

TAXATION PAPER- III

Direct Tax Paper – I

SEMESTER V

Modules at a glance

1. Definitions u/s – 2 Basis of Charge
2. Exclusions from Total Income
3. Heads of Income
4. Deductions under Chapter VI – A
5. Computation of Total Income



SYLLABUS OBJECTIVES

- To Gain comprehensive knowledge of Income Tax Act 1961.
- To understand the definitions contained in Income tax Act 1961.
- Compute income from Salary, House property, Capital Gain, Business and Profession, Other Sources.
- To know the various exemptions under section 10.
- To learn and apply deductions under section 80

1 Definitions u/s – 2 & Basis of Charge

- **Definitions u/s – 2**
- Section 2 – Assessee, Assessment Year, Assessment, Annual value, Business, Capital asset, Income, Person, Previous Year, Transfer
- **Basis of Charge**
- Section 3 – 9 – Previous Year, Residential Status, Scope Of Total Income, Deemed Income

2 Exclusions from Total Income

- Section 10 – restricted to, Agricultural Income, Sums Received From HUF By Member, Share of Profit from Firm, Casual & Non – Recurring Receipts, Scholarships, Income of Minor Child, Allowance to Members of Parliament and Legislative Assembly.
- Note -Exemptions related to specific Heads of Income to be covered with Relevant Provisions.

3 Heads of Income

- **Salary**
- Section 15 – 17, Including Section 10 relating to
- House Rent Allowance, Travel Concession, Special Allowance, Pension – Commutation, Leave Encashment, Compensation, Voluntary Retirement, Payment from Provident Fund
- **Income From House Property**
- Section 22 – 27, Including Section 2 – Annual Value
- **Profits & Gains From Business & Profession**
- Vocation Section 28-32, 36, 37, 40, 40A & 43B.
- including.: Section 2 – Business
- **Capital Gains**
- Section 45, 48, 49, 50, 54 and 55
- **Income from Other Sources**
- Section 56 – 59

4 Deductions under Chapter VI –

A

- 80 A- Restriction on claim in Chapter VI- A deductions
- 80 C – Payment of LIC/PF and other eligible investments
- 80CCC – Contribution to certain Pension Fund
- 80D – Medical Insurance Premium
- 80 DD- Maintenance and medical treatment of handicapped dependent
- 80E – Interest on Educational Loan
- 80 TTA- Interest on Saving Bank account
- 80U – Deduction in the case of totally blind or physically handicapped or mentally retarded resident person



5 Computation of Total Income

- Computation of Total Income Of Individual & HUF



STUDY OUTCOMES

- Students gained the knowledge of Income Tax act 1961.
- Students understood the definitions under income tax act 1961.
- Students able to calculate income from Salary, House property, Capital Gain, Business and Profession, Other Sources.
- Students knows the various exemptions available under section 10.
- Students learns and applies deductions under section 80 while calculating net taxable income.
- Students able to compute total income of assesses.