

B.Com. (Hons.): Semester-V
DSE

BCM512: PERSONAL TAX PLANNING

Teaching Scheme	Examination Scheme
Lectures: 4hrs/Week	Class Test – 12 Marks
Tutorials: 1 hr/Week	Teachers Assessment – 6 Marks
	Attendance – 12 Marks
Credits: 5	End Semester Exam – 70 Marks

Objective

Provide basic knowledge of Income Tax and its planning to students in easily comprehensible manner with a view to equip them to use the legitimate tool of planning in their economic life.

Learning Outcomes

- On completing the course, the student shall be able to:
- understand the concept of tax planning, use the residential status to plan the scope of income and devise tax planning strategy in relation to agricultural income.
 - apply critical thinking and problem solving skills related to minimization of tax liability of individuals with respect to salary income and understand how to develop efficient pay packages.
 - devise tax planning strategies in relation to house property and understand the presumptive scheme of taxation of computing business income.
 - use Indexation technique to reduce capital gains tax and learn about specific exemptions available from capital gains.
 - use deductions to reduce taxable income and use rebates to reduce tax liability.
 - plan tax liability in relation to gifts received from relatives and non-relatives.

I: Concept of Tax Planning

Meaning of tax planning, tax avoidance, tax evasion and tax management; Objectives of tax planning; Case studies relating to tax planning, tax avoidance, tax evasion and tax management.

1) Tax Planning with reference to residential status: Relevance of residential status in computing taxable income; Determination of residential status of an individual, HUF, company, other persons; Relationship between residential status and incidence of tax; Double taxation relief under Sections 90 and 91.

2) Provisions relating to concept of agricultural income; Composite income; Tax treatment and tax planning of agricultural income.

II: Tax planning with reference to Salary Income

Tax planning in respect of salary income: Bonus; Fees; Commission and allowances; Valuation of perquisites; Allowances; Retirement benefits like gratuity, leave encashment, pension tax relief under Section 89 (1) (arrears salary).

III: Tax planning in relation to Income from House property and Business Income

- 1) Tax Planning in respect of self-occupied house property, let-out house property partly let out and partly self-occupied house property; and property used for business or profession of the assessee.
- Set-off and carry forward of house property losses.
 - Tax planning related to Section 80C.
- 2) Tax Planning related to business income covering:

- Presumptive schemes of computing business income (Section 44AD, 44ADA, 44AE)
- Provisions relating to maintenance of accounts (Section 44AA)
- Provisions relating to audit of accounts (Section 44AB)

Tax planning in relation to Capital gains and other sources

tax planning with reference to long-term and short-term capital assets and choice of price-inflationation; Capital gains on equity and non-equity financial instruments;
tax planning in relation to gifts received from relatives and non-relatives;

Other Areas of Tax planning

Some of others' liable for clubbing.
Deductions under Sections 80C, 80CCD(1), 80CCD(1B), 80CCD(2), 80D, 80DD, 80DDB, 80E, 80TTA, 80TTB
Relief under Section 87A.

Suggested Readings

Chauhan, Girish and Ravi Gupta, Systematic Approach to Income Tax, Bharat-Law House, Delhi.
Singhania, Vinod K. and Monica Singhania, Students' Guide to Income Tax, University Edition, Taxmann Publications Pvt. Ltd., New Delhi.

Additional Readings

Current Tax Reporter, Current Tax Reporter, Jodhpur.
Income Tax Reports, Company Law Institute of India Pvt. Ltd., Chennai.
Corporate Professionals Today, Taxmann, New Delhi.

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