



TRINITY COLLEGE FOR WOMEN NAMAKKAL

Department of Computer Science

INCOME TAX & TAX PLANNING

19PCM12 - ODD Semester

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BASIC CONCEPTS

Assessment year: Sec.2(9)

Assessment year means the period of 12 months starting from 1st April in a year to 31st March of the next year. For instance, the assessment year 2021 –2022 which commenced on 1st April 2021, will end on 31st march 2022.

Previous year (Sec. 3)

Income earned in a year is taxable in the next year. The year in which income is earned is known as previous year. For instance income earned in the year 2020-2021, income of this previous year taxable in the year 2021-2022.

PERSONS Sec. 2(31)

The term person includes:

- ✓ 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 preceding categories.
- ✓ These are seven categories of persons chargeable to tax under the act. The aforesaid definition is inclusive and not exhaustive. Therefore, any person, not falling in the above mentioned seven categories, may still fall in the four corners of term person and accordingly may be liable to tax under section 4.

'PERSON' (SEC. 2(31))

According to Sec. 2 (31) the term person includes the following:

An individual: A natural person or a human being is an individual. An individual may be male, female or a lunatic.

A Hindu Undivided Family (HUF): A family consists of all the members of the lineally descended from a common ancestor including their wives and unmarried daughters.

A company: A company is defined as an artificial person created by law with perpetual succession, a common seal and common stock divided into shares with limited liability.

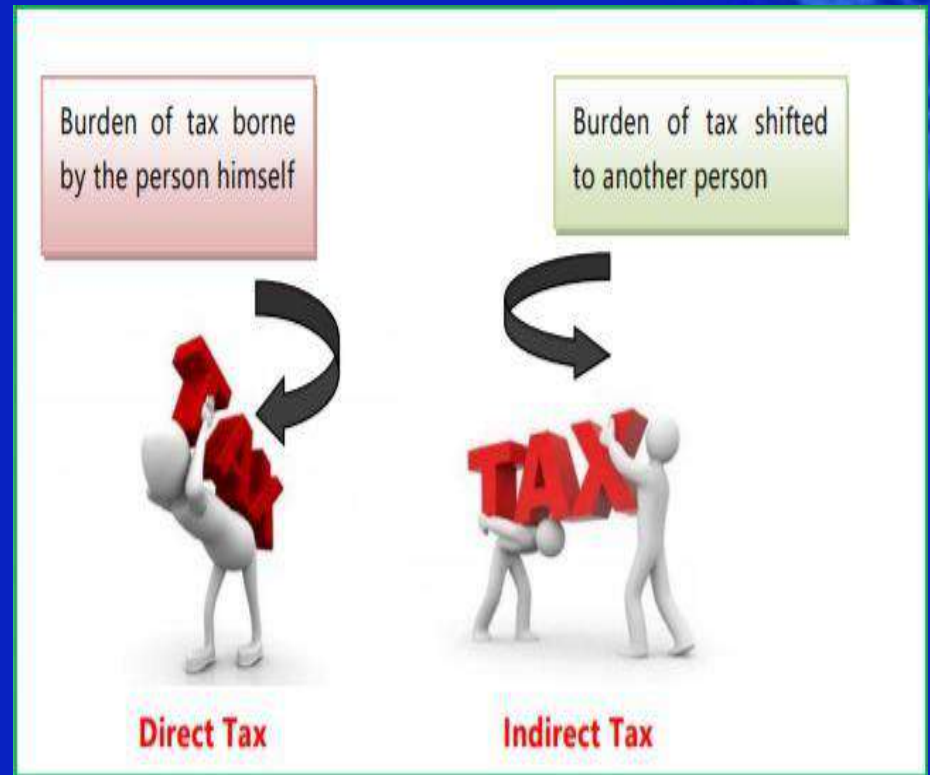
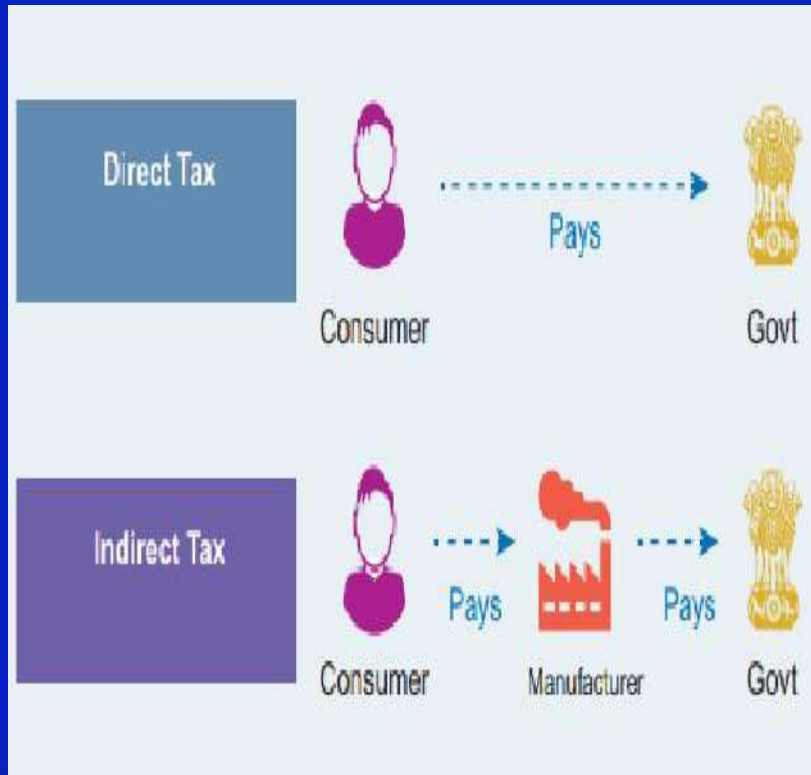
A Firm: A firm is a partnership which is defined by the Partnership Act as a "relationship between persons who have agreed to share the profits of a business carried on by all or any of them acting for all". These persons are called partners and collectively they are called "Firm".

Body of Individual (BOI): BOI means a conglomeration of individuals who carry on some activity with the objective of earning some income. It would consist of individuals alone. Entities like companies or firms cannot be members of a body of individuals (BOI). Income tax shall not be payable by an assessed in respect of the receipt of share of income by him from BOI on which tax has already been paid by such BOI.

A Local Authority: Local Authority includes municipality, Municipal Corporation, district board, panchayat, cantonment board, port trust etc.

Artificial Juridical person: Any public corporation brought into existence by a Special Act of Legislature like Life Insurance Corporation, a University etc., private religious trusts, an idol or a deity fall under this category.

TYPES OF TAXES IN INDIA



TYPES OF DIRECT TAXES

INCOME TAX - Tax will be charged on the income or profits earned by the respective person

WEALTH TAX – Tax will be charged on valuable held by the person like car, jewels, property (currently wealth tax not kept hold)

SECURITY TRANSACTION TAX - Tax will be charged on Sale or Purchase of securities

GIFT TAX - Tax will be charged on gifted property or assets or cash by one person to another person

HEADS OF INCOME

1. Income from **Salary**.
2. Income from **House property**.
3. Income from **Business / Profession**
4. Income from **Capital Gains**.
5. Income from **Other Sources**.





Computation of Income

1.) <i>Income from Salary</i>	<i>XXXXX</i>
2.) <i>Income from House Property</i>	<i>XXX</i>
3.) <i>Income from Business/Profession</i>	<i>XX</i>
4.) <i>Income from Capital Gains</i>	<i>X</i>
5.) <i>Income from Other Sources</i>	<u><i>XXXXXX</i></u>
<i>GROSS TOTAL INCOME (Sec. 14)</i>	<i>XXXXX</i>
<i>Less: Deductions u/chap-VI-A (Sec. 80CCC to 80U)</i>	<u><i>XXX</i></u>
<i>TOTAL INCOME [Sec.2(45)]</i>	<u><i>XXXXX</i></u>
<i>Tax Due</i>	<i>XXX</i>
<i>Less: Rebates and Reliefs u/Chap-VIII</i>	<u><i>XX</i></u>
<i>Tax Payable</i>	<u><i>XXXXX</i></u>

THANK YOU

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