PANJAB UNIVERSITY, CHANDIGARH

OMR ANSWER BOOK (36 Pages)

PART - B

(TO BE FILLED BY THE EXAMINER)

DETAILS OF MARKS

Q. NO.	MARKS	Q. NO.	MARKS	Q. NO.	MARKS
1	9	13		25	
2	6	14		26	
3		15		27	
4		16		28	
5	8	17		29	
6	7	18		30	
7		19		31	
8		20		32	
9	6	21		33	
10		22		34	
11		23		35	
12		24		36	

TOTAL IN FIGURES: 36 TOTAL IN WORDS: Thirty Six

Subject Code

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RE-EVALUATION AWARDS [by first re-evaluator]

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Max. Marks.. Min. Pass Marks..........................

MARKS TO BE FILLED IN BY THE FIRST RE-VALUATOR

Q. No.	Marks Obtained	Q. No.	Marks Obtained	Q. No.	Marks Obtained	Q. No.	Marks Obtained
1		10		19		28	
2		11		20		29	
3		12		21		30	
4		13		22		31	
5		14		23		32	
6		15		24		33	
7		16		25		34	
8		17		26		35	
9		18		27		36	

Grand Total in figures ______________________

In Words ______________________

Certified that I have myself evaluated this answer book

Signature of the Re-evaluator

ID No. ....Date..............................

Name ....

ID No. .... **Signature of Checking Asst.**

UNIT – I

1) Assessee – Income tax act, 1961 was enacted in 1961 and it incorporates all the information related to Income, Salary, GST, ~~Deo~~ Tax deduction to save taxes. Income tax act is an important subject for the Lawyers, Chartered Accountants and they study several years to become a expert at it.

2) The Assesse in the income tax act, 1961 means the person who is responsible to pay the tax to the concerned authorities after following the procedure, stated in the Income tax act, 1961. The concerned person pays tax in the assessment year and the tax which comprises net income of the previous year.

The person in the Income tax act, 1961 is defined as the

1) Individual
2) Hindu Undivided Family

3) Company — Private company
Public Company

4) Firms

5) Association of People

6) Board of Individual

7) Judicial person like IDOL or DEITY

All these are the persons who act as a assessee in the Income tax act, 1961.

The assessee calculates Total Income from all the source of his / her income in a financial year. The income is calculated of the previous year and paid in the current assessment year.

Eg Assessment year 2024 –25 Previous year 2023-24

<u>Conclusion</u>:

The income tax act, 1961 is ~~an~~ beneficial for every individual and the assessee has the main role defined in it.

24/09/24 (Conducted)

ii) Annual Value of House Property :

The Government of India enacted the Income tax act in 1961 to bring uniformity and reforms in the financial sector of the country. The income tax act incorporates all the information related to Income tax, Income through salaries, Business profit, Through Property, Capital Gains, limitations, GST, deductions methods to save tax.

The income of House property is defined in the income tax act. House property is the immovable property which cannot change its position. House is the place where the individual lives and enjoy the comfort of House.

There are 3 types of houses defined in the Income tax act

1) Self Acquired house or Self Occupied House —
it is the house where the person or its family lives or resides. There is no income from this House. There can be loss of this house when calculating. Loss is like paying the Home loan interest which can be setoff in a 2nd house pro

2) Let off house — it is the 2nd house of the owner which puts on the Rent and thus calculated as Capital Gain

3) <u>Deemed</u> to <u>be let</u> off house — The third or more house is ~~[illegible]~~ known as the Deemed to be let off.

→ Annual value of House property :
Total Value — Municipal Tax — 30% of Net Annual

(iv) Aggregation of Income under Section 68 – 69 D

The Government of India passed the Income tax act in 1961 to bring uniformity and simplify the income tax rules in India.

The act brought about a drastic change in the financial sector of the country and helped in increasing the Revenue of the Government.

Many amendments have been forced into the ~~Thr~~ income tax act and the latest one is GST.

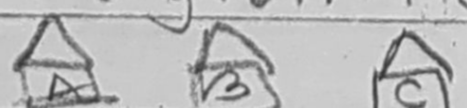
The aggregation of Income is defined in the sections 68 – 69 D. The word aggregation means addition or combining the incomes from all the sources of an assesse.

The assesse is the person ~~who~~ who pays the income tax. The payment is paid in a previous year of the current assessment year. The person in the in the assessee is defined as the 4

1) Individual
2) Hindu Undivided Family
3) Partnership firms
4) Juristic person — Idol / Deity
5) Company — Public / Private

So ~~the~~ all the incomes of same Head is measured and calculated which becomes the Aggregated Inc under the section 68 - 69D.

Income from House Property



A + B + C | ABC |

Aggregate Inc = | ABC |

Conclusion: The income tax act 1961 brought new change economic sector

4) Advance Tax —

The Income tax 1961 brought about a drastic change in the Country. It codified the income tax rules which were appreciated by the public.

The IT Act, 1961 introduced a new and unique concept of Advance Tax

↓

The advance tax means the assesse pays the tax to the Government of INDIA without waiting for the financial year to complete. This method is also known as "Pay as you Earn"

→ Benefits:

1) it gives a steady flow of Income to the Central Government and

2) it is always in SURPLUS

3) it helps the assesse to pay the tax as he earns

without waiting for the financial year to complete.
The tax is paid in the same assessment year
and not of the previous year.

The advance tax is defined in sections 211 to 219 and
description about fines or repercussions is given in
(354 A, B, C). The assesse has to estimate the tax
of each quarter and pay it to the Government.
if there is a difference in the estimated tax, it
paid or set off in the next quarter installment.

→ When to pay the Tax

Month	%
June 15	15%.
September 15	45%.
December 15	75%.
March 15	100%.

Conc?.

The advance tax is not for the salaried class but
is basically for the businessmen.

M
t (Conduct)

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UNIT — II

2) Agricultural Income is exempted under the Income tax act, 1961. Comment and Explain Agricultural Income.

The Income tax act 1961 was incorporated by the Government of India which consists of information about Income, Salary, Exempted Income, GST, etc and simplifies the income tax rules in the country. It helped in the revival of economy and helped the people in their finances.

Income is derived from the payment which is given to the person or received by the specific person. Income can arise from Salary, house property, Business profits ~~Agricultural~~, Capital Gains etc.

The Agricultural income is made up of 2 words Agricultural and income. The word Income has been defined above and the word Agriculture is made up of 2 words

Agri → Growing plants, farming

Culture → Cultivation

The Agriculture income is defined in the Section ~~2(1A)~~ 2(1A), of the Income tax act, 1961. and it is ~~any income which~~ exempted to pay tax on the agriculture income. Section 10(1)

→ What is Agriculture Income :

Agriculture income is defined as the income from land which is situated in India

1) by Agriculture

2) Rent or revenue from the land used for agricul

3) any revenue which is generated by the cultivator on the agriculture land by using an ordinary process and making the produce fit for the Market.

4) Any rent or revenue from the income of the building on the Land.

5) A basic operation is followed by the Cultivator on the agriculture Land.

Income

Rent Revenue

No tax levied on the income generated from the agriculture by the Government because to help the farmers to grow food and meet the expectation of the people. The agriculture source of income is a very difficult process as it largely depends on the weather factors.

Case Laws

1) RK Benoy v. CIT MP 1997

Court held that it is the burden of the person who is seeking exemption in agriculture income.

2) VK Math v. CIT 1981

Court held that there should be a basic operation on the land such as

1) ~~Towing~~ Tilling
2) Sowing
3) Planting to take the benefit of Agricultural Inc

3) KK Kumar v. CIT 2000

Court held that the conversion of sugarcane is not a ordinary process and the end product sta is also changed. Therefore it not a Agriculture

nduct

4) Silk Worm case / CIT v. KS VERMA
Court held that growing of silkworms and then selling Cocoons cannot be considered as a Agriculture and sale of cocoons cannot be considered as Agricultural Income.

5) AK Arora v. CIT Mumbai
Court held that the sale of dairy, cheese from the agricultural land cannot be considered as the Agriculture Income.

6) TT Mehtra v. CIT Delhi
Court held that there must be direct connection between the land and the activity.

7) Murthal v. CIT AP
Dividend from a company who got revenue from the agricultural land cannot be considered as Agriculture Income.

8) OMER v. CIT TAMIL NADU

Court held that there must be basic operation on the land followed by subsequent operation to be considered as Agriculture.

Weeding – Removing Weeds

These are strong and important case judgement i clearly defined the agriculture and income fro agriculture which easily helps the Assesse to take the benefit Exemption on Agricultural Income and save his money from tax deduc

Conclusion:

Agriculture has been source of income for the pe of India ~~since~~ from several hundred years. More 50% of Indian population is dependent on agricult Therefore the Govt of India provides a relief to the farmers by not deducting any tax on Agricultur Income

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UNIT-III

5) Write Short Notes On

1) Capital assets :

The Income tax act of 1961 incorporates all the information related to income tax such as Income, salary, Residential status, Exemptions, Capital assets, Capital Gains etc.

All these information helps the assesse and the citizens of India to understand and pay income tax to the Government of India

Capital assets are assets of Monetary value that can be Movable property or Immovable property,

Tangible — that can be touched

Intangible — that can't be touched

Capital assets defined in the Income tax act ar

Tangible	Intangible
house	shares listed / unlisted
building	Stock
apartment	Securities
Machinery	Government bond
	Zero coupon bonds
	Mutual fund.

These capital assets carry some value with them and when they are transferred from one person to another, there is some loss or gain on the seller side

Capital Gain — Transfer — Gain

Capital Gain — Loss

When there is a gain on the transfer of capital assets, it is called Capital Gain and when there is loss on the transfer, it is called Capital Loss.

The Government of India gives the citizens of India a chance to set off this loss to other Capital Gain and helps in reducing the tax burden on the individual Taxpayer of India

eg Capital asset Loss$_1$ = ₹11k
Capital asset Gain$_2$ = ₹1.5 lakh
set off = 50K

By this government helps the public and encourages more public to participate in the transfer of Capital assets

ii) Capital Gain ~~is~~ Computation of Short term Capital Gain.

The Income tax act of 1961 incorporate many la[...] related to income tax such as

1) Income
2) Residential Status
3) Exemptions
4) Agriculture Income
5) Capital Assets
6) Capital Gains

Capital Assets are assets that carry financial value with them. They are of 2 types

Tangible	Intangible
house	Securities /
building	shares / Listed / Unlisted
apartment	bonds
Machinery	Mutual funds
	Zero Coupon bonds

Capital Gains :

~~The~~ any gain which happens when the propert is transferred from one person to another - it is known as Capital Gain.

eg when a house property brough for 10L in 2000 and sold in 2003 for 20LK, there is a gain / profit to the seller.

Capital gains is divided into 2 types

Short term Gain	Long Term gain
any other property held for ≤ 36 months	held for ≥ 36 months
house, building, unlisted shares held for less than $\leq$ ~~12~~ 24 month	held for ≥ 24 months
Shares, Stock, securities held for ≤ 12 months	held for ≥ 12 month

well these properties which are sold for a profi-
there is a capital Gain,

	Tax
Long term Gain on Stock when STT is paid	10%
≤ 12 months No pain ~~when STT is not paid~~	20%
Short term gain on stock / shares when STT is paid	15%
when STT is not paid	acc to slab rates

eg of ~~compod~~ short term capital Gain
A bought 100 shares at 120 rupees and sold it at ₹150 rupees per share

Total price bought = 100 × 120
= 12000

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Total price Sold = 100 × 150
= ₹15000

Short term Gain = ₹3000
Capital ~~Short term~~ Gain

UNIT—V

9) The income tax act of 1961 incorporates many laws related to deductions in income tax,
107th amendment of 2017,
Short term capital Gain,
Long term capital Gain
Agricultural Income

6

The GST act was passed in 2017 and it brought a lot of change in India. After several discussions and deliberation b/w the finance ministers of each state, they were successful in implementing the GST act in the country which was very necessary for India development in finance and economy.

— AIMS of GST

1) <u>Simplicity</u> : The GST act made the process of tax system in India simpler

2) <u>One Nation - One tax</u> :

After passing the GST act, there was only tax system which was to be followed in whole country and united the country fu

3) Broaden the tax system

The GST act broaden the tax system in Ind as included ~~large~~ to millions of businesses which were not paying taxes earlier.

4) Eliminating the Cascading effect

By bringing the Input tax system, it eliminated the cascading effect of Tax.

5) Technological Advancements

The GST (N) - Goods and services Network is an advanced system that helped in making the process online and simpler

6) Harmonization of Taxes

The taxes were being conformed in whole the nook and corner of India

- Objectives of GST

1) Uniformity :

The GST act brought the system of taxes uniform in the country. All the goods are services are being sold at a uniform price.

2) Online System :

The system of GST - Network is an online system which makes the process of filing the taxes online

3) Increased the Revenue of Govt

The revenue of the Govt has increased manifoldly and now the government is earnin more than 1.5 lakh crore per month Invoice

4) More business under the hood :

it brought millions of small scale businesses under the GST network and now these business are earning and filing the tax.

5) Eradicate Tax evasion

The GST act helped in eradicating the tax evasion by businesses and now ~~its~~ each business has to file online tax and register on it

→ Salient features of GST

1) Technological Advanced System

The system is online, any business register on through a mobile phone anywhere, file the tax

2) Invoice Sharing

The system allows the businesses to share the invoices online with tax authorities

3) Tax evasion:

it has helped in eradicating the tax evasion by the businesses and now they are being caught easily

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UNIT-V

6) Income from Other Sources

Income tax act was enacted in 1961 which contains all the information related Incomes.
There are 5 heads of Income

1) Income through Salary

2) Income through Household property

3) Income through gain or business profit

4) Capit Gain

5) Income from Other Sources.

Income
↳ is the payment received by the person

Income from other sources]

The sources which are ~~con~~ non conventional methods

1) ~~Hor~~ Race Horse

any profit or loss from the Race horse is set off on to another horse Race

2) Betting
any profit or loss from betting is set off on to another betting

Betting is based guess work

3) Winning from Lotteries

↓

are also known as Actionable claims

↓

Claims on Debt

a person buys the lottery ticket for ₹500 in which he can win upto ₹ 2 crores

No deduction is allowed in this

eg Ticket Price ₹500

Win Lottery = ₹ 2 Lakh

Deduction 2,00,000 − 500 X Not allowed

) Playing Cards

it is also a game where luck factor is used where cards are used

Gambling : it is setoff against only gambling.

Puzzles = Solving the system of cards and making a story.

All these sources of Incomes are charged 30% tax which is the huge tax on the Income Group.

House property can ~~be~~ not set off against Gambling

These sources of Income ~~are~~ are againstt the Society

The Government charges 30% tax to stop the people indulging in these ways to earn money. That is y Residuary head of Incom

Only few people indulge in these activities to earn money.

These games are based on luck factor.
There is no skill, knowledge required in this.

In the recent Supreme Court case

~~D~~ Dream 11 v. UOI

The Supreme Court held the game to be of skill based as it made it legal in India.