

26 Jan 2022

Five heads of Income

- Salary
- Business
- House property
- Capital Gain
- Other

Deduction: Sec 80(c) to 80 (u)

Sec 10 (1) - Exempt income e.g. Agricultural Income

Agricultural Income: - That income which we gain from agricultural land. Immediate and direct source. And the land should be immediate or direct source of income. The income should be from the agriculture (खेती से ही आय होनी चाहिए).

Primary work - पोधा ज़मीन से बाहर आने तक का कार्य

Secondary work - पोधे के ज़मीन से बाहर आने के बाद वाले कार्य

These both combinly know as Agricultural work.

Form of Agricultural Income:

- from the sell of agricultural goods (फसल)
- Rental income from agricultural land.
- Should not be the owner of agricultural land but if working for agriculture then it is income form agriculture.
- Sell from the raw goods and in some cases if it is required to sell after conversion of raw goods then that income will be considered as the agricultural income.
- बीचोलिए के द्वारा बेचा गया माल agricultural income में नहीं आएगा।
- सिंघाड़ा, मुर्गी पालन, नामक की खेती are not considered as agricultural income.
- Exception - घास जो पशुओं के खाने लिए है include होता है।
- कृषि आय उसी को मानी जाती है जहाँ primary & secondary work include हो।

(very important chapter 1st and last chapter of the book mangal shah)

Chapter 1 - Introduction and definitions

Chapter 24 (last chapter) - Income tax authorities

25 Jan 2022

In case of Tea the percentage of income is distributed by 60% agriculture income 40% business income.

Rubber 65% agriculture income 35% business income.

coffee 75% agriculture income 25% business income, if purify then;

otherwise if roast coffee and blending it (चिकोरि मिला कर पीसना) then the ratio for the coffee will be 60% & 40%.

Any other goods then the value of agricultural value will be calculated by Market value of raw material - cost of production (उगाने में जो क़ीमत लागी ही वो); from this whatever difference we are getting is agricultural income.

Is it an agricultural land or not?

- population should be not more than 10,000.
- If population is more than 10,000 and less than 100,000; then the land should not be in the 2 km of the jurisdiction of that nagar palika.
- If more than 100,000 and less than 10,00,000 then it should not be in the radius of the 6 km.
- If more than 10,00,000 then the radius will be 8 km.

If these points are satisfied then the land will be considered as agricultural land.

Chapter 2 - Residential status

The tax slab rates of tax will be from the finance act.

The rate for the assessment year will be described in the current year bill.

e.g. the 2022-23 bill will describe the rate of income for the year 2023-24.

Citizen and resident are two different words and have different meanings in the eyes of income tax.

Residential status

- Resident (निवासी)
- Non-Resident (अनिवासी)

Resident:

If individual and HUF is there then there are two factors again

- Ordinary resident (साधारण/सामान्य निवासी)
- Non ordinary resident (साधारण निवासी)

Conditions to identify that a person is resident or not:

Basic or

In previous year he should stay for 182 days then he will be called as resident of India.

182 days are not necessary to be consecutive (लगातार) 182 days.

जिस दिन कोई व्यक्ति भारत में आया एवं जिस दिन गया वो दोनों ही दिन उसके निवास के दिन माने जाएंगे।

e.g. 25 Jan 2022 को भारत आया एवं 1 March 2022 को गया तो दोनों ही दिन 25 Jan 2022 एवं 1 March 2022

उसके निवास के दिन माने जाएंगे।

जहां पर घंटे में बात हो रही है वहाँ 24 घंटे पूरे एक दिन ही माना जाएगा।

e.g. 1 March 2022 को 10 बजे सुबह आया कोई एवं 1 March 2022 को ही शाम 5 बजे चला गया तो वो उसका निवास नहीं माना जाएगा।

Who is Indian?

Any one who himself or his grandparent from any side either from paternal or maternal side, born in undivided India (India before 1947). He will be considered as Indian.

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Residential status:

Resident and Not ordinary resident (NOR)

Two points we have to take care of -

Basic condition: Previous year 182 days **OR** Four years precedent to previous year (PPY) - 365 days + previous year minimum 60 days

182 days (relaxation has been given to Indians for second condition of basic condition):

1. Crew members (of ship)
2. Employment purpose
3. Person of Indian citizen - visit India

Additional conditions:

Both conditions should be fulfilled

The person must have been resident in India for at least two years for 10 years precedent of years

1. 2 years out of 10 PPY.

2. 730 days in 7 PPY.

Any one basic condition and additional condition should be fulfilled

NOR - A further bifurcation of NOR is Deemed to be NOR.

2 Feb 2022 - V Nandawat Sir 98290 44935

Retired from Hindustan Zink was Corporate tax (finance) head there for last 35 years

From: Sec 3, Udaipur.

GST - Enacted in India on **July 2017**.

France was the first country who implemented GST for the first time.

Type of GST:

- SGST = State
- CGST = Central
- IGST = Integrated (combination of SGST & CGST)
- UGST = Union

GST is **destination based** tax.

VAT = value added tax

Cascading effect = Tax on tax

8 Feb 2022 - V Nandawat Sir

Constitutional framework

Why GST was introduced?

- To avoid cascading effect of tax.
- Free flow of goods/trade
- One country one tax
- Remove financial boundaries among state

Three new articles has been introduced:

Article 246 A -> concurrent powers has given to state and centre.

Article 269 A -> Sharing of revenue between centre and state.

Article 279 A -> GST Council to organise all these.

Amendment in schedules:

Schedule 6

Schedule 7

(State list and centre list)

Intra state sale -> Sale within the state [**SGST**]

Inter state sale -> Sale between two states [**CGST**]

Integrated GST -> **IGST** -> sum total of SGST and CGST

Union GST -> **UGST** -> it is **same** as **SGST**

*** **Sale** is now **replaced** with **Supply**.

*** Supply **include** sale

*** In India and Canada; have dual GST structure.

*** we adopted Canadian pattern of GST

Legal framework of GST:

- CGST
 - CSGT Act, 2017
 - CGST Rules, 2017
 - CGST Schedule
 - CGST forms
- IGST
 - IGST Act, 2017
 - IGST Rules, 2017
 - IGST Schedule
- SGST/UGST
(mostly same as CGST)
- GST
 - GST Act (basically a compensation Act, which clarify tax division of state and centre. If state is having less revenue collection and to compensate that loss the centre will compensate that loss. [if the tax revenue of next five years after enactment of GST act is less than the govt will compensate])

*** GST is a big tax reform

Origin based tax -> tax applied while production.

Destination based tax -> tax applied at consumer's end. [this is GST]