

Broad structure of Income tax act [Self read]

Chap no	Title	Content	Sections
I	Preliminary	Title & Definitions	1-3
II	Basis of Charge	Charge & Scope of TI	4-9
III	Incomes not forming part of TI	Exemptions	10-13B
IV	Computation of Total Income(TI)	Heads of Income	14-59
V	Income of other person included in Assessee's Income	Clubbing provisions	60-65
VI	Aggregation of Income & set off/carry forward	Set off & c/f of lossess	66-80
VI-A	Deductions while computing total income	Deductions	80A-80U
VII	income forming part of Income on which no tax payable	Share of AOP/BOI	86
VIII	Rebates & reliefs	Rebates	87-89
IX	Double Taxation relief	Provisions relating to DTAA	90-91
X	Special provisions relating to avoidance of tax	Transfer Pricing	92-94A
XA	General Anti Avoidance Rule	GAAR	95-102
XII-	Determination of tax in certain cases	NR Taxation, MAT & DDT, Income from Shipping Co	110-15VZC
XIIG			
XIII	Income Tax Authorities	Appointment & Powers	116-138
XIV	Procedure for Assessment	Return & Assessment	139-158BI
XV	Liability in Special Cases	Representative Assessee Firm, AOP,BOI	159-180A
XVI	Special provisions for firms	Change in consitution	184-189A
XVII	Collection & Recovery of tax	TDS & Advance tax	190-234E
XVIII	Relief from tax on dividend	Relief on certain dividend	236-236A
XIX	Refunds	Refunds & Interest	237-245
XIX-A	Settlement of cases	Settlement Commission	245A-L
XIX-B	Advance rulings	Authority Procedural Aspects	245N-V
XX	Appeals & Revisions	Different Appellate levels	246-269
XXA-C	Immovable property acquisitions	Immovable property acquisitions	269A-UP
XXI	Penalties imposable	Penalties	270-275
XXII	Offences & Prosecutions	Consequences-failure to comply	275A-280D
XXIII	Miscellaneous	R/off,power to remove diff. etc	281-298

1. BASICS OF INCOME TAX

Relevant Case Laws

Case	Matter	Conclusion
T.A. Querishi [SC]	Case: Whether Illegal income is also liable to tax	Held: In Income tax Source of Income is irrelevant Nature of receipt is important.
Saurashtra Cements Ltd [SC]	Case: Delay in supply of machinery Assessee received liquidated damages is it a revenue receipt?	Held: It is a capital receipt since it is not receipt in the course of profit earning process.

Multiple Choice Questions [MCQs]

- | | |
|--|--|
| 1) The basic source of income-tax law is | 5) AY can be a period of : |
| a) Income-tax Act, 1961 | a) more than 12 m |
| b) Income-tax Rules, 1962 | b) 12 m & less than 12 m |
| c) Circulars/Notifications by CBDT | c) 12 m |
| d) Judgments of Courts | d) 12 m & more than 12 m |
| 2) The amount of Education & secondary & higher education cess to be collected with income tax for AY 2021-22 is | 6) Describe status of following person
X & Y are legal heirs of Z. Z died in '20 & X & Y carry on his business without partnership. |
| a) 2% b) 1% c) 4% d) Nil | a) Firm b) LLP c) Co d) BOI |
| 3) Education cess is leviable in case of | 7) Which of the following is not incl in term income under the IT Act, 1961 |
| a) An Individual and HUF | a) Profit & Gains b) Dividend |
| b) A company assessee only | c) Profit in lieu of Salary |
| c) All assesses | d) Reimbursement of Travelling expenses |
| d) Only Individual | 8) Rebate u/s 87A shall be allowed to a maximum extent of |
| 4) Assessee is always a person but a person may / not be an assessee | a) ₹ 3,000 b) ₹ 12,500 |
| a) True b) False c) Partly True | c) ₹ 5,000 d) Tax payable |
| d) None of the above | |

1. BASICS OF INCOME TAX

<p>9) Charging section of income tax is Sec a) 4 b) 9 c) 15 d) 28</p> <p>10) Education cess 4% is payable on a) Income Tax b) Surcharge c) Income Tax +Surcharge d) NA</p> <p>11) Residential status of an assessee is determined for the relevant _____.</p> <p>12) The rate of tax applicable to a firm for A.Y. 2021-22 is - a) 25% b) 30% c) 35% d) 40%</p> <p>13) ABC Inc, a foreign company has total income of Rs. 1.2 crore. What would be the amount of surcharge applicable ? a) 10% b) 2% c) 5% d) Nil</p> <p>14) Direct tax is a kind of tax where burden of tax is on payer a) Directly b) Indirectly c) (a) or (b) d) None</p> <p>15) Decisions pronounced by.....becomes law a) Supreme Court b) High Court c) ITAT d) None</p>	<p>16) Exemption limit of ₹2,50,000 / ₹5,00,000 is applicable for a) Resident b) Non-Resident c) Both d) none of them.</p> <p>17) Income includes a) Legal b) Illegal c) Both d) None</p> <p>18) If control and management of the affairs HUF is situated wholly outside India it would become a _____</p> <p>19) Income Tax is covered under entry no____ to Union List a) 83 b) 84 c) 82 d) 85</p> <p>20) A. O .P should consist of a) Individuals only b) Persons other than Individuals only c) Both</p> <p style="text-align: center;">Answers :</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td>1) a</td> <td>6) d</td> <td>11) PY</td> <td>16) a</td> </tr> <tr> <td>2) c</td> <td>7) d</td> <td>12) b</td> <td>17) c</td> </tr> <tr> <td>3) c</td> <td>8) b</td> <td>13) b</td> <td>18) NR</td> </tr> <tr> <td>4) a</td> <td>9) a</td> <td>14) a</td> <td>19) c</td> </tr> <tr> <td>5) b</td> <td>10) c</td> <td>15) a</td> <td>20) b</td> </tr> </table>	1) a	6) d	11) PY	16) a	2) c	7) d	12) b	17) c	3) c	8) b	13) b	18) NR	4) a	9) a	14) a	19) c	5) b	10) c	15) a	20) b
1) a	6) d	11) PY	16) a																		
2) c	7) d	12) b	17) c																		
3) c	8) b	13) b	18) NR																		
4) a	9) a	14) a	19) c																		
5) b	10) c	15) a	20) b																		

For your Practice!

P1 Calculate the Tax Liability of Mr. Bahubali age 43 years having the Following Income

Particulars	₹
Business Income	3,00,000
Other Sources	1,50,000

1. BASICS OF INCOME TAX

P2 Calculate Tax Liability of Mr. Ranga age 40 years having Following Income

Particulars	₹
Business Income	6,00,000
Other Sources	1,50,000
LTCG u/s 112	40,000
STCG	30,000

P3 Calculate Tax Liability of Mr. Kaliya age 52 years having Following Income

Particulars	₹
Business Income	7,00,000
Other Sources	1,50,000
LTCG u/s 112	40,000
STCG u/s 111A	30,000

P4 Calculate Tax Liability of Mrs. Jasmin age 85 years having Following Income

Particulars	₹
House Property	7,00,000
Other Sources	1,50,000
LTCG u/s 112A	1,40,000
STCG	30,000
STCG u/s 111A	28,000

P5 Calculate Tax Liability of Mr. Micromax age 56 years having following Income

Particulars	₹
Business Income	9,00,000
Other Sources	1,80,000
LTCG u/s 112	60,000
STCG u/s 111A	50,000

P6 Calculate Tax Liability of Mrs. Oppo age 85 years having following Income

Particulars	₹
House Property	7,00,000
Other Sources	1,50,030
LTCG u/s 112A	1,42,500
STCG	30,000
STCG u/s 111A	38,000

1. BASICS OF INCOME TAX

P.7 Calculate Tax Liability of Mr. Stark age 55 years having Following Income

Particulars	₹
Business Income	52,00,000
LTCG u/s 112A	8,00,000
STCG u/s 111A	8,00,000

P.8 Calculate Tax Liability of Mr. Hulk age 23 years having Following Income

Particulars	₹
Business Income	1,30,00,000
LTCG u/s 112A	11,00,000
STCG u/s 111A	18,00,000

P.9 Calculate Tax Liability of Mr. Thanos age 33 years having Following Income

Particulars	₹
Business Income	1,70,00,000
LTCG u/s 112A	21,00,000
STCG u/s 111A	28,00,000

P.10 Calculate Tax Liability of Mr. Rocket age 41 years having Following Income

Particulars	₹
Business Income	2,70,00,000
LTCG u/s 112A	51,00,000
STCG u/s 111A	48,00,000

P.11 Calculate Tax Liability of Mr. Groot age 68 years having Following Income

Particulars	₹
Business Income	6,30,00,000
LTCG u/s 112A	41,00,000
STCG u/s 111A	10,00,000

1. BASICS OF INCOME TAX

Solved Problems

P1 In case of a resident individual, age below 60 years, calculation of tax liability and marginal relief shall be as under-

Total Income	Income Tax & Surcharge
50,00,000	13,12,500 + Nil
51,00,000	13,42,500 + 1,34,250 = 14,76,750 (Restricted to 14,12,500)
1,00,00,000	28,12,500 + 2,81,250 = 30,93,750
1,02,00,000	28,72,500 + 4,30,875 = 33,03,375 (Restricted to 32,93,750)
2,00,00,000	58,12,500 + 8,71,875 = 66,84,375
2,03,00,000	59,02,500 + 14,75,625 = 73,78,125 (Restricted to 69,84,375)
5,00,00,000	1,48,12,500 + 37,03,125 = 1,85,15,625
5,05,00,000	1,49,62,500 + 55,36,125 = 2,04,98,625 (Restricted to 1,90,15,625)

Space for Important Points / Notes