UNIT 1
INTRODUCTION

P SUNANDA
CONTRACT LECTURER IN COMMERCE

INCOME TAX LAW OF 1961

The Income Tax Act is a comprehensive statute that focuses on the different rules and regulations that govern taxation in the country. It provides for levying, administering, collecting and recovering income tax for the Indian government. It was enacted in 1961.

The Income Tax Act contains a total of 23 chapters and 298 sections according to the official website of the Income Tax Department of India. These different sections deal with various aspects of taxation in India. The various heads for which you have to pay income tax include:

1. Salary
2. Income from house property
3. Capital gains
4. Profit and gains from business or profession
5. Income from other sources

FINANCE ACT

The Finance Act is an important Act in India. The Central Government, through this Act, gives effect to financial proposals at the beginning of every Financial Year.

The Act applies to all the States and Union Territories of India unless specified otherwise.

Finance Act thus making this Act one that renews itself each year. All the Governmental financial policies are included in this Act. The existing policies, new policies, as well as changes made to existing policies are all included here. Every Finance Act is assented by the President of India.

The Act includes various details related to

- Income through Salary
- Agricultural Income
- Tax slabs for Senior Citizens
- Tax slabs for Very Senior Citizens
- Income Tax Surcharges
- Taxes chargeable to companies
- Advance tax

INCOME

Income is money (or some equivalent value) that an individual or business receives, usually in exchange for providing a good or service or through investing capital. Income is used to fund day-to-day expenditures. Investments, pensions, and Social Security are primary sources of income for retirees. For individuals, income is most often received in the form of wages or salary. Business income can refer to a company's remaining revenues after paying all expenses and taxes. In this case, income is referred to as "earnings.” Most forms of income are subject to taxation.

REF:
http://incometaxmanagement.com/Pages/Tax-Ready-Reckoner/Tax-Concepts/Income-Sec-2-24.html#:~:text=Definition%20of%20INCOME%20under%20Income%20Tax%20%5BSection%202(24)%5D&text=Voluntary%20contributions%20received%20by%20a%20trust%20are%20included%20in%20the,the%20income%20of%20such%20bodies.

PERSON

1. an Individual;
2. a Hindu Undivided Family (HUF) ;
3. a Company;
4. a Firm
5. an association of persons or a body of individuals, whether incorporated or not;
6. a local authority; and
7. every artificial juridical person not falling within any of the preceding sub-clauses.
8. Association of Persons or Body of Individuals or a Local authority or Artificial Juridical Persons shall be deemed to be a person whether or not, such persons are formed or established or incorporated with the object of deriving profits or gains or income.

ASSESSEE

1. Any person against whom some proceedings under this Act are going on. It is immaterial whether any Tax or other amount is payable by him or not ;
2. Any person who has sustained loss and has filed return of Loss u/s 139(3).
3. Any person by whom some amount of Interest , Tax or Penalty is payable under this Act ; or
4. Any person who entitled to refund of Tax under this Act.

ASSESSMENT YEAR

“Assessment Year” means the period of 12 months commencing on the 1 St. day of April every year.

In India, the Govt. maintains its accounts for a period of 12 months i.e. from 1st April to 31st March every year. As such it is known as financial year. The income tax department has also selected same year for its assessment procedure.

The Assessment year is the financial year of the Govt. of India during which income of a person relating to the relevant previous year is assessed to tax. Every person who is liable to pay tax under this Act. files return of income by prescribed dates. These returns are processed by the income tax department officials and officers. This processing is called assessment. Under this income returned by the assessee is checked and verified.

Tax is calculated and compared with the amount paid and assessment order is issued. The year in which whole of this process is undertaken is called assessment year.

PREVIOUS YEAR

For the purposes of this Act, "previous year" means the financial year immediately preceding the assessment year :
Provided that, in the case of a business or profession newly set up, or a source of income newly coming into existence, in the said financial year, the previous year shall be the period beginning with the date of setting up of the business or profession or, as the case may be, the date on which the source of income newly comes into existence and ending with the said financial year.

THANK YOU