# INCOME TAX : BASICS AND FILING

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# WHY GOVT. CHARGES TAX

- Govt. of India provides many kind of services to its resident people or to the non-residents such as infrastructure facility, security etc. and moreover a place where people can earn and live.
- In providing these facilities govt. incurs a huge amount of expenditure and to meet those expenditures, Govt. needs funds and there is no specific source from which govt. can generate revenue.
- Therefore, we can say tax is a fees charged by the govt. against the services provided.
- Govt. major source of revenue is tax (Direct tax and Indirect tax).

# DIRECT AND INDIRECT TAXES

- **Direct Taxes**: A tax which is born and paid directly by the person on whom it is impose is a direct tax e.g., Income Tax. It is directly paid by the tax payer to the government without any intermediary and it comes from own pocket.
- **Indirect Taxes**: If a tax is passed on by the tax payer to some other person, it is indirect tax e.g. Goods and Service Tax (GST). It is not directly paid by the person on whom it is levied, but is paid indirectly through the medium of other persons.

# HISTORY OF INCOME TAX

- **At present, Income Tax Act 1961 is in force in India.**
- **The present Income tax act was enacted in 1961, which came into force on 1st April 1962.**
- **In 1956, the government referred the Income Tax Act to the Law commission which submitted its report in 1958. Direct Taxes Administration Enquiry Commission was appointed in 1958 under the Chairmanship of Shri Mahavir Tyagi.**
- **On the basis of recommendations of both these bodies the present IT Act was enacted.**
- **This Act of 1961 has since been amended number of times.**

# Source to Read Income Tax Law in India

- Income Tax Act 1961
- Income Tax Rules 1962
- Annual Finance Act
- CBDT Circulars & Notification
- Judicial Decisions

# Basic Terms of Income Tax

- **Assessee:** is any person who is required to pay Income tax or any other sum payable under the Income Tax Act being interest, penalty etc.
- **Assessment Year:** is the period comprising of twelve months starting on 1st of April & ending on 31st March of the next year. Assessment year succeeds the financial year. For eg. For the FY 2018-2019, the AY will be 2019-2020.
- **Previous Year:** is the financial year preceding the assessment year. It is also known as the accounting year or income year.

- **<u>Persons Liable to Pay Income Tax</u>:** are the persons liable to pay income tax if there income levels exceeds the minimum sum that is exempt from tax:
- Individuals (including non-residents)
- Hindu Undivided Families – consists of all persons lineally descended from a common ancestor including their wives & unmarried daughters. An HUF is a creation of law. It is a separate entity than can own or sell property, enter contracts or earn income.
- Association of Persons – is an arrangement where two or more persons have voluntarily joined together for a common purpose with the object of producing income, profits & gains.
- Body of Individuals – conglomerate of persons who have come together not voluntarily, but carry on some activity to earn income.
- Artificial Juridical Persons
- Societies & Trusts

- Following are required to pay income tax irrespective of their income levels:
- **Partnership Firms & Limited Liability Partnership:** is an arrangement, where people have agreed to share profits of a business, carried on by all or any of them acting for all.
- **Co-operative Societies:** is a group of individuals who have come together for their mutual benefit.
- **Companies:** can be Indian/ domestic (public – in which public have a substantial interest or private – where public do not have a substantial interest) or a foreign company.
- **Local Authorities**: – include Panchayats, Local Municipality.

- **Income**: refers to earning by the deployment of asset or by rendering any service. Revenue receipts come under this category, which keep accruing from time to time.
- The term income is of great significance with respect to income tax.
- For the liability of tax is computed on this "Income".
- There are five broad heads under which income has been classified.

- **Capital Receipts**: are different from revenue receipts. Capital receipts are generally exempt from tax unless expressly stated.
- **Clubbing of Income**: would in simple words, mean summing up of the Income prone person with the income of another person. The most common cases the clubbing of minor child's income with that of his either parent.
- **Deductions**: after calculating the total income from the various heads of income, certain amount is deducted towards expenditure incurred to earn that income e.g. life insurance premium paid, investment in tax saving schemes & mutual funds. These deductions help in saving a certain amount of tax. They are also called the 80 series deductions as they are contained in sections 80A to 80U.

- **Set Off & Carry Forward:** set off is the adjustment of certain losses against income from the various sources of income.
  Carry forward is the carrying forward of certain losses to be adjusted (set off) in subsequent years.
- **Gross Total Income:** is the sum of all the earnings from the various heads of income, after set off of any loss that was carried forward from the past years.
- **Taxable Income /Net Income:** is the gross total income less the deductions. It is on this sum that the tax liability is calculated.
- **Permanent Account Number:** is a unique ten digit alpha-numeric number, on the basis of which the Income tax department identifies the assessee.

- **Income Tax Return**: after the assessee has calculated his tax liability (self assessment), he is required to file his return of income in the prescribed time & manner.

  Due dates of filing returns are:
- Companies - 30th September
- Assesses whose accounts are required to be audited under IT Act – 30th September
- A working partner of the firm, whose accounts are required to be audited – 30th September
- All other assesses – 31st July.

# Heads of Income

- **Income from Salary**: includes income from wages, annuity, pension, gratuity, fee, commission, advance salary etc. For income under the head salary, the existence of employer-employee relationship is a must. It is chargeable on due or paid basis, whichever is earlier.
- **Income from House Property**: house property is any building or land appurtenant thereto (courtyard/ compound), of which the person is the owner.
- **Profits & Gains of Business / Profession**: the term Business includes any trade, commerce or manufacture. Profession means any vocation, occupation requiring intellectual or manual skill.

- **Income from Capital Gains**: is any profit or gain arising from the transfer of capital assets during the previous year.
- **Income from Other Sources:** This is the residues head of income. Income that does not fall under any of the above heads of income, are taxed under this head.

# Rates of Income Tax [A.Y. 2019-20]

| I | Individual (other than a resident individual of the age of 60 years or more)<br>[The same rates are also applicable for HUF/AOPs/ BOIs/Artiftcial Juridical Person] | |
|---|---|---|
| | **Total Income (TI)** | **Income-tax payable** |
| | ≤ Rs 2,50,000 | Nil |
| | > Rs 2,50,000 but ≤ Rs 5,00,000 | 5% of the amount by which the total income exceeds Rs 2,50,000 |
| | > Rs 5,00,000 but ≤ Rs 10,00,000 | Rs 12,500 *plus* 20% of the amount by which the total income exceeds Rs 5,00,000 |
| | > Rs 10,00,000 | Rs 1,12,500 *plus* 30% of the amount by which the total income exceeds Rs 10,00,000 |

| II | Resident individual of the age of 60 years or more but less than 80 years at any time during the previous year 2018-19 | |
|---|---|---|
| | **Total Income (TI)** | **Income-tax payable** |
| | ≤ Rs 3,00,000 | Nil |
| | > Rs 3,00,000 but ≤ Rs 5,00,000 | 5% of the amount by which the total income exceeds Rs 3,00,000 |
| | > Rs 5,00,000 but ≤ Rs 10,00,000 | Rs 10,000 *plus* 20% of the amount by which the total income exceeds Rs 5,00,000 |
| | > Rs 10,00,000 | Rs 1,10,000 *plus* 30% of the amount by which the total income exceeds Rs 10,00,000 |

| III | Resident individual of the age of 80 years or more at any time during the previous year 2018-19 | |
|---|---|---|
| | **Total Income (TI)** | **Income-tax payable** |
| | ≤ Rs 5,00,000 | Nil |
| | > Rs 5,00,000 but ≤ Rs 10,00,000 | 20% of the amount by which the total income exceeds Rs 5,00,000 |
| | > Rs 10,00,000 | Rs 1,00,000 *plus* 30% of the amount by which the total income exceeds Rs 10,00,000 |

**Rebate under section 87A in case of an individual resident in India:** Lower of tax payable or Rs 2,500, where total income does not exceed Rs 3,50,000.

| Assessee | Income-Tax Rate |
|---|---|
| Firm/LLP | 30% |
| Domestic Company having total turnover/ gross receipts in P.Y. 2016-17 ≤ Rs 250 Crore | 25% |
| Other Domestic Companies | 30% |
| Foreign Company engaged in specified royalties and fees for technical services from govt. | 50% |
| Other Foreign Companies | 40% |

# Rate of Surcharge A.Y. 2019-20

| Assessee | Total Income Level | Rate of Surcharge |
|---|---|---|
| Individual/HUF/AOPs/BOIs/ Artificial Juridical Person | ≤ Rs 50 Lakh | Nil |
| | > Rs 50 Lakh but ≤ Rs 1 Crore | 10% |
| | > Rs 1 Crore | 15% |
| Co-operative Society/ Local Authority/ Firm/ LLP | ≤ Rs 1 Crore | Nil |
| | > Rs 1 Crore | 12% |
| Domestic Company | ≤ Rs 1 Crore | Nil |
| | > Rs 1 Crore but ≤ Rs 10 Crore | 7% |
| | > Rs 10 Crore | 12% |
| Foreign Company | ≤ Rs 1 Crore | Nil |
| | > Rs 1 Crore but ≤ Rs 10 Crore | 2% |
| | > Rs 10 Crore | 5% |

**Note**: Income tax has to be computed on Total Income. Surcharge is computed on such income tax. Health and education cess @ 4% has to be computed on income tax plus surcharge, if applicable.

# COMPUTATION OF TOTAL INCOME

| | |
|---|---|
| A. Heads of Income | |
| 1.) Income from Salary | XXX |
| 2.) Income from House Property | XXX |
| 3.) Income from Business/Profession | XXX |
| 4.) Income from Capital Gains | XXX |
| 5.) Income from Other Sources | XXX |
| B. GROSS TOTAL INCOME (Sec. 14) | XXX |
| Less: Deductions u/s chap-VI-A (Sec.80C to 80U) | (XXX) |
| D. TOTAL INCOME [Sec.2(45)] | XXX |
| E.Tax Due (As Per Slab) | XXX |
| Less: Rebates and Reliefs u/Chap-VIII | (XXX) |
| F. Tax Payable | XXX |

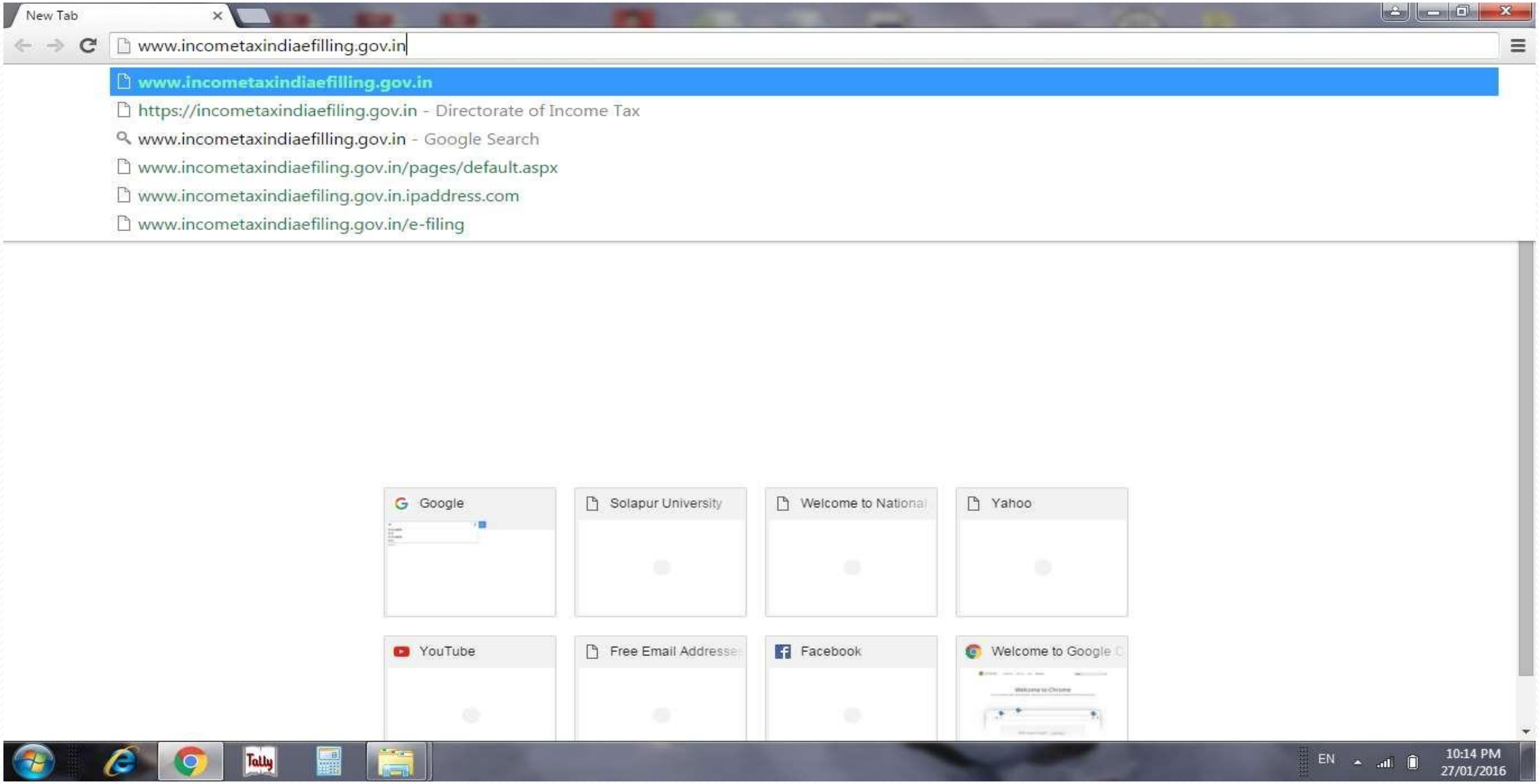
# Definition of E-Filing

- **e - Filing is a system for submitting tax documents to the Income tax department through the internet or direct connection, usually without the need to submit any paper documents. E - File is the term for electronic filing, or sending your ITR from tax software via the Internet to the tax authority".**

# Requirements for filling of ITR Online

1. Income
2. PAN
3. Bank Account Details

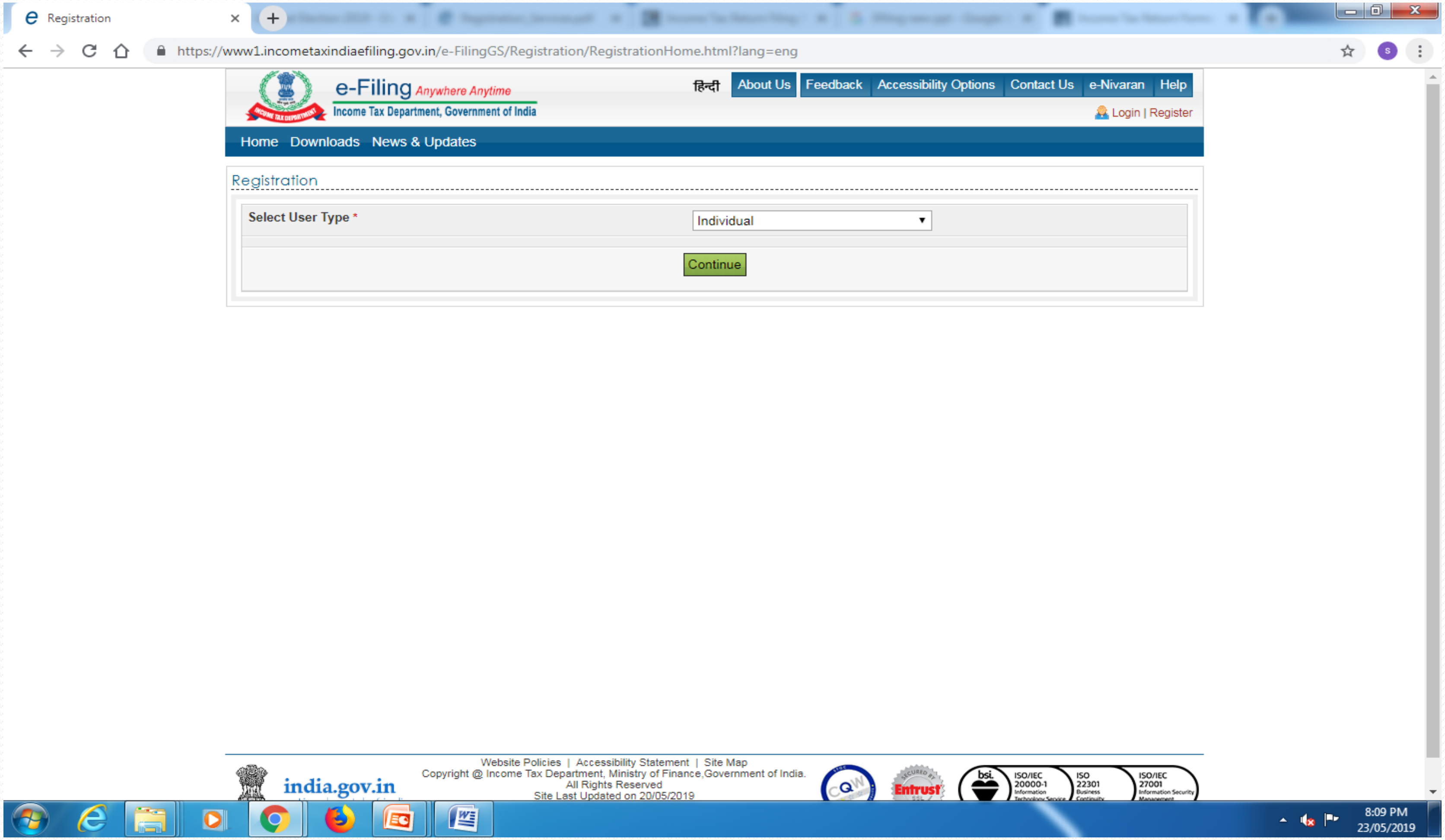
# Go to www.incometaxindiaefilling.gov.in



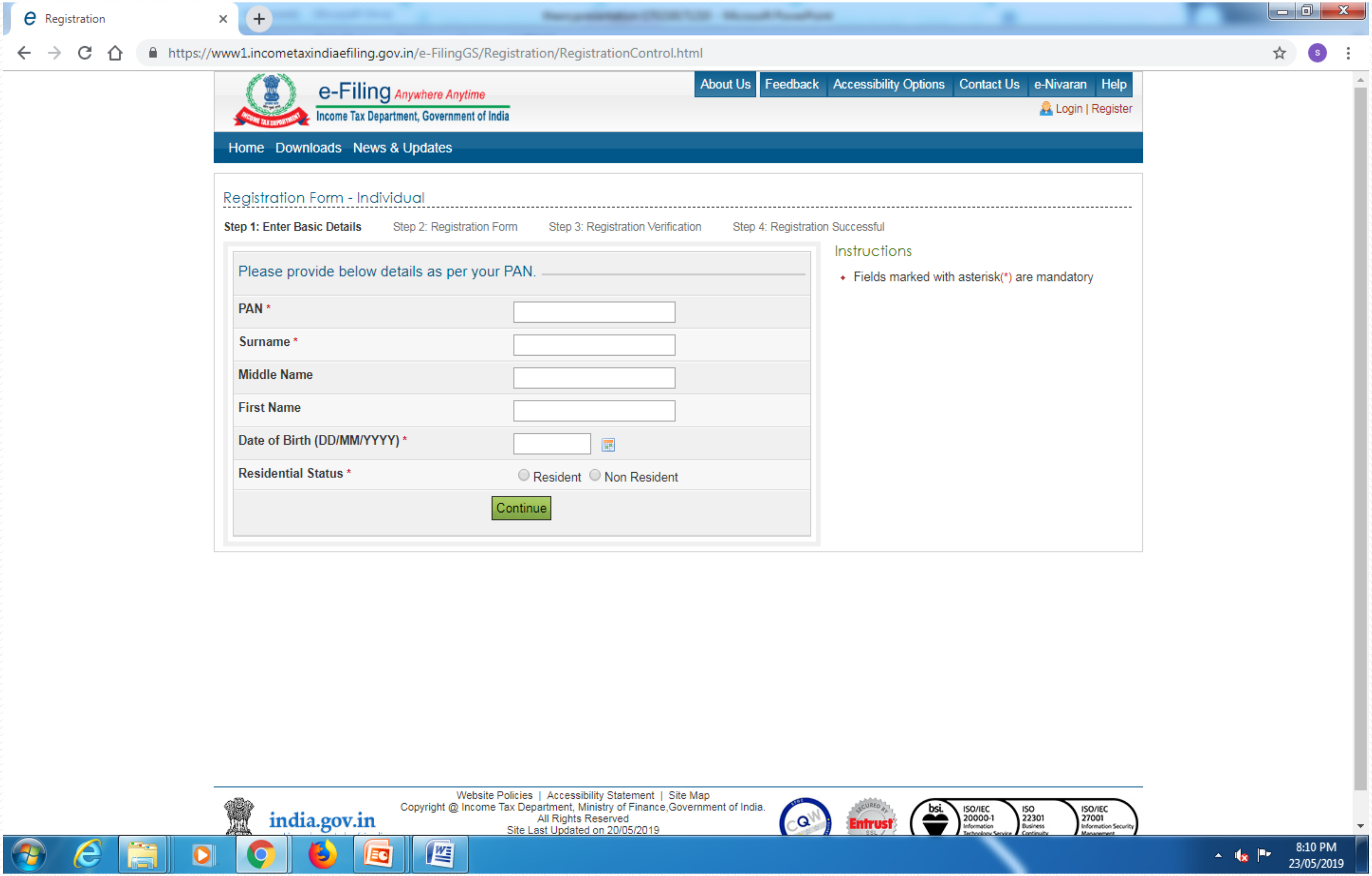
# Home page of Site

# Click on Register Yourself (at Right hand side)

# This is Registration Form
# Select User Type as Individual



# Fill the details



- After filling details click on continue tab.
- Now a screen appears, fill the requisite information as demanded by the income tax department e.g. Password, Two Security Questions, Mobile Number, E-mail ID, Address etc.
- After filing details click on continue tab.
- Now a new screen appears demanding the One Time Password which comes in Mobile phone and Email Id, fill the same in the respective columns.
- Click on continue button and get registered.

# ITR FORMS IN A.Y. 2019-20

- ITR 1: For Individual, HUF (Residents)
- ITR2: For Individual, HUF
- ITR3: For Individual, HUF, Partner in a Firm
- ITR4: For Individual, HUF, Firm
- ITR5: For Partnership Firm, LLP
- ITR6: For Company
- ITR7: For Trust

# ITR-1 Applicability

- Salary or Pension Income
- Income from **one house property** (excluding cases where the loss is brought forward from previous years)
- Agricultural  income which is less than Rs 5,000
- Income from other sources like FD/Shares/NSC etc.
- No income from lottery or horse racing.
- ITR Form-1 (Sahaj) can be filed by an individual/HUF who is resident other than not ordinarily resident, having income up to Rs 50 lakh and who is receiving income from salary, one house property / other income (interest, etc.).

# Who cannot use ITR 1 Form?

- Total income exceeding Rs 50 lakh.
- Agricultural income exceeding Rs 5000.
- If you have taxable capital gains.
- If you have income from business or profession.
- Having income from more than one house property.
- If you are a Director in a company.
- If you have had investments in unlisted equity shares at any time during the financial year.
- Owning assets (including financial interest in any entity) outside India) if you are a resident, including signing authority in any account located outside India.
- If you are a resident not ordinarily resident (RNOR) and non-resident
- Having foreign assets or foreign income.
- If you are assessable in respect of income of another person in respect of which tax is deducted in the hands of the other person.

# Recent Changes in ITR-1

- ITR 1 form for FY 2018-19 is not applicable to an individual who is either a director of a company or has invested in unlisted equity shares.
- Under Part A, ‘Pensioners’ checkbox has been introduced under the ‘Nature of employment’ section.
- Return filed under section has been segregated between normal filing and filed in response to notices.
- There shall be a separate column for **standard deduction upto Rs.40000/-** for salaried individuals.
- Deductions under salary will be bifurcated into standard deduction, entertainment allowance and professional tax.

- Income from other sources shall be bifurcated in detailed manner. For example- If assessee has earned interest income then it has to be bifurcated into details like interest from saving bank account or post office or FDs or unsecured loans etc.
- New section inserted for senior citizens – **Sec 80TTB** – which allows senior citizen to get deduction from interest income upto Rs. 50000/-.
- Assessee has to furnish **details of exempt income like HRA**.
- A separate column is introduced under 'Income from other sources' for deduction u/s 57(iia) – in case of family pension income.
- 'Deemed to be let out property' option now available under 'Income from house property'.

# e-filing of ITR of Salaried Person

## Source of Information

- Form No 16
- Salary Certificate
- Salary Slip etc.

# Presumptive Income & its Taxation – under section 44AD

- If gross receipts are received through a digital mode of payment, then Net Income is estimated at 6% of such gross receipts and for cash receipts. However, the rate is the same at 8% of such cash receipts.
- You don't have to maintain books of accounts of this business.
- You have to pay 100% Advance Tax by 15th March for such a business. No need to comply with the requirement of quarterly installments due dates (June, sep, Dec) of advance tax.
- You are not allowed to deduct any business expenses against the income.

# Eligibility Criteria for this Scheme

- Your gross receipts or turnover of the business for which you want to avail this scheme should be less than Rs 2 crore.
- You must be a Resident in India.
- This scheme is allowed to an individual, a HUF or a partnership firm. It is not available to a Company.
- The scheme cannot be adopted by the taxpayer, if he has claimed deduction under section 10, 10A, 10B, Section 10BA, or Section 80HH to 80RRB in the relevant year.

# Eligible Businesses

- The taxpayer may be in any business – retail trading or wholesale trading or civil construction or any other business to avail this scheme.
- But this method of income computation is **NOT** applicable to:
- a. Income from commission or brokerage
- b. Agency business
- c. Business of plying, hiring or leasing goods carriage (see section 44AE)
- d. Professionals – who are carrying on a profession of legal, medical, engineering, architectural, accountancy, technical consultancy, interior decoration, an authorized representative, film artist, company secretary and information technology.

# Presumptive taxation under Section 44ADA

- The benefit of Presumptive tax rates was only available to businesses. But now this benefit has been extended to professionals also. It will be applicable to the professionals, whose total gross receipts **does not exceed Rs 50 lakhs** in a financial year.
- **Presumptive Tax Rate**: The income of the professionals opting for this scheme would be assumed at 50% of the total gross receipts for the year.
- **No requirement of Maintenance of books of Account:** Professionals opting for this scheme need not maintain books of account required under section 44AA. They also need not get the books of account get audited under section 44AB.

# Applicability of the scheme

- The persons engaged in the following profession can opt for this presumptive Income scheme:
- a. Medical
- b. Engineering
- c. Legal
- d. Architectural Profession
- e. Accountancy Profession
- f. Technical Consultancy
- g. Interior Decoration
- The scheme is applicable only to a resident assessee, who is an individual, HUF or Partnership and not LLP (Limited Liability Partnership Firm).

# Who is required to file ITR 4?

- ITR 4 is to be filed by the individuals/HUF/ partnership firm whose total income of AY 2019-20 includes :
- a. Business income under section 44AD or 44AE
- b. Income from profession calculated under section 44ADA
- c. Salary/pension having income up to Rs 50 lakh
- d. Income from One House Property having income up to Rs 50 lakh (excluding the brought forward loss or loss to be carried forward cases under this head);
- e. Income from Other Sources having income up to Rs 50 lakh (Excluding winning from lottery and income from horse races).

# Who is not required to file ITR 4 for AY 2019-20?

- An individual having income from salary, house property or other sources above Rs 50 lakh cannot use this form.
- An individual who is either a director in a company and has invested in unlisted equity shares cannot use this form.

# Major Changes made in ITR-4 for AY 2019-20

- ITR 4 form for FY 2018-19 is not applicable to an individual who is either a director of a company or has invested in unlisted equity shares.
- Under Part A, 'Pensioners' checkbox has been introduced under the 'Nature of employment' section.
- Return filed under section has been segregated between normal filing and filed in response to notices.
- Deductions under salary will be bifurcated into standard deduction, entertainment allowance and professional tax.
- 80G Deduction: Amount of Donation is bifurcated into cash and other mode.
- Separate Business details like Name of business, business code, description for section 44AD, 44ADA & 44AE.

- New fields under section 44AE has been introduced like Registration No. of goods carriage, Whether owned/leased/hired, Tonnage Capacity of goods carriage (in MT), No. of months for which goods carriage was owned/leased/hired by assessee etc.
- Under GST details the turnover text has been replaced by "Annual value of outward supplies as per the GST returns filed".
- 'Deemed to be let out property' option now available under 'Income from house property'.
- The taxpayers will be required to provide income wise detailed information under the 'Income from other sources'.
- A separate column is introduced under 'Income from other sources' for deduction u/s 57(iia) – in case of family pension income.
- Section 80TTB column has been included for senior citizens.

# Source of Information

Tentative Financial Statements prepared or provided by assessee


# TAX AUDIT

- Tax audit is an examination or review of accounts of any business or profession carried out by taxpayers from an **income tax** viewpoint.
- It makes the process of income computation for filing of return of income easier.

# Who is mandatorily subject to tax audit?

- Following categories of taxpayers are required to get tax audit done:

| Category of person | Threshold |
|---|---|
| Carrying on business (not opting for presumptive taxation scheme*) | Total sales, turnover or gross receipts exceed Rs 1 crore |
| In case of loss from carrying on of business and not opting for presumptive taxation scheme | Total sales, turnover or gross receipts exceed Rs 1 crore |
| Taxpayer's income exceeding basic threshold limit but taxpayer incurs loss from carrying on business (not opting for presumptive taxation scheme) | Taxpayer's income exceeding basic threshold limit but taxpayer incurs loss from carrying on business (not opting for presumptive taxation scheme) |

| Category of person | Threshold |
|---|---|
| Carrying on business (opting presumptive taxation scheme under section 44AD<br><br>Carrying on business (presumptive taxation scheme under section 44AD applicable) and having a business loss but with income exceeding basic threshold limit | Declares taxable income below the limits prescribed under the presumptive tax scheme and has income exceeding the basic threshold limit |
| Carrying on business (opting presumptive taxation scheme under section 44AD and having a business loss but with income below basic threshold limit | Tax audit not applicable |
| Carrying on profession | Gross receipts exceed Rs 50 lakhs |
| Carrying on business eligible for presumptive taxation under Section 44AE | Claims profits or gains lower than the prescribed limit under presumptive taxation scheme |

| Category of person | Threshold |
|---|---|
| Carrying on the profession eligible for presumptive taxation under Section 44ADA | Claims profits or gains lower than the prescribed limit under presumptive taxation scheme and income exceeds maximum amount not chargeable to tax |
| Carrying on the business and is not eligible to claim presumptive taxation under Section 44AD due to opting for presumptive taxation in one tax year and not opting for presumptive tax for any of the subsequent 5 consecutive years | If income exceeds maximum amount not chargeable to tax in the subsequent 5 consecutive tax years from the tax year where presumptive taxation is not opted for |

# What constitutes Audit report?

- Tax auditor shall furnish his report in a prescribed form which could be either Form 3CA or Form 3CB where:
- Form No. 3CA is furnished when a person carrying on business or profession is already mandated to get his accounts audited under any other law.
- Form No. 3CB is furnished when a person carrying on business or profession is not required to get his accounts audited under any other law.
- In case of either of the aforementioned audit reports, tax auditor must furnish the prescribed particulars in Form No. 3CD, which forms part of audit report.

# How and when tax audit report shall be furnished?

- The tax auditor shall furnish tax audit report online by using his login details in the capacity of 'Chartered Accountant'.
- Taxpayer shall also add CA details in their login portal. Once the tax auditor uploads the audit report, same should either be accepted/rejected by taxpayer in their login portal. If rejected for any reason, all the procedures need to be followed again till the audit report is accepted by the taxpayer.
- You must file the tax audit report on or before the due date of filing the return of income.
- It is 30 November of the subsequent year in case the taxpayer has entered into an international transaction and 30 September of the subsequent year for other taxpayers.

# Consequences of non-compliance

- If any taxpayer who is required to get the tax audit done but fails to do so, the least of the following may be levied as a penalty:
- 1. 0.5% of the total sales, turnover or gross receipts
- 2. Rs 1,50,000

# SECTION 40A(3) of Income Tax

- Section 40A(3) of the Income Tax Act pertains to cash transaction limit for expenditure made in cash. Under Section 40A(3), if payment for any expenditure of over Rs.10,000 is made in cash, then the expenditure will be disallowed under the Income Tax Act.
- Hence, its important for all taxpayers to make any payment for expense over Rs.10,000 through banking channels like debit card, account transfer, account payee cheque or demand draft.

# SECTION 43 of Income Tax

- Under section 43 of Income Tax Act, if a payment of more than Rs.10,000 is made by a taxpayer for acquisition of an asset by cash, the expenditure would be ignored for the purposes of determination of actual cost of the asset.
- Hence, its important for all taxpayers acquiring assets to make all payments to the seller through banking channels.

# Cash Transaction Limit – Section 269ST

- Section 269ST states that no person shall receive an amount of Rs 2 Lakh or more:
- In aggregate from a person in a day; or
- In respect of a single transaction; or
- In respect of transactions relating to one event or occasion from a person.
- **The provisions of section 269ST will not apply to:**
- when cash of more than Rs.2 lakhs is received from following person:
- Government;
- Any banking company, post office saving bank or co-operative bank;
- **Penalty under Section 269ST**
- As per section 271DA, in case of failure to comply with provisions of section 269ST, penalty amount equal to the amount of receipt is payable.

# SECTION 269SS of Income Tax

- Section 269SS prohibits a taxpayer from taking/accepting loans or deposits or a sum of more than Rs.20,000 in cash.
- All loans and deposits of more than Rs.20,000 must always be taken through a banking channel.
- **The provisions of section 269SS will not apply to:**
- when accepting/taking loan or deposit from a person or entity mentioned below:
- Government;
- Any banking company, post office saving bank or co-operative bank;
- Any corporation established by a Central, State or Provincial Act

- Any Government company as defined in clause (45) of section 2 of the Companies Act, 2013

- If the person from whom the loan or deposit is taken and the person by whom the loan or deposit is accepted, are both having agricultural income and neither have any income taxable under Income Tax Act, then the provisions of Section 269SS will not apply.
- **Penalty under Section 269SS**
- Failure to comply with provisions of section 269SS could lead to a penalty equal to the amount of loan or deposit or specified sum accepted.

# Section 269T of Income Tax Act

- Section 269T provides that any branch of a banking company or a co-operative society, firm or other person cannot repay any loan or deposit otherwise than by an account payee cheque or account payee bank draft drawn in the name of the person, who has made the loan or deposit, if:
- The amount of the loan or deposit together with interest is INR 20,000 or more; or
- The aggregate amount of loans or deposits held by such person, either in his name or jointly with other person on the date of such repayment together with interest is INR 20,000 or more.

- Provisions of section 269T are not applicable, when loan is repaid or deposit taken or accepted from below mentioned person:
- Government;
- Any banking company, post office saving bank or co-operative bank;
- Any corporation established by a Central, State or Provincial Act
- Any Government company as defined in clause (45) of section 2 of the Companies Act, 2013.
- **Penalty under Section 269T**
- As per section 271E, in case of failure to comply with provisions of section 269T, penalty amount equal to the amount of loan or deposit repaid is payable.

# Gift Provisions

- Gift Includes:-
- Money given in cash/cheque
- Immovable property
- Moveable property like shares, jewellery, drawings
- The provisions relating to gift tax have been dealt with under Section 56(2)(x) of the Income-tax Act, 1961.
- Gift received by any person by any person or persons are taxed in the hands of recipient under the head ‘Income from other sources’ at normal tax rates.

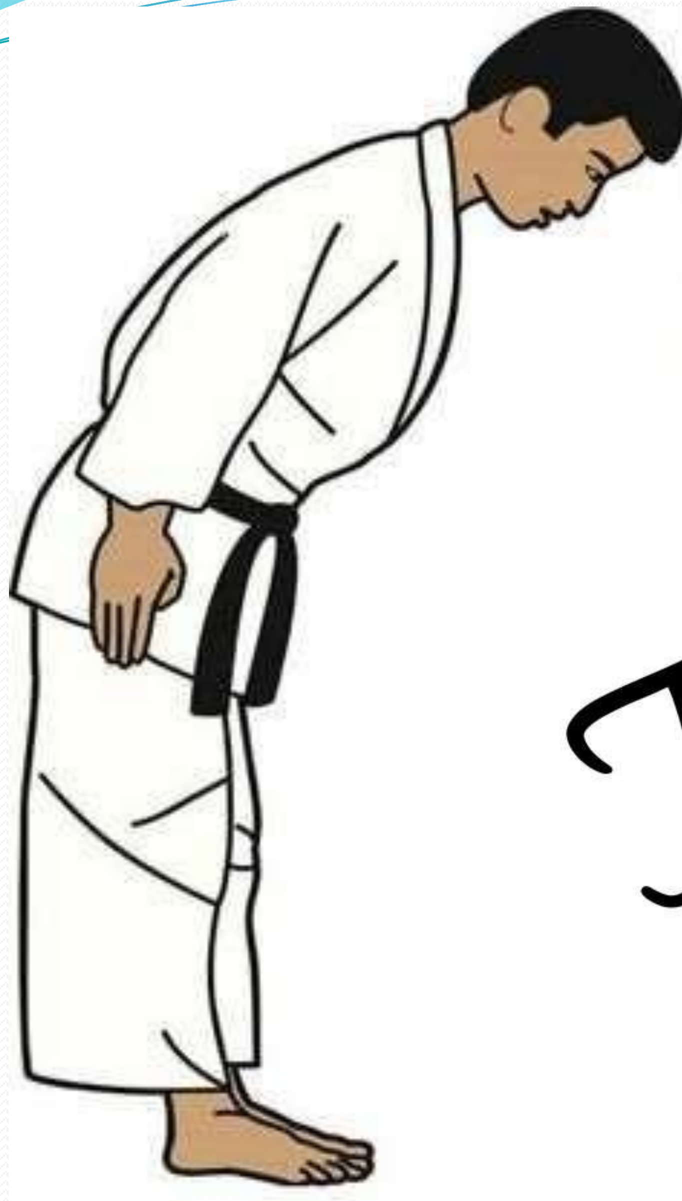
| Kind of gift covered | Monetary threshold | Quantum taxable |
| --- | --- | --- |
| Any sum of money without consideration | Sum > 50,000 | Entire sum of money received |
| Any immovable property such as land, building etc without consideration | Stamp duty value > Rs 50,000 | Stamp duty value of the property |
| Any immovable property for inadequate consideration | Stamp duty value exceeds consideration by > Rs 50,000 | Stamp duty value **Minus** consideration |
| Any property (jewellery, shares, drawings etc) other than immovable property without consideration | Fair market value (FMV) > Rs 50,000 | FMV of such property |
| Any property other than immovable property for a consideration | FMV exceeds consideration by > Rs 50,000 | FMV **Minus** consideration |

# Exemptions from gift tax

| Category of donee(recipient of gift) | Category of donor | Occasion covered |
|---|---|---|
| Individual | Relative – spouse, brother and sister of self and spouse, brother or sister of parents or parents in law, any lineal ascendant or descendant of self or spouse, spouse of any of the relatives mentioned here. | NA |
| Individual | Any person | Marriage of Individual |
| Any person | Any person | Under a will or by way of inheritance |
| Any person | Individual | In contemplation of death of donor or payer |
| Any person | Local authority – Panchayat, Municipality, Municipal Committee and District Board, Cantonment Board | NA |

| Category of donee(recipient of gift) | Category of donor | Occasion covered |
|---|---|---|
| Any person | from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to Section 10(23C) | NA |
| Any person | Any charitable or religious trust registered under section 12A or section 12AA | NA |
| Any fund or trust or institution or any university or other educational institution or any hospital or other medical institution established for charitable/religious/educational /philanthropic purpose and approved by the prescribed authority. [Refer Section 10(23C) (iv) (v) (vi) and (via)] | Any person | NA |

| Category of donee(recipient of gift) | Category of donor | Occasion covered |
|---|---|---|
| Members of HUF | HUF | Any distribution of capital assets on total or partial partition of a HUF |
| Trust created or established solely for the benefit of relative of the Individual | Individual | NA |




Thank You!