

GOVERNMENT ARTS AND SCIENCE COLLEGE, MANALMEDU

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Income Tax Law and Practices – E-Learning Study Material

Part - A Questions and Answers (2 Marks)

மாணவர்களுக்கு ஒரு சிறு அறிமுகம்

தற்போதய நவீன உலகில், வளர்ந்த நாடுகளிலேயும் நமது நாட்டில் ஒரு சில கல்வி நிலையங்களிலும் நவீன அறிவியல் கண்டுபிடிப்புகளில் ஒன்றான Information and Communication Technologies (ICT) முறையை பயன்படுத்தி இணையம் வாயிலாக கல்வி கற்பிக்கப்படுகிறது. இதற்கு இணைய வசதியுடன், கணினி அல்லது மடிக்கணினி அல்லது நவீன கைப்பேசி மற்றும் சில சாதனங்கள் தேவைப்படுகின்றன. தற்போது வரை நமது நாட்டில் பெரும்பாலான கல்விநிலையங்களில் அதுவும் அரசு கல்வி நிலையங்களில் பழைய முறையிலேயே கற்பிக்கப்படுகிறது. ஆசிரியர்களும் மாணவர்களும் நவீன முறைப்படி நாம் கற்பிக்கவோ கற்பிக்கப்படவோ முடியுமா என்பதை கனவாகவே இருந்த சூழலில். இயற்கையினால் மனித இனத்திற்கு எதிராக படைக்கப்பட்ட கொரோனா என்கிற கொடுமையான வைரஸானது மிக மக்கள் கூடும் இடங்களில் எளிமையாக பரவும் தன்மை கொண்டது என்பதால், நமது அரசானது இந்த தனிமையை (Quarantine) ஏற்படுத்தியுள்ளது. இதனால் நமது வழக்கமான வாழ்க்கை முறை மிகவும் பாதிப்படைந்திருந்தாலும், கல்வி என்கிற அடிப்படையில் நாம் கல்வி கற்பிப்பதில் சில மாற்றங்களை செய்யவேண்டிய கட்டாயத்தில் இருக்கின்றோம். அதாவது வீட்டில் இருந்தபடியே இணைய வசதிகளை பயன்படுத்தி கல்வி கற்பது என்கிற நவீன முறைக்கு தள்ளப்பட்டுள்ளோம். இதை ஒரு வாய்ப்பாக பயன்படுத்தி, மாணவர்கள் இணையத்தில் தேவையில்லாமல் பொழுதைபோக்கும் விதமாக இல்லாமல் தங்கள் அறிவினை மேலும்

பெருக்கிகொள்ளும் விதமாக கல்வி கற்று தங்களின் அறிவினை பெருக்கிக்கொண்டு தங்களின் எதிர்காலத்தில் நல்ல ஒரு பணிக்கு செல்வதற்கு ஆயத்தமாக வேண்டுகிறேன்.

மாணவ மாணவிகள் இந்த lock down நாட்களில் தங்களது பொழுதினை வீணாக கழிப்பதை விடுத்து, தங்கள் பாட புத்தகங்களையும் இணையம் வாயிலாக வரும் பல்வேறு பாட சம்பந்தமான புத்தகங்கள் மற்றும் பாடம் தொடர்பான வளங்களையும் படித்தும் பார்த்தும் தங்களின் அறிவின் அளவினை இன்னமும் அதிகரித்துக்கொள்ள வேண்டுகிறேன். இதில் கவனிக்கப்பட வேண்டிய ஒன்று என்னவென்றால் சாதாரண நாட்களில் நீங்கள் கல்லூரிக்கு வந்து பேராசிரியர்கள் நடத்துவதை கவனித்து பாடங்களை தெரிந்துகொள்வீர்கள், அந்நாட்களில் மனதளவில் படிப்பு தொடர்பானவற்றில் பாதி அளவு பேராசிரியர்களை நம்பி இருப்பீர்கள். ஆனால் இது போன்ற காலக்கட்டங்களில் நீங்கள் சுயமாக படித்து புரிந்துகொண்டு அதில் ஏற்படும் சந்தேகங்களை மட்டும் பேராசிரியர்களிடம் கேட்டு தெளிவு பெறும்போது, உங்களின் தன்னம்பிக்கை முன்பை விட பல மடங்கு அதிகரிக்கும். எனவே நீங்கள் தவறாமல் தங்களின் படிப்பினை இணையம் வாயிலாக (Whatsapp, Youtube, Internet sources etc.) தொடர்ந்துகொண்டே இருக்க வேண்டும் என்பது எனது அறிவுரை.

தங்களின் வளமான எதிர்கால வாழ்க்கைக்கு எனது வாழ்த்துகளை தெரிவித்துக்கொண்டு, உங்களின் **இன்கம் டாக்ஸ்** பாடத்தில் ஏற்கனவே Capital Gains என்கிற பாடத்திற்கு PDF கோப்பினை ஏற்கனவே அனுப்பியுள்ளேன். இதை தொடர்ந்து இப்பாடத்தில் **பகுதி அ** வில் இரண்டு மதிப்பெண்களுக்கான 50 வினாக்களை அலகுவாரியாக தொகுத்து அதற்கான விடைகளையும் இந்த தொகுப்பில் உங்களுக்காக எளிமையான முறையில் வழங்குகிறேன். இதை படித்து பயன்பெற வேண்டுகிறேன். தங்களுக்கு ஏற்படும் சந்தேகங்களை வாட்ஸ் அப் வாயிலாக என்னிடம் நிவர்த்தி செய்துகொள்ளலாம்.

குறிப்பு: இதுபோன்று பதிவேற்றம் செய்யப்படும் பாடங்களுக்கான உங்களின் கருத்துகளை வாட்ஸ் அப் வாயிலாக தெரியப்படுத்தவும்.

நன்றி

முனைவர்.லெ.கணேசமூர்த்தி

வணிகவியல் உதவிப்பேராசிரியர்

அரசு கலை மற்றும் அறிவியல் கல்லூரி, மணல்மேடு.

UNIT I

1. What is income?

Under income tax act, income includes profits and gains, dividend, voluntary contribution received by a trust, value of perquisites, any allowances received, value of any benefit or amenity, capital gain, casual incomes, any other incomes chargeable under Income Tax Act 1961 are called income.

2. What do you mean by previous year?

The year in which the assessed income was earned is called previous year. The previous year contains 12 years commencing from April to March of the next year.

3. What is meant by assessment year?

Under income tax act, the year in which an assessee's income has been assessed or computed is called assessment year. The previous year contains 12 years commencing from April to March of the next year.

4. Who is a person?

Under income tax act, a person includes individual, Hindu Undivided Family, a company, a firm, a association of persons, a local authority, every artificial juridical person, associate of persons or body of individuals.

5. What is meant by gross total income?

Total income of a person computed under five heads such as, Income from Salaries, Income from house properties, Income from business or profession, Capital gains and Income from other sources is called gross total income.

6. Who is an assessee?

Whose income is assessed under income tax act for the purpose of paying tax or a person who is to pay tax, penalty, interest or any other payment under Income Tax Act is called assessee.

7. What is casual income?

Income received from winning lotteries, crosswords, puzzles, card games, horse race, gambling, betting or any other games is known as casual income.

8. How will you classify residential status of an individual?

Residential status of an individual

- (a) Resident
 - (i) Ordinary Resident
 - (ii) Not Ordinary Resident
- (b) Non-Resident

9. What are the basic conditions to determine a residential status of an individual?

Basic conditions

(a) An individual has to stay in India for the period of 182 days or more during the previous year.

(or)

(b) An individual has to stay in India for the period of 65 days or more in India and has to be stayed 365 days or more during 4 previous years preceding to the current previous year.

10. What is incidence of tax?

Taxability of certain incomes are determined based on residential status of a person, which is called incidence of tax.

UNIT II

1. What is salary income?

Any payment received by an assessee from his employer for services rendered for him is called salary. It includes basic pay, dearness allowances, bonus, commission, other allowances, perquisites and profit in lieu of salary.

2. State the rule for employer's contribution to RPF.

Employer's contribution towards recognized provident fund is exempted upto 12% of salary. (Here salary means Basic pay + DA (if enters for service benefit) + Commission).

3. State the rules for employee's contribution to RPF.

Employee's contribution towards recognized provident fund is not taxable, since it has already been taxed while considering their salary incomes.

4. State the rules for interest on accumulated balances of RPF.

Interest on accumulated balances of Recognized Provident Fund is exempted upto 9.5% during the assessment year 2019-20, above amount if any is taxable.

5. State exception rule for children education allowance.

Children education allowance received by an assessee is exempted upto ₹ 100 per month per child maximum for two children.

6. What are the taxability of Dearness allowance, Bonus and commission received by an assessee?

Dearness allowance, Bonus and Commission received from employers are fully taxable.

7. State the deductions provided from salary income under section 16.

The following deductions are available from salary income under section 16.

- (a) Standard deduction
- (b) Professional tax
- (c) Entertainment allowances

8. Write the rule regarding uncommuted pension.

Uncommuted pension received by an assessee is fully taxable whether he is a government or non government employee.

9. State the rule regarding gratuity received by a government employee.

Gratuity received by an government employee is fully exempted from tax.

10. State any two fully exempted allowances.

- (a) Allowances to high court judges
- (b) Allowances given by the government to assessee who is posted abroad.

UNIT III

1. What is let out house?

If a house given by an assessee to a tenant in order to receive rent periodically is called let out house.

2. What is net annual value for a self occupied house?

Net annual value of self occupied house property is zero.

3. List the deductions allowed on GAV under income from house property.

The following deductions are allowed on GAV of a house property

- (a) Standard deduction
- (b) Interest on loan borrowed to buy or construct the house property

4. State the deduction limit towards interest on loan borrowed for purchase / construction of a let out house property.

There is no limit of interest on loan borrowed by an assessee to purchase or construct the house property.

5. State the amount of standard deduction for let out house property.

Standard deduction is allowed at the rate of 30% on Net Annual Value (NAV) of the house property for all expenses incurred by the assessee for the house property.

6. Write the rule regarding municipal tax paid for a house property.

Municipal tax paid by an assessee can be deducted from Gross Annual Value in case of let out house property. But in case of self occupied house property it is not applicable.

7. What is the limit of deduction towards interest on loan for self occupied house property?

Limit of deduction towards interest on loan borrowed for the purpose of purchase or construction of a self occupied house property is presented below.

- (a) If the loan is borrowed on or before 1.4.1996 – the limit is ₹ 30,000 p.a.
- (b) If the loan is borrowed on or after 1.4.1996 – the limit is ₹ 2,00,000 p.a.

8. How will you treat if an assessee claims that he has occupied more than one house?

If an assessee claims more than two houses as self occupied house, one house at his own choice will be treated as self occupied house and rest of the houses will be treated as deemed to be let out.

9. How will you treat if an assessee let his house for business purpose?

If an assessee let his house for business purpose, it will also be taken as let out house property.

10. How will you treat if an assessee uses his house for his own business?

In case of a house is used by an assessee for his own business, will not be bring under the head of Income from house property.

UNIT IV

1. What is disallowed expenditure?

Under calculating income from business, if any expense incurred by the proprietor which is not relevant to his business is to be taken as disallowed expenditure and the same should be added again with net profit reported by him.

2. State any two examples for profession.

Doctors, Lawyers, Chartered Accountants.

3. What is taxability of income tax paid by a proprietor of a business under Income from business?

Income tax paid by a proprietor is his personal expenses, hence it should not be taken as expenses of business. If it is debited in profit and loss account to be disallowed while calculating income from his business.

4. Classify the followings whether they are allowed or disallowed while determining Income from business.

(a) Provision for doubtful debts (b) Contribution to employees Provident fund (c) Bad debts (d) Rent paid for proprietor's house.

- | | |
|--|--------------|
| (a) Provision for doubtful debts | - Disallowed |
| (b) Contribution to employees Provident fund | - Allowed |
| (c) Bad debts | - Allowed |
| (d) Rent paid for proprietor's house. | - Disallowed |

5. Give taxability of the following items under income from business.

(a) Rent from house (b) Income towards sale of scrap (c) Bad debts recovered (d) Interest on investments.

- | | |
|----------------------------------|-------------------------------|
| (a) Rent from house | - Not taxable under this head |
| (b) Income towards sale of scrap | - Taxable under this head |
| (c) Bad debts recovered | - Taxable under this head |
| (d) Interest on investments. | - Not taxable under this head |

UNIT V

1. What do you mean by capital gain?

Any income derived from sale of a capital asset is called capital gain.

2. What is Long term capital gain?

Any income derived from sale of a long term capital asset is called capital gain.

3. What is meant by short term capital gain?

Any income derived from sale of a short term capital asset is called capital gain.

4. How capital asset can be classified?

Classification of capital assets

(a) Long term capital asset

(b) Short term capital asset

5. What is long term capital asset?

An asset which is held by an assessee for more than 36 months of period is called long term capital asset. The period is restricted to 24 months for the movable assets such as jewellery, debt oriented mutual funds etc. The period is restricted to 12 months for the financial assets such as, equity shares, preference shares, securities like debentures, units of UTI, equity oriented mutual funds etc. The above period is calculated between date of purchase and date of transfer.

6. What is meant by short term capital asset?

An asset which is held by an assessee for the period of less than 36 months is called short term capital asset. The period is restricted to 24 months for the movable assets such as jewellery, debt oriented mutual funds etc. The period is restricted to 12 months for the financial assets such as, equity shares, preference shares, securities like debentures, units of UTI, equity oriented mutual funds etc. The above period is calculated between date of purchase and date of transfer.

7. How will you treat brokerage given on sale of a capital asset?

Brokerage given on sale of a capital asset is an expense on sales, hence it should be deducted from sale proceeds while calculating capital gain.

8. What is the tax treatment of cost of improvement?

Incase of calculating short term capital gain, Cost of improvement should be deducted from net sale proceeds along with cost of acquisition. In case of calculating long term capital gain, cost of improvement is to be indexed and to be deducted from net sale proceeds along with indexed cost of acquisition.

9. Give the formula to calculate indexed cost of acquisition.

$$\text{Cost of acquisition} \times \frac{\text{CII of the year of sales}}{\text{CII of the year of acquisition}}$$

10. Expand C.I.I.?

Cost of Inflation Index

11. What is meant by income from other sources?

Any incomes received by an assessee which are not covered under four heads such as, Income from salaries, Income from house property, Income from business or profession and capital gain are called as income from other sources. E.g. Interest on investments, Winnings from lotteries, horse races, royalty etc.

12. Give tax treatment of dividend received from Indian company.

Dividend received from Indian companies is fully exempted from tax.

13. Give tax treatment of dividend received from foreign company.

Dividend received from foreign companies is fully taxable under the head of Income from other sources.

14. State taxability of the following items, (a) Income from lottery winning and (b) Income towards winnings from horse race.

(a) Income from lottery winning

Taxable under the head of Income from other sources

(b) Income towards winnings from horse race

Taxable under the head of Income from other sources

15. State deduction limit under section 80C.

The deduction limit of savings made by assesses under section 80C is ₹ 2,00,000.

******All the Best******