

# **INCOME TAX & GST**

## **Course Objective:**

1. To enable the students with the all-necessary workings in and around taxation by giving them sufficient understanding of taxation terms and rules
2. To enable the students to analyse the residential status of an individual and the corresponding scope of total income
3. To prepare the students to compute income by understanding and analysing various heads such as salaries, house properties, business/profession, capital gains, and income from other sources
4. To discuss and demonstrate the various deductions under various clauses such VI A of the Income Tax Act 1961
5. To prepare the students on how to compute the net total Taxable income of an individual and learn the concepts of indirect tax and GST from the pre-GST period to post- GST period
6. To understand the role and decision-making authority of the GST council

## **Course Content:**

### **UNIT 1: Introduction to Income Tax** 3 + 6

The meaning of Tax | Charge of Income Tax | Residential Status | Residential status on the basis of the number of days of stay in India | Exceptions

### **UNIT 2: Residential Status & Head Source of Income** 3 + 6

Deemed resident, Residential Status of HUF | Residential status of Firms, Aops and Bols | Residential status of Companies | Incident of Tax | Five head of Income | Income from Salary | Basis of Charge | Allowance | House rent allowance | Entertainment allowance | Transport allowance | Special allowance | Exemption | Allowances prescribed for the purpose of Section 10 | Pension | Gratuity | Exemption in respect of Gratuity | Leave encashment | Provident fund | Perquisites

### **UNIT 3: Deduction from Gross & Computation of Total Income** 3 + 6

Income from Home Property | Income from House Property Situated Outside India | Determination of Annual value | Property Taxes | Deduction from Annual Value | Deemed

Ownership | Capital Gains | Short Term and Long-Term Capital Assets | Important Terms | Capital Gain Exemption | Computation of Short-term Capital Gains | Computation of Long-term Capital Gains | Indexed Cost

**UNIT 4: Advance Tax, Tax Deducted (TDS) & Tax Collection at Source (TCS)** 3 + 6

Profit and Gains of Business or Profession | Basis of Charge | Expenses Expressly Allowed | Expenses not Deductible | Specific Disallowances | Books of Accounts to be Maintained Tax Audit u/s 44AB Special Provisions for Computing Income on Estimated Basis 44AD, 44AE, & 44AF Depreciation Partnership Minimum Alternate Tax (MAT) | Income from other Sources | Clubbing of Income | Undisclosed Income / Investments | Set-off & Carry Forward | Unabsorbed Depreciation | Inter-Source Set off | Inter-Head Set-Off | Deduction from Gross Total Income | Computation of Total Income | Liability to Pay Advance Tax | TDS Return | TCS Provisions and Rates | Tax Collected at Source Exemptions

**UNIT 5: Income Tax E-Filing, GST, and Fundamentals of Tally** 3 + 6

Eligibility | Documents Required | Due Date for Income Tax E - Filing | Tax Audit and Applicability | Classification of Tax Audits | Statutory Audit Vs. Tax Audit | Income Tax Audit Report Format | Penalty for Failure to Comply with Tax Audit Provisions | Due Date of filing a Tax Audit Report | Introduction to GST | Supply, Charge, Exemption from GST | Time and Value of Supply | Input Tax Credit, Tax Invoices E- Bill Credit & Debit Notes | Payment of Tax | GST Returns & Refunds | Introduction to accounting | Getting started with tally Recording business transactions | Basic accounting report | Introduction to inventory | Introduction to GST | ITC | GST Setup | Inventory setup | GST invoice and EWBL | GST returns | Basic inventory report | Data backup and restore

## **Course Outcome:**

1. Able to file income tax for an Individual, salaried person, HUG (Hindu Undivided-family Groups)
2. He / She can able to apply for a GST number
3. He / She will be able to handle the queries that pops-up during income tax return
4. He / She will be able to handle the queries that come out through the process of applying for GST
5. He / She can deduct the expenses that are allowed under the Income Tax
6. Students can be able to use the Correct ITR forms for the correct persons

## **20 Project Titles**

1. You are an Income tax Practitioner, you have been assigned to file Income tax Returns for all the Employees in ABC Pvt Ltd by considering the following measure.
  - Consider these available deductions E.g.- 80C, 80CCD, 80D, 80TTA, & 80G on their income
  - In Multiple Form 16 (Multiple Employment) exemption limits need to be deducted less
  - In Advance Tax 234A, 234B, 234C sections calculate the interest rate.
  - Find AIS in case of any other income apart from the salary then includes it in return.
  - Verify form 26AS to check the other transactions.
2. Mr. X is doing business and earns some Income, you are advised to assess his income and Taxability the same according to the Income Tax Act 1961
  - Claim the expenses in Relation to his Business.
  - Validate the declared Sales revenue shown in ITR with the GST Returns
  - Calculate the Depreciation for assets from the date of acquisition.
  - Validate the cash transaction within the limit.
  - Adjust the previous year's losses while filing.
  - File the expenditure for Specified Business and Speculative Transactions
3. Mr. Y has the following Incomes for the AY 21-22
  - Sale of an Immovable property for a value of Rs.1 Crore
  - Sold the shares which were held in Y Ltd for a period of 5 Years
  - Sold the Shares held in ABC Ltd within a year

You are advised to examine these Capital Gains and make Mr. Y pay the relevant taxes and you need to derive the total exemptions and deductions available for him to take a decision.
4. Mr. N who is doing construction Business, is appointing you as a GST consultant for his entity while filing GST
  - Examine the works contract as per GST Law
  - Adjust the ITC availability of products under the work contract.

5. We need to file the GST returns for Real Estate Entity, New GST rates on the construction of residential apartments, Conditions to be satisfied for availing the GST rates, GST rates for a single residential house, GST rates on TDR, FSI and Long Term lease of land, GST applicability of Complete Flats and Ongoing constructions
6. If your friend is the owner of a goods transport agency, and He / She provides transportation services to a client. Since the reverse charge is applicable on goods transportation services, the client (recipient) must pay the reverse charge under Section 9(3) of CGST of RCM and also for an unregistered person. How will you pay the RCM and file the GST returns.
7. For a composite dealer as a consultant how will you file the GST by considering the below-given points.
  - GST under Composition Scheme
  - Verify the GST Rates for each Product available under Composition Scheme
8. Mr. F has five sources of Income for FY 21-22,
  - He is Employed at ABC Company where he is earning Income.
  - Rental Income
  - He has kept a provisional Store and He also acts as a consultant for 3 Companies.
  - Recently he sold his old Residential Property
  - He has made some Deposits in Bank for which he has earned some Interest.You should be able to file ITR regarding the Scope of Computation of Total Income in Direct Taxation
9. Mr. H has a turnover of Rs. 49 Crores from his business, As an Auditor, you must file the annual returns by using the forms (GSTR 9, GSTR 9C).
10. Take any 5 landmark Judgments of the Supreme Court Under Direct Tax Laws (Dispute between the income tax department and the assesses (Facts, Issue, Solution or Judgement, impact of amendment in tax laws)
11. Mr. X Director of XYZ Limited has hired you as a Tax consultant, now you need to reduce the TDS of their employee salary every month by validating the following documents submitted by the employees.
  - Proof submission and Declaration did by all the salaried employees.
  - Perquisites that are taxable and non-taxable
  - Taxability for Specified Employees

- All the Exemptions under the section.10 under IT Act Available for Exemption
  - Comparison of Tax Deduction under Old Vs New Tax Regime
12. Mr. X is a Proprietor of ABC Enterprises is having a turnover of Rs. 5 Crores, He is not aware of the rules relating to the Tax Audit and Filing the Return of Income, please advise him
- Ensuring the TDS has been deducted for the expense such as Rent, Commission, and Salary Etc.,
  - For the Proprietor, In case of Filing the Returns ITR 3 forms are to be used and ensure proper books of accounts has been maintained in this process
  - Scenario 1 – If turnover is less than 1 Crore but the profit declared is less than 8% means what will the applicability of Tax Audit
  - Scenario 2 – If turnover is more than 1 Crore and the profit declared is beyond 8% then what is the applicability
  - Scenario 3 – In the case of Profession what is the Tax Audit limit
13. Mr. Q is a Tax Consultant, His clients have received notices from the Income Tax Department, He is appointing you to reply to all the Notices received from the Department, Intimations received under Sec.143(1), 143(2), 148, Defective Notice, 145, 142(1)
14. Mr. S an Individual and Indian Citizen living Abroad (Dubai) a tax haven, Since the Year 2005 and never came to India for a single Day Since then he has earned the following Incomes during the Previous Year
- Income accrued and arisen in Dubai not Taxable – 20,00,000
  - Income accrued and arisen in India – 5,00,000
  - Income deemed to be accrued and arisen in India – 5,00,000
  - Income arising in Dubai from a profession set up in India – 10,00,000
- Please help him in deriving the residential status of the Assesses
15. Mr. N is paying a huge amount of Tax Every Year, He wants to have an overall view of Deductions available under Income Tax from Gross total Income, You should be able to consider all the other deductions available under Chapter VI-A
16. You are advised to Report the Impact of Tax Evasion happening in India

- Differences between Tax Evasion and Tax Planning
- Mr. P deposited Rs.1 lakh in the PPF account so as to reduce his total income from Rs. 6 lakhs to Rs. 5 lakhs assuming Mr. P does not opt for concessional tax regime u/s 115BAC of the Income-tax Act, 1961.
- To reduce tax payable, Mr. K, a resident individual, paid Rs. 55,000 as a life insurance premium on the policy of his minor son. Assuming Mr. K does not opt for a concessional tax regime u/s 115BAC of the Income-tax Act, 1961.
- Company claiming depreciation on the motor car which is being used by the director for personal purposes.

17. Mr. Q a CMD of a Pvt Limited Company wants you to explain to him regarding Tax Deduction at Source and Tax Collection at Source, Because Certain Expenses were Disallowed by the Auditors due to the non-deduction of TDS

- Importance of acquiring TAN for deducting the TDS for expenses
- TDS how do we need to deposit to Govt and the due dates for paying and filing the TDS Return
- On Failing what is the Interest rate we need to pay for Payment and filing of the TDS return
- Issuance of TDS Certificate by Deductor to Deductee

18. Mr. Y has registered his GST and has done some transactions, being a GST Expert, you will be able to Overview GST filing Procedures and Forms involved in GST Filing and their Usage and Applicability

- Mr. Y was having a turnover of up to Rs. 25 Lakhs and he liable to Register under GST Act
- Mr. Y can he register under GST Act on a Voluntary basis
- If Mr. Y has more than 500 Invoices means, can he file the GSTR 1 directly on the GST portal
- Can Mr. Y file the GST Returns with Offline Utilities or with help of other ERP
- GSTR 1, GSTR 3B, GSTR 2A, and GSTR 2B forms available for filing GST returns

19. Rule 86B Restricts the use of Input Tax Credit (ITC) available in the Electronic Credit Ledger for Discharging the Output Tax Liability. Mr. P wants to know why he is not allowed to claim the Credit. You being a GST Consultant get its exceptions in Input Tax Credit as stated below.

- ITC to reduce the tax liability as it makes a sale by claiming the credit depending on how much GST was paid on the business's purchases
- Include the credit Reconciliation in Returns and make eligibility to claim ITC in GST

20. Avail an ITC mechanism to avoid cascading taxes on

- GST is paid on the premium of the Fire & Burglary insurance policy taken for stocks in trade in the name of the firm if the insurance company has issued a policy with its GST number and the GST mentioned in the invoice is not Similar.
- Under the Vehicle insurance policy if the vehicle is registered in the Firm's name but not used for commercial purposes

#### **Books References: -**

S.No	Income Tax & GST Reference Books
1	Pithisaria M.K. & Pithisaria Abhishek CA., 2022." Taxmann's Law & Practice of Income Tax " Taxmann Publications Pvt. Ltd, Second Edition, ISBN-10: 9356223343, ISBN-13: 978-9356223349
2	The Chamber of Tax Consultants., 2022." Taxmann's Income Tax Practice" Taxmann Publications Pvt. Ltd, Second edition, ISBN-10: 9356222800, ISBN-13: 978-9356222809
3	Chhawchharia CA Ravi., 2022. " Taxmann's Direct Tax Laws & International Taxation" Taxmann Publications Pvt. Ltd, Fifth edition, ISBN-10: 9356224102, ISBN-13: 978-9356224100
4	Ahuja Girish Dr. Gupta Ravi Dr. 2021. "Simplified Approach to Income Tax" Flair Publications Pvt Ltd (India) Pvt. Ltd, 23rd edition, ASIN - B09C2CD7GF