

CHAPTER – 3

INCOME FROM OTHER SOURCES

FORMAT FOR COMPUTING TAXABLE INCOME FROM OTHER SOURCES

ASSEESSEE: STATUS:		PREVIOUS YEAR: ASSESSMENT YEAR:
SL NO	PARTICULARS	AMOUNT
1.	Dividends	
2.	Interest on securities	
3.	Bank interest on fixed deposits	
4.	Casual income	
5.	Income from Family pension	
6.	Composite rent	
7.	Income from subletting	
8.	Rental income from machinery. Plant or furniture	
9.	Gifts	
10.	Insurance commission	
11.	Deemed Incomes	
12.	Mining rent / Royalties / Ground rent	
13.	Withdrawal from National savings scheme	
14.	Agriculture income from a place outside India	
15.	Directors fees or commission	
16.	Salaries received by a member of parliament or MLA or MLC	
17.	Rent from land	
18.	Examination fees received by a teacher (not from the employer)	
19.	Interest on employee's contribution to an URPF	
20.	Interest on employee's contribution to an URPF	
21.	Remuneration received for writing articles in Journal / Magazine	
22.	Other incomes LESS: Exemption U/S 57	
	1. Any expenditure incurred wholly for the purpose of earning the income is deductible provided such expenditure is neither of capital nature nor of personal nature	
TAXABLE INCOME FROM OTHER SOURCES		

FOLLOWING IS FULLY EXEMPTED FROM TAX

1.	National defence gold bonds, 1980
2.	National plan certificates (10 years)
3.	National plan savings certificates
4.	12 year national savings annuity certificates
5.	Treasury savings deposit certificates
6.	Fixed deposit scheme governed by
7.	Post office cash certificates (5 years)
8.	Post office national savings certificates
9.	Post office savings bank account to the extent Rs.3,500 in case of individual accounts, Rs.7000 in case of joint accounts
10.	Post office cumulative time deposit account
11.	Public account in post office (up to Rs.5000)

12.	Fixed deposit scheme governed by the post office fixed deposit rules
13.	Deposits made by a retired government employee out of his retirement benefits for the lock in period of three years
14.	Special bearer bonds, 1991
15.	Special deposit scheme, 1981
16.	Capital investment bonds
17.	Relief bonds
18.	NRI bonds issued by RBI
19.	Non resident rupee deposit scheme
20.	Dividend on equity shares, preference shares
21.	Daily allowances
22.	Cash received on the occasion of marriage
23.	Refund of money by LIC under money back policy
24.	Income from units of mutual fund
25.	Agricultural income
26.	Interest on public provident fund
27.	Interest on national savings certificate
28.	Scholarship for research work
29.	Political party registered with the election commission of India

RATE OF TDS		
SL.NO	INCOME	PERCENTAGE
1	Interest on security issued by statutory bodies or local authority	10 %
2.	Listed securities	10 %
3.	Unlisted securities	10 %
4.	Bank interest	10 %
5.	Casual income	30 %
6.	Insurance commission	10 %
7	Commission on sale of lottery tickets (no TDS, if amount does not exceed in 1,000)	10 %
8	Commission (other than insurance commission) (no TDS, if amount does not exceed in Rs.5,000)	10 %

TAXABILITY OF GIFT		
1.	Gift from non-relatives	Fully taxable if the aggregate of the gifts received exceeds Rs.50,000
2.	Gift from relatives	Gift received from relatives is fully exempted from the levy of tax
The term “ RELATIVE ” include:		
a.	Spouse of assessee	
b.	Brother and sister of assessee	
c.	Brother and sister of spouse of assessee	
d.	Brother and sister of either of the parents of assessee	
e.	Any lineal ascendants or descendants of the assessee	
f.	Any lineal ascendants or descendants of the spouse of the assessee	
3.	Gift received on account of specified events	In below circumstances, gifts received from non-relatives are not taxable even if value is greater than Rs.50,000
a.	On the marriage of individual	
b.	By will or inheritance	
c.	In contemplation of death of payer	
d.	From local authority	

e.	From a registered charitable Trust
f.	From any trust, foundation etc, referred u/s 10 (23c)
NOTE: The list of relative does not include nephews/nieces/cousins	

1. What is casual income?

An income becomes casual income, if it contains the following features: It is unanticipated, it is non-recurring in nature, it arises from an unknown source, no specific efforts were put in to earn such income.

2. Name any four examples for casual income

- Winning from lottery
- Income from cross word puzzles and card games
- Tips given to taxi drivers
- Prize awarded for coin or stamp collection

3. What do you mean by less tax securities?

Less tax securities refers to those securities where interest is paid to the assessee after deducting tax at source. Whereas, tax free securities are those where the gross interest is paid to the assessee without deducting tax are paid by the security issuing authority (i.e, company) to the govt on behalf the assessee and the tax amount so paid is deemed to the income to the assessee.

3. What do you mean by tax free securities?

Interest on tax-free securities is always net while on less tax securities may be gross or net

4. Distinguish between listed and non listed securities

Listed securities are those which are listed on a recognized stock exchange in India in accordance with the securities contracts regulation act 1956; whereas, non-listed securities are those which are not listed in any recognized stock exchange in India.

Only companies whose securities are listed on a recognised stock exchange can sell their securities through the stock exchange; where as, a company whose securities are not listed cannot do this.

5. What are the general incomes taxable U/S 56 of income tax act.

Dividends incomes from winning from lotteries, cross word puzzles, races, card games, gambling or betting. Interest on securities, Income from letting of machinery, plant furniture and building, income from royalty, directors fees, commission, income from undisclosed source, income from UT, income from subletting of house property etc.,

6. Define the term security

A security is the document acknowledging the debt taken by a specific authority from general public. It may be named as debt, loan, paper, debenture or security of certificate

7. Mention the various kinds of securities

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8. Mention the various kinds of securities

The following are the various kinds of securities from tax point of view: Tax free securities and less tax securities

9. Name four incomes chargeable under the head other sources

- Interest on securities
- Royalty income
- Salaries of MP/ MLA/ MLC
- Income from dividend
- Family pension
- Remuneration for doing examination work

10. What are bond washing transactions?

A bond washing transaction which consists of setting securities by high income class assesses to the low income class assesses before the due date and acquiring back the same securities after the due date of interest. This practice is adopted to evade the tax.