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ST. JOSEPH'S DEGREE & PG COLLEGE
DEPARTMENT OF BUSINESS MANAGEMENT
ACADEMIC YEAR 2020-21

II INTERNAL ASSESSMENT TEST- MAY-2021.

JUNE

Subject Name/Course:- Personal Taxation

Course code: _____

Date:- 21-6-21

Student roll no 121418408023 Student name D. Shailender Singh

Program:- BBA-IT section: _____ semester: VI

① Income from house Property

As) Basis of charge

→ The basis of calculating income from house Property is the annual value.

→ This is the inherent capacity of Property to earn income. The charge is not because of the receipt of any income but is on the inherent potential of the house Property to generate income.

conditions

→ The Property must consist of buildings and lands appurtenant thereto.

→ The assessee must be the owner of such house Prop

→ The Property may be used for any purpose but should not be used by owner for the purpose of any business.

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Deemed owner

- It is the legal owner of a house property who is chargeable to tax in respect of property income.
- An individual who transfers house property otherwise
- The holder of an impartible estate.
- A member of a cooperative society, company or other association of persons.

The following persons are deemed to be owners of the house property for the purpose of computing income from house property.

When income from house property is not charged to tax

- Income from any farm house forming part of agricultural income.
- Annual value of any one Palace in occupation of an ex-ruler.
- Income from house property to a local authority.
- Income from a house property to an approved scientific research association, to a university or other educational institution to philanthropic hospital or other medical institution.
- Property income of
 - (a) any registered trade union.
 - (b) any political party.



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② Income from business and Profession?

43) Business

Business includes Trade, Commerce, manufacture and any adventure or concern in the nature of Trade, commerce or manufacture.

Profession

Profession includes vocation, it requires purely intellectual skill or manual skill on the basis of some special learning.

Basis of charge

→ The Profit or gains of any business or Profession
[sec 28(i)]

→ Income derived by a trade, Professional or similar association from specified services performed for its members [sec 28(i)]

→ Export incentive [sec 28(iii a), sec 28(iii b), sec 28(iii c) and sec 28(iii d)]

- Profit on sale of import license or duty entitlement Pass book.
- Export Duty drawback.

→ Any interest, salary, bonus, commission or remuneration due to or received by a partner from a firm [sec 28(v)].

→ Income from speculative transaction.

→ Any sum received under Keyman insurance policy including bonus on such policy.

Computation of income from Business (sec 29)

The profit and gains of business or profession shall be computed in accordance with provisions contained in sec 30 to 44 DB.

It must however be noted that the allowances and deductions are not exhaustively listed. Admissibility of deduction will depend upon the method of accounting followed by assessee, subject to deeming provisions of the Act.

General deduction u/s 37(1)

- The expenditure should be other than covered u/s 30 to 36
- It should not be in nature of capital expenditure.

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- It should have been incurred in previous year.
 - It should be in respect of business carried on by the assessee.
 - It should have been spent wholly and exclusively for the purpose of business.
 - It should ^{not} have been incurred for any purpose which is an offence or is prohibited by any law.



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⑬ Income from capital gains

Any income derived from a capital asset movable or immovable is taxable under the head capital gains under income Tax Act 1961.

Basis of charge

- Profit or gain from transfer of capital assets during previous year is chargeable under the head capital gains if following conditions are fulfilled.
- Their should be capital Assets.
- Their should be transfer of capital assets.
- Their should take place in previous year.
- Their should be profit or gains.

Capital Asset u/s. 2(14)

capital asset means property of any kind held by an assessee, whether or not connected with the business or profession but does not include following.

- a) Jewellery
- b) ~~arch~~ archaeological collections
- c) drawings
- d) Paintings
- e) sculptures or
- f) any work of art.

capital assets is defined to mean property of any kind, held by the assessee whether or not connected with his business or profession.

Property may be tangible or intangible.

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- g) Rural agricultural land
- h) Special Bearer Bonds
- i) Gold bonds
- j) Stock in trade
- k) Personal effects.



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⑭ Income from other sources

'Income from other sources' is the residual head of income. Hence any income which is not specifically taxed under any other head of income will be taxed under this head.

further there are certain incomes which are always taxed under this head. These incomes are as follows.

→ As per section 56(2)(i), dividends are always taxed under this head.

→ winnings from lotteries, crossword puzzles, races including horse races, card game and other game of any sort, gambling or betting of any form whatsoever are always taxed under this head.

- Gifts received by an individual or HUF are also taxed under this head.
- In addition to above, following incomes are charged to tax under this head. If not taxed under the head "Profits & gains of business or Profession".
- Any contribution to a fund for welfare of employees received by [Section 56(2)(i)]
- Income by way of interest on securities [Section 56(2)(d)]
- Income from letting out or hiring of Plant, machinery or furniture [Section 56(2)(ii)].
- Any sum received under a Keyman insurance Policy including bonus [Section 56(2)(iv)]