

1. SYNOPSIS OF SECTION NUMBERS

Please note that the entire syllabus is important for exam. However, at least following section numbers are required to be remembered at intermediate level

I. Income Tax

Section No.	Heading	Section No.	Heading
4	Charge of income – tax		CAPITAL GAINS
5	Scope of total income	45	The Chargeability
6	Residence in India	47	Transactions not regarded as transfer
9	Income deemed to accrue or arise in India	48	Mode of computation
10	Incomes not to be included in total income	50	Special provision for computation of capital gains in case of depreciable assets
10AA	Exemption to SEZ Unit	50B	Special provision for computation of capital gains in case of slump sale
	SALARIES	50C	Special provision for full value of consideration in certain cases
15	The Chargeability	50CA	FMV as full value of consideration for transfer of unquoted share
16	Deductions from salaries	50D	Fair market value deemed to be full value of consideration in certain cases
17	“Salary”, “perquisite” and “profits in lieu of salary” defined	54	Exemption on Sale of residential house
	INCOME FROM HOUSE PROPERTY	54B	Exemption on Sale of Agricultural Land
22	The Chargeability	54EC	Capital gain not to be charged on investment in certain bonds
23	Annual value how determined	54EE	Capital gain not to be charged on investment in units of a specified fund
24	Deductions from income from house property	54F	Capital gain on transfer of certain capital assets not to be charged in case of investment in residential house
25A	Special provision for arrears of rent and unrealized rent received subsequently	54G	Exemption of capital gains on transfer of assets in cases of shifting of industrial undertaking from urban area
26	Property owned by co – owners	55A	Reference to valuation officer
27	Deemed Ownership		INCOME FROM OTHER SOURCES
	PROFITS AND GAINS OF BUSINESS OR PROFESSION	56	The Chargeability
28	The Chargeability	57	Deductions
32	Depreciation	58	Amounts not deductible
35	Expenditure on scientific research		CLUBBING
35AD	Deduction in respect of expenditure on specified business	60	Transfer of income where there is no transfer of assets
35CCA	Expenditure by way of payment to associations and institutions for carrying out rural development programmes	64	Income of individual to include income of spouse, minor child, etc.
35CCC	Expenditure on agricultural extension project		SET OFF, OR CARRY FORWARD AND SET OFF
35CCD	Expenditure on skill development project	70	Intra head adjustments
40	Amounts not deductible	71	Set off of loss from one head against income from another
40A(2) 40A(3)	Excess payment to relative Cash payment exceeding ₹10,000.	72	Carry forward and set off of business losses
43B	Certain deduction on payment basis		CHAPTER VI A: All section given your MAT
41	Profits chargeable to tax		SPECIAL RATE OF TAX
43CA	Special provision for full value of consideration for transfer of assets other than capital assets in certain cases	111	Tax on accumulated balance of recognized provident fund

44AA	Maintenance of accounts by certain persons carrying on profession or business	112A	Tax on long term capital gains in certain cases
44AB	Audit of accounts of certain persons carrying on business or profession		FILLING OF RETURN
44AD	Special provision for computing profits and gains of business on presumptive basis	139 139A 139AA	Return of income PAN AADHAAR
44ADA	Special provision for computing profits and gains of profession on presumptive basis	140A	Self-assessment
44AE	Special provision for computing profits and gains of business of plying, hiring or leasing goods carriages		TAX DEDUCTION AT SOURCE & TCS: ALL Section given in your study mat
		234A	Interest for defaults in furnishing return of income
		234B	Interest for defaults in payment of advance tax
		234C	Interest for deferment of advance tax

II. GOODS AND SERVICES TAX

Section No.	Heading	Section No.	Heading
1	Short title, extent and commencement	25	Procedure for registration
2	Definitions	27	Special provisions for casual taxable person and non-resident taxable person
7	Scope of supply	28	Amendment of registration
8	Tax liability on composite and mixed supplies	29	Cancellation of registration
9	Levy and collection of tax [Sec. 9(1) Forward Charge, 9(3)- notified cases of RCM, 9(4) RCM on notified purchases from unregistered person, 9(5)- special levy on e-commerce operator]	30	Revocation of cancellation of registration.
10	Composition levy	31	Tax Invoice
11	Power to grant exemption from tax	34	Credit and debit notes
12	Time of supply of goods	37	Furnishing details of outward supplies
13	Time of supply of services	38	Furnishing details of inward supplies
15	Value of taxable supply	39	Furnishing of returns
16	Eligibility and conditions for taking input tax credit	40	First return
17	Apportionment of credit and blocked credits	44	Annual return
18	Availability of credit in special circumstances	45	Final return
22	Persons liable for registration	47	Levy of late fee
23	Persons not liable for registration	48	GST practitioners
24	Compulsory registration in certain cases	49	Payment of tax, interest, penalty and other amounts
		50	Interest on delayed payment of tax

2. SOME QUESTIONS AND ANSWERS [INCOME TAX/GST]

Questions	Answers
1. What is the origin of taxation in India?	<p>Without the power of constitution and without the enactment of law in parliament, no government can levy taxes in India.</p> <p>Schedule VII of the constitution of India provided 3 list –</p> <p>List 1 (Union List) – items on which Union Govt. can levy taxes [e.g Entry 82 – tax on Income (other than agricultural income)]</p> <p>List 2 (State List): items on which State Govt. can levy taxes</p> <p>List 3 (Concurrent list): no tax matter listed</p>

	<p>Article 246 read with article 265 of the constitution of India empowers the Central Govt. to impose taxes and make laws for items listed in List 1.</p> <p>Article 246A(1) read with article 265 empowers Centre and State levy and to make laws on intra state supply of goods or services or both.</p> <p>Article 246A(2) read with article 265 provides Central Govt. has exclusive power to levy and make laws in case of inter-state supply of goods or services.</p>	
2. Define India under Income tax Act?	<p>Section 2(25A) defines "India" means – (i) the territory of India as referred to in article 1 of the Constitution, (ii) its territorial waters, seabed and subsoil underlying such waters, (iii) continental shelf, exclusive economic zone or any other maritime zone, (iv) and the air space above its territory and territorial waters; [Same meaning under section 2(56) of the CGST Act, 2017]</p>	
3. How do you differentiate sub-section and clauses?	<p>Subsection: subsection are parts of the Section which are interrelated to each other and complete meaning of section can be understood only by reading all the parts. For example – Section 35(1): provides expenditure on scientific research for which deduction allowed. Section 35(2): provides for quantum of deduction allowed for capital expenditure on scientific research Clauses: clauses are parts of section or sub-sections which are not related to each other and are independent. For example: Section 2(1): defines Advance tax Section 2(1A): defines Agricultural income Section 2(1B): defines Amalgamation</p>	
4. Bill Vs. Act?	<p>Any draft law when passed in both houses of the parliament is called a Bill and when it receives the assent of the President it become an Act.</p>	
5. Direct tax vs. Indirect Tax	Direct Tax	Indirect tax
	(1) Levied on income and wealth of a person	(1) levied on goods and services
	(2) tax must be paid by the person who earns the income and burden cannot be shifted to third person.	(2) has to be collected from customer and paid to Government.
	(3) Areas: (i) Income tax (ii) Tax on undisclosed Foreign income & Assets (Black Money Act)	(3) (i) Goods and Services Tax; (ii) Customs
	(4) Administered by CBDT (Central Board of Direct Taxes), Ministry of Finance, Department of Revenue	(4) Administered by Central Board of Indirect taxes and Customs (CBIC), Ministry of Finance Department of Revenue.
	(5) Burden is more on rich than poor (progressive in nature)	(5) In relative terms burden is more on poor than on rich (regressive)
	(6) official website – www.incometaxindia.gov.in	(6) www.cbic.gov.in
6. Income Tax vs. Surcharge	<p>Income tax is levied on incomes. Whereas, Surcharge is levied on income-tax.</p> <p>Income tax on non-corporate assessee is shared between Central Govt. and State Govt., whereas revenue earned from surcharge is wholly retained by the Central Govt.</p>	
7. What is significance of notification No.2/2019, Central Tax (Rate) dated 07.03.2019, under GST?	<p>It provides alternative composition scheme for person not eligible to opt composition scheme u/s. 10, where the rate of tax is 6% (3% CGST+ 3% SGST) on first supplies of goods or services or both upto an aggregate turnover of ₹ 50 lakh.</p>	
8. How to compute FMV as on 31.1.2018 for assets covered u/s. 112A of the Income Tax Act, 1961?	Situations	FMV as on 31.1.2018
	(1) Listed equity shares or equity-oriented fund	<p>Highest quoted price traded on 31.1.2018 on such recognised stock exchange.</p> <p>Highest price of immediately preceding trading date (if not traded on 31.1.2018)</p>

	(2) Unlisted equity-oriented fund	The net asset value of such unit as on 31.1.2018
	(3) equity shares not listed on 31.1.2018 but listed on the date of transfer	Cost of Acquisition x CII of 2017-18 CII of year of purchase
9. How do you treat services provided by an establishment of a person in India to any establishment of that person outside India under the IGST Act, 2017?	Services supplied by an establishment of a person in India to any establishment of that person outside India, which are treated as establishments of distinct persons in accordance with Explanation 1 in section 8 of the Integrated Goods and Services Tax Act, 2017, shall be exempted , provided the place of supply of the service is outside India.	

Question 10:	Solutions	
From the following information Compute Total Income: Gross Total Income of Mr. X: Rs.19500000 (Salaried employee. Basic Salary ₹ 50,00,000)	Computation of Total Income of Mr. X for the A.Y 2019-20	
Investments	₹	₹
LIC premium (policy value: ₹600000)	₹90,000	
PPF Investments	₹120000	
Pension Plans of Insurance Co.	₹65000	
NPS (own contribution)	₹175000	
NPS (Employer Contribution)	₹175000	

Question 11: Pradyuman, a dealer who has a turnover of ₹ 60,00,000 inclusive of GST has purchased goods amounting to ₹ 43,00,000 (GST @ 5% extra). Cost of maintaining records, book keeping and GST audit compliance costs under regular scheme are ₹ 2,60,000. Administrative costs are ₹ 50,000. He Now wants to switch to Composition Levy. you are required to advise suitable whether the taxable person should opt for composition scheme or normal scheme

Solution:

Normal levy		Composition Levy	
Revenue	60,00,000	Revenue	60,00,000
Less: GST	2,85,714	Less: GST	NIL
Net Revenue	57,14,286	Net Revenue	60,00,000
Less: Purchases	43,00,000	Less: Purchases (including GST)	45,15,000
Compliance Costs	2,60,000	Compliance Costs	-
Administration Costs	50,000	Administration Costs	50,000
Profit	11,04,286	Profit	14,35,000
GST Payable	2,85,714	GST Liability	60,000
Less: ITC	2,15,000	(1% of Turnover)	
GST Liability	70,714		
Net Cash Flows →	10,33,572	Cash Flow	13,75,000

Since net cash flows are higher in Composition scheme the dealer should opt for it.