

UNDERGRADUATE PROGRAMME IN COMMERCE

SEMESTER VI

PAPER NO - 16: INCOME TAX LAW AND PRACTICE

Marks: 100 (Theory = 75, Internal Assessment = 25)

Objective: To provide basic knowledge of income tax and equip students with application of principles and provisions of Income Tax Act, 1961 and Income Tax Rules, 1962 as amended up to date.

Lectures: 48

Unit I

3 lectures

1.1 Basic concepts: Income, agricultural income, person, assessee, assessment year, previous year, gross total income, total income.

Unit II

6 lectures

2.1 Residential status

2.2 Tax incidence and residential status

2.3 Exempted income under section 10(1), 10(2), 10(2A), 10(5), 10(7), 10(10), 10(10A), 10(10AA), 10(10B), 10(10D), 10(11), 10(12), 10(13), 10(13A), 10(14), 10(16), 10(32), 10(34), 10(35), 10(36), 10(37), 10(38).

Unit III

28 lectures

Computation of income under different heads

3.1 Salaries

3.2 Income from house property

3.3 Profits and gains of business or profession.

- Section to be covered are: **Sec-28, 29, 30, 31, 32, 35, 36, 37, 40(a), 40(b), 40A, 43B, 44AA, 44AB, 44AD and 44AE.**

3.4 Capital Gains*

- Basis of charge.
- Meaning of capital assets.
- Classification of capital assets and their tax implication.
- Meaning of transfer; elementary knowledge of transactions not to be treated as transaction of transfer.
- Computation of capital gains(depreciable and non-depreciable assets)
- Special cases to be covered - Conversion of Capital assets into stock in trade; Compulsory acquisition of assets; self generated assets; transfer of bonus shares.
- Exemptions to be covered: Sec 54, 54B, 54EC, 54F, 54H.
- Computation of tax liability under section 111A and 112

*Capital gain provisions related to Individual and Firm need to be covered. Capital gain provisions relating to company and non-residents need not to be covered.

3.5 Income from other sources [excluding Sec-2(22)]

Unit IV

11 lectures

Computation of Total Income and Tax Liability

- 4.1 Clubbing of income.
- 4.2 Aggregation of income and set-off and carry forward of losses (excluding Sec-94(7) and 94(8))
- 4.3 Deductions from Gross Total Income; Section 80A, 80AB, 80AC, 80C, 80CCC, 80CCD, 80CCG, 80D, 80DD, 80DDB, 80E, 80G, 80GG, 80GGA, 80GGC, 80TTA and 80U.
- 4.4 Computation of total income and tax liability of individuals and firms.

READINGS:

Essential Readings:

1. Mehrotra, H.C., *Income Tax Law*, Sahitya Bhawan, Agra.
2. Ahuja, Girish and Ravi Gupta, *Systematic Approach to Income Tax*, Bharat Law House, Delhi.
3. Hariharan, N *Income Tax Law and Practice*, Tata McGraw Hill.

Suggested Readings:

1. Singhanian, Vinod K. and Monica Singhanian, *Students' Guide to Income Tax*, Taxmann Publications Pvt. Ltd., New Delhi.
2. Chandra, Mahesh, Goyal, S.P. and D.C. Shukla, *Income Tax Law and Practice*, Pragati Prakashan, Delhi.
3. Lal, B.B., *Income Tax Law and Practice*, Konark Publications, New Delhi.

Note: Latest edition of text book may be used.