

Department of Commerce

University of Delhi

Course : B.com (Honours)	Semester : III
Subject : Income Tax Law & Practice	
Paper No. : BCH-3.2	

The meeting of the above mentioned paper was held at Ramjas College on 27-07-2017 at 1.00 PM. The following guidelines were set in the meeting with the consent of all the teachers and representative of the Department of Commerce, University of Delhi.

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

Section 9 deemed income need not to be covered in detail.

Agricultural income: Only concept & simple integration need to be covered. Cases of rubber, tea, and coffee not to be done.

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), 109AA, 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)(Important), 10(35), 10(36), 10(37), 10(38).*

**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

Unit III: Computation of Income under different heads-2

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

Guidelines

Computation of profits and gains of business or profession: 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.

Computation of income under the head capital gains: Under exemption of capital gains- Section 54, 54B, 54EC, 54F, and 54H need to be emphasized.

Special cases- Section 50B Slum Sale need not be covered, Section 50C should be covered. Only simple questions on Section 54F. Section 54G, 54GA, 54D not to be done.

Capital gain provisions related to Individual and Firm need to be covered.

Capital gain provisions in case of HUF, Non-resident, and company need not to be covered.

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

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, 80QQB, 80TTA, 80U and 80TTA.

Set-off & Carry Forward: Sections to be covered- Section 70, 71, 72, 74. Sections not to be done- Section 72A, 73, 73A, 74A, 79.

Assessment of firms: 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. Alps Theatre (1967) 65 ITR 377 (SC)*
- 3. CIT Vs. Raja Benoy Kumar Sahas Roy (1957) 32 ITR 466 (SC)*
- 4. Shiela Kaushish Vs. CIT (1981) 131 ITR 435 (SC)*
- 5. Philip John Plasket Thomas Vs. CIT (1963) 49 ITR 97 (SC)*
- 6. 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 assesseees.

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.