

INCOME FROM OTHER SOURCES

[IFoS]

[Sec 56 to 58]

[Sec 115BB/115BBE/115BB5]

Any income which is not taxable wth salary, house Property, capital gains or PGBP that income will be taxed wth IFoS

It is also known as Residuary Mead. (Jo kahi nhi gya woh yaha aa jayega)

Intt on securities

Securities (shares, etc.)

Represent
Stock - in - Trader
i.e I am a trader
↓

PGBP

Represent as my investment

Sold → C. Gain

Mold → Divi/Intt → IFoS

Keyman Insurance Policy

if received by E'er himself received

PGBP

Salary

If received by any family member after the death.

of E'er
IFoS

Spiral

Suppose Employer deducted a amt of ₹ 25,000 from its Emp's salary in the name of P.F contribution.

Con Job tk Emp won Paise P.fund mai Jana nhi Karyega tk tak yen ₹25,000 uski Income mai jayga - Job won Paise P.f mai Jana/Deposit krni dega tk wo ₹ 25,000 ki dedⁿ de lega.

Assessee can follow either cash accounting method or mercantile but it needs to be followed regularly.

Casual Income

Any income by way of lottery / betting / gambling / or any show / puzzles where you have applied your skills or by chance but you have received any winning income

Bg & Income From KBC / Bigg boss / Master chef / DTD / Mouse Race / lottery, etc.

Casual Income

Sec 115BB

Income other than winning from any online games

- No expenditure will be allowed to deduct from income
- Can't setoff losses
- Dedⁿ u/c VI-A is also not allowed.

Sec 115BBT

Income from online gaming

- No expenditure will be allowed to deduct from income.
- Can't setoff losses with any other head or even with same head
- Dedⁿ u/c VI-A is not allowed

- Benefit of Basic exemption limit is also not available
- Tax rate = 30% + surcharge (if any) + 4% (cess)
- Benefit of Basic exemption limit is also not available
- Tax = 30% on net winnings + surcharge (if any) + 4% (cess (always))

Eg 1 - For casual income other than online gaming

- winning from lottery income (Gross) £ 6,00,000
 - lottery ticket was of £ 5,000
 - Net amt received after TDS @ 30% £ 70,000
- U/S 194B

Solⁿ Ifos & Taxable income will be ₹ 1,00,000 & the expenditure of ₹ 5,000 on lottery ticket will not be allowed as deduction.

Eg 2	Salary income	₹ 1,00,000
	Casual income (lottery)	₹ 3,00,000
	Gross Total income	₹ 4,00,000

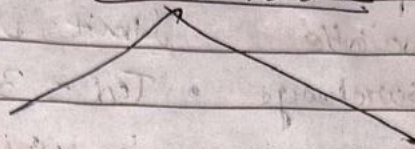
MR. A Age 32 yrs, opt out of default scheme
Basic exemption limit = ₹ 2,50,000

Solⁿ = Salary income = Not tax, it is within the Basic exemption limit.

$$\begin{aligned} \text{Tax on lottery} &= 3,00,000 \times 30\% \\ &= 90,000 + 4\% \text{ cess} \\ &= 93,600 \end{aligned}$$

Date: 28/10/25...

Casual Income



115 BBS
 (Other than online gaming)
 TDS: Sec 194B &
 194BB (Morose Rate)

115 BBS
 (Online gaming)
 TDS: Rate 194BB
 &

194B: Rate @ 30%

Rate: @ 30%

194BB: Rate @ 30%

There is no such limit

No TDS upto ₹ 10,000

Ex: MR HARSH Income from salary ₹ 10,00,000
 Income from Prize money (net of TDS) ₹ 2,00,000
 N.S.C Purchase (₹ 800) ₹ 1,20,000

Particulars

Income from Salary ₹ 10,00,000

IFOS

Income from Prize Money (Gross) ₹ 2,00,000

(₹ 1,40,000)
70%

Gross total income

₹ 11,20,000

Less: dedⁿ U/s 80C but it is restricted to only 1 lakh as it other than casual income

(₹ 1,00,000)

Total income

₹ 10,20,000

Tax liability / Payable

Tax on ₹ 10,00,000 @ 30%	3,00,000
(i.e. casual income)	
Add: HEC @ 4%	12,000
Less: TDS	3,12,000
Less: TDS	(3,00,000)
<u>Tax Payable</u>	<u>12,000</u>

Q22 :- Mr. X winning from camel race of ₹ 70,000.

Solⁿ :- No need to deduct TDS & also we don't need to gross up the amt.

Ex 3 :- Winning from Horse Race (amt. received) ₹ 2,10,000. Discuss

Solⁿ :- TDS

Income from Horse Race 3,00,000

(2,10,000)
70%

Total income 3,00,000

Tax @ 30% 90,000

Add: 4% cess 3,600

9,3600

Less: TDS credit (90,000)

Tax Payable 3600

Note

Ant Received means TDS cut chuka hai or net amt gusa hai.

Agar income received likha hai toh TDS deduct nhi hua hai

Ex^o Income From Prize Money ₹ 9,00,000. Discuss
of MRA, & for MRA B Income from Prize
money ₹ 12,00,000

Sec 194 BA

- TDS on casual income through online gaming.
- TDS is deducted on net winnings @ 30%
- TDS on withdrawal from User A/c = During the year
- TDS on year end = If no. amt was with drawn

If winning in kind

There can be 2 things

~~Either can be 2 things~~

Either the winner deposit the TDS with govt & provide
challan or

Give the equivalent amt. of money to the organizer
of the show & they directly deposit the TDS to govt.

Interest on compensation or enhanced compensation

- Compensation or enhanced compensation will be taxed v/h
capital gain.
- Interest received on them will be taxed v/h IPOS

Set A = 12, 13(+8y), 14(ii), 7(read), 8,
Set B = 15, 16, 17

Date.....

- It will always be taxed on receipt basis.
- A fixed deduction of 50% of interest received will be allowed as dedⁿ u/s 57 irrespective of actual expenditure.

Taxability of Family Pension

Amt. received
less:- Least of the following
i) $\frac{1}{3}$ of such income
or
ii) ₹ 15,000 (Statutory limit) ~~(₹ 20,000)~~
Taxable Family Pension = ₹ ~~xxx~~

If the assessee opts for default scheme/new scheme then the statutory limit will be of ₹ 25,000 instead of ₹ 15,000

Taxability of Allowance to MP/MLAs

- Payment received by them from Govt. will be taxed u/s 17
- Daily allowance & constituency allowance will be exempt u/s 10(7)
- But if they opt for default scheme then this exemption will not be available.

Spiral

Date: 29/10/2025.

Taxability of Interest on Securities

- Securities includes debentures, bonds or Govt securities etc.
- It can be taxed on receipt basis or due basis but if no system of accounting is followed then it will be taxable on 'due Basis'
- Tax will be paid on entire interest even if the assessee is not the owner for entire period.

Rate of TDS u/s 193 = 10%

T.D.S will be nil in case of Govt securities but it doesn't mean that it is exempt, income tax is still need to be paid on interest income.

- In case of widely held company (i.e. Public company) if interest is received from it upto ₹500, No TDS will be applicable.
- But in case of closely held company (i.e. Pvt. Ltd company) there is no such limit.
- No TDS upto ₹500 if intt is received from A/c Payee cheque or any mode other than cash. Cash mai intt. mila toh T.D.S lag jayega.

Spiral



Example 2: MR. B has received ₹ 4320 as intt. on debentures of A Ltd (listed company) & he is resident individual. Discuss the taxability & also if he had received intt from A Ltd which is Pvt. Ltd Co.

Solⁿ: In first case, A Ltd is a widely held company i.e., Public Co. & the intt received by MR. B is within the limit of ₹ 5000, so no TDS will be deducted u/s 193 assuming the intt and. is not received in cash.

In second case, as A Ltd is a closely held company i.e., Pvt. Ltd, so the limit of ₹ 5000 would not be applicable.

The intt income (gross) = $\frac{4320}{90\%} = ₹ 4800$

TDS u/s 193 will be $4800 \times 10\% = ₹ 480$

Interest on securities u/s 10(5)

(i) Intt received from Post office Savings Bank A/c
 for an individual A/c :- ₹ 3500
 for Joint A/c :- ₹ 7000

(ii) Intt. received for specified Relief Bond.

(iii) Intt. received from tax free bonds issued by Public sector companies which are notified by central govt.

Eg^o Indian Railway Finance Corporation Ltd (IRFCL);
National Highway Authority of India (NHAI),
Rural Electrification Corporation Ltd. (RECL) etc.

(iv) Intt received on securities w.r.t Bhopal Gas leak
tragedy on deposits made w.r.t to that

(v) Intt on gold deposit Bond or deposit certificate
issued under gold monetization scheme, 2015

eg^o • Sovereign Gold Bond's Intt is fully taxable, but
after redemption, no capital gain.

In this scheme govt gold nhi deti hai

* Intt from ~~Non~~ Non-SLR securities of Bank will
be treated income w/h PQBP & not Ifos as it relates
to the Banking BIs of Bank

Interest Income taxable w/h Ifos

(i) Intt. on tax saving Bond (Tax free bonds nhi hai, w/h
alg hote hai, or unka Intt
exempt hote hai)

(ii) Intt. received from monthly income scheme of Post
office

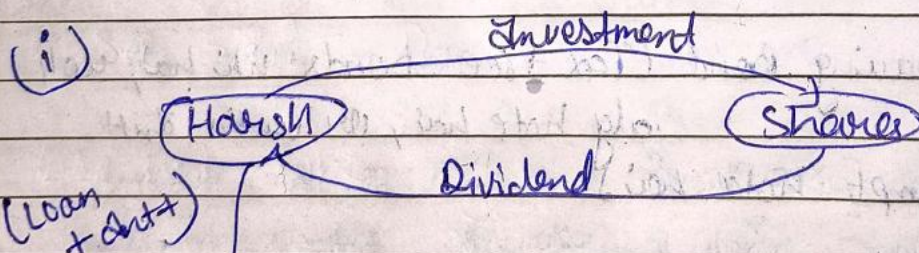
(iii) Intt. from National saving certificate but it is eligible
for education U/s 80C

- (iv) Intt. on saving Bank (any bank other than Post office Bank, cur us mai ₹ 35000 ₹ 70000 ka benefit milta hai).
Is mai 80 TTA/80 TTB ka dedⁿ claim kr sktte hai
- (v) Intt. on Non-Resident external A/c (NRE A/c) is EXEMPT
- (vi) Intt. from Sakanya Samikhi A/c → Exempt & also 80C
- (vii) If any compensation received from CG/SC/LA w.r.t any disaster it would be exempt.

But the condition is that you can't claim the loss in your books of A/c to reduce the Profit

30/10/2025

Section 57^o Allowable deductions



- Dividend Income will be taxable under the head IFOS

- Only deduction which is allowed from dividend income will be 20% of such income.

- Any other charges / fees / commission paid w.r.t. to shares will not be allowed as deduction.

Eg: Dividend income of Janta Motors is ₹15,00,000 & MR Maresh took a loan of ₹ 5,00,000 @ 2.5% PA. Compute the taxable dividend income.

Solⁿ :- IFOS

Dividend Income	₹15,00,000
less: ded ⁿ U/s 57 maximum upto 20% of dividend income	
Intt.	1,25,000
20% of dividend	3,00,000
Taxable dividend	<u>12,00,000</u>

(ii) Intt on Securities

Any payment made in respect to each such intt. will be allowed as deduction.

Eg: Commission / Brokerage Paid etc.

(iii) Income w.r.t. the contribution of employees regarding Provident fund :-

If the employee deposited the Free contribution upto the due date, then he can be allowed to take the deductions of such contribution. Deduction will be shown in PGBP.

(iv) If the composite amt is treated as income U/s IFOS, then all the expenditure will be allowed as deduction.

- Any other charges / fees / commission paid w.r.t to shares will not be allowed as deduction.

Eg: Dividend Income of Jeter Motors is ₹15,00,000 & Mr. Marsh took a loan of ₹5,00,000 @ 2.5% PA. Compute the taxable dividend income.

Solⁿ: - Ifo

	Dividend Income	₹15,00,000
less: ded ⁿ U/s 57 maximum upto 20% of dividend income		
Intt.	1,25,000	
20% of dividend	3,00,000	(3,00,000)
	Taxable dividend	12,00,000

(ii) Intt on Securities

Any payment made in respect to each such intt. will be allowed as deduction.

Eg: Commission / Brokerage Paid etc.

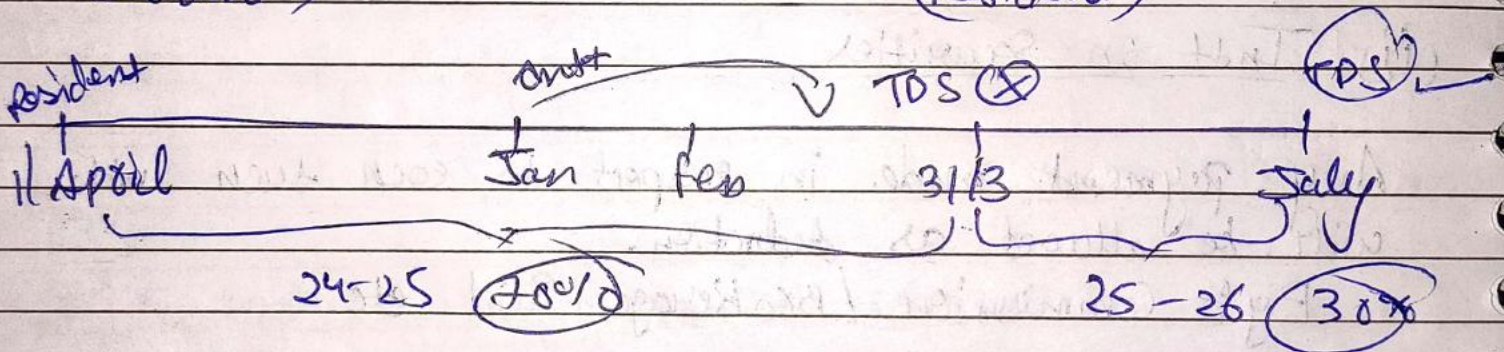
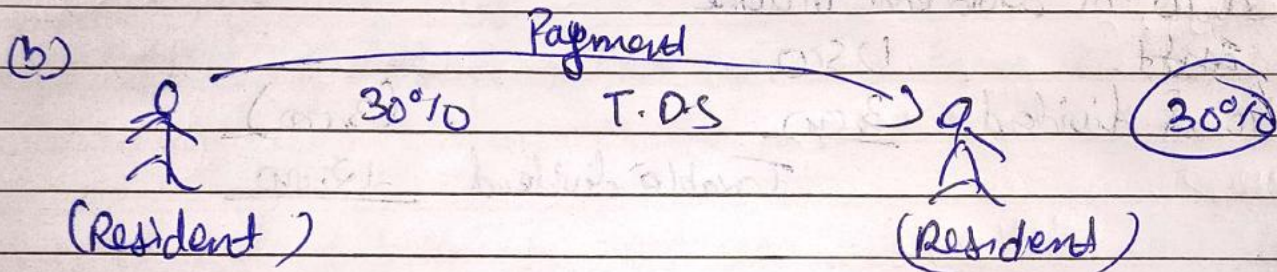
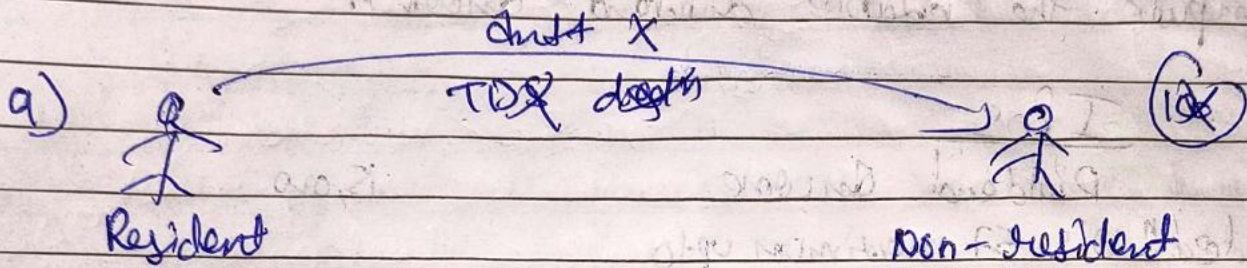
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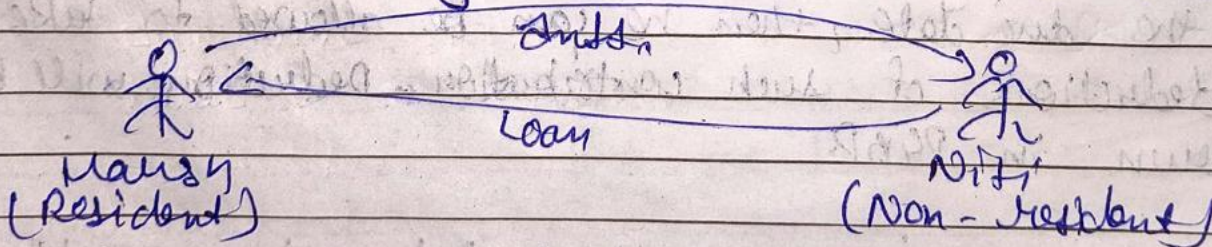
(v) Any income earned / received w/h IFOs & w/o that any expenditure is made from such expenditures will be allowed as dedⁿ u/s 57.

(apna Roi kharcha 12% hai is income ko Ramane ke liye)



Sec 58% Dedⁿ not allowed

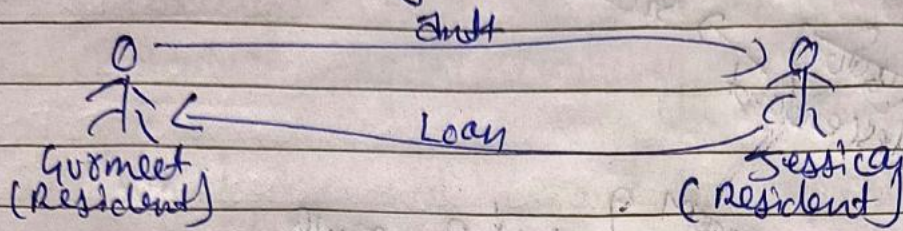
Case (a) when Payment is made to non-resident



If the TDS is not deducted deposited, then the resident assessee can't claim the deduction (100% dis allow)

Spiral

Case (b) when Payment is made to Resident Person



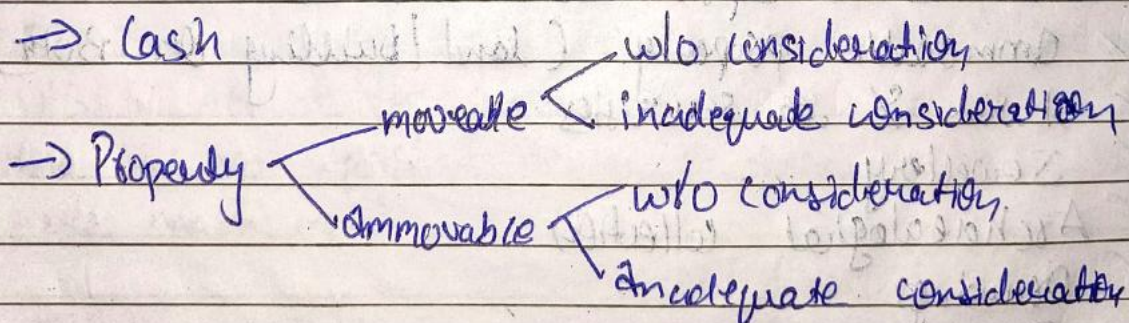
If the TDS is not deducted/deposited then in such case only 30% of expenditure will not be allowed as deduction (30% dis allow & 70% allow)

Eg: Owning & maintenance of house here

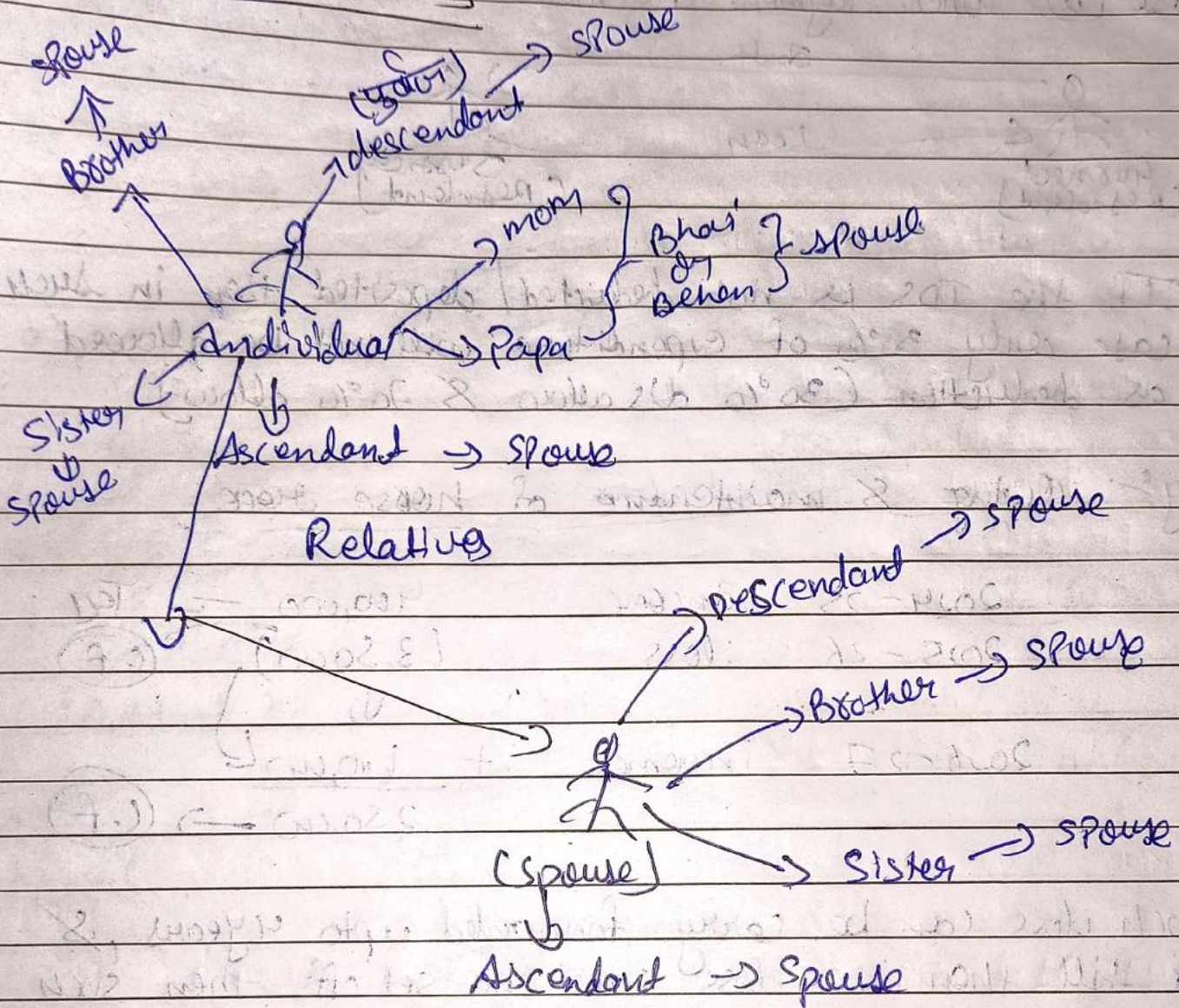
2024-25	Income	400,000	→ Tax
2025-26	Loss	(3,50,000)	→ (C.F)
		↓	
2026-27	Income	+ 1,00,000	→ (C.F)
		2,50,000	

Such loss can be carry forwarded upto 4 years, & if till then the loss can't be set off then such loss will be lapsed, and become dead loss.

Gift [Sec 56(2)(ix)]



Relatives Means



Property means

which is a capital assets that is

- ✓ Immovable property (land/building or Both)
- ✓ shares & securities
- ✓ Jewellery
- ✓ Archaeological collection
- ✓ Drawings
- ✓ Paintings
- ✓ Sculptures

- ✓ Any work of art
- ✓ Bullion (Raw form of gold or silver)
- ✓ virtual digital currency (crypto currency)

★ What is not covered in capital Assets?

- ✓ Car / Mobile / Furniture / watches
- (Yeh sb gift mai bhi nhi aayega)

31/10/2025

Exception to sec 56(2)(x)

- (i) from any relatives
- (ii) on the occasion of marriage of the assessee
(Kind ki shaadi honi chahie)
- (iii) Under a will or by inheritance
- (iv) in contemplation of death of Payer/donor ← (Yeh dono hai
(on the death bed)
- (v) From any local authority
- (vi) ^{to or from} by a trust / institution / hospital etc. sec 10(23) of
income tax Act. (specified person ko agar denge
(Yeh sb wahi taxable ho jayega.)
Specified person is like founder / Trustee / Promoter etc.
- (vii) To or from any charitable religious trust registered
u/s 12 AB of the income tax Act.
(Yeh bhi agar specified person ko denge to taxable hoga
uske health mai)
- (viii) If an individual make a trust for the benefit of his
relatives (Kind of Pvt. trust)

Spiral

(ix) From HUF to its members at the time of total partition / Partial Partition.

(x) Assets received by

- Amalgamated Indian Co. from Amalgating Co.

- 100% subsidiary Co. from holding Co. or vice versa (transferee Co. should be Amalgated).

✓ Resultant Co. (India) at the time of demerger

(xi) Shares received by shareholder at the time of Amalgamation / Demerger which is covered U/S 47.

1000 Shareholders

Vodafone

1:1

U! 1500

Idea

1:1

500 Shareholders

So Vodafone & Idea wale shares wapis diye jayenge & U! ke shares issue kiye jayenge shareholders ko or yeh jo shares ko transfer ho rahi hai us 120 na ki transfer mana jayega or na hi is pr gift ke provision ke lagenge.

(kii)

Covid-19

Medical treatment

Deceased Person

amt received from any person w.r.t. treatment of covid for individual / or for family

family members ko upto 50 lakh tak exempt hoga if received from - Eien or - any person

→ It will not be treated as gift & it will be exempt

→ Assessee need to maintain documents & yeh prove within 6m. mai hona chahiye jis covid hai

The amt should be received within 12 m from the date of death

Yeh jo amt receive kiya hai iski details A.O ko deni hai in 'FORM A' within

which ever is later } 9 months from the end of such F.Y or 31/12/2022

→ If Eien provide gift of ₹ 5,000 in kind → Exempt

If Eien provide gift of ₹ 5,000 in cash → Taxable

If Eien provide in kind for more than ₹ 5,000 →

→ If gift received w.r.t B/S or Profession → GPBP & not in ITC

Example 2

Date.....

Dipanski Cash Gift = £ 70,000 → Geetanjali
 on 1/1/2000

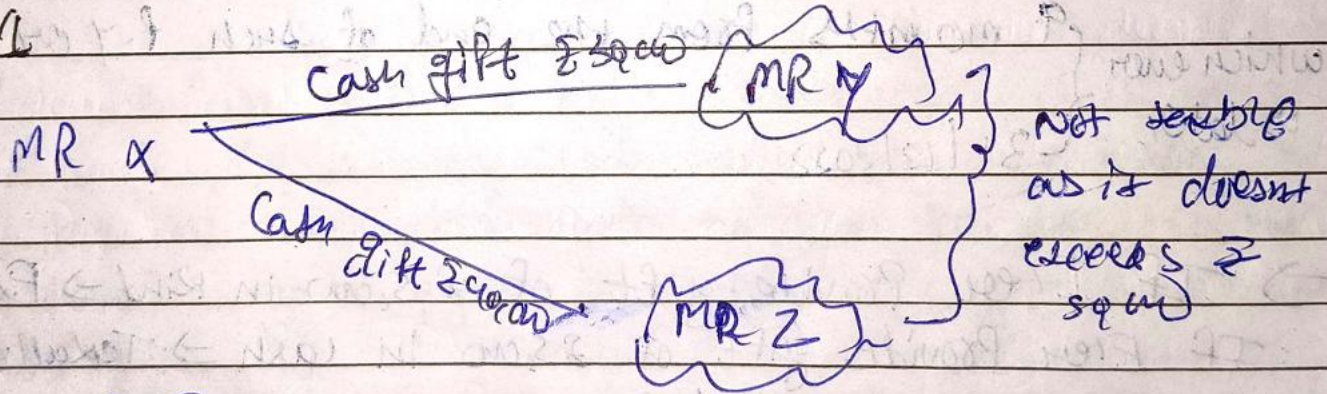
- ✓ No tax treatment
- ✓ No death/Relief in Income tax
- ✓ It is like a Capital loss
- ✓ No on Capital Gain on Jewellery

Jewellery Gift (FMV = 80,000) + who consideration will be taxable as it is in excess of £ 50,000

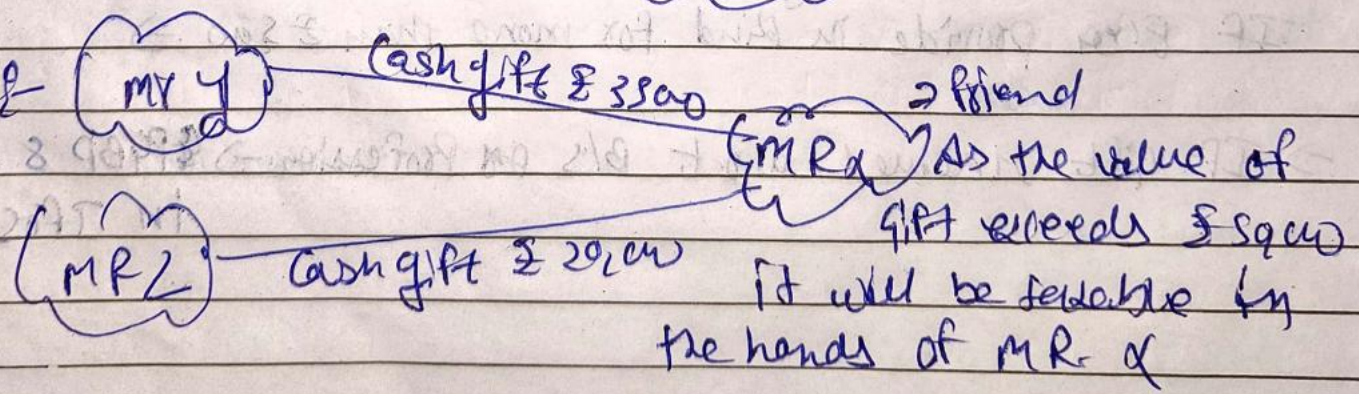
Cost of acquisition of Jewellery for Dipanski = £ 20,000

Jewellery is also taxable in the hands of Geetanjali as it is in excess of £ 50,000

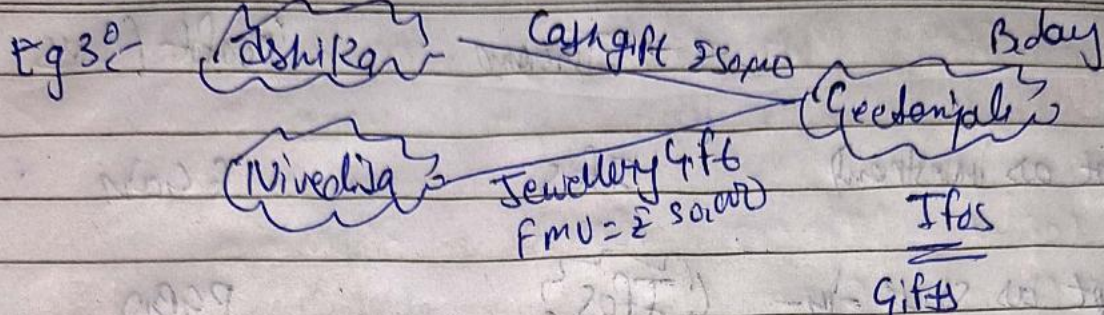
Eg 1



Eg 2



Spiral



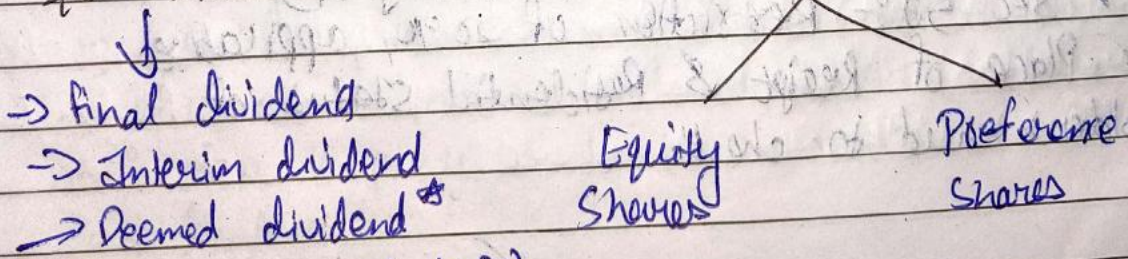
- Ishika's gifts of ₹50,000 each will not be taxable as it is in the limit
- Nivedita's Jewellery of ₹50,000 will not be taxable as it is within the limit.

Eg 4^o PGDP vs. Salary vs. Gifts

Received television used as gift (FMV = ₹70,000)

- From employer :- Taxable ₹65,000, as it is in excess of ₹50,000 as prerequisite
- From client :- PGDP, taxable ₹70,000
- From friend on B'day :- it is not taxable as it is not a property

Dividend Income from shares of Co. ^{Domestic or Foreign}



(2(22)(a) to 2(22)(F))

	Income	Profit/Loss
Shares (Kept as investment)	IFOS	Gain
Share (Kept as stock - traded)	IFOS As per institute	PGBD

- Dividend income is taxed @ slab rate
But surcharge is restricted to 15%
- TDS U/s 194 @ 10%
- Dividend dedⁿ U/s 37 is allowed w.r.t. and except expenses maximum 20% of such income except deemed dividend U/s 2(22)(f)
- Sec 9(1)(iv) - Residential status dividend paid outside India by India Co. income deemed to accrue, arise in India.

★ Dividend From foreign company

- ✓ No TDS (except for crossing up)
- ✓ Sec 57 - Restriction of 20%, applicable
- ✓ Place of Receipt & Residential status of Shareholders need to check

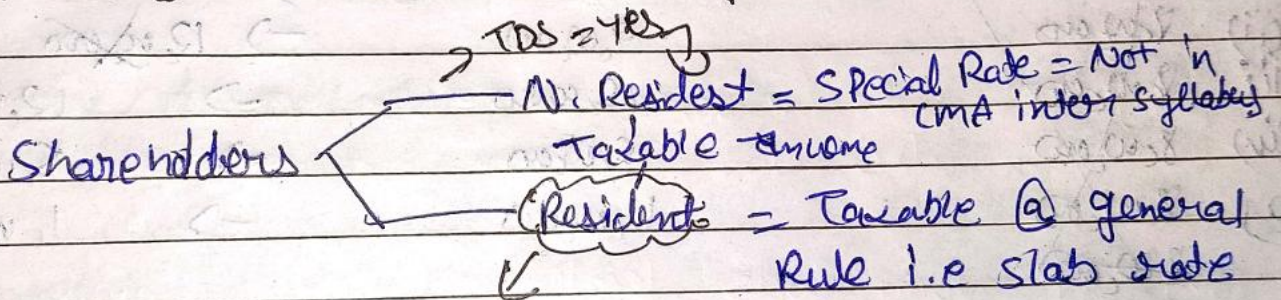
Eg:- Ms Jessica (NR) received dividend of ₹ 50,000 from foreign company

- In India =
- Outside India =

Eg:- Ms. Vrinda (OR) received dividend of ₹ 45,000 from foreign company OR India

Taxability :-

Dividend from Indian Co / Domestic Co.



TDS U/s 194

Deemed Dividend U/s 2(22)

@s 2(22) (a) :- Any distribution of asset

If any domestic company distributes its assets to shareholders, then it will be treated as deemed dividend to the extent of accumulated profits (capitalized or not) of a company & taxable in the hands of shareholders as dividend.

Eg 2

SQC Pvt Ltd

Date.....

Share Capital	18,00,000	Assets	35,00,000
Bonus shares	5,00,000		
Reserve & surplus	10,00,000	Accumulated Profit	12,00,000
Liability	2,00,000		
	<u>35,00,000</u>		

B. value of assets

FMV of assets

Deemed dividend

(i) 8,00,000	15,00,000	→	12,00,000
(ii) 8,00,000	9,00,000	→	12,00,000 9,00,000
(iii) 8,00,000	15,00,000	→	12,00,000
(iv) 8,00,000	5,00,000	→	5,00,000
(v) 8,00,000	1,00,000	→	1,00,000

2(22)(b) :- Distribution of Debentures / Deposit certificate
part. Ltd.

If any domestic company distributes ~~bet~~ debentures / stock deposit certificate to any shareholders or bonus share to preference shareholders then it will be treated as deemed dividend to the extent of Accumulated Profit (capitalized or not) of company & taxable in the hands of share holders. (Yaha bina Paise kya unko debentures / deposit / bonus issue kei ho share)

Spiral

2(22)(c) :- Distribution of Asset on liquidation

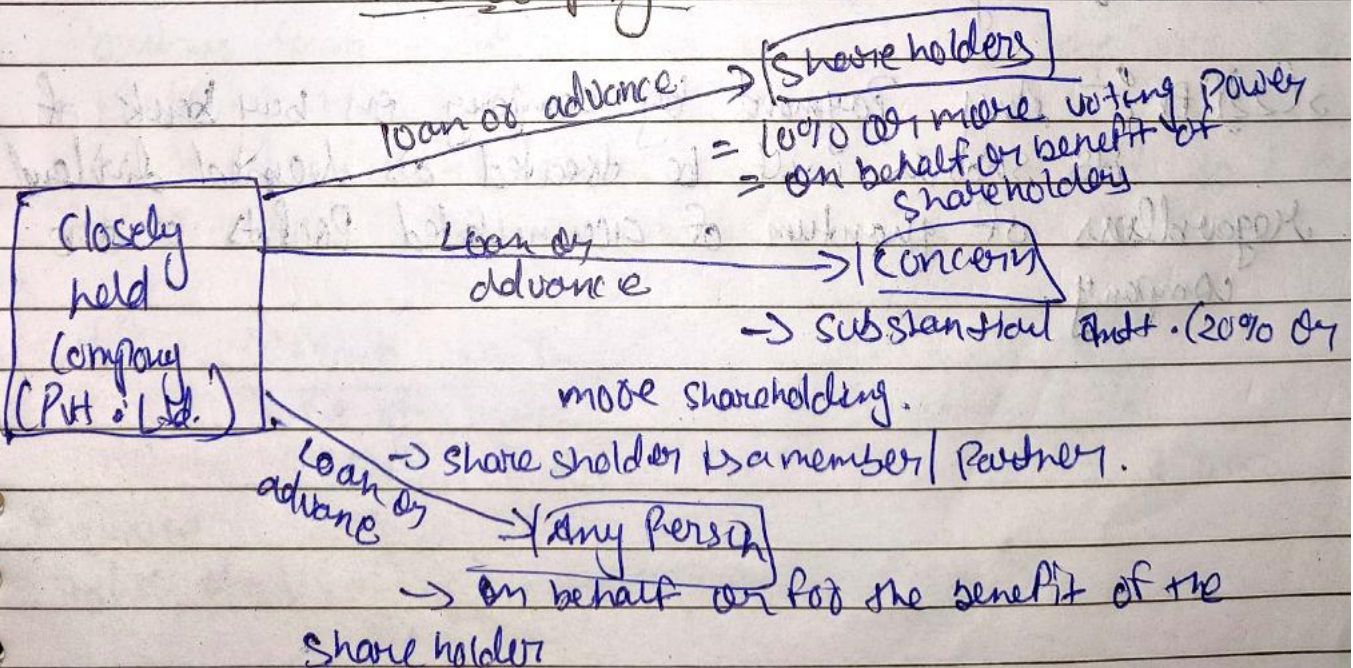
If any domestic Pvt Ltd company distributes its assets to shareholders on its liquidation, then it will be treated as deemed d

If any domestic Pvt. Ltd company distributed its assets to equity shareholders only on its liquidation, then it will be treated as deemed dividend to the extent of accumulated profit (capitalized or not)

2(22)(d) :- Reduction in share capital

If any domestic company reduces its share capital & distribute assets (money) to shareholders, then it will be treated as deemed dividend to the extent of accumulated profit (capitalized or not) of a company

2(22)(e) :- Advance loan & Advances by a closely held company



In above cases, loan or advance will be treated as deemed dividend to the extent of accumulated profit & will be taxable in the hands of share holders

Note :-

- (i) loan is repaid or company change market rate of intt, then also loan is treated as deemed dividend
 - (ii) If it is the ordinary cause of BIS of company then it will not be applicable
 - (iii) If loan/advance is given for BIS purpose then also this provision not applicable
 - (iv) If loan was treated as deemed dividend, and after some times if such loan is set off against actual dividend then it shall not be treated as dividend again
- (2) A :- Any payment by company on buy back of its shares will be treated as deemed dividend regardless of quantum of accumulated profits of the company.