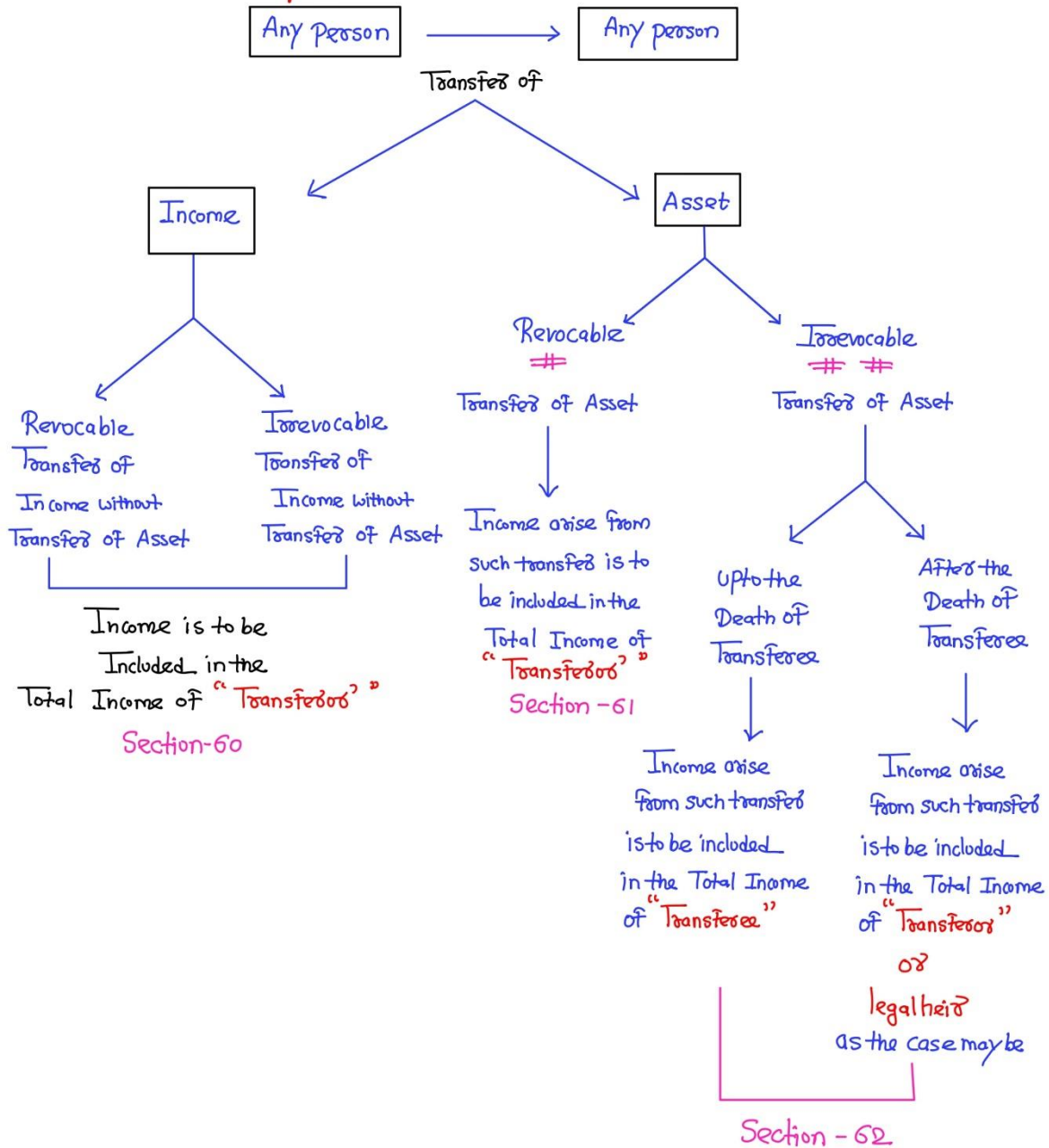




CLUBBING OF INCOME

Summary Diagram of section 60, 61, 62, 63



Meaning of Revocable Transfer (Section-63)

Transfer is deemed to be "Revocable" if :-

a) It contains Any provision for the re-transfer, of whole or any part of Income or asset of the Transferor

or

b) It gives, in Any way to the transferor, a right to re-assume power, over the whole or any part of Income or asset.

Meaning of Irrevocable Transfer

Section 61 will not apply to any income arising to any person if there is -

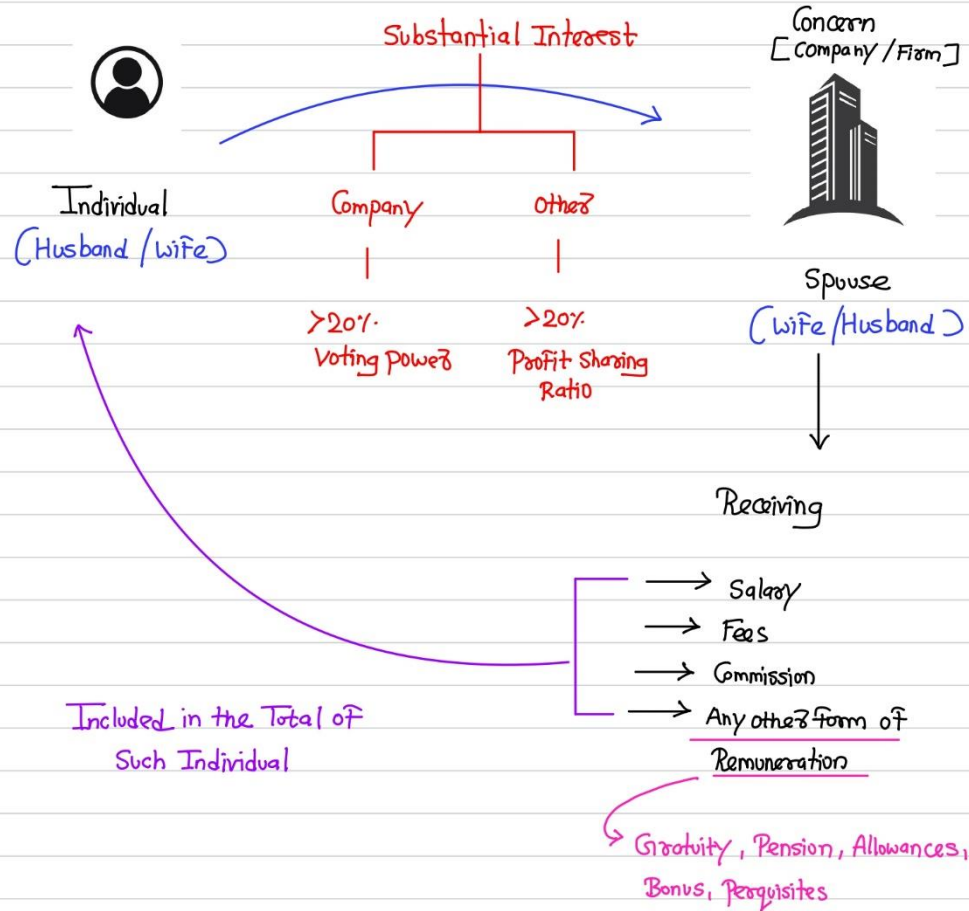
- (i) a transfer by way of trust which is not revocable during the life time of the beneficiary; and
- (ii) any other transfer, which is not revocable during the life time of the transferee.



Lecture 2

Clubbing of income arising to spouse

I. Income by way of remuneration from a concern in which the individual has substantial interest [Section 64(1)(ii)]



Exception :- Where spouse possesses technical or professional qualification or degree and amount justified to that qualification clubbing provision will not apply.



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Important Note :-

Both husband and wife have substantial interest in a concern: Where both husband and wife have substantial interest in a concern and both are in receipt of income by way of salary etc. from the said concern, such income will be includible in the hands of that spouse, whose total income, excluding such income is higher.

[Section 64(1A)]

→ All Income of a minor child is clubbed with the Income of parent
(Whose total income excluding such income is higher)

→ Exemption of 1500 per child is available u/s 10(32) if assessee
Opt+ Normal Regime (NO Exemption in Case of default Regime)

In the Following Two Case clubbing Provision Not Apply

1. Income from Manual work, Skill, Talent, Expertise knowledge etc.
2. Income of minor child suffering from disability

↓
But Accretion of Income is to be included | clubbed
in the hands of parents.
[Income से Income कलिंग]

[SECTION 64(2)]

→ Where an individual, who is a member of HUF and Convert his Self acquired property into the property of HUF the income arise from such property is to be included in the Total Income of such member/ Individual.



Section-64 (i) (iv) + 64 (i) (vii) + 64 (i) (vi) + 64 (i) (viii)

Section-64 (i) (iv)

Income arising to spouse from an asset (Except HP) transferred without consideration or inadequate consideration then such income is to be included in the Total Income of Individual

Clubbing provision Apply only if :-

(i) Relationship of Husband & wife must be exist at the time of Transfer and at the time of accrual of income.

Clubbing provision Not Apply

→ In Case of live apart

→ Transfer of HP (Sec-27 Apply)

→ Accretion of Income (Income से Income कमाना)

Lecture 3 ← **Transferred asset invested in business:**

Where the assets transferred, directly or indirectly, by an individual to his spouse are invested by the transferee in the business, proportionate income arising to the transferee from such investment is to be included in the total income of the transferor.

Such proportion has to be computed by taking into account the value of the aforesaid investment as on the first day of the previous year to the total investment in the business



Section-64 C(i) (vii)



Individual

Asset Transfer



TRUST

Benefit

Beneficiary "Spouse"

Income clubbed

i.e. Indirect Transfer

Section-64 C(i) (vi)

Father in law / Mother in law

Asset transfer including H.P

Son's wife

Income from Transferred Asset

Clubbed in the hands of father in law or mother in law

Clubbing provision Apply only if :-

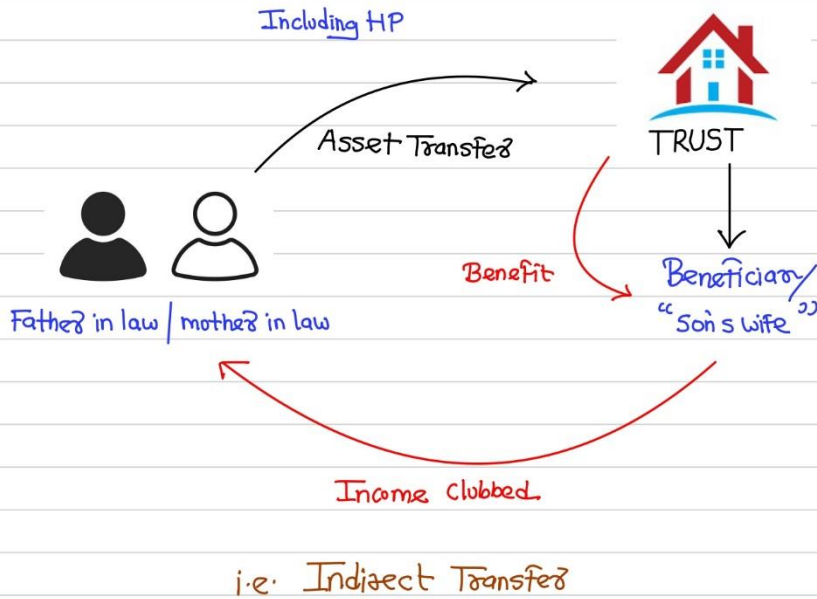
Relation must be exist at the time of Transfer and at the time of accrual of income.

Clubbing provision Not Apply :-

→ Accretion of Income (Income से Income कमाना)



Section-64 C(i) (viii)



Lecture 3

INCOME INCLUDES LOSS

'income' would include 'loss'. Accordingly, where the specified income to be included in the total income of the individual is a loss, such loss will be taken into account while computing the total income of the individual.



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