 2,000 p.m. • Entertainment Allowance 300 p.m. •		Salary 15000 p.m. D A 1250 p.m. Entertainment Allowance 1000 p.m.		
W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf				
160/469	SUBMITTED TEXT	27 WORDS	61% MATCHING TEXT	27 WORDS
Premium paid by employer 3,600 • Income tax paid by employee 2,000 • Professional tax paid by employer on behalf of employee 1,600		premium paid by the employer on behalf of the employee. Income tax paid by the employer, on behalf of the employee. Professional tax paid by the employer, on behalf of the employee.		
W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx				
161/469	SUBMITTED TEXT	24 WORDS	71% MATCHING TEXT	24 WORDS
paid by employer 3600 5200 Gross Taxable Salary 92,800 Less: Deduction u/s 16(ia) Standard Deduction 40,000 16(ii) Entertainment allowance (paid by employer 300 Gross salary 1,14,560 Less : deduction u/s 16 Standard deduction 40,000 Entertainment allowance (
W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx				
162/469	SUBMITTED TEXT	10 WORDS	100% MATCHING TEXT	10 WORDS
S.P.F.), Recognised Provident Fund (R.P.F.), Unrecognised Provident Fund (U.R.P.F.),		S.P.F.) 2. Recognised Provident Fund (R.P.F.) 3. Unrecognized Provident Fund (U.R.P.F.) 4.		
W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be				
163/469	SUBMITTED TEXT	31 WORDS	52% MATCHING TEXT	31 WORDS
Solution Computation of taxable salary Mr. X for the A.Y.2019-20 Particulars Details Amount Basic Salary 60,000 Allowances Dearness Allowance 24,000 Entertainment Allowance 3600 27,600				
SA Income Tax Law and Practice-n.docx (D97574460)				

164/469	SUBMITTED TEXT	28 WORDS	100% MATCHING TEXT	28 WORDS
<p>The income chargeable under the head "Salaries" is computed after making the following deductions under Section 16: Standard Deduction; Entertainment Allowance Deduction; and Professional Tax. 2.10</p> <p>SA Income from Salaries.docx (D53807802)</p>				
165/469	SUBMITTED TEXT	13 WORDS	95% MATCHING TEXT	13 WORDS
<p>of house property which is partly let out and partly self-occupied •</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
166/469	SUBMITTED TEXT	26 WORDS	84% MATCHING TEXT	26 WORDS
<p>House Property House property means: - Any building or land appurtenant thereto of which the assessee is the owner. The appurtenant lands could be</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
167/469	SUBMITTED TEXT	57 WORDS	83% MATCHING TEXT	57 WORDS
<p>an open plot of land, which is not charged under this head but under the head 'Income from Other sources' or 'Business Income', as the case may be. - House property includes flats, shops, office space, factory sheds, agricultural land, and farmhouses. - House property includes all types of house properties like residential houses,</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
168/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>etc. Example:- Mr. X has one big house. It includes</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				

169/469	SUBMITTED TEXT	37 WORDS	100% MATCHING TEXT	37 WORDS
<p>vast open area within its boundaries. The house has been let out at a rent of Rs. 2,00,000 p.m., out of which rent of Rs. 50,000 p.m. is attributable to the open land. In this case,</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
170/469	SUBMITTED TEXT	26 WORDS	97% MATCHING TEXT	26 WORDS
<p>Income from house property. 22. The annual value of property consisting of any buildings or lands appurtenant thereto of which the assessee is the owner,</p> <p>INCOME FROM HOUSE PROPERTY The annual value property, consisting of any buildings or lands appurtenant thereto, of which the assessee is the owner,</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
171/469	SUBMITTED TEXT	21 WORDS	62% MATCHING TEXT	21 WORDS
<p>entire rental income is taxable under the head house property. 3.3 Chargeability Under the Section 22, Income from House Property,</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
172/469	SUBMITTED TEXT	33 WORDS	68% MATCHING TEXT	33 WORDS
<p>of such property as he may occupy for the purposes of any business or profession carried on by him the profits of which are chargeable to income-tax, shall be chargeable to income-</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
173/469	SUBMITTED TEXT	17 WORDS	65% MATCHING TEXT	17 WORDS
<p>income from house property is taxable from its legal owner only in whose name the property</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				

174/469	SUBMITTED TEXT	17 WORDS	66% MATCHING TEXT	17 WORDS
<p>Ownership includes both free-hold and lease-hold rights and also includes deemed ownership. 3.4 Deemed</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
175/469	SUBMITTED TEXT	23 WORDS	60% MATCHING TEXT	23 WORDS
<p>an agreement to live apart [Section 26(i)]. • If a person transfers his house property to his/her minor child. But not</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
176/469	SUBMITTED TEXT	20 WORDS	66% MATCHING TEXT	20 WORDS
<p>ii)]. • Holder of an 'impartible estate' is deemed as the owner of the property included in the estate [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
177/469	SUBMITTED TEXT	37 WORDS	78% MATCHING TEXT	37 WORDS
<p>A member of a co-operative society, company, or other association of persons to whom a building (or part of it) is allotted or leased under house building scheme of the society, that company, or association,</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
178/469	SUBMITTED TEXT	15 WORDS	78% MATCHING TEXT	15 WORDS
<p>section 53A of the Transfer of Property Act will be deemed as the owner (</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
179/469	SUBMITTED TEXT	15 WORDS	95% MATCHING TEXT	15 WORDS
<p>he will be deemed to be the owner of the property. 3.5</p> <p>SA PROJECT REPORT.DOC (D37553180)</p>				

180/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>be charged to tax under the head "Income from house property"</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
181/469	SUBMITTED TEXT	31 WORDS	72% MATCHING TEXT	31 WORDS
<p>in respect of such property. The share of each such person in the income from the property, as computed under Sec. 22-25, shall be included in his total income</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
182/469	SUBMITTED TEXT	31 WORDS	55% MATCHING TEXT	31 WORDS
<p>Where the entire or part of the property is let out:- Under such case the income from such property or part thereof shall be first computed as if this property</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
183/469	SUBMITTED TEXT	26 WORDS	93% MATCHING TEXT	26 WORDS
<p>is owned by one owner and thereafter the income so computed shall be apportioned amongst each co-owner as per their definite share. 3.5.3</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
184/469	SUBMITTED TEXT	13 WORDS	87% MATCHING TEXT	13 WORDS
<p>income from such property shall be assessed in the hands of the</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

Annual value how determined. 23. (1) For the purposes of section 22, the annual value of any property shall be deemed to be— (a) the sum for which the property might reasonably be expected to let from year to year; or (b) where the property or any part of the property is let and the actual rent received or receivable by the owner in respect thereof is in excess of the sum referred to in clause (a), the amount so received or receivable; or (c) where the property or any part of the property is let and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable : Provided that the taxes levied by any local authority in respect of the property shall be deducted (irrespective of the previous year in which the liability to pay such taxes was incurred by the owner according to the method of accounting regularly employed by him) in determining the annual value of the property of that previous year in which such taxes are actually paid by him. Explanation.—For the purposes of clause (b) or clause (c) of this sub-section, the amount of actual rent received or receivable by the owner shall not include, subject to such rules as may be made in this behalf, the amount of rent which the owner cannot realise. (2) Where the property consists of a house or part of a house which— (a) is in the occupation of the owner for the purposes of his own residence; or (b) cannot actually be occupied by the owner by reason of the fact that owing to his employment, business or profession carried on at any other place, he has to reside at that other place in a building not belonging to him, the annual value of such house or part of the house shall be taken to be nil. (3) The provisions of sub-section (2) shall not apply if— (a) the house or part of the house is actually let during the whole or any part of the previous year; or (b) any other benefit therefrom is derived by the owner. (4) Where the property referred to in sub-section (2) consists of more than 54 [two houses]— (a) the provisions of that sub-section shall apply only in respect of 55 [two] of such houses, which the assessee may, at his option, specify in this behalf; (b) the annual value of the house or houses, 56 [other than the house or houses] in respect of which the assessee has exercised an option under clause (a), shall be determined under sub-section (1) as if such house or houses had been let. (5) Where the property consisting of any building or land appurtenant thereto is held as stock-in-trade and the property or any part of the property is not let during the whole or any part of the previous year, the

annual value of such property or part of the property, for the period up to 57 [two years] from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be nil.

SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)

186/469 SUBMITTED TEXT 19 WORDS **71% MATCHING TEXT** 19 WORDS

to bear some obligations of the tenant like paying water and electricity bills of the tenant.

SA Income Tax Law and Practice-n.docx (D97574460)

187/469 SUBMITTED TEXT 41 WORDS **74% MATCHING TEXT** 41 WORDS

A: House property - Let out throughout the previous year.
Category B: House property - Let out and was vacant during the whole or part of the previous year
Category C: House Property - Part of the year

SA IT 1 book.docx (D91482405)

188/469 SUBMITTED TEXT 31 WORDS **71% MATCHING TEXT** 31 WORDS

the Act, Section 23(1), the annual value of a property is: a. The sum for which the property might reasonably be expected to let out from year-to-year (i.e., expected rent);

the redrafted Section 23, the annual value of a property shall be deemed to the sum for which property might reasonably be expected to let from year to year (i.e., the reasonable expected rent

W <https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be>

189/469 SUBMITTED TEXT 23 WORDS **55% MATCHING TEXT** 23 WORDS

and part of the year occupied for own residence
⇒Category A: House property - Let out throughout the previous year

SA IT 1 book.docx (D91482405)

190/469	SUBMITTED TEXT	46 WORDS	88% MATCHING TEXT	46 WORDS
<p>or b. Where the property or any part of the property is let out and the actual rent received or receivable by the owner in respect thereof is more than the sum referred to in clause a), the amount so received or receivable</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
191/469	SUBMITTED TEXT	26 WORDS	63% MATCHING TEXT	26 WORDS
<p>the house for the assessment year. Particulars: Municipal Value: 72,000 Fair rental Value: 75,000 Standard Rent: 80,000 Rent per annum: 84,000 Municipal Taxes:</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
192/469	SUBMITTED TEXT	31 WORDS	71% MATCHING TEXT	31 WORDS
<p>the Act, Section 23(1), the annual value of a property is: a) The sum for which the property might reasonably be expected to let out from year-to-year (i.e., expected rent);</p> <p>the redrafted Section 23, the annual value of a property shall be deemed to the sum for which property might reasonably be expected to let from year to year (i.e., the reasonable expected rent</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
193/469	SUBMITTED TEXT	19 WORDS	82% MATCHING TEXT	19 WORDS
<p>B: House property - Let out and was vacant during the whole or part of the previous year</p> <p>SA IT 1 book.docx (D91482405)</p>				
194/469	SUBMITTED TEXT	45 WORDS	88% MATCHING TEXT	45 WORDS
<p>or b) Where the property or any part of the property is let out and the actual rent received or receivable by the owner in respect thereof is more than the sum referred to in clause a), the amount so received or receivable</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

195/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>c) where the property or any part of the property is let</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
196/469	SUBMITTED TEXT	47 WORDS	100% MATCHING TEXT	47 WORDS
<p>and was vacant during the whole or any part of the previous year and owing to such vacancy the actual rent received or receivable by the owner in respect thereof is less than the sum referred to in clause (a), the amount so received or receivable,</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
197/469	SUBMITTED TEXT	30 WORDS	42% MATCHING TEXT	30 WORDS
<p>the property is let out and was unfilled for part of the year and the actual rent received or receivable is more than the sum determined under clause (a)</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
198/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>when actual rent received or receivable is less than the</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
199/469	SUBMITTED TEXT	53 WORDS	95% MATCHING TEXT	53 WORDS
<p>house = Rs.1,00,000, Fair Rent Rs. = 1,40,000, Standard Rent = Rs.1,30,000. The house property has been let out for Rs.13,000 p.m. and was vacant for one month during the previous year 2019-20. Municipal taxes paid during the year were Rs. 50,000. Compute the annual value for</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				

200/469	SUBMITTED TEXT	19 WORDS	63% MATCHING TEXT	19 WORDS
<p>the property was vacant for whole or part of the year and the actual rent received or receivable</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
201/469	SUBMITTED TEXT	41 WORDS	97% MATCHING TEXT	41 WORDS
<p>the following 3 conditions are satisfied: 1) The property is let out; 2) It was vacant during the whole or part of the previous year; 3) Owing to such vacancy, the actual rent received or receivable is less than</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
202/469	SUBMITTED TEXT	20 WORDS	73% MATCHING TEXT	20 WORDS
<p>the above given illustration. Suppose the property was vacant for 3 months. Determine the annual value for the</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
203/469	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
<p>Rs. 1,17,000 As the actual rent received or receivable owing to vacancy is less than the sum determined</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
204/469	SUBMITTED TEXT	19 WORDS	70% MATCHING TEXT	19 WORDS
<p>Part of the year let out and part of the year occupied for own residence If a ' PART OF THE YEAR LET OUT AND PART OF THE YEAR OCCUPIED: If a</p> <p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				
205/469	SUBMITTED TEXT	24 WORDS	84% MATCHING TEXT	24 WORDS
<p>the expected rent shall be taken for the full year but the actual rent received or receivable shall be taken only for the the reasonable expected rent should be taken for the full year, but the actual rent received or receivable should be taken only for the</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

206/469	SUBMITTED TEXT	41 WORDS	76% MATCHING TEXT	41 WORDS
<p>c) and, therefore, net annual value shall be determined as under: Particulars Amount (Rs.) Actual rent received or receivable Rs. 1,17,000 Less:- Municipal Taxes Paid Rs. 50,000 Net Annual Value Rs. 67,000 ⇒</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
207/469	SUBMITTED TEXT	16 WORDS	90% MATCHING TEXT	16 WORDS
<p>gross annual value shall be higher of the following two: a) Expected rent (Municipal Value</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
208/469	SUBMITTED TEXT	24 WORDS	76% MATCHING TEXT	24 WORDS
<p>Gross Annual Value a) or b), whichever is higher) 2,40,000 Less: Municipal Taxes 40,000 Net Annual Value 2,00,000 3.7.3</p> <p>SA IT 1 book.docx (D91482405)</p>				
209/469	SUBMITTED TEXT	19 WORDS	55% MATCHING TEXT	19 WORDS
<p>rent which the owner cannot received from the tenant shall be equal to the amount of rent payable</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
210/469	SUBMITTED TEXT	72 WORDS	100% MATCHING TEXT	72 WORDS
<p>a) The tenancy is bona fide; b) The defaulting tenant has vacated, or steps have been taken to compel him to vacate the property; c) The defaulting tenant is not in occupation of any other property of the assessee; d) The assessee has taken all reasonable steps to institute legal proceedings for the recovery of the unpaid rent or satisfies the Assessing Officer that legal proceedings would be useless.</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

211/469	SUBMITTED TEXT	16 WORDS	71% MATCHING TEXT	16 WORDS
<p>clause (b) or clause (c) of Sec. 23(1), i.e., the actual rent received or receivable.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
212/469	SUBMITTED TEXT	17 WORDS	71% MATCHING TEXT	17 WORDS
<p>gross annual value. Similarly, where a house is vacant for part of the year,</p> <p>SA IT 1 book.docx (D91482405)</p>				
213/469	SUBMITTED TEXT	87 WORDS	77% MATCHING TEXT	87 WORDS
<p>a house property in Delhi. Particulars are like: Municipal Value: 2,00,000 Fair Rent: 2,40,000 Actual Rent per month: 20,000 Municipal tax paid during the year: 19,000 The tenant vacated the property on 31.10.2015 and thereafter the property was let out for Rs. 25,000 p.m. Mr. Yadav could not receive the rent for the months of September and October, 2015 due to the death of the earlier tenant. Question i) Compute the annual value of the property for the assessment year 2016-17. Solution:</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
214/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>the annual value of such house or part of the house shall be taken to be NIL.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
215/469	SUBMITTED TEXT	33 WORDS	78% MATCHING TEXT	33 WORDS
<p>a house or part of the house is let out during the whole or any part of the previous year or - any other benefit has been derived by the owner</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

216/469	SUBMITTED TEXT	16 WORDS	81% MATCHING TEXT	16 WORDS
<p>to be let out and the 'annual value' of such house(s) will be determined as</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
217/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>the sum for which the property might reasonably be expected to be let out from year-to-year. The</p> <p>SA IT 1 book.docx (D91482405)</p>				
218/469	SUBMITTED TEXT	14 WORDS	84% MATCHING TEXT	14 WORDS
<p>the 'annual value' of the entire house property shall be taken as nil</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
219/469	SUBMITTED TEXT	10 WORDS	100% MATCHING TEXT	10 WORDS
<p>the 'annual value' of one self-occupied house is nil,</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
220/469	SUBMITTED TEXT	42 WORDS	77% MATCHING TEXT	42 WORDS
<p>Where the property is acquired or constructed with capital borrowed on or after 1.4.1999 and such acquisition or construction is completed within 3 years of the end of the financial year in which the capital was borrowed. Actual interest payable,</p> <p>SA IT 1 book.docx (D91482405)</p>				

221/469	SUBMITTED TEXT	44 WORDS	66% MATCHING TEXT	44 WORDS
<p>two houses, both are self-occupied. The particulars are as under: Particulars House I House II Municipal Value 80,000 2,00,000 Fair Rent Value 92,000 2,30,000 Standard rent - 2,10,000 Date of Completion 1.1.2014 1.10.2014 Municipal Taxes 7000 paid during the Year 10,000</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
222/469	SUBMITTED TEXT	23 WORDS	92% MATCHING TEXT	23 WORDS
<p>which house should be opted by him to be assessed as self-occupied so that his tax liability is minimum. Solution:</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
223/469	SUBMITTED TEXT	37 WORDS	68% MATCHING TEXT	37 WORDS
<p>Let Out House II Gross Annual Value 92,000 2,10,000 Less: Municipal Taxes 7,000 10,000 Net Annual Value 85,000 2,00,000 Less: Statutory Deduction @30% 25,500 60,000 Net Annual Value 59,500 1,40,000</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
224/469	SUBMITTED TEXT	22 WORDS	77% MATCHING TEXT	22 WORDS
<p>to be self occupied the income of house property shall be: Particulars Amount (Rs.) House I Nil House II 1,40,000</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
225/469	SUBMITTED TEXT	21 WORDS	76% MATCHING TEXT	21 WORDS
<p>house II to be self occupied the income of house property shall be : Particulars Amount (Rs.) House</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

226/469	SUBMITTED TEXT	12 WORDS	95% MATCHING TEXT	12 WORDS
<p>of house property which is partly let out and partly self-occupied</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
227/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>of a 'house property' which is partly let out and partly self-occupied</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
228/469	SUBMITTED TEXT	19 WORDS	82% MATCHING TEXT	19 WORDS
<p>Income chargeable under the head "Income from house property" shall be computed after making the following deductions, namely:— (</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
229/469	SUBMITTED TEXT	25 WORDS	100% MATCHING TEXT	25 WORDS
<p>where the property has been acquired, constructed, repaired, renewed or reconstructed with borrowed capital, the amount of any interest payable on such capital:</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
230/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>is acquired or constructed with capital borrowed on or after</p> <p>SA IT 1 book.docx (D91482405)</p>				
231/469	SUBMITTED TEXT	23 WORDS	79% MATCHING TEXT	23 WORDS
<p>payable on such capital borrowed for the period prior to the previous year in which the property has been acquired or constructed,</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

232/469	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
<p>in equal instalments for the said previous year and for each of the four immediately succeeding previous years:</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
233/469	SUBMITTED TEXT	42 WORDS	95% MATCHING TEXT	42 WORDS
<p>the assessee furnishes a certificate, from the person to whom any interest is payable on the capital borrowed, specifying the amount of interest payable by the assessee for the purpose of such acquisition or construction of the property, or, conversion of</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
234/469	SUBMITTED TEXT	25 WORDS	77% MATCHING TEXT	25 WORDS
<p>For a self-occupied house property, Annual Value is nil, hence, the standard deduction is also zero on such a property. 2. Interest on loan</p> <p>For a self occupied house property, since the Annual Value is Nil, the standard deduction is also 0 on such a property. ? Deduction of Interest on Home Loan</p> <p>W https://commercesnmv.files.wordpress.com/2018/06/income-tax-law-and-practice-i.pdf</p>				
235/469	SUBMITTED TEXT	18 WORDS	91% MATCHING TEXT	18 WORDS
<p>whole or any part of the capital borrowed which remains to be repaid as a new loan.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
236/469	SUBMITTED TEXT	29 WORDS	40% MATCHING TEXT	29 WORDS
<p>period starting from the day of construction or the day of borrowing whichever is later and ending on March 31 immediately before the year of completion of construction.</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				

237/469	SUBMITTED TEXT	19 WORDS	67% MATCHING TEXT	19 WORDS
<p>be accumulated and allowed as deduction in 5 equal installments from the year of completion of construction. The</p> <p>SA BEL_Block-6- U16.docx (D142229436)</p>				
238/469	SUBMITTED TEXT	36 WORDS	85% MATCHING TEXT	36 WORDS
<p>in Indore. From the given particulars compute the income from house property for the assessment year 2019-20. Municipal Value 2,00,000 Fair rent 2,52,000 Standard Rent 2,40,000 Actual Rent (per month) 23,000 Municipal Taxes 20%</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
239/469	SUBMITTED TEXT	25 WORDS	73% MATCHING TEXT	25 WORDS
<p>p.a. On 1.7.2016 and the construction of the property was completed on 28.02.2018. Solution: Gross annual value shall be higher of the following two:</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
240/469	SUBMITTED TEXT	31 WORDS	70% MATCHING TEXT	31 WORDS
<p>but limited to standard rent (Rs. 2,40,000) 2,40,000 b. Actual rent received/receivable (23,000 x 12) 2,76,000 Hence, gross annual value 2,76,000 Less: Municipal taxes paid [50%</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
241/469	SUBMITTED TEXT	27 WORDS	70% MATCHING TEXT	27 WORDS
<p>Less: Deductions u/s 24 a. Standard deduction @30% 76,800 b. Interest on borrowed money* 1,38,000 2,14,800 Income from house property 41,200 *Interest</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

242/469	SUBMITTED TEXT	41 WORDS	65% MATCHING TEXT	41 WORDS
<p>House II at Rohini House III at Laxmi Nagar Municipal Value 1,20,000 1,70,000 2,00,000 Fair Rent 1,60,000 2,00,000 2,40,000 Standard Rent 1,40,000 2,20,000 - Actual Rent (per month) 12,000 18,000 21,00 Period of vacancy nil 1 month 6 Months Municipal</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
243/469	SUBMITTED TEXT	27 WORDS	100% MATCHING TEXT	27 WORDS
<p>Municipal tax paid during the year 24,000 80,000 30,000 Compute the income under the head house property of all the 3 properties. Solution: House</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
244/469	SUBMITTED TEXT	13 WORDS	91% MATCHING TEXT	13 WORDS
<p>house property is let out throughout the previous year the annual value</p> <p>SA IT 1 book.docx (D91482405)</p>				
245/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>Gross Annual Value shall be higher of the following two: a)</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
246/469	SUBMITTED TEXT	22 WORDS	75% MATCHING TEXT	22 WORDS
<p>Gross Annual Value 1,98,000 Less: Municipal tax paid 80,000 Net Annual Value 1,18,000 Income from House Property 82,600</p> <p>Gross Annual Value Less Municipal Tax Paid Net Annual Value Less: Deductions: 30% of NAV Interest on Loan Income From House Property</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

247/469	SUBMITTED TEXT	39 WORDS	52% MATCHING TEXT	39 WORDS
<p>but subject to 1,40,000 maximum Rs. 1,40,000 1,40,000 b) Actual rent received or receivable, i.e., Rs. 12,000 * 12 1,44,000 1,44,000 Gross Annual Value 1,44,000 Step II: Deductions Less:- Municipal</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
248/469	SUBMITTED TEXT	19 WORDS	58% MATCHING TEXT	19 WORDS
<p>the property is let out and was vacant for part of the year and the actual rent received</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
249/469	SUBMITTED TEXT	42 WORDS	50% MATCHING TEXT	42 WORDS
<p>Amount Gross annual value 1,26,000 Less: Municipal tax paid 30,000 Net annual value 96,000 Less: Statutory deduction @ 30% 28,800 Income from House Property 67,200 3.9 Amounts Not Deductible From Income From House Property [</p> <p>SA TAX Module 2.pptx (D147365260)</p>				
250/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>any interest chargeable under this Act which is payable outside India (</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
251/469	SUBMITTED TEXT	19 WORDS	100% MATCHING TEXT	19 WORDS
<p>and in respect of which there is no person in India who may be treated as an agent</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

252/469	SUBMITTED TEXT	29 WORDS	80% MATCHING TEXT	29 WORDS
<p>has been paid or deducted at source - And in respect of such interest, there is no person in India who can be treated as an agent</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
253/469	SUBMITTED TEXT	11 WORDS	90% MATCHING TEXT	11 WORDS
<p>charged to income-tax as the income of that previous year</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
254/469	SUBMITTED TEXT	13 WORDS	87% MATCHING TEXT	13 WORDS
<p>whether or not the assessee is the owner of that property in</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
255/469	SUBMITTED TEXT	17 WORDS	81% MATCHING TEXT	17 WORDS
<p>has received any amount, by way of arrears of rent from such property, not charged to</p> <p>has received any amount by way of arrears of rent from a house property, which was not charged to</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
256/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>be deemed to be the income chargeable under the head income from house property.</p> <p>be deemed to be the income chargeable under the head "Income from House Property".</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
257/469	SUBMITTED TEXT	15 WORDS	75% MATCHING TEXT	15 WORDS
<p>is the owner of an property consisting of any buildings or lands appurtenant thereto</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				

258/469	SUBMITTED TEXT	12 WORDS	91% MATCHING TEXT	12 WORDS
<p>be charged to income-tax as the income of that previous year</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
259/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>whether the assessee is the owner of that property in that year or not. 3.10</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
260/469	SUBMITTED TEXT	33 WORDS	83% MATCHING TEXT	33 WORDS
<p>The annual value of any property consisting of building or land appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head "Income from house property". •</p> <p>The annual value of property, consisting of any buildings or lands appurtenant thereto, of which the assessee is the owner, is chargeable to tax under the head 'Income from house property'.</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
261/469	SUBMITTED TEXT	17 WORDS	81% MATCHING TEXT	17 WORDS
<p>House property includes flats, shops, office space, factory sheds, commercial buildings, agricultural land and farm houses</p> <p>SA PROJECT REPORT.DOC (D37553180)</p>				
262/469	SUBMITTED TEXT	42 WORDS	74% MATCHING TEXT	42 WORDS
<p>A: House property - Let out throughout the previous year. Category B: House property - Let out and was vacant during the whole or part of the previous year Category C: House Property - Part of the year</p> <p>SA IT 1 book.docx (D91482405)</p>				

263/469	SUBMITTED TEXT	62 WORDS	86% MATCHING TEXT	62 WORDS
<p>Municipal Value: 2,00,000 Fair Rent: 2,40,000 Actual Rent per month: 20,000 Municipal tax paid during the year: 19,000 The tenant vacated the property on 31.10.2015 and thereafter the property was let out for Rs. 25,000 p.m. Mr. Yadav could not receive the rent for the months of September and October, 2015 due to the death of the earlier tenant.</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
264/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>What will be your answer if the unrealised rent is</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
265/469	SUBMITTED TEXT	27 WORDS	48% MATCHING TEXT	27 WORDS
<p>the capital is any kind of property that is fixed or circulating, movable or immovable, tangible or intangible except some. The definition of capital asset</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
266/469	SUBMITTED TEXT	28 WORDS	94% MATCHING TEXT	28 WORDS
<p>movable property (including wearing apparel and furniture) held for personal use by the assessee or any member of his family dependent on him, but excludes— a. Jewellery;</p> <p>SA IT 1 book.docx (D91482405)</p>				
267/469	SUBMITTED TEXT	45 WORDS	95% MATCHING TEXT	45 WORDS
<p>a) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel; - (</p> <p>SA IT 1 book.docx (D91482405)</p>				

268/469	SUBMITTED TEXT	26 WORDS	100% MATCHING TEXT	26 WORDS
<p>precious or semi-precious stones, whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel. (</p> <p>SA IT 1 book.docx (D91482405)</p>				
269/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>or a cantonment board and which has a population of not less than</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
270/469	SUBMITTED TEXT	21 WORDS	100% MATCHING TEXT	21 WORDS
<p>in any area within the distance, measured aerially,— - (I) not being more than two kilometres, from the local limits</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
271/469	SUBMITTED TEXT	25 WORDS	93% MATCHING TEXT	25 WORDS
<p>population of more than ten thousand but not exceeding one lakh; or - (II) not being more than six kilometres, from the local limits</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
272/469	SUBMITTED TEXT	23 WORDS	92% MATCHING TEXT	23 WORDS
<p>more than one lakh but not exceeding ten lakh; or - (III) not being more than eight kilometres, from the local limits</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

273/469	SUBMITTED TEXT	45 WORDS	76% MATCHING TEXT	45 WORDS
<p>relevant figures have been published before the first day of the previous year; (iv) 6 percent Gold Bonds, 1977, or 7 per cent Gold Bonds, 1980, or National Defence Gold Bonds, 1980, issued by the Central Government; (v) Special Bearer Bonds, 1991,</p> <p>SA IT 1 book.docx (D91482405)</p>				
274/469	SUBMITTED TEXT	31 WORDS	93% MATCHING TEXT	31 WORDS
<p>According to Sec. 2(42A) "short-term capital asset" means a capital asset held by an assessee for not more than thirty-six months immediately preceding the date of its transfer "</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
275/469	SUBMITTED TEXT	16 WORDS	93% MATCHING TEXT	16 WORDS
<p>long-term capital asset" means a capital asset which is not a short-term capital asset;</p> <p>Long-term capital asset: Sec. 2(29A): means a capital asset which is not a short-term capital asset.</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
276/469	SUBMITTED TEXT	25 WORDS	63% MATCHING TEXT	25 WORDS
<p>any capital asset owned by a taxpayer for not more than 36 months immediately preceding the date of its transfer will be arranged as</p> <p>SA IT 1 book.docx (D91482405)</p>				
277/469	SUBMITTED TEXT	24 WORDS	81% MATCHING TEXT	24 WORDS
<p>any capital asset held by a taxpayer for more than 36 months immediately preceding the date of its transfer will be treated as</p> <p>SA Manish Project 1 (1).docx (D116186563)</p>				

278/469	SUBMITTED TEXT	19 WORDS	100%	MATCHING TEXT	19 WORDS
<p>certain assets like: - shares (equity or preference) which are listed in a recognized stock exchange in India (</p> <p>SA IT 1 book.docx (D91482405)</p>					
279/469	SUBMITTED TEXT	62 WORDS	93%	MATCHING TEXT	62 WORDS
<p>transfer of such shares took place on or before July 10, 2014), - units of equity-oriented mutual funds, - listed securities like debentures and - Government securities, - Units of UTI and Zero-Coupon Bonds The period of holding is to be considered 12 months instead of 36 months. Period of holding shall be considered as 24 months</p> <p>SA IT 1 book.docx (D91482405)</p>					
280/469	SUBMITTED TEXT	20 WORDS	64%	MATCHING TEXT	20 WORDS
<p>for a period of less than 36 months, the gold will be treated as 'Short Term Capital Asset'.</p> <p>SA IT 1 book.docx (D91482405)</p>					
281/469	SUBMITTED TEXT	63 WORDS	93%	MATCHING TEXT	63 WORDS
<p>transfer of such shares took place on or before July 10, 2014), - units of equity-oriented mutual funds, - listed securities like debentures and - Government securities, - Units of UTI and Zero-Coupon Bonds The period of holding is to be considered 12 months instead of 36 months. Period of holding shall be considered as 24 months</p> <p>SA IT 1 book.docx (D91482405)</p>					
282/469	SUBMITTED TEXT	20 WORDS	76%	MATCHING TEXT	20 WORDS
<p>for a period of more than 36 months, the gold will be treated as Long Term Capital Asset.</p> <p>SA IT 1 book.docx (D91482405)</p>					

283/469	SUBMITTED TEXT	18 WORDS	62% MATCHING TEXT	18 WORDS
<p>for a period of less than 12 months, the shares will be treated as Short Term Capital</p> <p>SA IT 1 book.docx (D91482405)</p>				
284/469	SUBMITTED TEXT	26 WORDS	70% MATCHING TEXT	26 WORDS
<p>shares will be treated as Long Term Capital Assets. Short term Capital Gains [Section 2(42B)] Long term Capital Gains [Section 2(29B)] Capital gain arising</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
285/469	SUBMITTED TEXT	15 WORDS	80% MATCHING TEXT	15 WORDS
<p>of a short-term capital asset is termed as short-term capital gain. Illustration(4.6): In</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
286/469	SUBMITTED TEXT	35 WORDS	75% MATCHING TEXT	35 WORDS
<p>capital asset, includes: i. the sale, exchange or relinquishment of the asset ; or ii. the extinguishment of any rights therein ; or iii. the compulsory acquisition thereof under any law ; or iv.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
287/469	SUBMITTED TEXT	110 WORDS	82% MATCHING TEXT	110 WORDS
<p>where the asset is converted by the owner thereof into, or is treated by him as, stock-in-trade of a business carried on by him, such conversion or treatment ; or v. iva) the maturity or redemption of a zero coupon bond; or vi. (v) any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882) ; or vii. (vi) any transaction (whether by way of becoming a member of, or acquiring shares in, a co- operative society, company or</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

288/469	SUBMITTED TEXT	23 WORDS	80% MATCHING TEXT	23 WORDS
<p>which has the effect of transferring, or enabling the enjoyment of, any immovable property.[Section 2(47)] 4.4.2 Transactions Not Considered as Transfer [</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>		<p>which has the effect of transferring or enabling the enjoyment of any immovable property. 6.7 which are not regarded as transfer</p>		
289/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>association of persons or by way of any agreement or</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
290/469	SUBMITTED TEXT	16 WORDS	96% MATCHING TEXT	16 WORDS
<p>any distribution of capital assets on the total or partial partition of Hindu Undivided Family [</p> <p>SA BEL_Block-6- U16.docx (D142229436)</p>				
291/469	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
<p>any transfer of a capital asset under a gift or will or an irrevocable trust [</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
292/469	SUBMITTED TEXT	23 WORDS	100% MATCHING TEXT	23 WORDS
<p>any transfer of a capital asset by a company to its 100% subsidiary company provided the subsidiary company is an Indian company [</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

293/469	SUBMITTED TEXT	63 WORDS	89% MATCHING TEXT	63 WORDS
<p>any transfer of a capital asset by a 100% subsidiary company to its holding company, if the holding company is an Indian company [Section 47(v)]; • any transfer in a scheme of amalgamation of a capital asset by the amalgamating company to the amalgamated company, if the amalgamated company is an Indian company [Section 47(vi)]; • any transfer in a scheme of</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
294/469	SUBMITTED TEXT	32 WORDS	89% MATCHING TEXT	32 WORDS
<p>any transfer, in a demerger, of a capital asset by the demerged company to the resulting company, if the resulting company is an Indian company [Section 47(vib)];</p> <ul style="list-style-type: none">• any transfer <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
295/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>of a capital asset, being a share or shares held</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
296/469	SUBMITTED TEXT	76 WORDS	78% MATCHING TEXT	76 WORDS
<p>by the demerged foreign company to the resulting foreign company, if certain conditions are satisfied. • any transfer or issue of shares by the resulting company, in a scheme of demerger to the shareholders of the demerged company if the transfer or issue is made in consideration of demerger of the undertaking [Section 47(vd)]; • any transfer by a shareholder, in a scheme of amalgamation, of shares held by him in the amalgamating company if</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

297/469	SUBMITTED TEXT	26 WORDS	100% MATCHING TEXT	26 WORDS
<p>transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another non-resident; [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
298/469	SUBMITTED TEXT	42 WORDS	78% MATCHING TEXT	42 WORDS
<p>Full value of consideration (i.e., Sales consideration of asset) xxxxx Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). xxxxx Net sale consideration xxxxx Less: Cost of acquisition (i.e.,</p> <p>SA IT 1 book.docx (D91482405)</p>				
299/469	SUBMITTED TEXT	41 WORDS	82% MATCHING TEXT	41 WORDS
<p>Particulars Amount Full value of consideration (i.e., Sales consideration) 8,00,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (i.e., brokerage) (10,000) Net sale consideration 7,90,000 Less: Cost of acquisition (i.e.,</p> <p>SA IT 1 book.docx (D91482405)</p>				
300/469	SUBMITTED TEXT	19 WORDS	75% MATCHING TEXT	19 WORDS
<p>of capital asset) Nil Short-Term Capital Gains 50,000 4.6.6 Computation Of Long-term Capital Gains</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				

301/469	SUBMITTED TEXT	57 WORDS	67% MATCHING TEXT	57 WORDS
<p>Full value of consideration (i.e., Sales consideration of asset) xxxxx Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). xxxxx Net sale consideration xxxxx Less: Indexed cost of acquisition (*) (xxxxx) Less: Indexed cost of improvement if any (*) (xxxxx) Long-Term Capital</p> <p>SA IT 1 book.docx (D91482405)</p>				
302/469	SUBMITTED TEXT	18 WORDS	75% MATCHING TEXT	18 WORDS
<p>Cost inflation index of the year of acquisition/improvement - Cost inflation index of the year of</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
303/469	SUBMITTED TEXT	77 WORDS	85% MATCHING TEXT	77 WORDS
<p>has notified the following Cost Inflation Indexes:- Sl. No. Financial Year Cost Inflation Index 1 2001-2002 100 2 2002-2003 105 3 2003-2004 109 4 2004-2005 113 5 2005-2006 117 6 2006-2007 122 7 2007-2008 129 8 2008-2009 137 9 2009-2010 148 10 2010-2011 167 11 2011-2012 184 12 2012-2013 200 13 2013-2014 220 14 2014-2015 240 15 2015-2016 254 16 2016-2017 264 17 2017-2018 272 18 2018-2019 280 19 2019-2020 289 20 2020-2021 301</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
304/469	SUBMITTED TEXT	19 WORDS	82% MATCHING TEXT	19 WORDS
<p>The cost inflation index notified for the year 2004-05 is 113 and for the year 2020-21 is 301.</p> <p>The cost inflation index for the financial year 1987-1988 is 150 and for the financial year 2007-2008 is 551. 5.</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

305/469	SUBMITTED TEXT	58 WORDS	72% MATCHING TEXT	58 WORDS
<p>Full value of consideration (i.e., Sales consideration of asset) 10,20,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, commission, advertisement expenses, etc.). 20,000 Net sale consideration 10,00,000 Less: Indexed cost of acquisition (*) 2,50,389 Less: Indexed cost of improvement if any (*) nil Long-Term Capital</p> <p>SA IT 1 book.docx (D91482405)</p>				
306/469	SUBMITTED TEXT	44 WORDS	50% MATCHING TEXT	44 WORDS
<p>cost of acquisition will be computed as follows: Cost inflation index of the year of acquisition Cost of acquisition x Cost inflation index of the year of</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
307/469	SUBMITTED TEXT	25 WORDS	54% MATCHING TEXT	25 WORDS
<p>of inheritance, gift, will etc.: - the cost of such an asset will be the cost of the asset to the previous owner. -</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
308/469	SUBMITTED TEXT	19 WORDS	68% MATCHING TEXT	19 WORDS
<p>the fair market value of the asset, as on April 1, 2001, will be the cost of acquisition,</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
309/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>capital asset is converted into stock-in-trade during the previous year 1984-85</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

310/469	SUBMITTED TEXT	43 WORDS	85% MATCHING TEXT	43 WORDS
<p>but the capital gain will not arise in the previous year in which the asset is converted, rather it will arise in the previous year in which such converted asset is sold or otherwise transferred. 3. If the indexation and improvement</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
311/469	SUBMITTED TEXT	27 WORDS	87% MATCHING TEXT	27 WORDS
<p>will be done till the previous year in which such conversion took place. 4. For knowing the fair market value as on the date of conversion</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				
312/469	SUBMITTED TEXT	26 WORDS	97% MATCHING TEXT	26 WORDS
<p>is first received. - Indexation benefit is, however, available up to the year in which the asset is compulsorily acquired. Additional Compensation - -</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
313/469	SUBMITTED TEXT	20 WORDS	68% MATCHING TEXT	20 WORDS
<p>a Court/Tribunal/authority, then it will be taxable in the year in which the enhanced compensation is received. -</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
314/469	SUBMITTED TEXT	20 WORDS	79% MATCHING TEXT	20 WORDS
<p>cost of acquisition and cost of improvement shall be taken as nil. - Litigation expenses or incidental expenditure</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

315/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>the cost of acquisition will be the Fair market value of the asset</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
316/469	SUBMITTED TEXT	35 WORDS	92% MATCHING TEXT	35 WORDS
<p>depreciable or non-depreciable asset. - The sale consideration is less than the value adopted (or assessed) by any authority of a State Government for payment of stamp duty in respect of such transfer.</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
317/469	SUBMITTED TEXT	15 WORDS	71% MATCHING TEXT	15 WORDS
<p>long-term capital assets or short-term capital assets. • Long-Term Capital Gain on Transfer of</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
318/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>The assessee is an individual or a Hindu undivided family. -</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
319/469	SUBMITTED TEXT	48 WORDS	100% MATCHING TEXT	48 WORDS
<p>conversion of an Indian branch of a foreign bank into an Indian subsidiary is not chargeable to tax. The exemption is available only if the conversion takes place in accordance with the scheme framed by RBI and subject to the conditions notified by the Central Government. •</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

320/469	SUBMITTED TEXT	16 WORDS	89% MATCHING TEXT	16 WORDS
<p>Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013,</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
321/469	SUBMITTED TEXT	49 WORDS	60% MATCHING TEXT	49 WORDS
<p>two years after the sale of the original house or constructed another house within three years after the sale of the original house. In the case of compulsory acquisition, these time-limits shall be determined from the date of receipt of compensation (original or additional) • Amount of</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
322/469	SUBMITTED TEXT	27 WORDS	45% MATCHING TEXT	27 WORDS
<p>the following: - Amount of capital gains arising on transfer of residential house or - Amount invested in the purchase/construction of new residential house</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
323/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>within a period of 3 years from the date of its acquisition/ within a period of 3 years from the date of its acquisition.</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
324/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>will be deducted from the cost of acquisition of the will be deducted from the cost of acquisition of the</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

325/469	SUBMITTED TEXT	21 WORDS	70% MATCHING TEXT	21 WORDS
<p>for the financial years 2018-19 and 2019-20? Solution: Computation of capital gains for the financial year 2018-19 Particulars</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>		<p>for the financial year 1981-82 is 100, and for 2007-2008 is 551. Solution: i) Computation of Capital gains for the Assessment Year 2008-2009 Particulars</p>		
326/469	SUBMITTED TEXT	14 WORDS	87% MATCHING TEXT	14 WORDS
<p>Capital Gain Deposit Account' in any branch of public sector bank. The</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
327/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>is transferred within a period of 3 years from the date of its acquisition/</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
328/469	SUBMITTED TEXT	18 WORDS	61% MATCHING TEXT	18 WORDS
<p>If the new house is sold before a period of 3 years from the date of its purchase/</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>		<p>If the new agricultural land is transferred by the assessee within a period of 3 years from the date of its purchase,</p>		
329/469	SUBMITTED TEXT	21 WORDS	62% MATCHING TEXT	21 WORDS
<p>will be deducted from the cost of acquisition of the new house. Applying this provision, the cost of acquisition of</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>		<p>will be deducted from the cost of acquisition of the asset concerned in computing the cost of acquisition of</p>		

330/469	SUBMITTED TEXT	57 WORDS	50% MATCHING TEXT	57 WORDS
<p>as follows Particulars Amount (Rs) Full value of consideration (i.e., Sales value) 12,00,000 Less: Expenditure incurred wholly and exclusively in connection with transfer of capital asset (E.g., brokerage, etc.). Nil Net sale consideration 12,00,000 Less: Cost of acquisition of the house (*) 1,60,000 Taxable short- term capital gains</p> <p>SA TAX Module 2.pptx (D147365260)</p>				
331/469	SUBMITTED TEXT	28 WORDS	90% MATCHING TEXT	28 WORDS
<p>if it was used by the individual or his parents or by the Hindu undivided family for agricultural purpose for 2 years immediately prior to transfer. ●</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
332/469	SUBMITTED TEXT	12 WORDS	95% MATCHING TEXT	12 WORDS
<p>of Capital Gain on Transfer of any Long Term Capital Asset</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
333/469	SUBMITTED TEXT	27 WORDS	44% MATCHING TEXT	27 WORDS
<p>Investment in certain Bonds [Section-54EC] The Provisions of Section 54EC for the Exemption of Capital Gains on Transfer of any Long Term Capital Asset on the</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
334/469	SUBMITTED TEXT	18 WORDS	66% MATCHING TEXT	18 WORDS
<p>of exemption will be = Investment in the new asset or capital gain, whichever is lower. ●</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				

335/469	SUBMITTED TEXT	21 WORDS	92% MATCHING TEXT	21 WORDS
<p>Capital Gain not to be charged on Investment in Units of a Specified Fund [Section 54EE] The Provisions of Section 54</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
336/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>Capital Gain not to be charged on Investment in Units of a Specified Fund</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
337/469	SUBMITTED TEXT	17 WORDS	70% MATCHING TEXT	17 WORDS
<p>Capital Gain on Transfer of Long-Term Capital Assets other than a House Property [Sec. 54F] The</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
338/469	SUBMITTED TEXT	16 WORDS	80% MATCHING TEXT	16 WORDS
<p>Capital Gain on Shifting of industrial undertaking from urban area to rural area [Sec. 54G]</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
339/469	SUBMITTED TEXT	14 WORDS	89% MATCHING TEXT	14 WORDS
<p>Capital Gains on Shifting of Industrial Undertaking from Urban Areas to Non-Urban Areas</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
340/469	SUBMITTED TEXT	28 WORDS	88% MATCHING TEXT	28 WORDS
<p>section 54G. 4.9.8 Exemption of Capital Gain on transfer of assets in case of shifting of Industrial Undertaking from an urban area to any Special Economic Zone (</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				

341/469	SUBMITTED TEXT	25 WORDS	87% MATCHING TEXT	25 WORDS
<p>Exemption of Capital Gain on transfer of assets in case of shifting of Industrial Undertaking from an urban area to any Special Economic Zone</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
342/469	SUBMITTED TEXT	16 WORDS	84% MATCHING TEXT	16 WORDS
<p>of exemption = investment in the new asset or capital gain, whichever is lower. •</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				
343/469	SUBMITTED TEXT	13 WORDS	76% MATCHING TEXT	13 WORDS
<p>Exemption of Long-term Capital Gain Tax on Transfer of Residential Property if</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
344/469	SUBMITTED TEXT	12 WORDS	87% MATCHING TEXT	12 WORDS
<p>Invested in the Equity Shares of a new Start-up SME Company [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
345/469	SUBMITTED TEXT	23 WORDS	100% MATCHING TEXT	23 WORDS
<p>consideration 13,50,000 Less Indexed cost of acquisition = 4,00,000/100 x 280 11,20,000 Long-term capital gain 2,30,000 Less exemption u/s 54F*</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
346/469	SUBMITTED TEXT	14 WORDS	88% MATCHING TEXT	14 WORDS
<p>Long-term capital gain on gold 2,30,000 Long-term capital gain on sale of</p> <p>Long-term capital gain on sale of Long-term capital gain on the sale of</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				

347/469	SUBMITTED TEXT	23 WORDS	89% MATCHING TEXT	23 WORDS
<p>Full Value of Consideration 19,50,000 Less indexed cost of acquisition = $7,00,000/100 \times 280 = 16,06,557$ Long Term Capital Gain 3,43,443</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
348/469	SUBMITTED TEXT	16 WORDS	61% MATCHING TEXT	16 WORDS
<p>long-term capital gain from sale of gold or against long-term capital gain from sale of</p> <p>Long-term capital gain on sale of gold Long-term capital gain on the sale of</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
349/469	SUBMITTED TEXT	124 WORDS	66% MATCHING TEXT	124 WORDS
<p>less) = 2,40,000 Exemption u/s54F** = 1,05,675 3,45,675 Taxable long term capital gain 2,27,768 Taxable short term capital gain 50,000 **</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
350/469	SUBMITTED TEXT	19 WORDS	61% MATCHING TEXT	19 WORDS
<p>the capital is any kind of property that is fixed or circulating, movable or immovable, tangible or intangible</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
351/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>Capital Gain on Compulsory Acquisition of Urban Agricultural Land [Section 10(37)]</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
352/469	SUBMITTED TEXT	24 WORDS	76% MATCHING TEXT	24 WORDS
<p>the head 'Income from Other Sources' 5.3 Income from Dividends [Sec. 56(2)(i)] 5.4 Winnings from Lotteries, Crossword Puzzles, Horse Races & Card Games [</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				

353/469	SUBMITTED TEXT	33 WORDS	100% MATCHING TEXT	33 WORDS
<p>Forfeiture of advance received for transfer of a capital asset to be taxed under the head 'Income from Other Sources' [Section 56(2)(ix)] 5.10</p> <p>SA Manish Project 1 (1).docx (D116173328)</p>				
354/469	SUBMITTED TEXT	49 WORDS	30% MATCHING TEXT	49 WORDS
<p>the head - 'Income from Other Sources' 5.2 Head of Income - 'Income from Other Sources' Sections 56 to 59 are for 'Income from Other Sources'. Section 56(1) defines the head, while 56(2) specifically tell which incomes are always taxable under the head "Income from other sources.</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
355/469	SUBMITTED TEXT	18 WORDS	76% MATCHING TEXT	18 WORDS
<p>the head 'Income from Other Sources': - If it is an income - If it is not</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
356/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>Winnings from Lotteries, Crossword Puzzles, Horse Races and Card Games •</p> <p>SA Income tax Law and Practice AY 2018-19.pdf (D97374547)</p>				

357/469	SUBMITTED TEXT	123 WORDS	85% MATCHING TEXT	123 WORDS
<p>Interest on Securities if the income is not chargeable to income-tax under the head 'Profits and gains of business or profession' • Income from machinery, plant or furniture belonging to the assessee and let on hire, if the income is not chargeable to income-tax under the head "Profits and gains of business or profession" • where an assessee lets on hire machinery, plant or furniture belonging to him and also buildings, and the letting of the buildings is inseparable from the letting of the said machinery, plant or furniture, the income from such letting, if it is not chargeable to income-tax under the head "Profits and gains of business or profession"; • Any sum received under a Keyman Insurance Policy, including</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
358/469	SUBMITTED TEXT	66 WORDS	63% MATCHING TEXT	66 WORDS
<p>bonus on such policy, if such income is not chargeable to income-tax under the head 'salaries' or 'profits and gains of business or profession. • where any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1</p> <p>SA 2 SLM CM-210 Mohd Taqi Assistant PProf CDOE AMU.docx (D143424526)</p>				
359/469	SUBMITTED TEXT	15 WORDS	84% MATCHING TEXT	15 WORDS
<p>the 1st day of October, 2009, the whole of the aggregate value of such</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

360/469	SUBMITTED TEXT	72 WORDS	75% MATCHING TEXT	72 WORDS
<p>Where a closely held company receives in any previous year from any resident person any consideration for issue of shares that exceeds the face value of shares then the aggregate consideration received for such shares which is in excess of the fair market value shall be taxable. • Income through interest received as compensation or as enhanced compensation to be taxed in the year in which such interest is received. •</p> <p>SA Manish Project 1 (1).docx (D116173328)</p>				
361/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>in the course of negotiations for transfer of a capital asset,</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
362/469	SUBMITTED TEXT	36 WORDS	92% MATCHING TEXT	36 WORDS
<p>Any compensation received or receivable, whether revenue or capital, in connection with the termination or modification of the terms and conditions of any contract relating to its employment shall be taxable under section 56. •</p> <p>SA Manish Project 1 (1).docx (D116173328)</p>				
363/469	SUBMITTED TEXT	15 WORDS	80% MATCHING TEXT	15 WORDS
<p>Any sum received by an assessee from his employee as contribution to any provident fund/</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
364/469	SUBMITTED TEXT	23 WORDS	76% MATCHING TEXT	23 WORDS
<p>is not taxable under the head 'Profits and Gains of Business and Profession'. 5.2.4 Other Incomes included under the head '</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				

365/469	SUBMITTED TEXT	62 WORDS	96% MATCHING TEXT	62 WORDS
<p>Director's commission for underwriting shares of a new company • Gratuity received by a director who, under the relevant contract, is not an employee or servant of the company, is assessable as income from other sources</p> <ul style="list-style-type: none"> • Income from granting of mining rights • Income from markets, fisheries, rights of ferry or moorings • Income from grant of grazing rights <p>SA Manish Project 1 (1).docx (D116176361)</p>				
366/469	SUBMITTED TEXT	23 WORDS	52% MATCHING TEXT	23 WORDS
<p>Dividends [Sec. 56(2)(i)] Dividends are of three types: - Dividends Declared By A Domestic Company Dividend paid by a domestic company</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
367/469	SUBMITTED TEXT	22 WORDS	78% MATCHING TEXT	22 WORDS
<p>in the hands of the unit holders, though the mutual funds or specified company pay additional income tax on the distributed</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
368/469	SUBMITTED TEXT	30 WORDS	70% MATCHING TEXT	30 WORDS
<p>Gross Total Income 15,00,000 Less Deduction u/s 80C to 80U Nil Total Income: 15,00,000 Tax on Dividend exceeding 10,00,000 (5,00,000 x 10%) 50,000 Tax on</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
369/469	SUBMITTED TEXT	37 WORDS	78% MATCHING TEXT	37 WORDS
<p>Interest on Securities [Section 56(2) (id)] Income from interest on securities is chargeable under the head - 'Income from Other Sources', provided such income is not chargeable under the head 'Profits & Gains of Business</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

370/469	SUBMITTED TEXT	31 WORDS	45% MATCHING TEXT	31 WORDS
<p>or commission to a banker or any other person for receiving the interest is deductible. - Interest on loan u/s 57(iii): Interest paid on money borrowed towards investing in securities</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
371/469	SUBMITTED TEXT	23 WORDS	60% MATCHING TEXT	23 WORDS
<p>is not chargeable under the head 'Profits & Gains of Business or Profession', then it is chargeable under the head 'Income From</p> <p>is not taxable under the head "profits and gains of business or profession":- ? Rent house property is taxable under the head "Income from</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
372/469	SUBMITTED TEXT	27 WORDS	75% MATCHING TEXT	27 WORDS
<p>is taxable under the head - 'Income From Other sources', if such income is not eligible to charge under the head 'Profits & Gains of Business</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
373/469	SUBMITTED TEXT	26 WORDS	95% MATCHING TEXT	26 WORDS
<p>risk of damage or destruction of the premises. - Repairs and insurance of machinery, plant, or furniture. - Depreciation based upon block of assets. -</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
374/469	SUBMITTED TEXT	28 WORDS	72% MATCHING TEXT	28 WORDS
<p>Any other expenditure If not of a capital nature, for the purpose of making or earning such income can be claimed as a deduction. 5.7</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

375/469	SUBMITTED TEXT	13 WORDS	87% MATCHING TEXT	13 WORDS
<p>are chargeable to tax under the head 'Income from Other Sources' u/s 56(2)(</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
376/469	SUBMITTED TEXT	31 WORDS	46% MATCHING TEXT	31 WORDS
<p>and the aggregate value exceeds Rs. 50,000, then the whole of the aggregate value of such sum is taxable. b) Any immovable property: The taxability of such an immovable property</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
377/469	SUBMITTED TEXT	20 WORDS	100% MATCHING TEXT	20 WORDS
<p>Shares and securities; • jewellery; • archaeological collections; • drawings; • paintings; • sculptures; • any work of art;</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
378/469	SUBMITTED TEXT	18 WORDS	90% MATCHING TEXT	18 WORDS
<p>Brother or sister of either of the parents' • any lineal ascendant or descendant of the individual</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
379/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>any lineal ascendant or descendant of the spouse of the individual</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
380/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>interest received on compensation or on enhanced compensation shall be deemed</p> <p>Interest received on compensation or on enhanced compensation shall be deemed</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				

381/469	SUBMITTED TEXT	18 WORDS	75% MATCHING TEXT	18 WORDS
<p>Movable property acquired for inadequate consideration - Difference between the fair market value and the</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
382/469	SUBMITTED TEXT	20 WORDS	90% MATCHING TEXT	20 WORDS
<p>received on compensation or on enhanced compensation shall be taxable under the head - 'Income from Other sources.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
383/469	SUBMITTED TEXT	23 WORDS	100% MATCHING TEXT	23 WORDS
<p>Forfeiture of advance received for transfer of a capital asset to be taxed under the head 'Income from Other Sources' [Section 56(2)(ix)]</p> <p>SA Manish Project 1 (1).docx (D116173328)</p>				
384/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>standard deduction of 33 1/3% of such pension or Rs.15,000 whichever is less</p> <p>standard deduction of 1/3 of such pension or Rs.15000 whichever is less</p> <p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				
385/469	SUBMITTED TEXT	15 WORDS	80% MATCHING TEXT	15 WORDS
<p>of a capital shall be taxable under the head 'Income from Other Sources' if:</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
386/469	SUBMITTED TEXT	24 WORDS	85% MATCHING TEXT	24 WORDS
<p>is taxable under the head 'Income From Other Sources' if such income is not chargeable under the head 'Profits and Gains of Business</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

387/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>on which tax has not been deducted at source is not deductible [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
388/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>Any sum paid on account of wealth-tax is not deductible [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
389/469	SUBMITTED TEXT	11 WORDS	100% MATCHING TEXT	11 WORDS
<p>the activity of owning and maintaining race horses shall be</p> <p>the activity of owning and maintaining race horses shall be</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
390/469	SUBMITTED TEXT	14 WORDS	87% MATCHING TEXT	14 WORDS
<p>Section 40A(3)]; - Any expenditure In respect of royalty and technical fees received</p> <p>SA Ist-sec.JGNDOSU-lessons .RTF (D111940059)</p>				
391/469	SUBMITTED TEXT	27 WORDS	91% MATCHING TEXT	27 WORDS
<p>market @Rs. 2000 per debenture. Face Value of Debenture = Rs. 1900/- . Due date of interest = 31st March every year.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
392/469	SUBMITTED TEXT	23 WORDS	87% MATCHING TEXT	23 WORDS
<p>carry forward losses. - Set off of loss from one source against income from another source under the same head of income (</p> <p>carry forward and set Set off of loss from one source against income from another source under the same head of income (</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				

393/469	SUBMITTED TEXT	14 WORDS	93% MATCHING TEXT	14 WORDS
Set-off of loss from one head against income from another head (Inter-head adjustment) [Set off of loss from one head against income from another: (inter head adjustments): 162 Inter head adjustment		
W	http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx			
394/469	SUBMITTED TEXT	54 WORDS	95% MATCHING TEXT	54 WORDS
Act 1961) "where the net result for any assessment year in respect of any source, falling under any head of income other than "capital gains", is a loss, the assessee is entitled to have the amount of such loss set off against his income from any other source under the same head."		Act, where the net result for any assessment year in respect of any source falling under any head of income, other than Capital gains, is a loss, the assessee shall be entitled to have the amount of such set off against his income from any other source under the same head. (2)		
W	https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf			
395/469	SUBMITTED TEXT	23 WORDS	100% MATCHING TEXT	23 WORDS
any head of income, other than "capital gains" is a loss, the assessee shall be entitled to have the amount of such		any head of income, other than Capital gains, is a loss, the assessee shall be entitled to have the amount of such		
W	https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf			
396/469	SUBMITTED TEXT	14 WORDS	82% MATCHING TEXT	14 WORDS
long -term capital gains; b. Short-term capital gains on transfer of equity shares		Long Term Capital Gains and Short Term Capital Gains) on transfer of Equity Shares		
W	https://commercesnmv.files.wordpress.com/2018/06/income-tax-law-and-practice-i.pdf			
397/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
the income chargeable under the head 'Income from Other Sources'? Q:5)				
SA	Ist-sec.JGNDOSU-lessons .RTF (D111940059)			

398/469	SUBMITTED TEXT	34 WORDS	59% MATCHING TEXT	34 WORDS
<p>from the activity of owning and maintaining race horses cannot be set off against the income from any other source. Though, such a loss can only be set off against the income</p> <p>SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)</p>				
399/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>be set off against winnings from lotteries, crossword puzzles, card games etc. •</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
400/469	SUBMITTED TEXT	13 WORDS	89% MATCHING TEXT	13 WORDS
<p>to be set-off. • A short-term capital loss can be set-off from</p> <p>SA Latest final to publish 2014 tax book.pdf (D19103058)</p>				
401/469	SUBMITTED TEXT	18 WORDS	73% MATCHING TEXT	18 WORDS
<p>can be set-off against income from any other head. Though, such losses can be carried forward.</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
402/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>Carry Forward and Set Off of Losses If the losses could not be set off under the</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
403/469	SUBMITTED TEXT	21 WORDS	69% MATCHING TEXT	21 WORDS
<p>carry forward and set off of house property loss: Any house property loss that could not be set-off in the</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

404/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>a long-term capital loss can be set-off against a long-term capital gain</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
405/469	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
<p>year/s. Such loss can be adjusted only against income chargeable to tax under the head "</p> <p>SA TAX Module 2.pptx (D147365260)</p>				
406/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>year/s. Such loss can be adjusted only against income chargeable to tax under the head "Capital gains"</p> <p>SA TAX Module 2.pptx (D147365260)</p>				
407/469	SUBMITTED TEXT	34 WORDS	93% MATCHING TEXT	34 WORDS
<p>against income from winnings like lotteries, crossword puzzles, race including horse race, card game, and any other game of any sort or gambling or betting of any form or nature. 6.2.3</p> <p>SA TAX Module 2.pptx (D147365260)</p>				
408/469	SUBMITTED TEXT	19 WORDS	61% MATCHING TEXT	19 WORDS
<p>eight years immediately the year in which the loss is incurred. • Carry Forward and Set-Off of</p> <p>SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)</p>				
409/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>LIC or any other insurer or the Administrator or the specified company</p> <p>LIC or any other insurer or the administrator or the specified company</p> <p>W http://www.govtwomencollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				

410/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
<p>assessment years, immediately succeeding the assessment year for which the loss was first computed. 6.3</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
411/469	SUBMITTED TEXT	14 WORDS	76% MATCHING TEXT	14 WORDS
<p>of interest on loan taken from financial institution/approved charitable institution for pursuing higher education(</p> <p>of interest on loan taken from any financial institution or any approved charitable institution for her higher education</p> <p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				
412/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>CCD Contribution to pension scheme notified by Central Government up to 10% of salary (</p> <p>SA Manish Project 1 (1).docx (D116176361)</p>				
413/469	SUBMITTED TEXT	14 WORDS	89% MATCHING TEXT	14 WORDS
<p>Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] (w.e.</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
414/469	SUBMITTED TEXT	33 WORDS	95% MATCHING TEXT	33 WORDS
<p>employer shall also be allowed as deduction under80CCD (2) while computing total income of the employee. However, the amount of deduction could not exceed 14% of salary where contribution is made by</p> <p>SA Manish Project 1 (1).docx (D116176361)</p>				
415/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>central government and 10% of salary, where contribution is made by any other employee.</p> <p>SA Manish Project 1 (1).docx (D116176361)</p>				

416/469	SUBMITTED TEXT	12 WORDS	95% MATCHING TEXT	12 WORDS
to effect or keep in force insurance on the health of				
SA BEL_Block-6- U16.docx (D142229436)				
417/469	SUBMITTED TEXT	16 WORDS	93% MATCHING TEXT	16 WORDS
medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability [
SA Income Tax Law and Practice-n.docx (D97574460)				
418/469	SUBMITTED TEXT	12 WORDS	84% MATCHING TEXT	12 WORDS
to National Defence Fund, Prime Minister's National Relief Fund, Prime Minister's		to National Defence Fund. 7) Donation to Prime Minister's National Relief Fund. 8) Donation to Prime Minister's		
W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be				
419/469	SUBMITTED TEXT	18 WORDS	100% MATCHING TEXT	18 WORDS
G Donations to certain approved funds, trusts, charitable institutions/donations for renovation or repairs of notified temples, etc. [
SA Manish Project 1 (1).docx (D116176361)				
420/469	SUBMITTED TEXT	12 WORDS	87% MATCHING TEXT	12 WORDS
educational institutions of national eminence, National Foundation for Communal Harmony, Chief Minister'		educational institution of national eminence. 3) National foundation for communal harmony. 4) Prime minister		
W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be				
421/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
FUND) Prime Minister's Armenia Earthquake Relief Fund, Africa (Public Contributions - India) Fund, National		fund 3. Prime Minister's Armenia Earthquake Relief Fund; 4.Africa (Public Contributions — India) Fund; 5 National		
W http://www.govtwomencollegeslm8.org/e_content/Commerce/II%20M.Com/Income%20tax%20and%20tax%20plan ...				

422/469	SUBMITTED TEXT	27 WORDS	82% MATCHING TEXT	27 WORDS
<p>or State Blood Transfusion Council, Fund set up by State Government to provide medical relief to the poor, Army Central Welfare Fund, Indian Naval Benevolent Fund</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
423/469	SUBMITTED TEXT	35 WORDS	86% MATCHING TEXT	35 WORDS
<p>Air Force Central Welfare Fund, Andhra Pradesh Chief Minister's Cyclone Relief Fund, National Illness Assistance Fund, Chief Minister's Relief Fund or the Lt. Governor's Relief Fund in respect of any State or Union Territory,</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
424/469	SUBMITTED TEXT	44 WORDS	72% MATCHING TEXT	44 WORDS
<p>Fund for Technology Development and Application, Indian Olympic Association, etc., fund set up by State Government of Gujarat exclusively for providing relief to victims of earthquake in Gujarat, National Trust for Welfare of Persons with Autism, Cerebral palsy, Mental retardation and Multiple Disabilities,</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
425/469	SUBMITTED TEXT	30 WORDS	92% MATCHING TEXT	30 WORDS
<p>GG Rent paid in excess of 10% of total income for furnished/unfurnished residential accommodation (subject to maximum of Rs. 5,000 p.m. or 25% of total income, whichever is less) (</p> <p>SA Manish Project 1 (1).docx (D116176361)</p>				
426/469	SUBMITTED TEXT	16 WORDS	100% MATCHING TEXT	16 WORDS
<p>is in receipt of income by way of royalty in respect of a patent registered</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

427/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>is certified by the medical authority to be a person with disability [</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
428/469	SUBMITTED TEXT	16 WORDS	87% MATCHING TEXT	16 WORDS
<p>Income-tax Act 1961): • Allowed to: an individual or a Hindu Undivided Family (</p> <p>Income-tax Act, a deduction is allowed to an individual or a Hindu undivided family</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
429/469	SUBMITTED TEXT	14 WORDS	89% MATCHING TEXT	14 WORDS
<p>Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995] [w.e.</p> <p>SA project report 19421002 priya rani.pdf (D105763343)</p>				
430/469	SUBMITTED TEXT	28 WORDS	52% MATCHING TEXT	28 WORDS
<p>policy issued on or before 31.3.2012 then 20% of the sum assured If policy issued on or after 1.4.2012 then 10% of the sum assured. If</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
431/469	SUBMITTED TEXT	15 WORDS	91% MATCHING TEXT	15 WORDS
<p>chargeable to tax. • Quantum of deduction: the whole amount paid or deposited</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
432/469	SUBMITTED TEXT	41 WORDS	73% MATCHING TEXT	41 WORDS
<p>in respect of any amount paid or deposited in a previous year to preserve his contract for - any annuity plan of Life Insurance Corporation of India or any other insurer for receiving pension from the fund. 6.3.3</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

433/469	SUBMITTED TEXT	18 WORDS	76% MATCHING TEXT	18 WORDS
<p>the aggregate amount of deduction under section 80C, Section 80CCC and Section 80CCD (1) should not exceed</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
434/469	SUBMITTED TEXT	13 WORDS	100% MATCHING TEXT	13 WORDS
<p>expenditure incurred on the medical treatment (including nursing), training and rehabilitation of</p> <p>Expenditure incurred on the medical treatment (including nursing), training and rehabilitation of</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
435/469	SUBMITTED TEXT	53 WORDS	87% MATCHING TEXT	53 WORDS
<p>National Defence Fund set up by the Central Government 100% 2. Prime Minister's National Relief Fund 100% 3. Prime Minister's Armenia Earthquake Relief Fund 100% 4. Africa (Public Contribution – India) Fund 100% 5. National</p> <p>National Defence Fund set up by the Central Government; (Prime Minister's National Relief Fund; (Prime Minister's Armenia Earthquake Relief Fund; (Africa (Public Contributions – India) Fund; (National</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				
436/469	SUBMITTED TEXT	47 WORDS	83% MATCHING TEXT	47 WORDS
<p>Educational Institution of National Eminence 100% 8. Chief Minister's Earthquake Relief Fund, Maharashtra 100% 9. Fund set up by State Government of Gujarat for providing relief to the victims of earthquake in Gujarat 100% 10.</p> <p>educational institution of National eminence; Chief Minister's Relief Fund Chief Minister's Earthquake Relief Fund, Any fund set up by the State Government of Gujarat exclusively for providing relief to the victims of earthquake in Gujarat;</p> <p>W http://www.govtwomencollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				
437/469	SUBMITTED TEXT	38 WORDS	87% MATCHING TEXT	38 WORDS
<p>National Blood Transfusion Council or a State Blood Transfusion Council 100% 12. Fund set up by a State Government for the medical relief to the poor 100% 13. Central Welfare Fund</p> <p>National Blood Transfusion Council or to any State Blood Transfusion Council; fund set up by a State Government for the medical relief to the poor; The Army Central Welfare Fund</p> <p>W http://www.govtwomencollegeslm8.org/e_content/Commerce/III%20B.Com/INCOME%20TAX%20-%20V%20SEM.docx</p>				

438/469	SUBMITTED TEXT	74 WORDS	82% MATCHING TEXT	74 WORDS
<p>or the Indian Naval Benevolent Fund or The Air Force Central Welfare Fund 100% 14. Andhra Pradesh Chief Minister's Cyclone Relief Fund 100% 15. National Illness Assistance Fund 100% 16. Chief Minister's Relief Fund or Lieutenant Governor's Relief Fund 100% 17. National Sports Fund or National Cultural Fund or Fund for Technology Development and Application 100% 18.</p>		<p>or the Indian Naval Benevolent Fund or the Air Force Central Welfare Fund, (Andhra Pradesh Chief Minister's Cyclone Relief Fund, 1996; (xvi) National Illness Assistance Fund; (Chief Minister's Relief Fund or Governor's Relief Fund in respect any State Union Territory; (National Sports Fund; (xix)National Cultural Fund; (xx) Fund for Technology Development and Application; (</p>		
<p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				

439/469	SUBMITTED TEXT	70 WORDS	94% MATCHING TEXT	70 WORDS
<p>Donation to Government or any approved local authority, institution or association to be utilized for the purpose of promoting family planning. 100% 2. Donation by a company to the Indian Olympic Association or to any other association or institution notified for the development of infrastructure for sports and games in India or the sponsorship of sports and games in India. (</p>		<p>donation given Government or any approved local authority, institution or association to be utilized for the purpose of promoting family planning; 2. Donation by a Company to the Indian Olympic Association or to any other notified or institution established India for the development of infrastructure for sports and games in India or the sponsorship of sports and games in India. 1.</p>		
<p>W http://www.govtwomenscollegeslm8.org/e_content/Commerce/II%20M.Com/Income%20tax%20and%20tax%20plan ...</p>				

440/469	SUBMITTED TEXT	58 WORDS	77% MATCHING TEXT	58 WORDS
<p>for any charitable purpose other than promoting family planning 50% 5. Any authority constituted in India for dealing with and satisfying the needs for housing accommodation or for the purpose of planning/development of towns, villages, etc. 50% 6. Any corporation specified in section10(26BB) for promoting</p>		<p>for any charitable purpose other than the purpose of promoting family planning, Any authority constituted in India for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns, villages both; Any corporation referred in Section 10(26BB) for promoting</p>		
<p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>				

441/469	SUBMITTED TEXT	12 WORDS	95% MATCHING TEXT	12 WORDS
<p>insurance on the health of any member of the family and</p>				
<p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

442/469	SUBMITTED TEXT	38 WORDS	41% MATCHING TEXT	38 WORDS
<p>spouse or minor child or HUF of which he/she is a member do not own any residential property at the place where the tax-payer is currently residing or working or carrying on his/her business or profession. -</p>		<p>spouse or his/her minor child or the Hindu undivided family of which is a member should not own any residential house at the place where the assessee ordinarily resides performs the duties of his office or employment or carries on his business or profession.</p>		
<p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
443/469	SUBMITTED TEXT	18 WORDS	75% MATCHING TEXT	18 WORDS
<p>of Adjusted Gross Total Income. • Adjusted gross total income: From the gross total income</p>				
<p>SA BEL_Block-6- U16.docx (D142229436)</p>				
444/469	SUBMITTED TEXT	26 WORDS	54% MATCHING TEXT	26 WORDS
<p>particulars of an assessee for the previous year 2019-20 Basic Salary 25,000 per month DA (forming part of salary for retirement benefits) 10% of Basic</p>				
<p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
445/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>of Royalty Income, etc. of Authors of Certain Books Other Than</p>				
<p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
446/469	SUBMITTED TEXT	51 WORDS	85% MATCHING TEXT	51 WORDS
<p>any income by way of interest on deposits (not being time deposits) in a savings account with a banking company or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co- operative land development bank) or a post office. 6.3.16</p>				
<p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

447/469	SUBMITTED TEXT	19 WORDS	64% MATCHING TEXT	19 WORDS
<p>U: • Deduction is for: An assessee individual who is a resident in India and a person with</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>				
448/469	SUBMITTED TEXT	14 WORDS	76% MATCHING TEXT	14 WORDS
<p>income of that parent whose total income is greater before the clubbing of</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
449/469	SUBMITTED TEXT	17 WORDS	76% MATCHING TEXT	17 WORDS
<p>of the individual. ⇒ The 12 steps of Computation of total Incomes and tax liability:</p> <p>SA Final All lesson-.JGNDOSU-lessons .doc (D115451565)</p>				
450/469	SUBMITTED TEXT	12 WORDS	100% MATCHING TEXT	12 WORDS
<p>A, any long-term capital gain and winning of lotteries etc. though</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
451/469	SUBMITTED TEXT	32 WORDS	57% MATCHING TEXT	32 WORDS
<p>part of the gross total income. Step 6 After the deductions the balance income is the 'Total Income' which can be rounded off to the nearest Rs.10 Step 7</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
452/469	SUBMITTED TEXT	43 WORDS	69% MATCHING TEXT	43 WORDS
<p>if Total Income exceeds Rs. 1 Crore. Step 10 Add - health and education cess @4% Step 11 Give relief under section 89, if any. Step 12 Deduct the TDS, advance tax paid for the relevant assessment year and double taxation relief</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

453/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>A or 91. The balance is the net tax payable which will be rounded</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

454/469	SUBMITTED TEXT	82 WORDS	96% MATCHING TEXT	82 WORDS
<p>assessment year 2020 - 21 Particulars Rates of Interest a Winnings from lotteries, crossword puzzles or races including horse races or card games and other games of any sort or from gambling or betting of any form or nature whatsoever [Section 115BB] 30% b Short-term capital gain on equity shares in a company or units of an equity-oriented fund where the transaction is chargeable to securities transaction tax [Section 111A] 15% c Long-term capital gains (Section 112) 20% d</p> <p>SA 304 Corporate Taxation.docx (D117962176)</p>				

455/469	SUBMITTED TEXT	101 WORDS	71% MATCHING TEXT	101 WORDS
<p>A) an individual (man or woman), resident in India who is of the age of 80 years or more at any time during the previous year: Upto Rs.5,00,000 Nil Rs. 5,00,010 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% B) an individual (man or woman). Resident in India who is of the age of 60 years or more at any time during the previous year. Upto Rs.3,00,000 Nil Rs. 3,00,010 to Rs. 5,00,000 5% Rs. 5,00,000 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% C) An Individual, [other than mentioned above], HUF, AOP/BOI/ (other than a Co-operative Society).</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				

456/469	SUBMITTED TEXT	21 WORDS	95% MATCHING TEXT	21 WORDS
<p>Rs.2,50,000 Nil Rs. 2,50,010 to Rs. 5,00,000 5% Rs. 5,00,000 to Rs. 10,00,000 20% Above Rs. 10,00,000 30% ⇒ Surcharge:</p> <p>SA PROJECT REPORT.DOC (D37553180)</p>				

457/469	SUBMITTED TEXT	21 WORDS	75% MATCHING TEXT	21 WORDS
<p>levied. ⇒ Rebate of maximum Rs. 2,500 for resident individuals, if having total income upto Rs.3,50,000[Section 87A] ⇒</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
458/469	SUBMITTED TEXT	15 WORDS	100% MATCHING TEXT	15 WORDS
<p>Alternate Minimum Tax (AMT) on all persons (other than companies [Section 115JC to 115JF]</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
459/469	SUBMITTED TEXT	62 WORDS	99% MATCHING TEXT	62 WORDS
<p>Where the regular income-tax payable for a previous year by a person (other than a company) is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of such person and he shall be liable to pay tax on such total income at the rate of 18.5%.</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				
460/469	SUBMITTED TEXT	14 WORDS	100% MATCHING TEXT	14 WORDS
<p>is let out on a monthly rent of Rs. 2,500. The is let out on a monthly rent of Rs. 2,000. The</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
461/469	SUBMITTED TEXT	96 WORDS	87% MATCHING TEXT	96 WORDS
<p>Every person to whom this section applies shall obtain a report, in such form as may be prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date of furnishing of return of income under such section 139(1). The provision of AMT shall be applicable to a person who has claimed any deduction under: a. u/s 80-IA to 80RRB other than section 80P; or b. Section 10AA ⇒</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>				

462/469	SUBMITTED TEXT	27 WORDS	61% MATCHING TEXT	27 WORDS
<p>Income From House Property: Annual Value (Actual rent or Annual value whichever is higher) 30,000 Less: Municipal taxes 1,700 28,300</p> <p>SA Income Tax Law and Practice-n.docx (D97574460)</p>				
463/469	SUBMITTED TEXT	21 WORDS	68% MATCHING TEXT	21 WORDS
<p>Interest on loan taken for construction of house property is allowed as deduction under the head 'Income from House Property'</p> <p>interest paid on loan used for the construction of the second house, viz., Rs.1,000 is allowed as a deduction under the head 'Income from House Property'</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
464/469	SUBMITTED TEXT	17 WORDS	84% MATCHING TEXT	17 WORDS
<p>the following particulars of his income under the previous year 2019-20. Find his total income</p> <p>the following particulars of his income for the previous year 2007-2008. Compute his total income.</p> <p>W https://docu.tips/documents/bb0019-incometax-valuation-perquisites-5c125795604be</p>				
465/469	SUBMITTED TEXT	38 WORDS	42% MATCHING TEXT	38 WORDS
<p>to the extent of the minimum of the following: a. A. Rs. 1,20,000 (actual HRA received) B. Rs. 96,000 (50% of Salary) C. Rs. 1,80,000 - 19,200 (Rent Paid - 10% of Salary) = 1,60,800</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				
466/469	SUBMITTED TEXT	54 WORDS	34% MATCHING TEXT	54 WORDS
<p>Contributed @10% to his Provident Fund to which the government contributed an equal amount. c. He owns two apartments, one is let out at Rs. 1500 p.m. second apartments is occupied for residence purpose by him (annual rental value of this apartment is Rs. 8,000). He paid ground rents and insurance charges</p> <p>SA Sem IV_BCom_B21CM07DC (1).docx (D165443748)</p>				

467/469	SUBMITTED TEXT	47 WORDS	59% MATCHING TEXT	47 WORDS
	<p>Income from Other Sources: Interest on Government Securities 1,50,000 Dividend From Indian Company exempt 1,50,000 Gross Total Income: 3,62,775 Less: Deduction u/s 80C [Provident fund of 24,000 + 8,000] 32,000 Total Income 3,30,775</p> <p>SA ACG 301 Direct Taxes.pdf (D165094743)</p>			
468/469	SUBMITTED TEXT	26 WORDS	46% MATCHING TEXT	26 WORDS
	<p>u/s 80C to 80U are not permissible. long -term capital gains; Short-term capital gains on transfer of equity shares and units of equity oriented funds</p> <p>W https://sist.sathyabama.ac.in/sist_coursematerial/uploads/SBAX1022.pdf</p>		<p>u/s 80C to 80U from above short term capital gains. In case of LTCG on transfer of equity shares or units of equity oriented funds,</p>	
469/469	SUBMITTED TEXT	34 WORDS	83% MATCHING TEXT	34 WORDS
	<p>Less Rebate u/s 87A 2,500 1539 Add Health & Education Cess @4% 62 Total Tax Payable 1,601 Tax Rounded off 1,600 6.5</p> <p>SA Unit 2 Calculation of Income under differential head of income.doc (D114321273)</p>			