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B.Com Honours | Semester VI | Calicut University

INCOME TAX AND GST

Course Code: COM6CJ305 • Module 2 Notes

Module II: Assessment of Individuals & Income Tax Computation

Covers clubbing of income, set-off & carry forward of losses, Chapter VI-A deductions, computation of total income, Old vs New Tax Regime (Sec 115BAC), Section 87A rebate, TDS/TCS, and ITR filing.

Unit 9: Deemed Income & Clubbing of Income (Sec 60-64)

Clubbing Provisions: Transfer of income without transfer of asset (Sec 60), Income of spouse from firm where partner (Sec 64(1)(i)), & Income of minor child (Sec 64(1A) clubbed in hands of higher-income parent with ₹1,500 exemption per child).

Unit 10: Set-Off & Carry Forward of Losses (Sec 70-80)

Loss Set-Off Rules: Intra-head set-off (Sec 70) $\rightarrow$ Inter-head set-off (Sec 71). Speculation loss set off only against speculation profits. House property loss max ₹2 Lakhs set-off against other heads; balance carried forward 8 years.

Unit 11: Chapter VI-A Deductions from GTI

Deductions: Section 80C (PPF, ELSS, LIC max ₹1,50,000), Section 80D (Health Insurance max ₹25,000 / ₹50,000 for seniors), Section 80E (Education loan interest), & Section 80TTA/80TTB (Savings interest).

Unit 12: Computation of Total Income of Individual

Gross Total Income (GTI = Sum of 5 Heads of Income) minus Chapter VI-A Deductions = Total Taxable Income.

Unit 13: Old vs New Tax Regime (Sec 115BAC) & AMT

New Tax Regime (Sec 115BAC): Default regime with concessional slab rates (0% up to ₹3L, 5% ₹3-6L, 10% ₹6-9L, 15% ₹9-12L, 20% ₹12-15L, 30% >₹15L) but foregoes Chapter VI-A deductions.

Unit 14: Tax Rebate (87A), Advance Tax, TDS, & Assessment

Section 87A Rebate: Full tax rebate if Total Income $\le$ ₹7,00,000 under New Regime (max ₹25,000 rebate). Advance Tax: Payable in 4 installments if tax liability $\ge$ ₹10,000. ITR filing due dates (31st July for non-audit).

Practical Solved Problem 1 (Individual Tax Liability New Regime Sec 115BAC): Resident Individual (age 45) has Total Income of ₹10,00,000 under New Tax Regime. Calculate Net Tax Payable including 4% Health & Education Cess.

New Regime Slabs: 0-3L (Nil), 3-6L (5%), 6-9L (10%), 9-12L (15%)

Slab-wise Tax Working:

1. Up to ₹3,00,000 = Nil.
2. ₹3,00,001 to ₹6,00,000 @ 5% = $3,00,000 \times 5\% = \mathbf{₹15,000}$.
3. ₹6,00,001 to ₹9,00,000 @ 10% = $3,00,000 \times 10\% = \mathbf{₹30,000}$.
4. ₹9,00,001 to ₹10,00,000 @ 15% = $1,00,000 \times 15\% = \mathbf{₹15,000}$.
5. Gross Tax = $15,000 + 30,000 + 15,000 = \mathbf{₹60,000}$.
6. Add: 4% Health & Education Cess = $60,000 \times 4\% = \mathbf{₹2,400}$.
7. **Total Net Tax Payable** = $60,000 + 2,400 = \mathbf{₹62,400}$.

Practical Case Framework 2 (Set-Off & Carry Forward of Losses Reference Matrix): Detail head of loss, inter-head set-off permissibility, and maximum carry forward years.

Set-Off & Carry Forward Rules Table:

Head / Nature of Loss	Inter-Head Set-Off Permissibility	Max Carry Forward Years
House Property Loss	Allowed against any head max ₹2 Lakhs	8 Assessment Years
Speculation Business Loss	Set-off ONLY against Speculation Profits	4 Assessment Years
Long-Term Capital Loss (LTCL)	Set-off ONLY against Long-Term Capital Gain	8 Assessment Years