



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: B.COM III SEM.**

**SUBJECT: Income Tax Laws and Practice**

**SUBJECT CODE: BCH 320**

**LECTURE: 12**

**NAME OF FACULTY: DR. PALASH BAIRAGI**

## LECTURE-12



## 1. Income from Profits of Business

The income tax computation of the total income will be attributed from the income earned from the profits of business or profession. The difference between the expenses and revenue earned will be chargeable. Here is a list of the income chargeable under the head:

- Profits earned by the assessee during the assessment year
- Profits on income by an organisation
- Profits on sale of a certain license
- Cash received by an individual on export under a government scheme
- Profit, salary or bonus received as a result of a partnership in a firm
- Benefits received in a business



## 2. Income from Capital Gains

Capital Gains are the profits or gains earned by an assessee by selling or transferring a capital asset, which was held as an investment.

Capital asset can be real estate, stocks, Mutual funds, Bonds, Gold etc.

So whenever you sell a capital asset and earn gains. This is considered as your income which will be taxable under the head Capital Gain.

Just to clarify, please note that rental income from property is taxed under “Income from house Property” but if you sell the property and experience gain, it will be taxed under “capital gain”.

## 3. Income From Other Sources

This is the last head of income. Any other form of income, which is not categorized in the above mentioned 4 heads, can be sorted in this category.

Some of the examples can be interest income from bank deposits, lottery awards, card games, gambling or other sports awards are included in this category.

These incomes are attributed in the Section 56(2) of the Income Tax Act and are chargeable for income tax.

Now that you are aware of the five heads of income, take out a piece of paper, write

down all the sources of income that you have and classify it into these 5 heads. This will help you to plan your taxes well. This is the first step to identify your incomes in respective heads.

If you need expert help in doing so, get in touch with our financial tax experts at Minty who will guide you in the best possible way to plan your taxes.