

B.Com. (Hons.): Semester-III

Academic Year 2020-21

Paper BCH 3.2: INCOME TAX LAW AND PRACTICE

Duration: 3 Hrs.

Marks: 100

Credits: 6

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

Course Objective

This course aims to impart knowledge of law pertaining to levy of income tax in India. It also aims to enable the students to apply the same practically.

Course Learning Outcomes

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

CO1: understand the basic concepts in the law of income tax and determine the residential status of different persons.

CO2: identify the five heads in which income is categorised and compute income under the heads 'Salaries' and 'Income from House Property'.

CO3: compute income under the head 'Profits and gains of business or profession', 'Capital gains' and 'Income from other sources'.

CO4: understand clubbing provisions, aggregate income after set-off and carry forward of losses, and deductions allowed under the Income Tax Act; and further to compute taxable income and tax liability of individuals and firms.

CO5: develop the ability to file online returns of income.

Course Contents

Unit1:Introduction

Basic concepts: Income; Agricultural income; Person; Assessee; Assessment year; Previous year; Gross Total Income; Total income; Maximum marginal rate of tax; Permanent Account Number (PAN) *Residential status:* Scope of total income on the basis of residential status; Exempted income under section 10.

Unit 2: Computation of Income under different heads-1

Income from Salaries; Income from House Property

Unit 3: Computation of Income under different heads-2

Profits and gains of business or profession; Capital gains; Income from other sources

Unit 4: Computation of Total Income and Tax Liability

Income of other persons included in assessee's total income; Aggregation of income and set-off and carry forward of losses; Deductions from gross total income; Rebates and reliefs; Computation of total income of individuals and firms; Tax liability of an individual and a firm; Five leading cases decided by the Supreme Court

Unit 5: Preparation of Return of Income

Filing of returns: Manually, **on-line filing of Returns of Income** & TDS; Provision & Procedures of Compulsory on-line filing of returns for specified assesses

References

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

Additional Resources

Software

- Vinod Kumar Singhania, e-filing of Income Tax Returns and Computation of Tax, Taxmann Publication Pvt. Ltd, New Delhi. Latest version
- **'Excel Utility' available at incometaxindiaefiling.gov.in**

Journals

- *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 law pertaining to the levy of income tax. This would be supported by case studies to enable an understanding of the practical implications of the income tax law. Further, to enable the students to apply the law practically, presentations by students and practicals on online filing would be included in the teaching learning process.

Assessment Methods

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

Keywords

Assessment Year, Previous Year, Assessee Person, Finance Act , Income, Income Tax, Standard Deduction.

Note:

There shall be 4 credit hours for lectures + one credit hour (Two Practical Periods per week per batch) for practical lab + one credit hour for tutorials (per group)

- **Practical Examination of 20 marks (External examiner) on E-filing of income tax return using software utility tool. The practical exam will be of one hour.** The student is required to fill appropriate form and generate the XML file.
- Theory exam shall carry 80 marks (Including Internal Assessment of 25 Marks) of a duration of 2.5 hours

**Guidelines for the Paper Titled "Income Tax Law and Practice"
of B.Com.(Hons.) Paper No. BCH 3.2, Semester-III (CBCS)**

JOINTLY ORGANISED

BY

Department of Commerce, Delhi School of Economics, University of Delhi

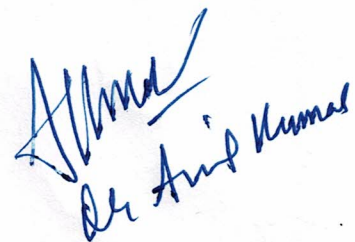
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Department of Commerce, Shaheed Bhagat Singh College, University of Delhi

Date: 19th September 2020

MINUTES of the Meeting

An online meeting of the paper Titled "Income Tax Law and Practice" of B. Com.(Hons.) Semester-III, Paper No. BCH 3.2, was jointly organized by Department of Commerce, Delhi School of Economics, University of Delhi and Department of Commerce, Shaheed Bhagat Singh College, University of Delhi. The meeting was held through Google Meet Platform (Meeting ID: <https://meet.google.com/tsb-jbjy-mdn>) on 19th September 2020 at 11.00 AM. Following teachers were present in the meeting:


Dr. Anil Kumar

| S. NO. | Name of the Faculty | Department/ Affiliated College |
|--------|--------------------------|--|
| 1 | Dr. Anil Kumar, Convener | Teacher-In-Charge, Department of Commerce, Shaheed Bhagat Singh College, University of Delhi |
| 2 | Dr. Shital Jhunjunwala | Department of Commerce, Delhi School of Economics, University of Delhi |
| 3 | Mr. Mohd. Rehan Alam | ARSD College |
| 4 | Dr. Shilpi Narula | Bharati College |
| 5 | Dr. Meera Nangia | College of Vocational Studies |
| 6 | Dr. Minakshi Paliwal | Daulat Ram College |
| 7 | Ms. Raman Arora | Daulat Ram College |
| 8 | Dr. Sunil kumar | Deen Dayal Upadhyaya College |
| 9 | Mr. Sanjeev Kumar | Dr. Bhim Rao Ambedkar College |
| 10 | Mr. Arun Kumar | Dyal Singh College |
| 11 | Ms. HANSIKA KHURANA | Gargi College |
| 12 | Ms. Anjali Tuli | Hansraj College |
| 13 | Ms. Deepshikha Yadav | Hansraj College |
| 14 | Ms. Sangeeta Arora | Hindu College |
| 15 | Mr. Pawan Kumar | Indraprastha College for Women |
| 16 | Ms. Sushma Kumar | Indraprastha college for Women |
| 17 | Ms. Neelam Jhavar | Indraprastha college of women |
| 18 | Ms. Shilpa Maggo | Janki Devi Memorial College |
| 19 | Ms. Shweta Gupta | Janki Devi Memorial College |
| 20 | Ms. Saloni Arora | Jesus and Mary College |
| 21 | DR. Renu Gupta | Jesus and Mary College |
| 22 | Dr. Punam Sachdeva | Kalindi College |
| 23 | Ms. Shivali Veen | Kalindi College |
| 24 | Ms. Mahima Yadav | Kamla Nehru College |
| 25 | DR. Sameer Lama | Kirori Mal College |
| 26 | Dr. Nirmal Jain | Maharaja Agrasen College |
| 27 | Ms. Sonam Bhati | Maharaja Agrasen College |
| 28 | Ms. Parvinder Kaur | Mata Sundri college for Women |
| 29 | Ms. Manpreet Kaur | Mata Sundri college for Women |
| 30 | Mr. Nishant Sharma | Motilal Nehru College (Evening) |
| 31 | Ms. Seema Agarwal | PGDAV College |
| 32 | Mr. Kundan Kumar | Rajdhani College |
| 33 | Ms. Charu Jain | Ramanujan College |
| 34 | Dr. Anshika Agarwal | Ramanujan College |
| 35 | Dr. Naresh Gupta | Ramjas College |
| 36 | Ms. Bhamini Garg | Satyawati College |
| 37 | Ms. Sandhya Taneja | Satyawati college |
| 38 | Mr. Sandeep Sehrawat | Satyawati College Evening |
| 39 | DR. Gurminder kaur | SGGSCC Pitampura |
| 40 | Mr. Gopalkrishan Arora | SGND Khalsa College |
| 41 | Dr. Amrita Kaur | Shaheed Bhagat Singh (E) College |
| 42 | Ms. Anvi Jain | Shaheed Bhagat Singh College |
| 43 | Ms. Chandni Aswal | Shaheed Bhagat Singh College |
| 44 | Mr. Hashir Mairaj | Shaheed Bhagat Singh College |

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Dr. Anil Kumar*

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|----|----------------------------|---|
| 45 | DR. Nisha Gupta | Shaheed Bhagat Singh college |
| 46 | Ms. Preeti Choudhary | Shaheed bhagat singh college |
| 47 | Ms. Ankita Kashyap | Shaheed Bhagat Singh College |
| 48 | Ms. Mansi Babbar | Shaheed Bhagat Singh College |
| 49 | Ms. Neyati Ahuja | Shaheed Bhagat Singh College |
| 50 | Mr. Rajkumar Aggarwal | Shaheed Bhagat Singh College |
| 51 | Dr. Shalini Gupta | Shaheed Bhagat Singh College |
| 52 | Dr. Shikha Gupta1 | Shaheed Bhagat Singh College |
| 53 | Mr. Vishal Garg | Shaheed Bhagat Singh College |
| 54 | Dr. Kamaldeep Bajaj | Shri Guru Tegh Bahadur Khalsa College |
| 55 | Mr. Deepak Kumar | Shri Ram College of Commerce |
| 56 | Ms. Ruchika Choudhary | Shri Ram College of Commerce |
| 57 | Ms. Saumya Aggarwal | Shri Ram College of Commerce |
| 58 | Mr. Mohd Sajid | Shyam Lal College |
| 59 | Dr. Neha Bothra | Shyam Lal College |
| 60 | Ms. Meenakshi Thakur | Sri Aurobindo College (Eve) |
| 61 | Ms. Bhupinder Kaur | Sri Guru Gobind Singh College of Commerce |
| 62 | Mr. Arvinderpalsingh Arora | Sri Guru Nanak Dev Khalsa College |
| 63 | Ms. Sushma Aggarwal | Vivekananda college |
| 64 | Mr. Ashok Sharma | Zakir Husain Delhi College |
| 65 | Ms. Shabana Wiquar | Zakir Hussain Delhi College (Evening) |
| 66 | Ms. Abha Wadhwa | Not mentioned by the teacher |
| 67 | Dr. Alka Gupta | Not mentioned by the teacher |
| 68 | Ms. Kritika Khurana | Not mentioned by the teacher |
| 69 | Ms. Renu Aggarwal | Not mentioned by the teacher |
| 70 | Mr. Bunny Bhatia | Not mentioned by the teacher |
| 71 | Dr. Gurmeet Singh | Not mentioned by the teacher |
| 72 | Ms. Madhu Jain | Not mentioned by the teacher |

The following guidelines were set in the online meeting with the consent of the teachers present in the meeting and the Representative of the Department of Commerce, Delhi School of Economics, University of Delhi; in order to have uniformity and consistency thereby facilitating the teaching-learning process.

Unit I: Introduction

Basic concepts: Income, agricultural income, person, assessee, assessment year, previous year, gross total income, total income, maximum marginal rate of tax, Permanent Account Number (PAN); Residential status; Scope of total income on the basis of residential status, Exempted income under section 10

Guidelines

- Agricultural income: Only concept & simple integration need to be covered. Cases of rubber, tea, and coffee need to be emphasized conceptually only.

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- Exempted income: The following exempted incomes need to be covered- Section 10(1), 10(2), 10(2A), 10(5), 10(7), 10(10), 10(10A), 10(10B), 10(10C), 10(10D), 10(11), 10(12), 10(13), 10(13A), 10(14)*, 10(15), 10(16), 10(32)(Important), 10(34), 10(35), 10(36), 10(37).

*All six allowances under section 10(14)(i) need to be covered. Only education, hostel, and transport allowance need to be covered in special allowances under section 10(14)(ii).

Unit II: Computation of Income under different heads-1

Income from Salaries, Income from house property

Guidelines

- Salary: ESOP- only concept need to be covered. Valuation of ESOP need not to be covered.
- Rent Free Accommodation (RFA): Hotel accommodation & 2 accommodations at the same time need not to be covered.
- Transport allowance for transport employees need not be covered. Tribal area, hill area, insurgency area allowance need not to be covered.
- Voluntary Retirement Scheme[Section 10(10C)] and Retrenchment Compensation need to be covered conceptually only.

Unit III: Computation of Income under different heads-2

Profits and gains of business or profession; Capital gains; Income from other sources.

A. Income under the head 'Profits and Gains from Business or Profession'

Guidelines

Only sections 28, 29, 30, 31, 32, 35 (Expenditure on scientific research only), 36, 37, 40, 40(a), 40(b), 40A, 41, 43B, 44AD, 44ADA, 44AE, 44AB, 44AA need to be covered.

- Provisions related to specific industries e.g. cold storage, banking etc. not to be covered.
- Sec 32- Depreciation in case of Power units, Depreciation in case of amalgamation and business re-organisation and Section 32AD not to be covered.
- Sec 40(a)- Provisions to be covered - Interest, royalty for technical services paid outside India or to a non-resident [40(a)(i)], amount payable to a resident [40(a)(ia)], salary payable outside India without tax deduction [40(a)(iii)], tax on non-monetary perquisite paid by employer [40(a)(v)].

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- Sec 40(A)- Provisions to be covered - Payment to relative [40A(2)], Expenditure exceeding 10,000 [40A(3)], Provision for unapproved Gratuity Fund [40A(7)], Contributions to non- statutory funds [40A(9)].

B. Income under the head 'Capital Gain'

Guidelines

- Under exemption of capital gains Section 54, 54B, 54EC, 54F and 54H need to be emphasized.
- Only simple questions on Section 54F.
- Section 50C should be covered.
- Capital gains provisions related to Individuals and Firms need to be covered.
- ***Under Capital Gains Exempt from Tax following need not be covered***
 - Conversion of Indian Branch of a Foreign bank into Indian Subsidiary [Sec 115 JG (1)].
 - Land Pooling Scheme of Andhra Pradesh Govt. [Sec 10(37A)].
- ***Under Capital Gains in Special Cases following need not be covered***
 - Capital Gains arising on Transfer of Sweat Equity Shares or ESOP shares.
 - Capital Gains on Buy back of Shares [Sec 10(34A), 46A and 115 QA].
 - Capital Gains on Transfer of Shares in the hands of a Non-Resident.
 - Capital Gains in case of Joint Development Agreement [Sec 45(5A) and 49(7)].
 - Special cases- Section 50B Slump Sale.

C. Income under the head 'Income from Other Sources'

Guidelines

- Income from other Sources: Section 56(2)7B, 56(2)8, 94(7), 94(8) need not to be covered.

Unit IV: Computation of Total Income and Tax Liability

Income of other persons included in assessee's total income; Aggregation of income and set-off and carry forward of losses; Deductions from gross total income; Rebates and reliefs. Computation of total income of individuals and firms; Tax liability of an individual and a firm; Five leading cases decided by Supreme Court.

Guidelines

A. Deductions

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• Deductions from gross total income: Following sections need to be emphasized for practical purpose- Section 80A, 80AB, 80AC, 80C, 80CCC, 80CCD, 80CCF, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGA, 80GGC, 80TTA, and 80U.

- Deductions under section 80EE, 80EEA, 80EEB, 80TTB should be covered.

B. Clubbing of Income, Set off and carry forward of losses

- Sections to be covered- Section 70, 71, 72, 73, 74.
- Sections need not be done- Section 72A, 73A, 74A, 79.
- Sec. 60 to Sec 64(2) related to clubbing of income to be covered in theory only.

C. Rest of Unit IV

- Assessment of AOP and BOI not to be done. AMT not to be done.
- Rebates should be covered. Reliefs may not be covered.
- Cases:
 1. Gestetner Duplicators Pvt. Ltd. Vs. CIT (1979) 117 ITR 1 (SC)
 2. CIT Vs. Raja Benoy Kumar Sahas Roy (1957) 32 ITR 466 (SC)
 3. Shiela Kaushik Vs. CIT (1981) 131 ITR 435 (SC)
 4. Philip John Plasket Thomas Vs. CIT (1963) 49 ITR 97 (SC)
 5. CIT Vs. B.C. Srinivasa Setty (SC) (1981)

Unit V: Preparation of Return of Income

Filing of returns; Manually, On-line filing of Returns of Income & TDS; Provision & Procedures of Compulsory On-Line filing of returns for specified assesses.

Guidelines

- Only ITR-2 should be done using excel utility available on the official website of the government (www.incometaxindiaefiling.gov.in).
- Practical examination is of 20 marks.

Additional Notes

- The question paper should have a wide coverage from all the sections.
- Theory question from Unit V to be included in the question paper (No specific question on TDS).

The meeting ended with a vote of thanks to Dr. Shital Jhunjunwala, Representative, Department of Commerce, Delhi school of Economics. and Dr. Anil Kumar (Convener), Teacher in charge, Department of Commerce, Shaheed Bhagat Singh College.

Handwritten signature in blue ink:
Anil Kumar