

Income Tax
Group B (Paper No. 2)
B.com, Part-II

Deepak H Diwakar
Assistant Professor (Commerce)
Govt. Degree College, Bhojpur
Moradabad (Uttar Pradesh)

POINTS OF PRESENTATION

1. INTRODUCTION

2. BRIEF HISTORY OF INCOME TAX

3. HEADS OF INCOME

4. IMPORTANT TERMS

5. INCOME TAX RATES

1. INTRODUCTION

WHAT IS TAX & WHY IT IS REQUIRED?

WHAT IS TAX

TAX IS A PART OF AN INDIVIDUAL'S EARNING WHICH IS REQUIRED TO BE PAID TO THE GOVERNMENT IN ORDER TO GENERATE REVENUE. IT IS A MANDATORY LIABILITY FOR EVERY CITIZEN OF THE COUNTRY. THERE ARE TWO TYPES OF TAX IN INDIA I.E. DIRECT AND INDIRECT TAX. INCOME TAX IS A DIRECT TAX.

WHY TAX IS REQUIRED ?

INCOME TAX IS THE MAIN SOURCE OF INCOME FOR THE GOVT. TAX MONEY IS USED IN INITIATING VARIOUS WELFARE AND OTHER ACTIVITIES SUCH AS:-

- 1. PROVIDING HEALTHCARE FACILITIES**
- 2. PROVIDING EDUCATION THROUGH GOVT SCHOOLS WHERE FEE IS NEGLIGIBLE**
- 3. FOR THE DEVELOPMENT OF INFRASTRUCTURE PROJECTS ROADS, HIGHWAYS, DAMS, BRIDGES, POWER PROJECTS, HOSPITALS, SCHOOLS & COLLEGE ETC.**
- 4. SUBSIDY TO FARMERS, SCHOLARSHIPS , FERTILIZERS AND OTHER ESSENTIAL COMMODITIES.**
- 5. MAINTAIN LAW AND ORDER IN ACROSS THE COUNTRY**
- 5. SALARY AND PENSION TO LAKHS OF GOVT EMPLOYEES , NATIONAL SECURITY ETC.**

2. BRIEF HISTORY OF INCOM

IGIN OF TAXATION IN INDIA DATES BACK TO ANCIENT INDIA AS FOUND MENTIONED IN ANCIEN
OKS SUCH AS ARTHASHASTRA AND MANUSMRITI.

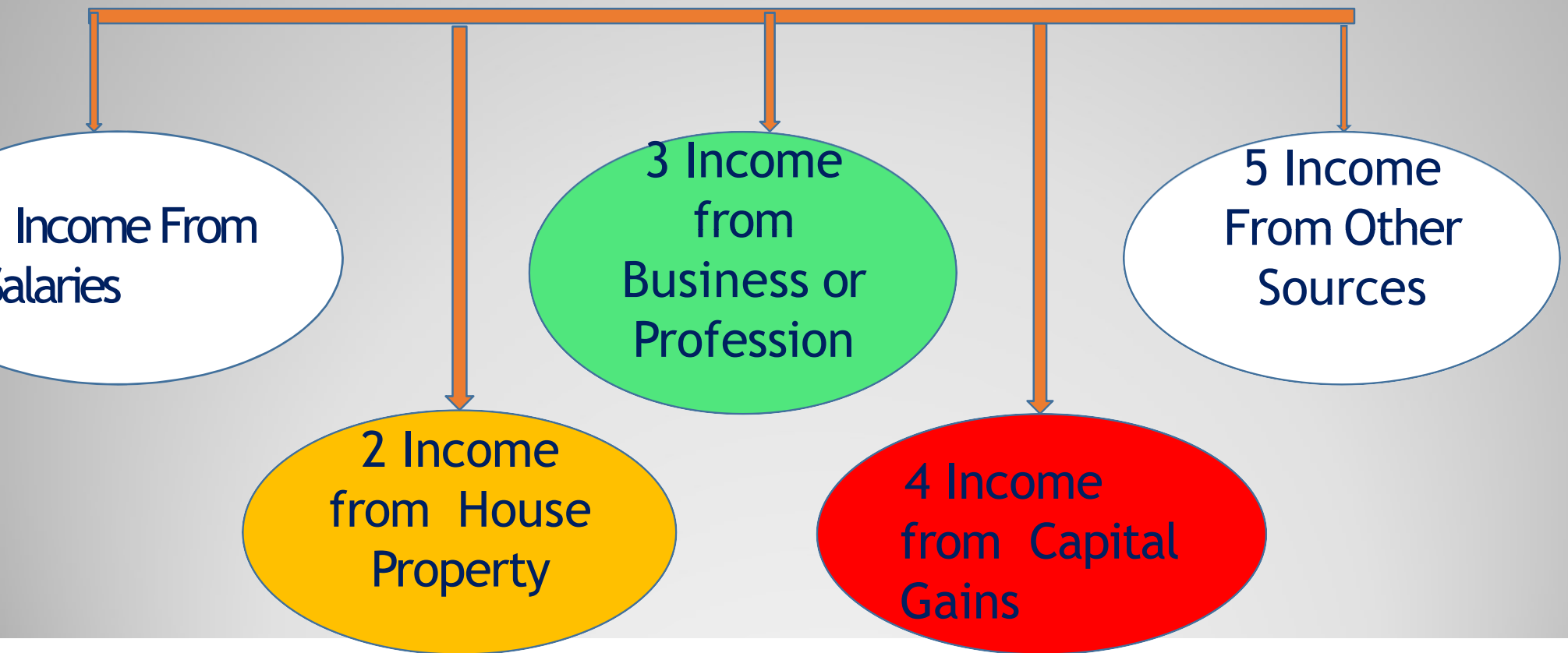
CORDING TO MANUSMRITI ARTISANS USED TO PAY 1/5TH OF THEIR PROFITS AS TAX WHEREAS
RICULTURIST WERE REQUIRED TO PAY 1/6TH, 1/8TH OR 1/10TH OF THEIR PRODUCE DEPENDING
ON THE CIRCUMSTANCES.

MODERN INDIA, TAX WAS INTRODUCED FOR THE FIRST TIME IN 1860 BY SIR JAMES WILSON IN
DER TO MEET THE LOSSES SUSTAINED ON ACCOUNT OF MILITARY MUTINY OF 1857. THIS WAS
E FIRST INCOME TAX ACT OF MODERN INDIA.

BSEQUENTLY ANOTHER INCOME TAX ACTS WERE PASSED DURING 1886, 1918 AND 1922.
COME TAX ACT 1922 WAS THE LAST INCOME TAX OF BRITISH INDIA AND REMAINED IN FORCE TI
52.

PLICABLE LAWS FOR INCOME TAX IN INDIA
HE INCOME TAX ACT, 1961
THE INCOME TAX RUELS, 1962
THE FINANCE ACT (BUDGET OF EVERY YEAR)

3. HEADS OF INCOME



4. IMPORTANT TERMS

▣ ASSESSEE

▣ ASSESSMENT YEAR & PREVIOUS YEAR

▣ RESIDENTIAL STATUS

▣ GROSS TOTAL INCOME

▣ DEDUCTIONS

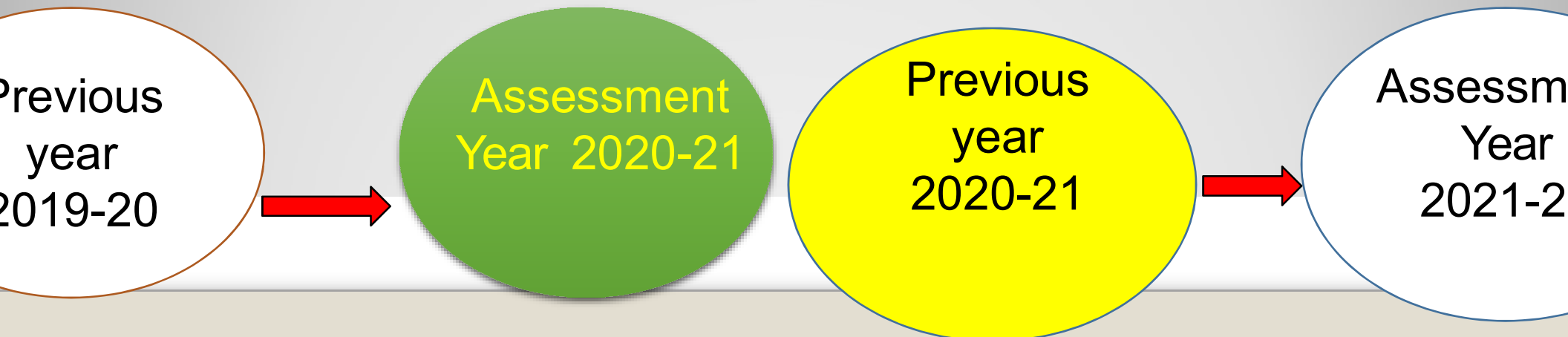
▣ TOTAL INCOME

IMPORTANT TERMS

ASSESSEE- MEANS A PERSON BY WHOM ANY TAX OR ANY OTHER SUM OF MONEY IS PAID UNDER THIS ACT. IN SIMPLE TERM THE ASSESSEE MEANS “TAX PAYERS”

ASSESSMENT YEAR & PREVIOUS YEAR-

ASSESSMENT YEAR MEANS THE PERIOD STARTING FROM APRIL 1 AND ENDING ON MARCH 31 OF THE NEXT YEAR AND **PREVIOUS YEAR** MEANS THE FINANCIAL YEAR IMMEDIATELY BEFORE THE ASSESSMENT YEAR.



RESIDENTIAL STATUS- THERE ARE THREE TYPES OF RESIDENTIAL STATUS OF ASSESSEES AS PER INCOME TAX ACT 1961.

RESIDENT- MEANS A CITIZEN OF INDIA WHO RESIDED IN INDIA FOR A PERIOD OF 182 DAYS OR MORE IN DURING PREVIOUS YEAR. HIS INCOME EARNED ANY WHERE IN THE WORLD WILL BE TAXABLE IN INDIA.

NON RESIDENT(NRI)- INCOME EARNED IN INDIA ONLY WILL BE SUBJECT TO INCOME TAX IN INDIA.

RESIDENT BUT NOT RESIDING IN INDIA- CITIZEN OF INDIA WHO STAYED IN INDIA FOR LESS THAN 182 DAYS DURING PREVIOUS YEAR. HIS/HER INCOME ARISING OUTSIDE INDIA MAY ALSO BE TAXABLE IN INDIA.

GROSS TOTAL INCOME– IT COMPRISES SUM OF THE INCOME EARNED THROUGH ALL THE FIFTEEN CATEGORIES OF INCOME WITHOUT ANY DEDUCTION.

DEDUCTIONS – THE AMOUNT WHICH IS ALLOWED TO BE DEDUCTED FROM GROSS TOTAL INCOME BEFORE DETERMINING TAX LIABILITY OF AN ASSESSEE SUCH AS CERTAIN SAVINGS, DONATIONS ETC.

NET TAXABLE INCOME- IT IS GROSS TOTAL INCOME (MINUS) DEDUCTIONS. THIS IS THE NET TAXABLE INCOME OF ASSESSEE.

5. CURRENT INCOME TAX RATES

INCOME TAX RATES FOR ASSESSMENT YEAR 2020-21

GENERAL PUBLIC BELOW 60 Years OF AGE		SENIOR CITIZENS 60-80 Yrs		VERY SENIOR CITIZENS (ABOVE 80Yrs OF AGE)	
Income Range	Tax	Income Range	Tax	Income Range	Tax
Upto Rs.2.5 Lakh	Nil	➤ Upto 3 Lakh	Nil	➤ Upto 5 Lakh	Nil
Above 2.5 to 5 Lakh	5%	➤ Above 3 to 5 Lakh	5%	➤ Above 5 to 10 Lakh	20%
Above 5 to 10 Lakh	20%	➤ Above 5 to 10 Lakh	20%	➤ Above 10 Lakh	30%
Above 10 Lakh	30%	➤ Above 10 Lakh	30%		

Education Cess 3% +Health Cess 1 % of Income tax for all tax payers.

Tax credit of Rs. 12,500/- or actual amt of tax for income of Rs. 5 Lakhs or less u/s 80C

Standard deduction of Rs. 50,000/-for Salaried and Pensioners

There are no separate slab for male & Female.

SOME USEFUL TIPS

ITR CAN BE FILED AFTER DUE DATE ASLO PAYING MANDATORY LATE FEE AS TABULATED BELOW.

PERIOD OF FILING ITR	LATE FEE
APR TO 31 JUL	NIL
AUG TO 31 DEC	RS.5000/-
JAN TO 31 MAR (NEXT YEAR)	RS.10,000/-

However, if the total income of a person does not exceed Rs.5 Lakh, the maximum late fee will be Rs.1000/-

At the time of filing ITR after due date, if any Tax is payable, then penal interest @1% of tax per month will be levied from due date till date of filing.

THANKS YOU