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Mr Ganesh PY 25-26 AY 26-27

Computation of Income from other sources

(i)	Gift of cash from Sundar [since aggregate money > 50000, so it is fully taxable		51000
(ii)	Movable property [S.S.J.D.P.S.A.O.B.Y]		
	50 shares Beta ltd	60000	
	100 shares Alpha ltd	70000	
		130000	130000
	[since aggregate FMV of movable property > 50000, so it is fully taxable]		
(iii)	Immovable property (Low consideration) Land acquired from sister's mother in law (SDV − consdn) > 50000 And (7 lac − 5 lac) SDV > 110% consideration		
	so Difference of ₹ 200000 taxable under IFOS.		200000
	IFOS		381000

Computation of capital Gain on sale of shares of ~~Alpha ltd.~~

FVOC	100000
(−) COA [49(4)]	(70000)
STCG	30000

In case of immovable property held as SIT, if SDV > 110% consideration then SDV is treated as FVOC while calculating Business Income.

If Assessee not satisfied with SDV then his case may transfer to VO (same as sec 50C).

Normally SDV considered on the date of registration but if date of registration and agreement are not same then Assessee can take SDV on the date of agreement if he rec'd consdn or part there off by account pay check, account pay demand draft, ECS upto date of agreement.

Immovable property → Capital Asset → 50C → CG

Note: sec 56(2)(x) is not applicable if asset ~~is~~ acquired is a SIT. In the present question Mr A is a share dealer and he acquired shares from Mr C as a SIT. So sec 56(2)(x) is not applicable.

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Mr A PY 25-26 AY 26-27

	Income from other sources	
(i)	Gift of cash from Mr B	75000
	(since aggregate money > 50000, so it is fully taxable)	
(ii)	Movable property (S.S.J.D.P.S.A.O.B.V)	60000
	Gift of Bullion from friend Mr B	
	(since aggregate FMV > 50000, so it is fully taxable)	
(iii)	Immovable property (without consideration)	500000
	Gift of plot at Faridabad from Mr B	
	(since per property SDV > 50000, so it is fully taxable)	
(iv)	Immovable property (low consideration)	300000
	Office building purchased	
	(SDV − considn) > 50000	
	And	
	SDV > 110% consideration	
	(since SDV > 110% of consideration and Diff. of SDV and consideration > 50000 so Diff is taxable.	
	IFOS	935000

Computation of capital gain PY 25-26 AY 26-27

FVOC		700000
(-) COA [49(4)]		(500000)
	STCG	200000

* Amendment by FA - 22 w.e.f AY 20-21

sec 56(2)(x) not applicable in the following cases,
Money received:-

(i) By individual, from any person, for expense, actually incurred on treatment of covid 19 related illness of him or any family member.

(ii) By family member of deceased person, within 12 months of death (death due to covid 19 illness)

(a) from the employer of the deceased person (without any limit) or

(b) from any other person or persons upto ₹ 10 lakhs

Dividend —

from Domestic company | from Foreign company

Always taxable in hands of shareholder under [IFOS] [even shares are SIT] as per Normal Tax Rate

— Deemed Dividend —

Sec 2(22)(a) :- Any Distribution of Assets

If any domestic company distributes its assets to shareholders, it will be treated as Deemed Dividend to the extent of accumulated Profit (capitalised or not) of a company and taxable in hands of shareholder

Divya Ltd
B/S

Asset Dist $\longrightarrow$ S.H.S

Share capital	1200000	Assets	2500000
(Bonus 200000)			
Res & surplus	1000000		
Liability	300000		
	2500000		2500000

Cases	Book Value	FMV	Deemed Dividend
1	700000	1000000	1000000
2	700000	1500000	1200000
3	1200000	2000000	1200000
4	1200000	700000	700000

Sec 2(22)(b) :- Distribution of Debenture / Deposit certificate etc

If any domestic company distributes debenture, debenture stock, deposit certificate to any shareholder or Bonus share to Pref. shareholder - then it will be treated as Deemed Div. to the extent of accumulated profit (capitalised or not) of company and taxable in hands of shareholder.

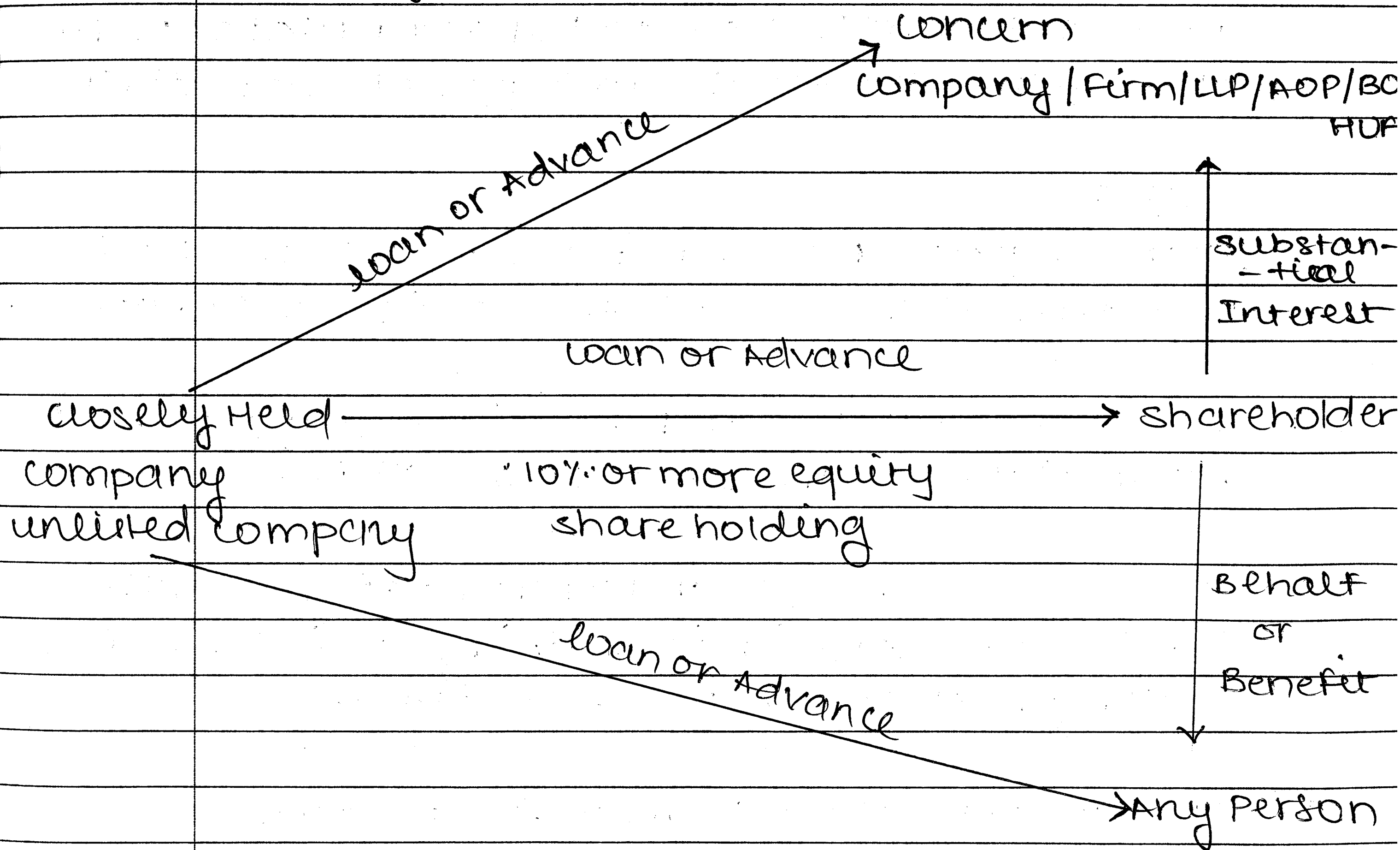
Sec 2(22)(c) :- Distribution of Asset on liquidation

If any Domestic co. distribute Asset to shareholder on its liquidation then it will be treated as Deemed Dividend to the extent of accumulated profit (capitalised or Not) of company and taxable in hands of shareholder

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

If any Domestic Co. reduces its share capital and distribute its Asset (Money) to the shareholder, it will be treated as Deemed Dividend to the extent of Accumulated profit (capitalised or Not) of company and taxable in hands of shareholder.

Sec 2(22)(e) :- Loan or Advances by closely Held company.



Substantial Interest

Company	Firm/AOP/BOI/LLP/HUF
20% or more equity shareholding	20% or more PSR (Profit sharing Ratio)

In above cases loan or advances are treated as Deemed Dividend to the extent of Accumulated profit of company and taxable in hands of shareholder

Notes:

1) If loan is repayed or company charges Market Rate of interest then also it is treated as Deemed Dividend

2) If any advance is given for Business purpose (Trade Advance) it is not treated as Deemed Dividend.

3) If company is engaged in Money lending Business then loan or adv. given in ordinary course of Business shall not be treated as Deemed Dividend.

4. If loan is treated as Deemed dividend after sometime if such loan is set off against Actual Dividend then set off is not treated as Deemed Dividend.

2(22)(a)(b)(c)(d)	2(22)(e)
(i) All companies (Pvt/Public co.)	(i) Closely Held co. (Unlisted co.)
(ii) Accumulated Profit (capitalised or not)	(ii) Accumulated Profit

Following Incomes are Taxable under IFOS

1. Gift → Already covered
2. Dividend and Deemed Dividend → Already covered
3. Income (Dividend) from UTI / Mutual fund → Taxable
4. Income from Winnings (Lottery, crossword, puzzles, game show, Horse Races, online games ⟷ Taxable @ 30%.

5. Income from MP/MLA/MLC

- Salary ↓ Taxable under IFOS
- Daily Allowance or constituency allowance ↓ Exempt u/s 10(17)

6 Awards

From Govt. (Bharat Ratna etc)

From others

7. Agriculture Income

From land in India

From land outside India

8. Rental Income

(i) Rent of Asset (other than HP)
(ii) Composite Rent (If Agreement Not seperable)
(iii) Rent from subletting House Property.

9. Keyman Insurance Policy

Amt from KeyMan Insurance Policy

Amt Rec'd by employer

Amt Rec'd by employee

Amt Rec'd by any other person

10. Royalty → Taxable

11. Director fees for attending Board Meeting → Taxable under IFOS

12. Paper checking, Paper setting, seminar fees received by Professor from Non Employer organisation → Taxable

13. Family Pension → Taxable

Exempt u/s 57

(i) 1/3 of family pension Rec'd	xxx
(ii) 15000 p.a / 25000 p.a	xxx

(Assessee opted sec 115BAC)

Note

1) Family Pension Received by legal Heir of member of Armed forces including Paramilitary forces shall be exempt where death of such member occured in course of operational duties.

2) Family pension rec'd family member of person who was awarded with Veer chakra, Paramveer chakra Mahaveer Chakra shall be exempt.