



- a company,
- a firm,
- a local authority, and
- every artificial juridical person

#### 4. Define the term assessee?

- ★ Assessee means a person by whom any tax or any other sum of money is payable under this Act.
- ★ It includes every person in respect of whom any proceeding has been taken for the assessment of his income.

#### 5. What is an assessment year?

***The term has been defined under section 2(9).*** The year in which tax is paid is called the assessment year. It normally consisting of a period of 12 months commencing on 1<sup>st</sup> April every year and ending on 31<sup>st</sup> March of the following year.

### III. SHORT ANSWER QUESTIONS

#### 1. What is Gross Total Income?

- ★ Income from all the above five heads of income shall be computed separately according to the provisions given in the Act.
- ★ Income computed under these heads shall be aggregated after adjusting past and present losses and the total so arrived at is known as 'Gross Total Income'.

|  |       |
|--|-------|
| (i) Income from 'Salaries'                 | ***** |
| (ii) Income from 'House Property'          | ***** |
| (iii) Income from 'Business or Profession' | ***** |
| (iv) Income from 'Capital Gains'           | ***** |
| (v) Income from 'Other Sources'            | ***** |
| Gross Total Income (GTI)                   | ***** |

#### 2. List out the five heads of income.

- ✿ Income from 'Salaries' [Sections 15- 17];
- ✿ Income from 'House Property' [Sections 22-27];
- ✿ Income from 'Profits and Gains of Business or Profession' [Sections 28- 44];
- ✿ Income from 'Capital Gains' [Sections 45-55]; and
- ✿ Income from 'Other Sources' [Sections 56-59].

### 3. Write a note on Agricultural Income.

- ✧ Any rent or revenue derived from land which is situated in India and is used for agriculture purposes.
- ✧ It is fully exempted from tax u/s 10(1) and as such does not form part of total income.

### 4. What do you mean by Total Income?

- ✧ Out of Gross Total Income, Income tax Act 1961 allows certain deductions under section 80.
- ✧ After allowing these deductions the figure which we arrive at is called 'Total Income' and on this figure tax liability is computed at the prescribed rates.

|  |      |
|--|------|
| Gross Total Income                       | **** |
| <b>Less:</b> Deductions (Sec.80C to 80U) | **** |
| <b>Total Income (T.I.)</b>               | **** |

### 5. Write short notes on: a). Direct Tax. b). Indirect Tax

#### a). Direct Tax:

- ✧ Income tax is direct tax.
- ✧ It is because the liability to deposit and ultimate burden are on same person.
- ✧ The person earning income is liable to pay income tax out of his own pocket.
- ✧ It cannot pass on the burden of tax to another person.

#### b). Indirect Tax

- ♣ Indirect Tax is levied on the goods and services.
- ♣ It is collected from the buyers by the sellers and paid by the sellers to the Government.
- ♣ Since it is indirectly imposed on the buyers it is called indirect tax.
- ♣ Ex: GST - Goods and Services Tax, Excise duty.

## IV. LONG ANSWER QUESTIONS

### 1. Elucidate any five features of Income Tax.

#### i. Levied as Per the Constitution

Income tax is levied in India by virtue of entry No. 82 of list I (Union List) of Seventh Schedule to the Article 246 of the Constitution of India.

## **ii. Levied by Central Government**

- ✕ Income tax is charged by the Central Government on all incomes other than agricultural income.
- ✕ However, the power to charge income tax on agricultural income has been vested with the State Government as per entry 46 of list II, i.e., State List.

## **iii. Direct Tax**

- ✱ Income tax is direct tax.
- ✱ It is because the liability to deposit and ultimate burden are on same person.
- ✱ It cannot pass on the burden of tax to another person.

## **iv. Annual Tax**

Income tax is an annual tax because it is the income of a particular year which is chargeable to tax.

## **v. Tax on Person**

- ✱ It is a tax on income earned by a person.
- ✱ It includes individual, Hindu Undivided Family, Firm, Company, local authority, Association of person or body of Individual or any other artificial juridical persons.
- ✱ The persons who are covered under Income tax Act are called 'assessee'.

## **2. Define Tax. Explain the term direct tax and indirect tax with an example.**

### **Tax:**

- ✱ Tax is a compulsory contribution to state revenue by the Government.
- ✱ It is levied on the income or profits from business of individuals and institutions.
- ✱ Tax is the basic source of revenue to the Government.

### **Types of Taxes**

There are two types of taxes – direct taxes and indirect taxes.

#### **a). Direct Tax:**

- ✕ Income tax is direct tax.
- ✕ It is because the liability to deposit and ultimate burden are on same person.
- ✕ The person earning income is liable to pay income tax out of his own pocket.
- ✕ It cannot pass on the burden of tax to another person.

#### **b). Indirect Tax**

- ♣ Indirect Tax is levied on the goods and services.
- ♣ It is collected from the buyers by the sellers and paid by the sellers to the Government.

♣ Since it is indirectly imposed on the buyers it is called indirect tax.

♣ Ex: GST - Goods and Services Tax, Excise duty.

### **3. List out any ten kinds of incomes chargeable under the head income tax.**

- ★ Profits and gains of business or profession.
- ★ Dividend
- ★ Voluntary contribution
- ★ Export incentives, like duty drawback, cash compensatory support, sale of licenses, etc.,
- ★ Interest, salary, bonus, commission or remuneration earned by a partner of a firm from such firm.
- ★ Capital gain chargeable u/s 45.
- ★ Deemed income u/s 41 or 59.
- ★ Amount received under key man insurance policy including bonus thereon.
- ★ Gift as defined u/s 56 (2)(vi), and others.

### **4. Discuss the various kinds of assesses.**

- ➔ Assessee means a person by whom any tax or any other sum of money is payable under this Act.
- ➔ It includes every person in respect of whom any proceeding has been taken for the assessment of his income or assessment of fringe benefits.
- ➔ The term 'person' includes the following
  - ♥ an individual,
  - ♥ a Hindu Undivided Family (HUF),
  - ♥ a company,
  - ♥ a firm,
  - ♥ an Association Of Persons or a Body
  - ♥ a local authority, and
  - ♥ every artificial juridical person e.g., an idol or deity.

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