Handwritten notes IOS

IOS - 56 to 59
56 - list which incomes taxable under IOS
IOS - residuary head of income.

dividend always taxable IOS.
dividend - normal meaning - share of profit.
deemed dividend 2(22)(a)|(b)(c)(d)(e)(f)
[(f) - FA 2024]

2(22)(a) ✗
2(22)(f) ✗

2(22)(a)

Pvt Co → gives loan → shareholder
2(22)(e) → Pvt Co → Public Co → Co is in finding business
This loan/fee to the extent of accumulated profit will be treated as dividend
(who has substantial interest - equity - 10% voting)

dividend

① normal dividend - declared in AGM. taxed in the year in which declare

② interim dividend - declared by board of directors
dec taxed when it unconditionally made available

③ deemed dividend - 2(22) a|b|c|d|e|f.
taxed in the year.

X

No exp can be claimed from dividend except int on loan taken to buy share. but it has a limit

Act Int @ 20% / dividend

Dividend Rec = 100000 . Int Exp = 33000

IOS = ? Dividend Rec 100000
Less Exp
33000 @ 20% of 100000 → 20000
Dividend Income ₹80000

deemed dividend u/s 2(22)(f) - FA 2024

Pre 1.4.25
A 72-24
Buyback was covered in Capital Gains and therefore cost used to pay was
CG = Sale - Cost of consid Acquisition

w.e.f A 72-24 ✗✗✗ V. Imp.
Buyback will not get covered in Cap Gains
X did bought 100 shares for ₹ 1000 from its shareholder
∴ Shareholder rec = 100000
100000 will deemed dividend u/s 2(22)(f) in hands of shareholder

XI Casual Income

① Winnings from lottery / game shows / cross word / puzzle / betting / gambling / winning from race horse
② Losses / exp are ignored
③ @ 30% u/s 115 BB + Surcharge + 4% if applicable + HTC
④ NO BEL / no benefit of unexhausted BEL
⑤ no Chapter VI A deductions
⑥ no other losses allowed to set off
⑦ Refer section 87 180 Rambaan
⑧ Mr. X - Teger, lottery Income 200000

		PPF	10000
IOS	300000	Tax	90000
GTI	300000	Rebate	12500
			77500
NTI	300000	4%	3100
			80600

XII Online Gaming 115 BBJ

① Net Winnings are taxable = Winning - loss.
= Net Winning
② taxed @ 30%
③ NO BEL / no benefit unexhausted BEL
④ No Chapter VI A deductions
⑤ No loss can be set off against this Income.

XIII Family Pension

① Employer → exp pension → employee
it is salary Income
② Family Pension
employer → no deduction ₹ employee / employee
employee (family) (after death of employee)
it is taxable IOS
std deduction = 15000 @ 1/3rd total Pension
FA 2024 → 115 BAC
std deduction = 25000 @ 1/3rd of total Pension
no 115 BAC
std ded = 15000 @ 1/3rd of total Pension
Family Pension for ex armed forces
↳ will be exempt from tax

XIV Advance forfeited

(i) Mr. X advance 5000 → Mr. Y for property purchase.
(ii) deal did not happen and Y forfeited the advance ₹5000 → keep
Advance forfeited w.e.f A 41(1-16) → taxable under IOS
before A 41(1-16) → P carried under Cap Gains

XV Int on compensation / enhanced compensation

Immovable property is compulsorily acquired by Govt → compensation → taxable under Capital Gains
HP - compulsorily acquired by Govt for ₹ 5000000
5000000 - will go in Cap Gain
If the compensation is not given on time then assessee get Int - taxable IOS

✗✗✗ Int on compensation is always taxable in year receipt
→ fixed exp allowed → 20% of Interest
→ actual exp are ignored

VII Rental Income

① Rent HP → Income from HP
② Composite Rent - HP Combined Pg 83
letting out is separable
letting out inseparable
HP → Income from HP
furniture amenities → PGBP ✗ IOS
eg cinema / factory → entire rent → PGBP IOS
③ Rent of P/M → PGBP @ IOS
Income — PGBP | Income → IOS
Exp — PGBP | Exp → IOS
Exp = dep 32
- repair exp
- insurance exp
- other exp rectangle exp.

VIII Interest Income

1) Int on unsecured loan given
2) Int on Savings A/c, Bank / Post office
[deduction non senior citizen
80TTA = Int @ 10,000 ↓]
3) Int on FD / Term Deposit / Recurring
4) Some Int on Securities / Bonds
5) Some Int are exempt u/s 10(15)
a) Int on Post Office Savings exempt upto 3500 p.a. [7000 p.a in case of joint account]
b) Int on National Relief Bonds
c) Int on Gold Monetization Sovereign Bonds 2015
6) Generally on Int Income TDS is deducted @ 10%.
Eg FD Int Rec 90000 (net)
IOS Taxable = Gross Amt - 10000
100 10 90
? ✗ 90000 → 100000
10000 TDS - adj from tax liability
7) If Govt Securities are issue, no TDS is deducted
8) Int on Securities
Securities of XYZ Ltd (Bob of XYZ Ltd)
X → 3m → Y → 2m → 1 → 3m → 2 → 3m → 3
due date

IX 56(2)(X) — Receipts without consideration / Gift / Purchase for inadequate consideration

from Employer → Salary / key → exempt upto 5000 p.a.
from client due to business → PGBP u/s 28
others → check IOS u/s 56(2)(x)

Mr. X - friend → IOS = 30,000
HP - SDV 30,000

① Cash Gift	② Gift of Immovable Prop	③ Gift of Movable Prop	④ Inadequate Purchase of Immovable Prop	⑤ Inadequate Purchase of Movable Prop
Cash Cheque	Land Building	Share / securities / drawings / painting / sculpture / jewellery / work of art / sculpture / antiques / collections	Land Building	
exemption upto 50000 p.a. for all transactions in a year	50000 limit for each transaction	exemption of 5000 for all transactions in a year	50000 for each transaction	exemption of 50000 for all transactions.
Benefit	Consider SDV	Consider FMV	SDV	FMV

eg X - receives 25000 A
25000 B
25000 C
75000
but as cash gift rec exceeds 50000 entire 75000 will be taxable

← There are some exceptions for all 5 columns →
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Section 56 - list of incomes taxable under IOS

Section 57 - exp that are allowable - Pg 192

Section 58 - disallowable exp - Pg 192

For maturity of Insurance - refer Pg 187
+ audio recording