

Income Tax Assessment

Program in which it is offered: B.Com

Course Category: Elective

Schedule of Offering: Semester 6

Course Credit Structure: 3

Course Code: CK263

Lecture: 3 hours

Contact Hours per week: 3 hours

Instructor: Dr. Vinod R R

1. Introduction

The course is designed to give working knowledge on the Assessment of different types of 'Persons' like Individual, HUF, Firms, AOP/BOI, Companies and Co-operative Societies. The course also includes a detailed study of the tax treatment of Agriculture Income, Clubbing & Aggregation of Income and Set off & Carry forwards, which were excluded from the Core course.

2. Course Objectives

- (i) To acquaint students with the concept of Agriculture income from tax point of view and enable students to compute tax on Agriculture Income.
- (ii) To provide working knowledge on the computation of tax liability of an Individual, HUF, Firms, AOP/BOI, Companies and Co-operative Societies.

3. Learning Outcomes

On completion, the students will be able

- (a) To compute tax on agricultural income.
- (b) To compute the tax payable by HUF
- (c) To compute the tax on income of Firms & AOP/BOI
- (d) To compute the tax amount of Trusts and Co-operative society.

4. Pre-requisites

The students must have completed the core course on Income Tax – Law and Practices.

5. Readings

Recommended Texts:

1. Mehrotra, H.C., Goyal, S. P (2019) Income Tax, Sahithya Bhawan Publications, Agra.

6. Module-wise topics

Module 1: Agricultural Income (7 hours)

Topics:

- Agriculture Income as per sec 2 (1A)
- Partly Agricultural Income

- Non – Agricultural Income and Computation of Tax on Non-Agricultural Income
- Computation of Agricultural Income
- Computation of Tax when the Assessee has both Agricultural and Non – Agricultural Income.

Readings

(i) Agricultural Income tax 1962.

Url:<https://indiacode.nic.in/bitstream/123456789/3509/1/Agricultural%20Income%20Tax%20Act%2C%201962.pdf>

Activity: Review and discussion of article

(a) Azhar, B (1991) Taxation of Agricultural Income: A Holistic View, The Pakistan Development Review, 30, 1065-1072

Url:https://www.jstor.org/stable/pdf/41259521.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3Aafec8c3666fe9baa0ba913ca13c64b91

(b) Mahesh, B (1969) How good a tax is Agricultural income tax?, Economic and Political Weekly, 4, 915-918

Url:

https://www.jstor.org/stable/pdf/40739686.pdf?ab_segments=0%2Fbasic_SY_C-4929%2Ftest&refreqid=search%3Acd229f1019727fa02965a2c3b9a9e811

(c) Mathew, E (1973) Taxation of Agricultural Wealth and Income: A note on the Raj's Committee's Report, Economic and Political Weekly, 8, 842-845

Url:https://www.jstor.org/stable/pdf/4362608.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3A646848139333a9f84583d26180c61628

Activity: Quiz on computation of tax liability (3 quizzes)

Module 2: Assessment of HUF (9 hours)

Topics:

- Residential Status of HUF
- Hindu Coparcener, Karta, Schools of Hindu law
- Clubbing of Income and Aggregation of Incomes (with Illustrations)
- Set off and Carry forward of Losses - Order of Set off (with Illustrations)
- Computation of donation u/s 80G (a revision on deductions applicable to individuals from Sec 80C to 80GGC and deduction under Sec 80U)
- Tax on income of HUF

Readings:

(i) HUF concept assessment, partition, School of Hindu Law

Url:<http://incometaxmanagement.com/Pages/Tax-Ready-Reckoner/Assessment/HUF/Assessment-of-Hindu-Undivided-Family.html>

(ii) Donating money? Here's how much tax benefit you will get under section 80G.

Url: <https://economictimes.indiatimes.com/wealth/tax/check-before-you-donate-will-you-get-50-or-100-tax-benefit-under-section-80g/articleshow/57141227.cms?from=mdr>

(iii) Computation of total income of HUF

Url: <http://incometaxmanagement.com/Pages/Tax-Ready-Reckoner/Assessment/HUF/Computation-total-income-HUF.html>

Activity: Review and discussion on articles

- (a) Gulati, I (1973) HUF Tax Avoidance Revisited, Economic and Political Weekly, 8, 397-402

Url:https://www.jstor.org/stable/pdf/4362333.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3Ad066dea62f572e023e4ce691ccf92b28

- (b) Kumar Virendra (2011) Crucifying the concept of Mitakshara Coparcenary at the altar of Income tax law, Journal of Indian Law Institute, 2011, pp 413-436

Url:https://www.jstor.org/stable/pdf/45148564.pdf?ab_segments=0%2Fbasic_expensive%2Fcontrol&refreqid=search%3Ad066dea62f572e023e4ce691ccf92b28

Activity: Quiz on computation of taxable income for HUF (3 quizzes)

Module 3: Assessment of Firms & AOP/BOI (10 hours)

Topics:

- Residential Status of Firms & AOP/BOI
- Conditions to assess a firm as partnership firm
- Remuneration of working partners, Book Profit
- Tax on Income of a firm, Alternate Minimum Tax (AMT)
- Change in the constitution, Succession of Firm
- Limited Liability Partnership
- Assessment of Association of Persons / Body of Individuals
- Taxability of share of profit from AOP / BOI

Readings:

Assessment of a firm. Url: <https://www.incometaxindia.gov.in/Acts/Income-tax%20Act,%201961/2001/10212000000017235.htm>

Assessment of AOP/ BOI Url: <http://incometaxmanagement.com/Pages/Tax-Ready-Reckoner/Assessment/AOP/Assessments-of-AOP-BOI-Under-ITax.html>

Alternate minimum tax. Url: <https://taxguru.in/income-tax/alternate-minimum-tax-section-115jc.html>

Assessment of LLPs Url: <https://taxguru.in/income-tax/taxation-partnership-firms-llps.html>

Share of profit for AOP/BOI Url: <https://www.incometaxindia.gov.in/Pages/i-am/aop.aspx?k=Tax%20Payment>

Activity: Quiz on assessment of APO/BOI, LLPs (3 quizzes)

Module 4: Assessment of Companies (10 hours)

Topics:

- Types of companies as per the sections of Income Tax
- Residential Status of a Company
- Carry forward and set offs of losses in Case of certain Companies
- Deductions applicable to companies
- Tax Liability and Minimum Alternate Tax
- Tax on Distributed Profits of Company, Mutual Fund

Readings: Mehrotra and Goyal (2019) Income tax, Sahitya Bhawan Publication, pp 624-673

Activity: (i) Three quizzes. (ii) Based on the talk and interaction with the expert, student should submit a report

Module 5: Assessment of Trusts and Co-operative Societies (9 hours)

Topics:

- Assessment of charitable trusts- Sec 11 of IT Act
- Deductions under chapter VI A, applicable to Co-operative Societies (sec. 80 P in detail)
- Computation of Tax

Readings: Mehrotra and Goyal (2019) Income tax, Sahitya Bhawan Publication, pp 674-700

Activity: (i) Three quizzes. (ii) Based on the talk and interaction with the expert, student should submit a report

7. Pedagogy

This course employs class discussions, journal reviews and interaction with the experts. Student's will be encouraged to critically appraise the latest Finance Bill.

8. Evaluation Pattern

• Quiz	:	10
• Review and discussion of select articles	:	15
• Assignment (Report submission)	:	10
• Mid Term Examination	:	25
• End-Term Examination	:	40
Total	:	100