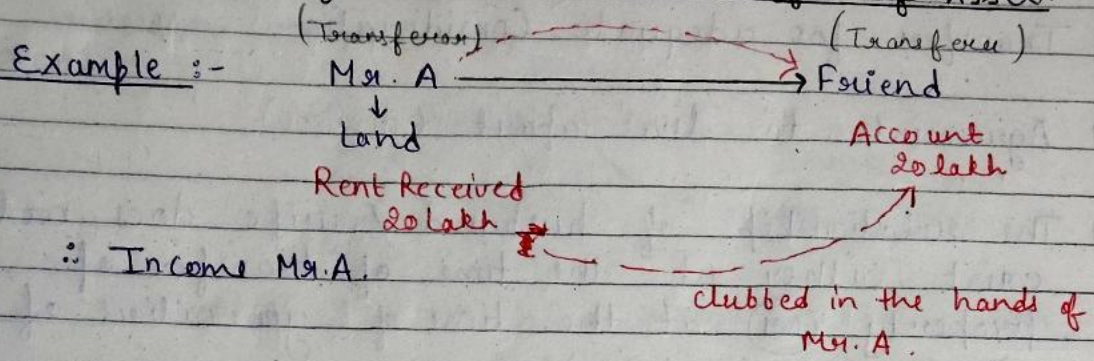


(Revocable Hf → जिसको वापस ले सकते हैं)

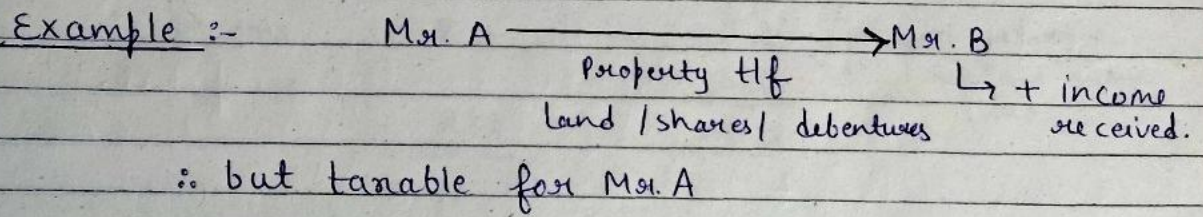
Lec 1 13Jan

Chapter = 9 (Vol. II)
Clubbing of Income

1. Income transferred without transfer of Asset.

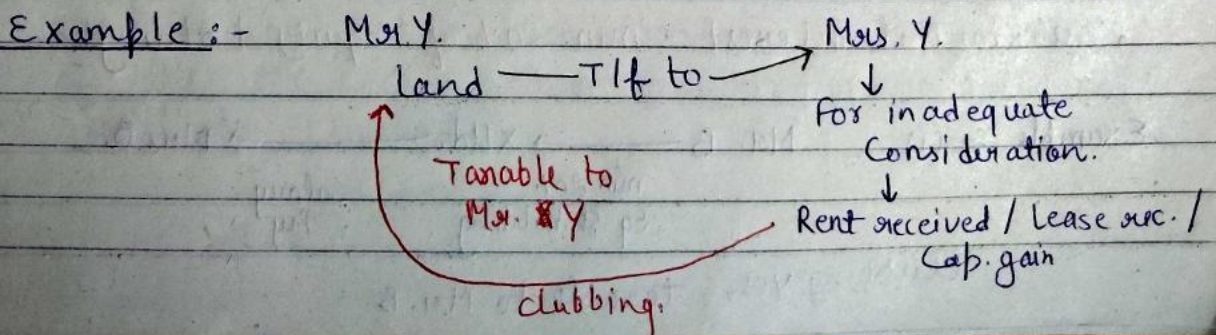


2. Asset as well as income transfer to another person (Revocable transfer)



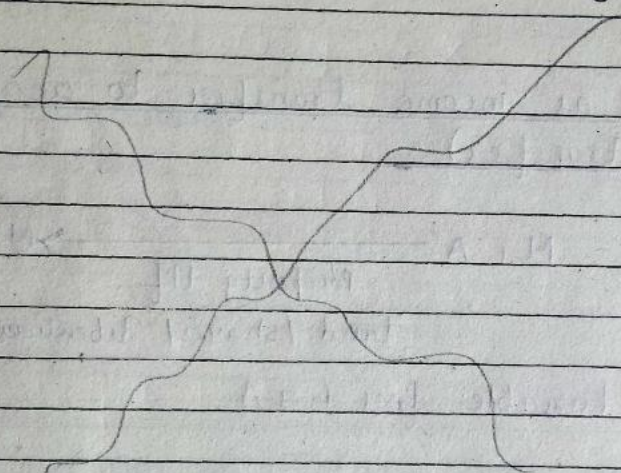
But if irrevocable transfer → clubbing X → Mrs. B income.

3. Property transferred to spouse / daughter-in-law for inadequate consideration
(शस्ते में)



Exceptions :- (No Clubbing X)

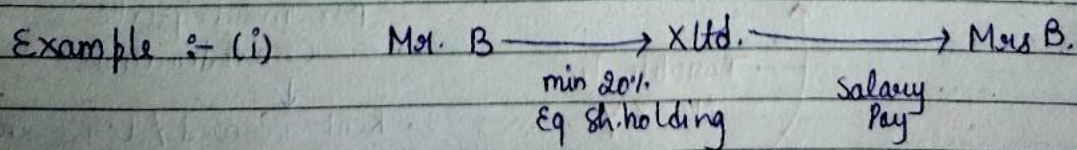
- (i) Transfer for adequate Consideration → (Natural Love & affection)
- (ii) Agreement to live apart (divorce)
- (iii) The relationship of husband & wife does not exist either at the time of transfer of property or at the time of generation of Income.



4. Income transferred to spouse / Daughter in Law
(• Salary, remuneration recd by spouse / daughter in law)

from an entity in when a person is having a substantial interest

• substantial interest = min 20% of equity holding.

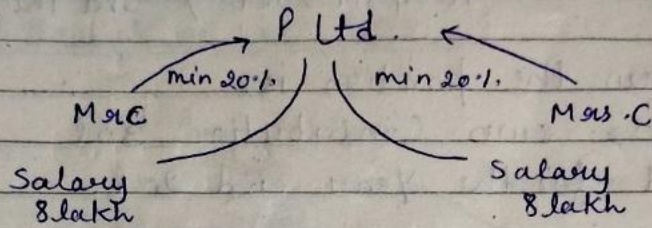


clubbing yes. Taxable to Mr. B.

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- what if husband and wife both are having substantial Interest in an entity.

Example :- (i)



clubbing ?? → Income higher

But, other than the above income :-

like :-	Mr. C	Mrs. C
PGBP	10	11 l
Cap. Gains	13	20 l
	23	31 l
income.	8	8 l
	<u>23 l</u>	<u>39 l</u>
		8 l
		<u>47 l</u>

own salary
husband salary
club.

∴ Higher income Mr. C.

Exceptions :- (No clubbing → जो जितना कामरगा उतना ता देगा.)

Spouse / daughter in law is earning due to his / her professional capability / qualification / Genuine work.

5. Amount gifted to spouse / Daughter in law and she invested it in her business on 1st April of the P.Y / F.Y, then proportionate income will be clubbed.

Example :-

Mr. D \rightarrow to \rightarrow Mrs. D.
Gifted
₹ 10 lakh

10 April 2024 & she invest it in her business

Now the position is.

Mr. D's own Contribution 30
Profit for the Year end 20.

sol Mr. D \rightarrow 10 lakh \rightarrow 10 April 2024.

Clubbing \rightarrow X

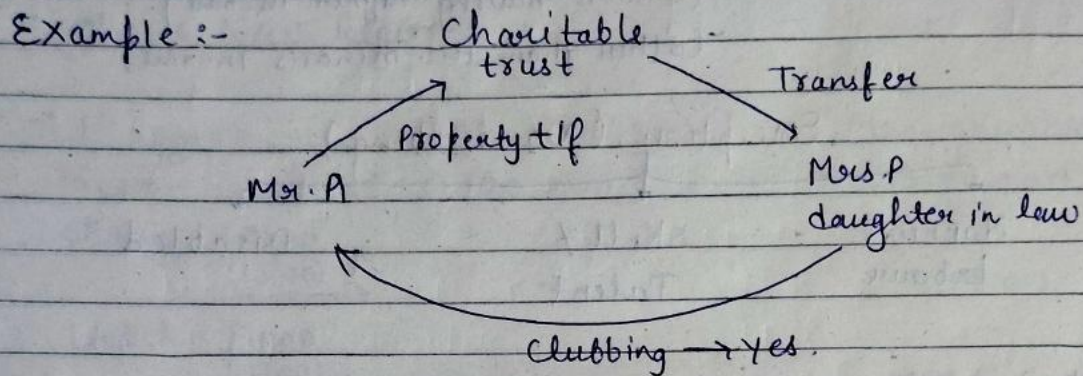
F.Y. 24-25

	Mr. D	Mrs. D	
Capital.	-	30 lakh	
+ Profit	-	<u>20 lakh</u>	
		<u>50 lakh</u>	\rightarrow closing Capital.

Next year. Profit ~~10~~ 12 lakh.

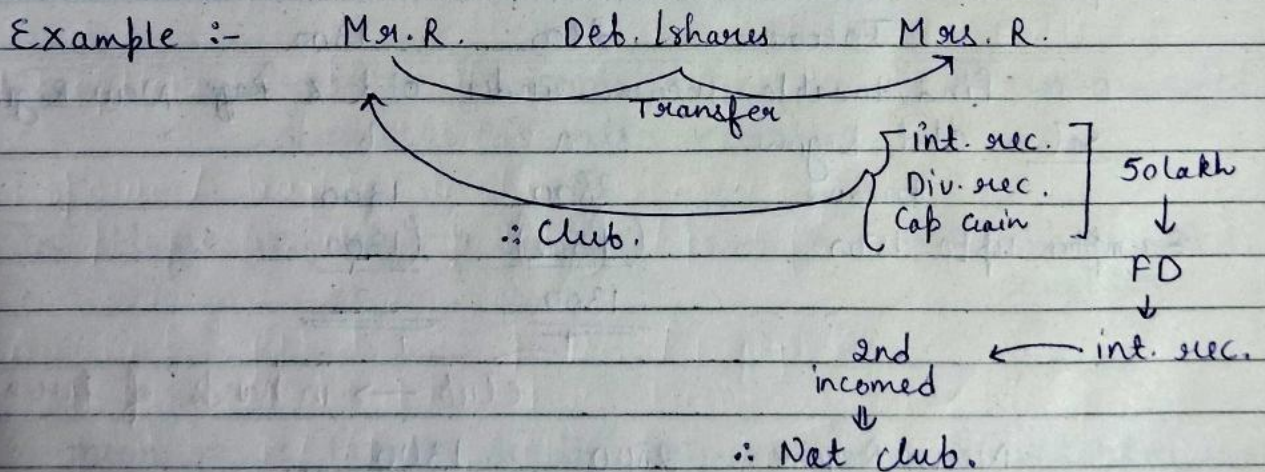
	Mr. D.	Mrs. D.	
Capital	10 lakh.	50 lakh.	$12l \times \frac{10l}{10l+50l} = 2l$
12 lakh	<u>2 lakhs</u>	<u>10 lakhs</u>	
Proportional.	<u>12 lakhs</u>	<u>60 lakhs</u>	$12l \times \frac{50l}{60l} = 10l$

6. Property transferred to trust for inadequate consideration :-
and from the trust income is transferred to spouse / daughter in law.



7. Income / Asset transfer to spouse / daughter in law.

- 1st income is clubbed
- 2nd income / subsequent income is not clubbed.



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8. Any income received by a minor, is generally clubbed in the hands of the parents.

Mother Father
(who is having higher income)
(other than the minor's income)

Exception (No clubbing)

Manual Labour Skill & Talent Disabled.

Note 1 :- If minor's income is clubbed exemption up to ₹1500 per child per year is given to the parent in whose honour income is clubbed. This exemption is allowed only in old Regime & not in the default Regime U/s 115-BAC.

Example :- (i) 2 minors.	(a)	(b)
Income	2800	1300
Find taxable income under old & Reg New Regime.		
<u>sol</u> Old Regime	a	b
Income	2800	1300
Exemption upto 1500	(1500)	(1300)
	<u>1300</u>	<u>0</u>
	club → in hands of Parents	
New Regime	2800	1300
No exemption	<u>2800</u>	<u>1300</u>

Q. Mr. Shubham & his wife are earning ₹ 20 lakhs & ₹ 23 lakhs respectively in the year 24-25. They have 2 minors Cherry & Litchi earning ₹ 12,000 & ₹ 9,000 respectively during the year. Find taxable income of Mr. Shubham & his wife. Old & New Regime?

Old Regime.	Mr. Shubham	Mrs. Shubham
Income	20,00,000	23,00,000
Cherry 12,000 (15,000) →	-	10,500
Litchi 9,000 (15,000) →	-	75,000
	<u>20,00,000</u>	<u>23,18,000</u>

As Mrs. Shubham is earning more than Mr. Shubham, ∴ the income of minor children will be clubbed in the hands of his wife.

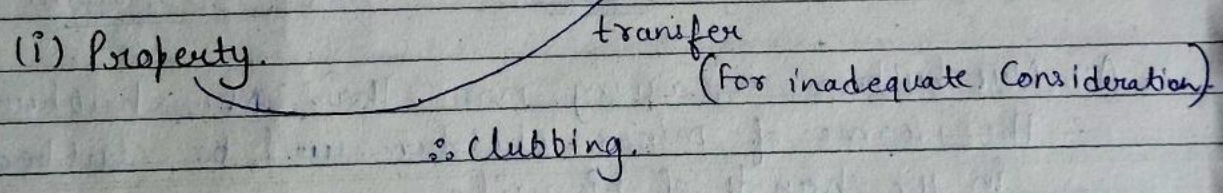
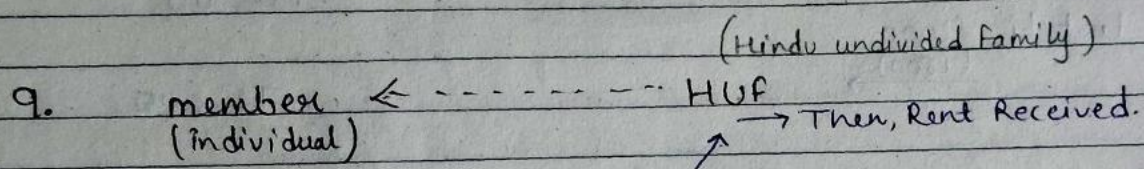
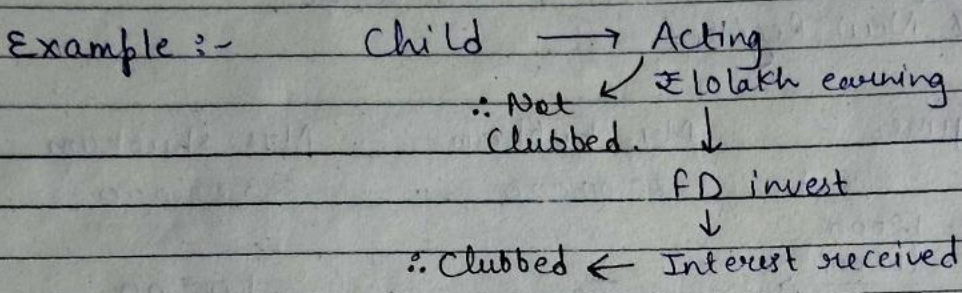
NOTE 2 :- Property / Income transfer to minor married daughter is also clubbed.

In House property → Building transfer → Minor married daughter
↓
Owner.

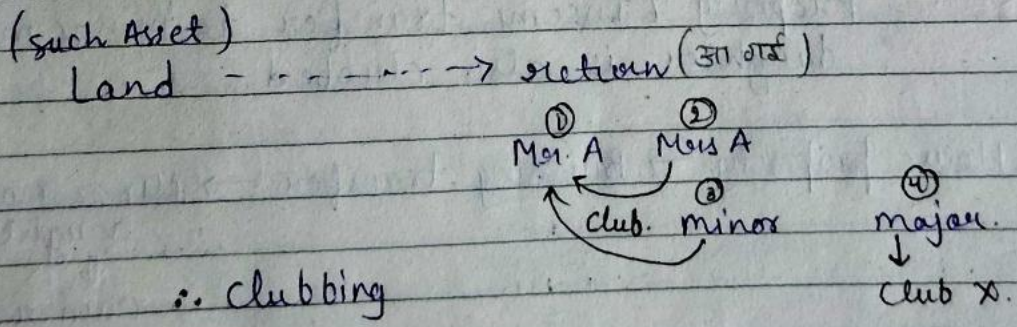
means it is taxable to the Minor married daughter.

Note 3 :- Minor earning through his skill / talent etc.

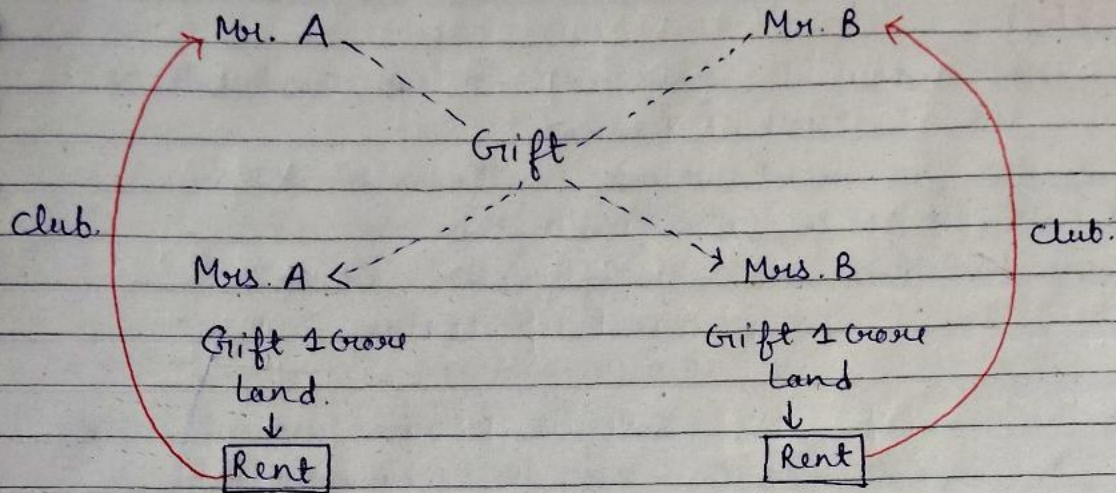
↓
1st income is not clubbed
but 2nd & subsequent income is clubbed.



(ii) HUF Partition.



10. Cross Transfer



11. If income is clubbed, losses are also clubbed.

12. Suppose :- Mr. A transfer asset to Mrs. A.
& clubbing prov. are clubbing
applicable.

Assising officer (ITO) can send notice either to
Mr. A or Mrs. A.