

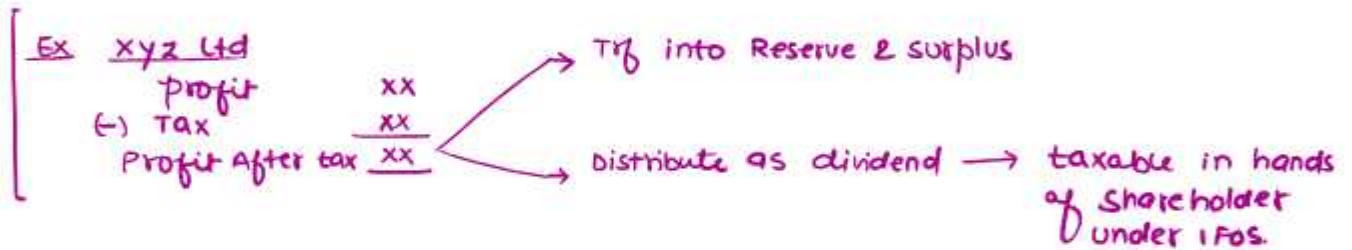
Income from other sources

Any Income, profit or gain includible in the total Income of an assessee which cannot be included under any other preceding heads of Income, is chargeable under Income from other sources. [u/s 56]

Income chargeable under IFOS.

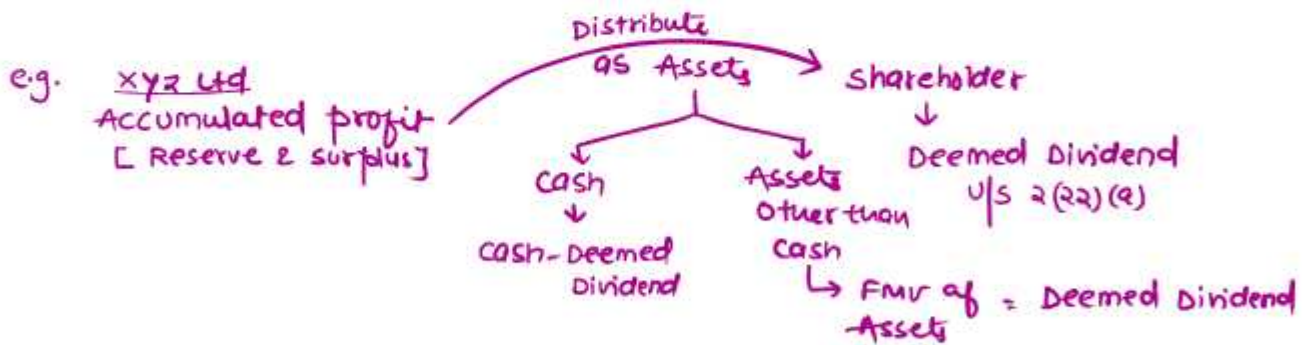
1. **Dividend Income u/s 56(2)(i)**: Dividend Income is always taxable under IFOS. if Dividend received from securities held stock in trade also taxable under IFOS.

↳ Dividend Include Deemed Dividend.



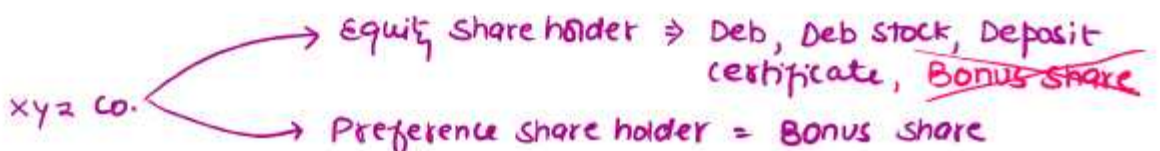
• Deemed dividend [covered under 2(22)(e) to (e)]

u/s 2(22)(e): Any distribution of accumulated profit, whether capitalised or not, by a company to its shareholder is dividend if it entails the release of all or part of its assets.



u/s 2(22)(b): Any distribution to its shareholder by a company of Deb. Debenture stock, or deposit certificate in any form.

- ↳ Any distribution of Bonus share to preference share holder
- ↳ to the extent which company possesses accumulated profit will be deemed as dividend to shareholder



xyz co.  $\rightarrow$  Preference share holder = Bonus share

- Bonus share given to equity share holder are not treated as Deemed Dividend in hands of share holder.

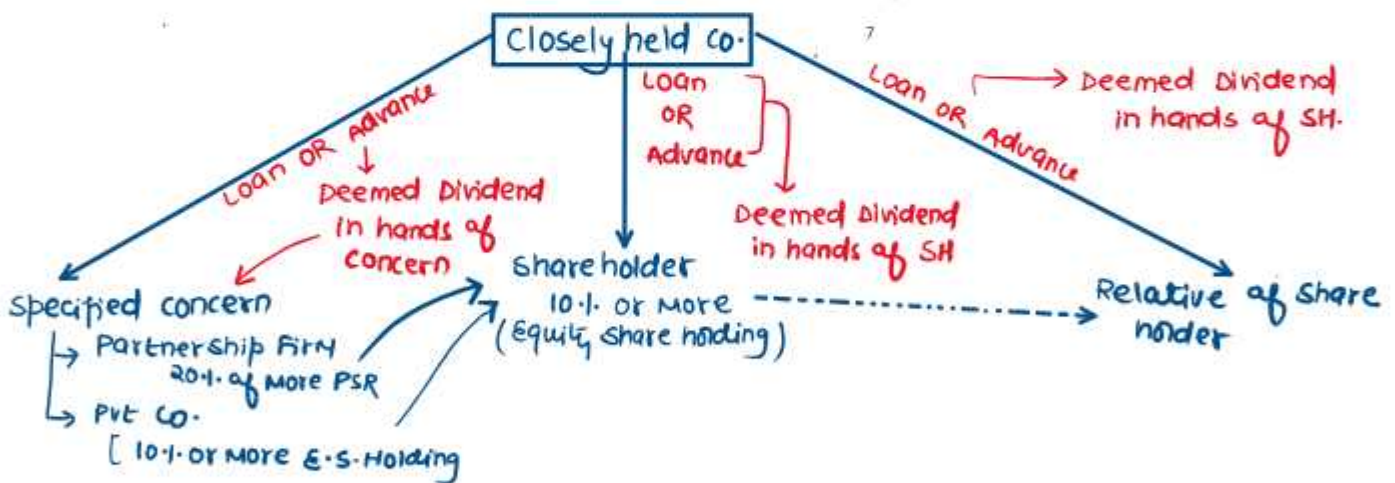
### U/s 2(22)(c) : Distribution on Liquidation

Any distribution made to shareholder of a company on its liquidation, to the extent to which the distribution is attributable to the accumulated profit of the company immediately before its liquidation whether capitalised or not, is deemed to be dividend in hands of shareholder.

U/s 2(22)(d) : Distribution on Reduction of capital : Any distribution to its shareholder by a company on reduction of its capital to the extent to which company possessed accumulated profit shall be deemed as dividend in hands of shareholder.

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U/s 2(22)(e) : Advance or loan by a closely held company to its shareholder  $\rightarrow$  [Pvt Co.]

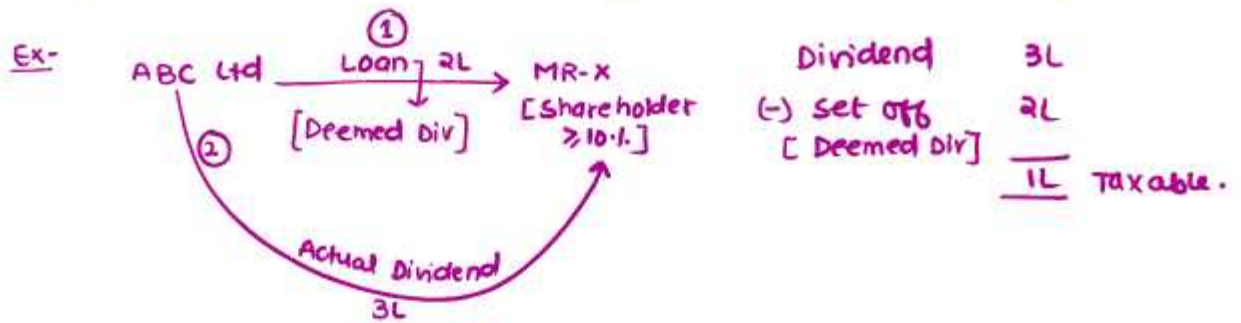


Exception : The following Payment or loan given would not be Deemed as Dividend U/s 2(22)(e)

- IF loan is granted in the ordinary course of Business and lending of money is a substantial part of the Business. [i.e. NBFC]
- Dividend paid is set-off against the deemed dividend.  $\rightarrow$  where a loan had been treated as Dividend and subsequently, the company declares and distribute dividend to all shareholder, dividend so paid is set-off the company against the previous borrowing, the adjusted amount will not be again treated a dividend.



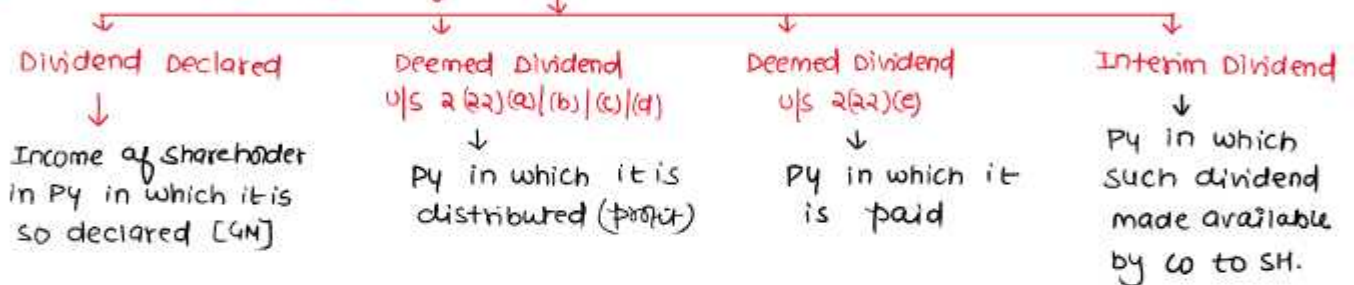
adjusted amount will not be again treated a dividend.



• Trade Advance not to be treated as deemed Dividend under 2(22)(e)

\* Note: Subsequent repayment of loan or charge of interest at market rate does not may any difference in applicability of section 2(22)(e)

### U/s 8: Basis of charge of Dividend



### 3. Casual Income U/s 56(2)(ib)

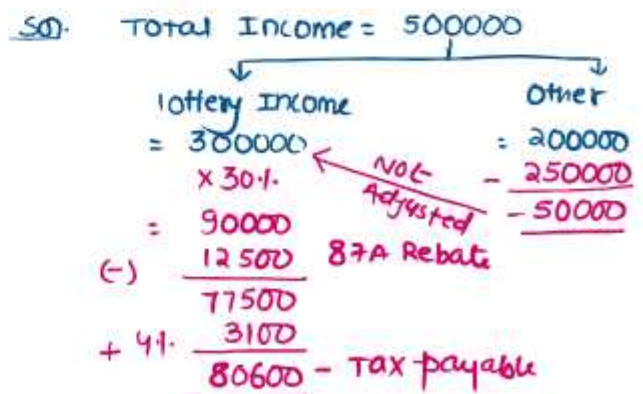
Casual Income means income in the nature of winning from lotteries, crossword puzzles, race including horse race, card game and other game of any sort → gambling, betting etc.

- Tax Rate on Casual Income ⇒ 30% U/s 115BB
- No Any Deduction Allowed against such casual Income [80c to 80u]
- No Any Expenditure Allowed against such casual Income
- No Adjustment of Basic exemption limit
- **Rebate U/s 87A is Allowed.**
- U/s 194B/194BB Rate 30% TDS Deducted if Amt Exceed 10,000

EX: MR-P Resident

Income  
 Winning from Lottery = 3,00,000  
 Other Income = 2,00,000

Cal. Tax payable ?



Note: Grossing up of casual Income

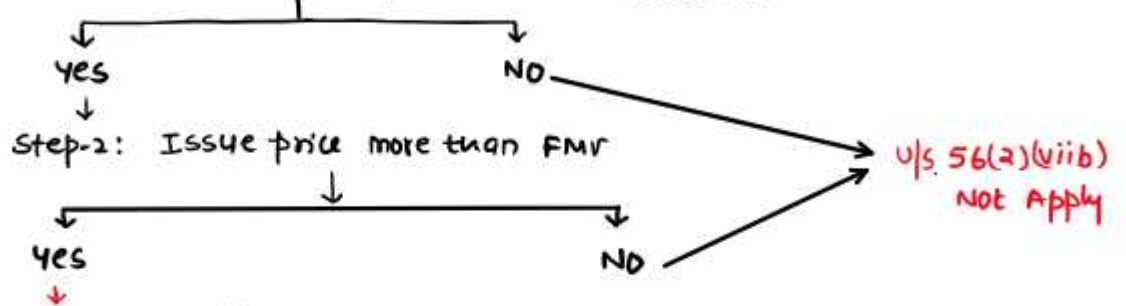
if winning (casual Income exceed ₹ 10000)

if winning (casual income exceed ₹ 10000)

$$\frac{\text{Amount Received}}{70\%} = \text{Gross Amt of winning} \rightarrow \text{Added I.Fos.}$$

3. Consideration received in excess of FMV of share issued by a closely held company to be treated as income of such company, where share are issued at a premium u/s 56(2)(vii b)

step-1: Share Issue at premium to Resident



Income of Company = [Issue price - FMV] x NO. of share

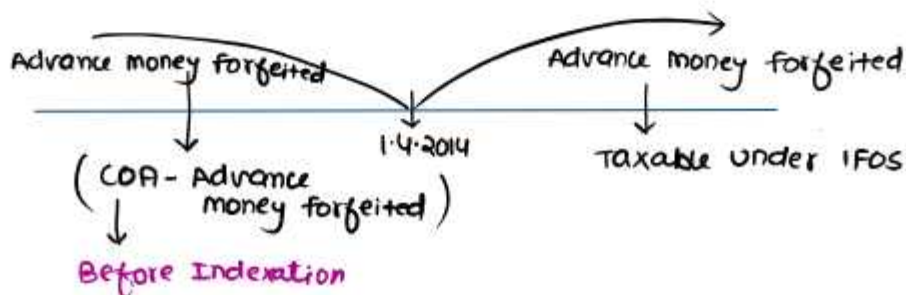
Share Issued by	Share Issue to	Issue price	Fmv of Share	Face value	56(2)(vii b)
P (P) Ltd	MR-X [Resident]	130	30	10	100
"	"	130	150	10	-
"	"	150	130	150	-
P Ltd	MR-X [Resident]	130	30	10	-
P (P) Ltd	MR-X [NR]	130	30	10	-
P (P) Ltd	MR-X [Resident]	180	100	100	80

4. Income by way of Interest received on compensation or on enhanced compensation u/s 56(2)(viii)

- such Interest shall be taxable in the year in which it is RECEIVED
- Deduction 50% of Interest Amt is allowed [NO other Deduction]

$$\text{Interest enhanced / compensation} \times 50\% = \text{Income from IFos}$$

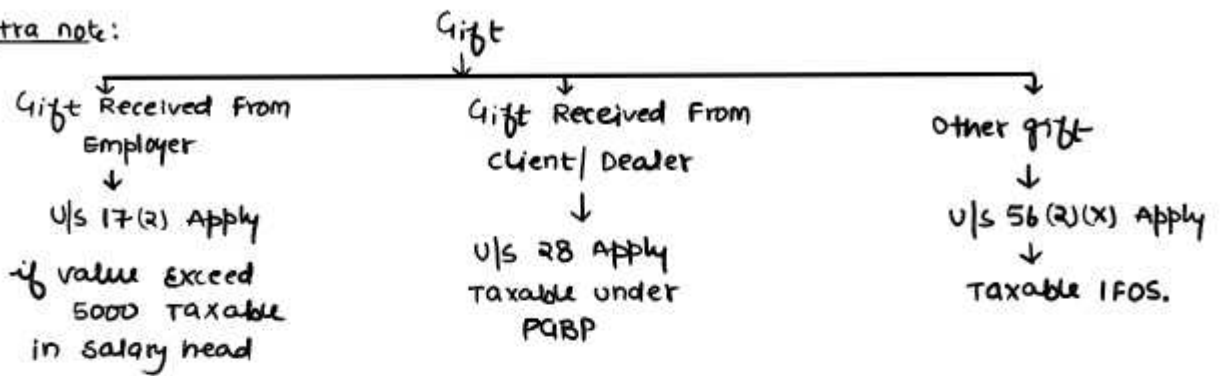
5. Advance money forfeited [capital gain]



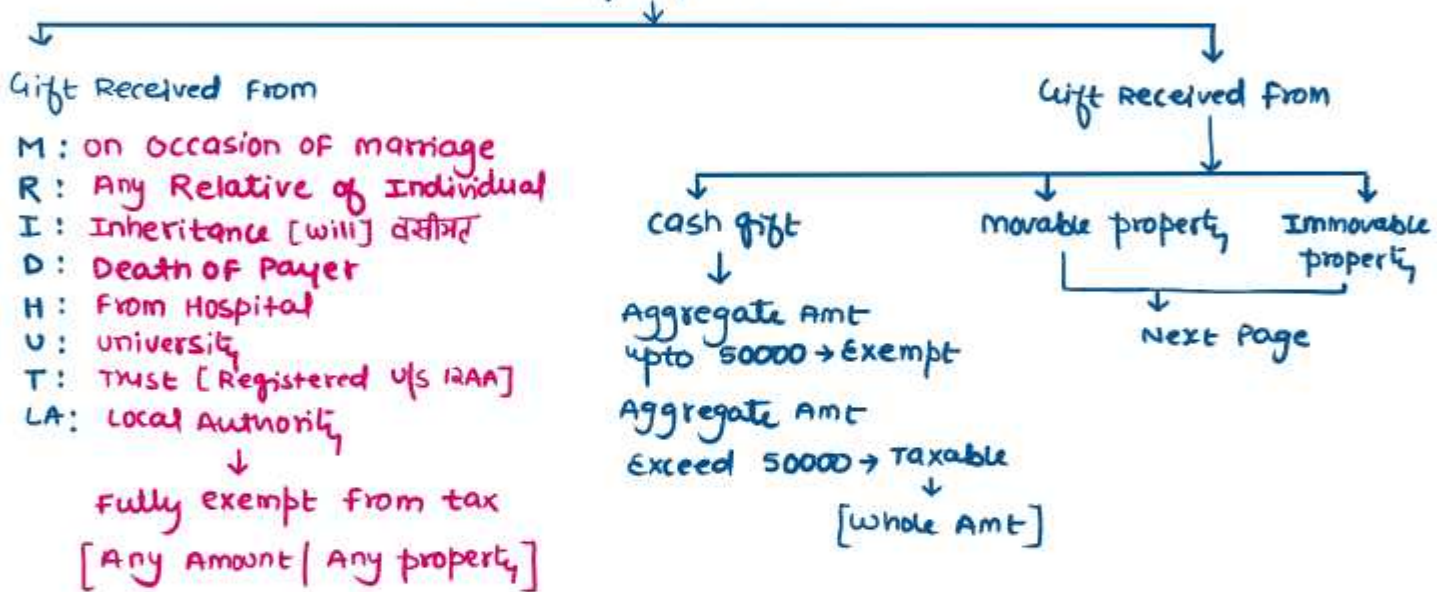


**6. GIFT Taxation u/s 56(2)(x):** money | property received without/inadequate consideration.

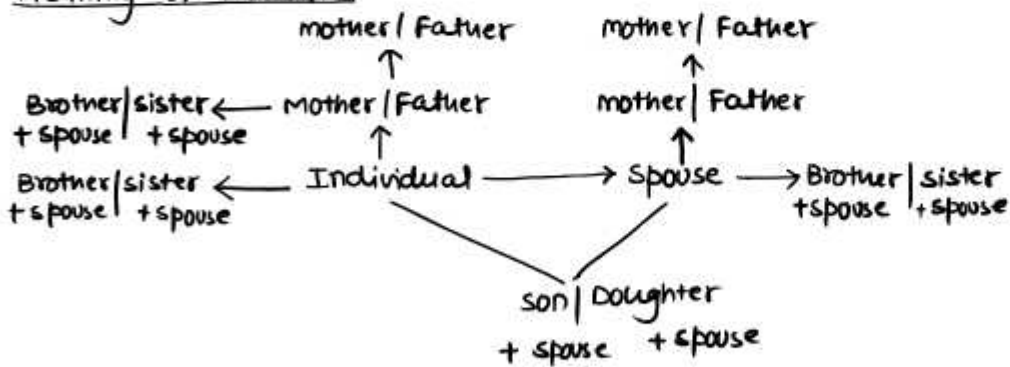
Extra note:



**Other Gift u/s 56(2)(x)**



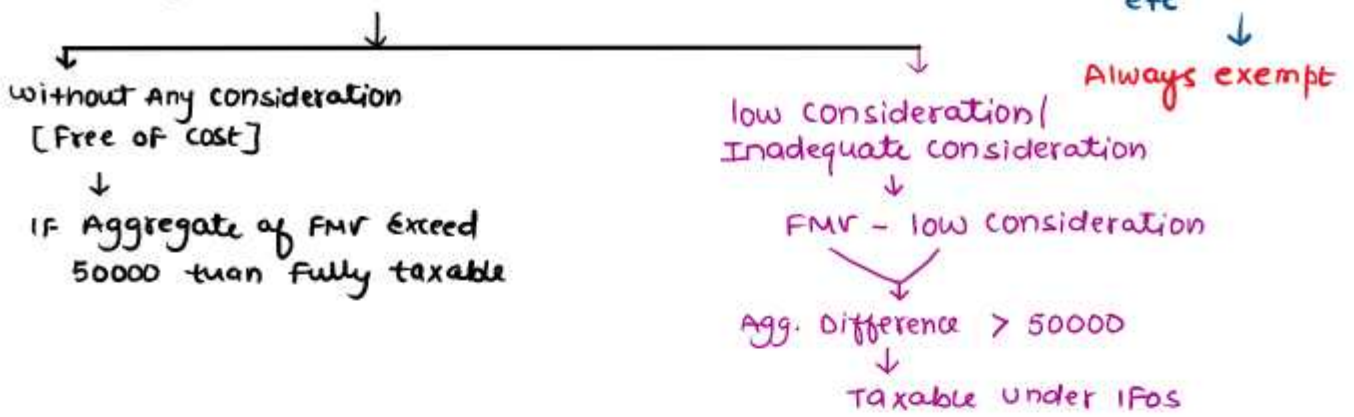
**Meaning of Relative**



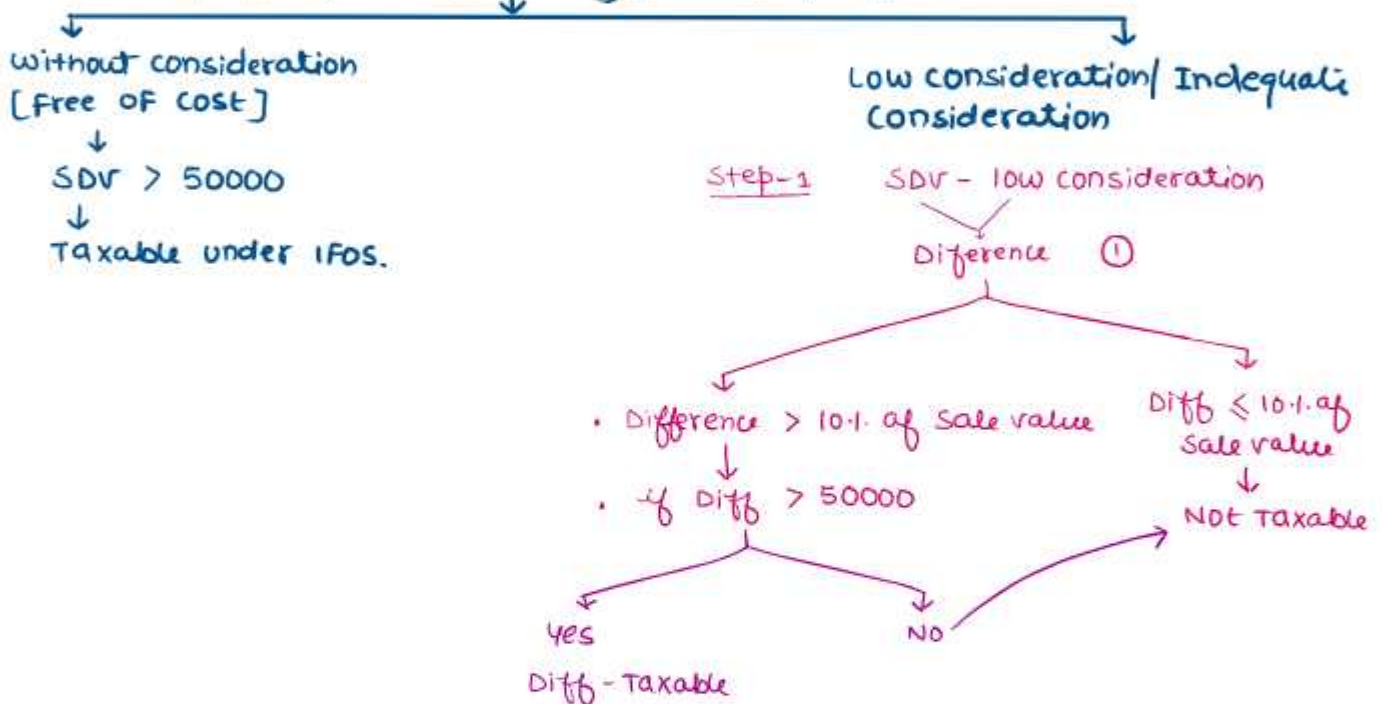
In case of HUF  
↓  
Member of HUF is Relative

**Movable property**





• Immovable property [Land / Building] [Per property]



Case-1  
 Cash 25000 From friend  
 Cash 25000 From friend  
 Cash 80000 From Brother

Fully exempt

Case-2  
 Cash 25000 From friend  
 Gold 45000 From friend  
 Share 80000 From sister

Fully exempt

Case-3  
 CAR 5L From friend → exempt  
 TV 1L From employer → u/s 17(2) salary taxable  
 Cash 45000 on marriage from employer → u/s 17(2) salary taxable

Case-4  
 Immovable property sold to NR-P  
 Sale price = 800000  
 SDV = 870000

So: Diff = SDV - SP



$$\begin{aligned} \text{Sol. Diff} &= \text{SDV} - \text{SP} \\ &= 870000 - 800000 \\ &= 70000 \end{aligned}$$

① 10% of SP =  $8 \times 10\% \cdot 80000$  NOT taxable

7. Compensation or any other payment received in connection with Termination of his employment shall be chargeable under IFOS.

→ IF not taxable under Salary

Income chargeable under IFOS only if not chargeable under PGBP

1. Any sum received by employer-assessee from his employee contribution to any provident fund / superannuation fund or any other fund.
2. Income from letting out on hire, machinery, Plant & furniture,
3. where letting building is inseparable from the letting out of machinery | plant or furniture.
4. Interest on securities → But following Interest are exempt from tax u/s 10(15)
  - Post-office saving Bank A/c Interest exempt upto 3500 in case of Individual A/c OR 7000 in case of Joint A/c
  - Interest on Gold Deposit Bond / Gold monetization scheme.
  - Interest on Bond Issued by
    - ↳ local Authority
    - ↳ state pooled finance entity

Note: Interest from non-SLR securities of Bank → Taxable under PGBP

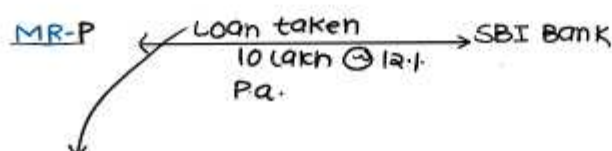
Note: Amt Received from Keyman Insurance policy is taxable under IFOS if not chargeable under PGBP.

## Allowable Deduction under IFOS u/s 57

Following Deduction Allowed as Deduction

1. In case of Dividend or Income in respect of unit of a mutual fund OR specified fund.

Interest expenditure to earn such Income is allowed as deduction subject to maximum 20% of Income earned by assessee.



Pa.

↓  
Invest into mutual fund  
↓  
Income Received from mutual fund = 200000  
Cal. Taxable Income In hands of MR-P.

SQ. Income from mutual fund = 200000

(-) Expenditure Allowed

(i) Intt paid to SBI = 120000  
10L x 12%  
OR  
(ii) 20% of Income = 40000

$\frac{40000}{160000} \rightarrow$  Taxable Income.

which ever is lower

- a. In case of Interest on Securities  $\rightarrow$  Commission / Remuneration to Banker / other person paid for Realising of such securities.
3. Income consists of recovery from employees as contribution to any provident fund.
4. In case of letting out of machinery, Plant, furniture following Exps Allowed
- Current Repair
  - Insurance premium
  - Normal Depreciation

\*\*\*  
5. Family pension: Family pension means a regular monthly amount payable by employer to a person belonging to the family of a deceased employee. ↓ 'मरने वाला'

Deduction: lower of

(i)  $\frac{1}{3}^{\text{rd}}$  of Family pension  
OR  
(ii) 15000

which ever is Lower Allowed as Deduction

u/s 58: specific disallowance