

INCOME FROM OTHER SOURCES

Other Sources of Income are Stated Below:-

Income From:

- Lottery, Gambling, Batting, Horse Race, Cross Ward, Puzzle
- Any other casual income
- Interest other than interest on securities
- Interest on Securities
- Commission (If it is not a part of one's main Business or Profession)
- Family Pension
- Royalty
- Director's Fee
- Subletting of House
- Dividend
- Tuition Income

Casual Income: TDS is applicable @ 30% on this. It generally received after deduction of tax. Hence it always gross up while calculating the income under this head as given below:

$$\text{Gross Income} = \text{Net Amount Received} * 100/70$$

Lottery Income: If Lottery Income is less than Rs.5000/- then there will be no TDS. Hence no need to gross up.

Income from Horse Race: If Income from Horse Race is less than Rs.2500/- then there will be no TDS Hence no need to gross up.

Family Pension: Rs.15000/- or 1/3 of Actual Amount received, whichever is less, is exempt.

Taxable = Actual Amount Received – Exempted Amount

Dividend from Indian Co. is fully exempted.

Taxable Dividend: 1.Dividend from Foreign Co.
2. Dividend from Co-operative Society

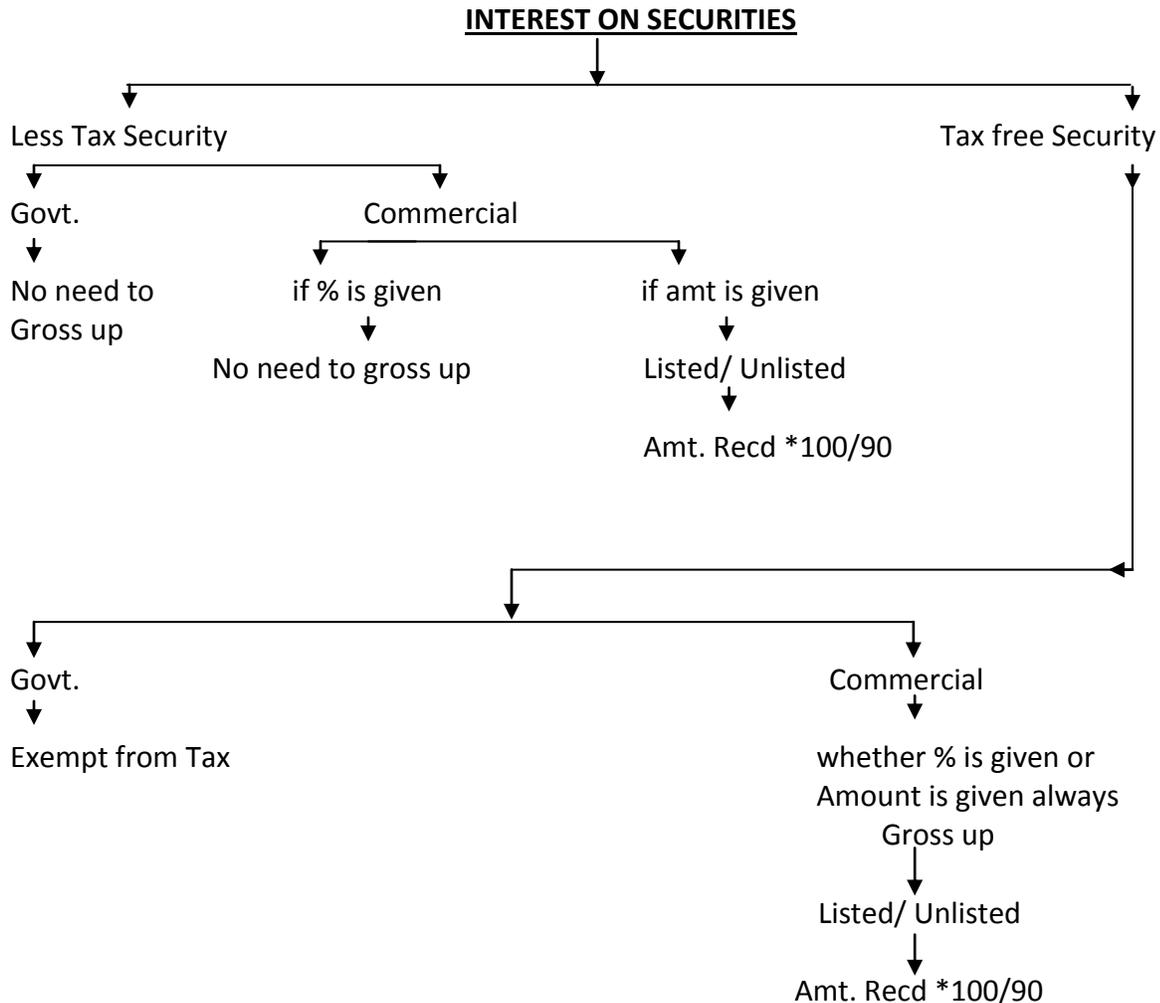
Tax free in case of other sources: -

- Interest from Capital Investment Bond
- Interest on Post Office Savings
- Interest on National Relief Bond
- Income from UTI
- Any Allowance to a M.P. (Member of Parliament)

**** Salary to M.P is Taxable under this head**

If Debenture interest is received up to Rs.2500/-
and

Received by Account payee Cheque, No TDS will be deducted hence no need to gross up



TREARTMENT OF GIFTS:

The amendment of Sec 56(2) of the income tax act has intensely changed the scenario of the tax treatment of gifts received by an assessee. The amended provision states that

- A. Where any **sum of money** exceeding Rs.50000 (gift in cash or cheque or draft) in aggregate in any previous year is received by an individual or HUF without any consideration, the sum shall be deemed to be the income of the recipient.

B. Any **immovable property** without any consideration is received and the stamp duty value of such property exceeds Rs. 50000, the stamp duty value will be taxable in the hand of the recipient.

- Any **immovable property** is received for a consideration which is less than the stamp duty value of the property by an amount exceeding Rs. 50,000, and then the difference between stamp duty value and consideration is chargeable to tax.
- Any **movable property** is received without consideration, and the fair market value of which exceeds Rs. 50,000, the whole of the aggregate fair market value of such property.
- Any **movable property** is received for a consideration which is less than the aggregate fair market value of the property by an amount exceeding Rs. 50,000, and then the difference between aggregate fair market value and the consideration is chargeable to tax.

In the following situations any sum of money or property received shall be exempt from tax:

- ✓ **On the occasion of the marriage of individual**
- ✓ **Received under a will / Inheritance**
- ✓ **Contemplation of death of the payer**
- ✓ **Receipt from Local Authority**
- ✓ **From any fund, foundation, university, other educational institution, hospital, medical institution, any trust or institution u/s {Sec 10(23C)}.**
- ✓ **From any charitable institute registered u/s 12AA.**

From relatives

	Relatives means	Example – Taxpayer is Mr. A
1	Spouse of the individual	Mrs. A
2	Brothers or sisters of the Individual	Brothers or sisters of A
3	Brother or sister of the spouse of individual	Brothers or sisters of Mrs. A
4	Brother or sister of the parents of the individual	Brothers and sister of father and mother of A
5	Any lineal ascendant or descendant of the Individual	lineal ascendant or descendant of A
6	Any lineal ascendant or descendant of spouse of the Individual	lineal ascendant or descendant of Mrs. A
7	Spouse of the person referred to in pt (ii) to (v)	Spouse of the aforesaid persons.

As a measure of tax planning, one should avoid giving gift to spouse or son's wife because in that case clubbing provisions u/s 64 will be attracted that is income from the gifted amount will be added in the income of the donor