

**B.Com. (Hons.): Semester-III** *Academic Year 2020-21*  
**Paper BCH 3.5(d): PERSONAL TAX PLANNING**

**Duration: 3 Hrs.**

**Marks: 100**

**Credits: 4**

## **Course Objective**

*Dr SB Rathore M.Com; M.Phil; LL.B; Ph.D. Former Associate Professor of Commerce  
9811116835 www.taxclasses.in YouTube Dr Rathore's Tax Video Lectures*

To provide basic knowledge of Income Tax and its planning to students in easily comprehensible manner with a view to equip them to use the legitimate tool of planning in their economic life.

## **Course Learning Outcomes**

After completing the course, the student shall be able to:

- CO1: understand the concept of tax planning, use the residential status to plan the scope of income and devise tax planning strategy in relation to agricultural income.
- CO2: apply critical thinking and problem solving skills related to minimization of tax liability of individuals with respect to salary income and understand how to develop efficient pay packages
- CO3: devise tax planning strategies in relation to house property and understand the presumptive scheme of taxation of computing business income.
- CO4: use Indexation technique to reduce capital gains tax and learn about specific exemptions available from capital gains.
- CO5: use deductions to reduce taxable income and use rebates to reduce tax liability.

## **Course Contents**

### **Unit 1: Concept of Tax Planning**

- (i) Meaning of tax planning, tax avoidance, tax evasion and tax management; Objectives of tax planning; Case studies relating to tax planning, tax avoidance, tax evasion and tax management.
- (ii) Tax Planning with reference to residential status: Relevance of residential status in computing taxable income; Determination of residential status of an individual, HUF, company, other persons; Relationship between residential status and incidence of tax; Case studies relating to residential status; Double taxation relief under Sections 90 and 91.
- (iii) Provisions relating to concept of agricultural income; Composite income; Tax treatment and tax planning of agricultural income.

### **Unit 2: Tax Planning with Reference to Salary Income**

- (i) Tax planning in respect of salary income: Bonus; Fees; Commission and allowances; Valuation of perquisites; Allowances; Retirement benefits like gratuity, leave encashment, pension tax relief under Section 89 (1) (arrears of salary).
- (ii) Case studies based on designing pay package.

### Unit 3: Tax Planning in relation to Income from House Property and Business Income

- (i) Tax Planning in respect of self-occupied house property, let-out house property partly let out and partly self-occupied house property; and property used for business or profession of the assessee.
- (ii) Set-off and carry forward of house property losses.
- (iii) Tax planning related to Section 80C.
- (iv) Tax Planning related to business income covering:
  - Presumptive schemes of computing business income (Section 44AD, 44ADA, 44AE)
  - Provisions relating to maintenance of accounts (Section 44AA)
  - Provisions relating to audit of accounts (Section 44AB)

### Unit 4: Tax Planning in relation to Capital gains and other sources

- (i) Tax planning with reference to long-term and short-term capital assets and choice of price-inflation indexation; Capital gains on equity and non-equity financial instruments.
- (ii) Tax planning in relation to gifts received from relatives and non-relatives.

### Unit 5: Other Areas of Tax Planning

- i) Income of others' liable for clubbing.
- ii) Deductions under Sections 80C, 80CCD(1), 80CCD(1B), 80CCD (2), 80D, 80DD, 80DDB, 80E, 80G, 80TTA, 80TTB
- iii) Rebate under Section 87A.

## References

- Ahuja, Girish and Ravi Gupta. *Systematic Approach to Income Tax*. Bharat Law House, Delhi.
- Singhania, Vinod K. and Monica Singhania. *Students' Guide to Income Tax, University Edition*. Taxmann Publications Pvt. Ltd., New Delhi.

## Additional Resources

- *Current Tax Reporter*. Current Tax Reporter, Jodhpur.
- *Income Tax Reports*. Company Law Institute of India Pvt. Ltd., Chennai.
- *Corporate Professionals Today*. Taxmann. New Delhi.

**Note: Latest edition of readings may be used**

## Teaching Learning Process

The teaching learning process would include classroom lectures to introduce students to the tax planning tools with regard to income tax. **This would be supported by case studies to enable an**

**understanding of the practical aspects of tax planning.** In addition, class presentations and class discussion to be included in the teaching learning process.

## **Assessment Methods**

The assessment methods would include end semester examination and assignments. Further, class tests may be conducted to gauge the understanding of students regarding tax planning and application of relevant provisions of the income tax law.

## **Keywords**

Tax Planning, Residential Status, Double Taxation Relief, Agricultural Income, Perquisites, Allowances, Rebate, Deductions, Presumptive Taxation, Indexation

28<sup>th</sup> Sep, 2020

**Department of Commerce  
University of Delhi**

**Guidelines for CBCS Revised Syllabus w.e.f. 2019-20  
For the Paper Titled  
“Personal Tax Planning” of B. Com. (Hons.)  
Paper No. BCH 3.5 (d), Semester-III**

**MINUTES OF THE MEETING**

1. An online meeting for “Personal Tax Planning” of B. Com. (Hons.), Paper No. BCH 3.5 (d), Semester-III paper was held at Google Meet platform on 28<sup>th</sup> Sep, 2020 at 3:30 pm.
2. The following faculty members attended the meeting on the scheduled day

S.No.	Name of the Faculty	Department/Affiliated College Name
1	<b>Dr. Indu Jain (Convenor)</b>	<b>Daulat Ram College, University of Delhi</b>
2	<b>Dr. Niti Bhasin (Representative from DOC)</b>	<b>Department of Commerce, Delhi School of Economics, University Of Delhi</b>
3	Mr. Varun Panwar	Shyam Lal College
4	Ms. Richa Sharma	Janki Devi Memorial College
5	Ms. Vaishali Naroli	Satyawati College
6	Dr. Renu Gupta	Jesus and Mary College
7	Ms. Rasleen Kaur	Sri Guru Gobind Singh College of Commerce
8	Dr. Jappanjyot Kaur Kalra	Sri Guru Gobind Singh College of Commerce
9	Mr. Ramesh Kumar	Hansraj College
10	Ms. Anupreet Kaur Mokha	SGTB Khalsa College, University of Delhi
11	Dr. Anuj Jain	Delhi College of Arts & Commerce
12	Mr. Mohd Sajid	Shyam Lal College
13	Ms. Prama Vishnoi	Keshav Mahavidyalaya
14	Ms. Sandhya Taneja	Satyawati College
15	Ms. Saumya Aggarwal	SRCC
16	Ms. Jasleen Kaur	SGTB Khalsa College, North Campus
17	Mr. Pradeep Kumar Dubey	PGDAV College (Morning)
18	Mr. Md Kashif Ansari	Hansraj College
19	Ms. Shweta Gupta	Janki Devi Memorial College

3. The members discussed Unit wise Personal Tax Planning Paper Syllabus. There was a lot of debate over the issue of whether the Assessment Year should be 2020-21 or 2021-22. After discussion, it was resolved that as students study Income Tax and Personal Tax Planning in the same semester, it will be better if same Assessment Year is followed, i.e., the Assessment Year 2020-21. The members unanimously recommended the following guidelines unit wise with the consent of all teachers and the representative of Department of Commerce, University of Delhi:

### **UNIT WISE GUIDELINES (WITH SYLLABUS)**

1. As per Notification no Aca1/Choice Based Credit system/2016/173 dated October 4, 2016, papers offered under SEC shall be of 4 credits each with the condition that minimum of one credit for practical / hands on training / field work / for Humanities and Social Sciences. Therefore, one credit for Personal Tax Planning paper [BCH3.5 (d)] will be contributed towards Practicals.

2. Duration of Theory paper: 3 hrs. Theory as well as Practical will be done at the college level.

Theory examination	75 marks
Internal Assessment	25 marks
Total Theory Lectures	45
Theory lectures per week	3 credits
Practicals per week	1 credit

3. Tax years for Personal Tax Planning (PTP):

- (i) The Finance Act 2019
- (ii) Previous Year 19-20
- (iii) Assessment Year 20-21

#### **4. Unit wise lectures and marks allotment**

<b>Unit No.</b>	<b>Name of Units</b>	<b>Lectures</b>	<b>Marks</b>
Unit - 1	Concept of Tax Planning	7	15
Unit - 2	Tax Planning with Reference to Salary Income	10	15
Unit - 3	Tax Planning in relation to Income from House Property and Business Income	12	20
Unit - 4	Tax Planning in relation to Capital gains and Other Sources	10	15
Unit - 5	Other areas of Tax Planning	6	10
<b>Total</b>		<b>45</b>	<b>75</b>

## **UNIT I: Concept of Tax Planning**

### **Introduction to Tax Planning**

(i) Meaning of tax planning, tax avoidance, tax evasion and tax management; Objectives of tax planning; Case studies, i.e., practical questions relating to tax planning, tax avoidance, tax evasion and tax management.

### **Residential Status**

(ii) Tax Planning with reference to residential status: Relevance of residential status in computing taxable income; Determination of residential status of an individual, HUF, company, other persons; Relationship between residential status and incidence of tax; Case studies, i.e., practical questions relating to residential status; Double taxation relief under Sections 90 and 91.

### **Agricultural Income**

(iii) Provisions relating to concept of agricultural income; Composite income; Tax treatment and tax planning of agricultural income.

- More emphasis should be given on case studies, i.e., practical questions relating to tax planning, tax avoidance, tax evasion and tax management and residential status.
- Only simple questions on Double taxation relief under Sections 90 and 91.
- Agricultural income: Cases of rubber, tea, and coffee should be covered.

## **UNIT-II: Tax Planning with reference to Salary Income**

### **Salary Income**

(i) Tax planning in respect of salary income: Bonus; Fees; Commission and Allowances; Valuation of Perquisites; Allowances; Retirement benefits like Gratuity, leave encashment, pension, Tax relief under Section 89 (1) (arrears of salary).

(ii) Case studies, i.e., practical questions based on designing pay package.

- More emphasis should be given on case studies, i.e., practical questions based on designing pay package.
- Only simple questions on Tax relief under Section 89 (1) (arrears of salary).

## **UNIT-III: Tax Planning in relation to Income from House Property and Business Income**

### **House Property**

- (i) Tax Planning in respect of self-occupied house property, let-out house property partly let out and partly self-occupied house property; and property used for business or profession of the assessee.
- (ii) Set-off and carry forward of house property losses.
- (iii) Tax planning related to Section 80C and Section 80EEA.

### **Business Income**

Tax Planning related to business income covering:

- a) Presumptive schemes of computing business income (Section 44AD, 44ADA, 44AE)
- b) Provisions relating to maintenance of accounts (Section 44AA)
- c) Provisions relating to audit of accounts (Section 44AB)

- Only Sections 28, 29, 30, 31, 32, 35 (Expenditure on scientific research only), 36, 37, 40, 40(a), 40(b), 40A, 41, 43B need to be covered.
- 44AD, 44ADA, 44AE, 44AB, 44AA need to be emphasised.
- Only simple practical question should be given.

## **UNIT-IV: Tax Planning in relation to Capital gains and Other Sources**

### **Capital Gains**

- (i) Tax planning with reference to long-term and short-term capital assets and choice of price-inflation indexation; Capital gains on equity and non-equity financial instruments.

### **Other Sources**

- (ii) Tax planning in relation to gifts received from relatives and non-relatives.

- Under exemption of capital gains: Section 54, 54B, 54EC, 54F, and 54H need to be emphasised.
- Special cases- Section 50B Slump Sale need not be covered
- Section 50C should be covered.
- Only simple questions on Section 54F.
- Section 54G, 54GA, 54D not to be done.

## **UNIT-V: Other Areas of Tax Planning**

### **Clubbing of Income**

i) Income of others' liable for clubbing.

### **Deductions**

ii) Deductions under Sections 80C, 80CCD (1), 80CCD (1B), 80CCD (2), 80D, 80DD, 80DDB, 80E, 80EEA, 80G, 80TTA, 80TTB, 80U

### **Rebate**

iii) Rebate under Section 87A.

- Rebate under Section 87A need to be emphasised.
- Only simple practical question should be given.

**The faculty members participated actively in the discussion and appreciated the timely initiative of Prof. R.K. Singh, the HOD, Department of Commerce and expressed sincere thanks to Dr. Amit Kumar Singh, Coordinator, Associate Professor, Commerce Department, University of Delhi, for the interest shown by him in executing this meeting and specially thanks to Dr Niti Bhasin, Representative, Associate Professor, Commerce Department, University of Delhi, for her constant support throughout the deliberation in the meeting. The meeting ended with a vote of thanks to Dr. Niti Bhasin and all the faculty members.**

Dr. Indu Jain  
(Convenor of the Meeting)  
Associate Professor, Commerce  
Daulat Ram College  
University of Delhi

Dr. Niti Bhasin  
(Representative)  
Associate Professor  
Department of Commerce, DSE  
University of Delhi