

Lec 1 26 May

Chapter = 8

Income from other (IOS) sources

Changing section 56

(Koi bhi income case karke and kisi bhi head mai nai aati toh IOS mai aa jaegi income.)

* Taxability of Dividends

- Dividend income xxx Taxable (L)
- (-) Int. expenditure (on loan taken for investment)

Actual (or) 20% of dividends
Lower

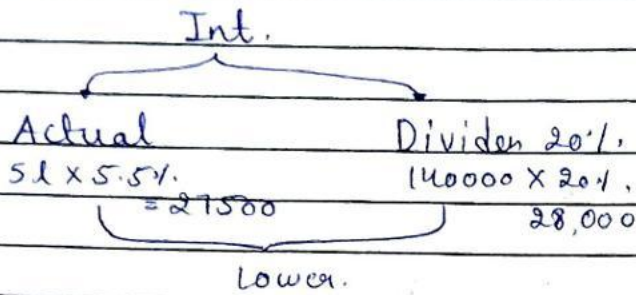
- (-) Any other expenses (Not allowed)

[Eg] • Dividend earned in PY 24-25 = ₹ 80,000
 • Loan taken for investment in shares
 1 lakh @ 18% p.a. int.
 Find taxable dividend income.

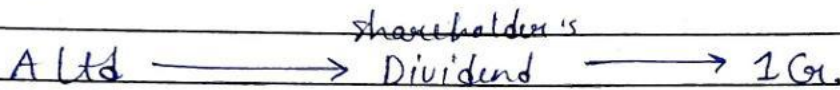
Dividend income	80,000	Actual	Divid
(-) Int exp.	16,000	2L x 18%	(or) 20%
Taxable	<u>64,000</u>	= 18,000	80,000
			x 20%
			<u>16,000</u>
			Lower.

Que Dividend income 140,000
 Loan taken for investment = ₹ 5 lakh
 @ 5.5% p.a.
 Find dividend income if Comm. paid is ₹ 7,000

Dividend income	140,000
(-) Int. exp.	<u>(27,500)</u>
Taxable	<u><u>112,500</u></u>



* Deemed dividend



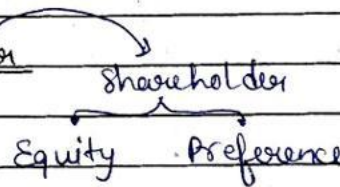
D.D. Tan \longrightarrow 15% (Ab nai hai)
 (Dividend distribution) (tan shareholder pay karongi)

2(22) (a) (b) (c) (d) (e)

Section 2(22)(a)

Assets transfer

- accumulated Reserves whether Capitalized or not.



Section 2(22)(b) & Dividends

Meaning of whether Capitalized or not

B/sheet			
Share Cap	10 lakh	Assets	15 lakh
R/s surplus	5 lakh		

Now out of 5 lakhs, 3 lakhs have been issued as Bonus shares.

New B/sheet

Share Cap (10+31)	13 lakh
R & S surplus (5-31)	2 lakh

It means 3 lakhs have been Capitalized.

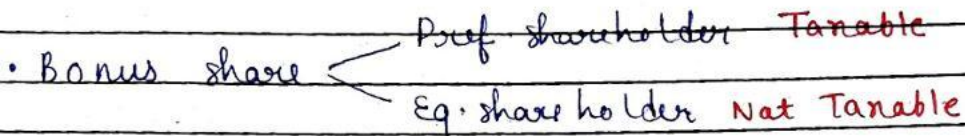
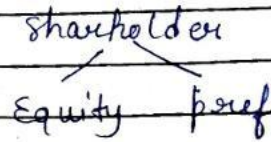
Meaning of whether Capitalized or not would be
3+2 lakh i.e. total 5 lakhs

Case ① Asset distributed of ₹ 6.5 lakhs so, deemed dividend would be
upto 5 lakhs only

Case ② Assets distributed of ₹ 3,80,000 so, deemed dividend would be of ₹ 3,80,000

Section 2(22)(b) liabilities

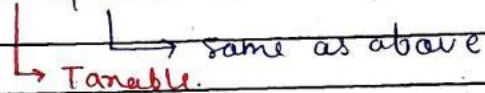
• Debentures/
Bonds



Section 2(22)(c)

Co. in liquidation

Assets distribute to Eq. shareholder before liquidation



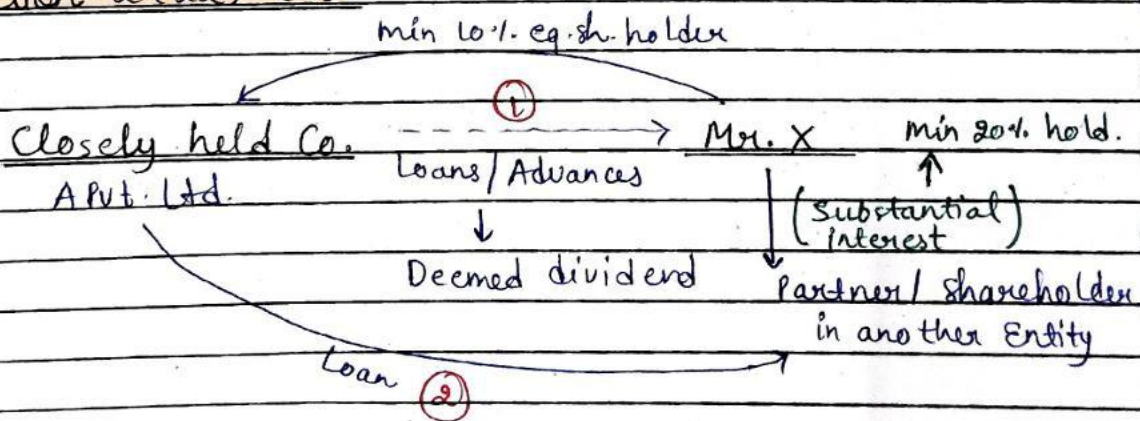
Section 2(22)(d)

Refund of share Capital to Eq. shareholders

→ Taxable

Calculation same as above.

Section 2(22)(e)



Date.....

Limit for 2(22)(c)

Taxable upto accumulated Reserves

whether ~~Cap. (15%)~~
~~vat.~~

[Eg]

sh. Capital	13 lakh
10L + 3L bonus	
R & Surplus	2 lakh

Loan given 240,000
Deemed div ??
2 lakh as div

accumulated
Reserves Cap. ~~or~~ not

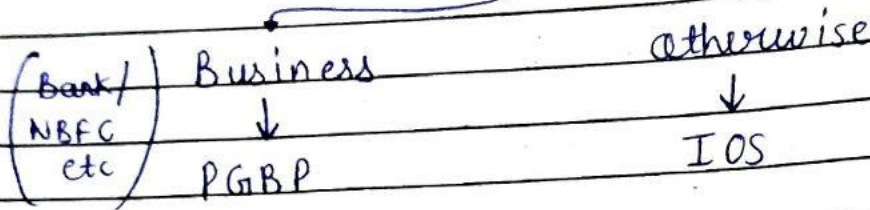
Any entity → Business of providing loans

2(22)(c) → Not applicable

- Bank
- NBFC
- Financial institution

* Covering Various Concepts(1) Interest amount receives

(Loans/Bonds Purchase)

(2) winnings from lotteries 56(2)(ib)

• Casual income = lottery, betting, gambling, reality shows.

• Taxable @ 30% flat

• No expense (-) Not allowed

[Eg] Lottery income 6 lakh
Tax liability

$$\begin{array}{r}
 6\text{L} \times 30\% = 180000 \\
 \text{+ } 7200 \text{ (+ 4\% Cess)} \\
 \hline
 \underline{1,87,200}
 \end{array}$$

[Note] Lottery etc
TDS rate @ 30%

⊕

With Cess = 31.2%

Date.....

[Eg] Lottery received = 210000
Find lottery income.

$$\frac{210000}{70\%} = \underline{3 \text{ lakh}}$$

$$\begin{array}{l} 70\% = 210000 \\ 100\% = ?? \end{array}$$

[Eg] Lottery rec. = 490000
Find lottery income

$$\text{After} = \frac{\text{TDS}}{30\%} \rightarrow \begin{array}{l} 70\% = 490000 \\ 100\% = ?? \end{array}$$

\Rightarrow 7 lakh

[Eg] Lottery rec 550400
TDS deducted including cess
Find ~~to~~ lottery income

Lottery received = 550400

TDS rate = 30%

Cess 4% 1.2

: 31.2%

$$100\% - 31.2\% \text{ TDS cut} = \begin{array}{l} \text{Remaining} \\ 68.8\% \end{array}$$

$$68.8\% = 550400$$

$$100\% = ?$$

$$\frac{550400}{68.8\%} = \underline{8 \text{ lakh}}$$

Generally 30% is as head.

[Eg] Lottery winning 12l
 Lottery ticket cost 2l

Find lottery income??

winning = 12l
 Any other exp
 (-) Not allowed
 Income 12 lakh

Ques

P&L

Purchase 20l	Sales 50l
	Agri Income 5l
	Lottery rec 10,50,000
Profit 45,50,000	

Note 7 lakhs were paid in cash for purchase
 Find GT Income.

Ans PGBP

Given profit	45,50,000
less Agri Income (Exempt U/s 10(2))	(5,00,000)
less Lottery amt (Taxable under IOS)	(10,50,000)
Add Cash purchases [40A(3)]	7,00,000

• PGBP 37,00,000