

MANGALORE UNIVERSITY
Department of Commerce
M.Com.

Optional Stream – 4: Taxation
(TAX) CMS 511: OPTIONAL (TAX):
DIRECT TAXES

Work load: 3 hours lecture and 2 hours tutorial per week: total 4 credits

Course Objectives:

- The subject equips students with tools to effectively manage income and expenditure and offers a better understanding of tax savings.
- It provides basic understanding of tax concepts and familiarize with filing of tax returns for different heads of income.
- Students will be gaining knowledge about taxation and methodology based on practical aspects.

Course Outcomes:

1. Introduces students to basic concepts in direct taxes and helps them to apply the various provisions.

Unit-1 Introduction

The Income Tax Act 1961 The Finance Act Benami Transactions Act 1988 **Tax Planning**; Basic concepts: Agricultural income, Assesse, Assessment year, Average rate of tax, income of person, gross total income, Previous year, Charge of income Tax; Capital and Revenue Receipts capital or revenue expenditure, residence and Incidence of Tax: Residence Determination of the Residential status Tax Free Incomes.

Unit-2 Heads of Income

Computation of Income from salaries, Income from house property Profits and gains of business or profession, Capital gains, Income from other sources; computation of total income and Tax liability.

Unit-3 Depreciation

Conditions for charge of depreciation-Assets-used for business-New method of charging depreciation-Block of assets-Rates of depreciation-Actual cost of assets-written down value of assets-Types of depreciation- computation of depreciation-Misc. provisions about depreciation.

Unit-4 Clubbing, Aggregation And Set-off

Clubbing of Income, Transfers Income of individual to include income of spouse etc. Liability of person in respect of income included in the income of another person, aggregation of income set off losses; Early forward and set of losses, Deductions from gross total income and rebate of Tax.

Unit-5 Assessment

Assessment of individuals, Hindu undivided families, partnership firms and

companies- theory only.

Unit-6 Tax Administration

Income tax authorities Procedure for assessment Deduction of tax at source: salaries, interest on securities. Dividends, winnings from lottery or cross word puzzles, winnings from horse races. Insurance commission Penalties imposable and prosecution.

Tax audit as per the provisions of section 43 B of Income tax act, 1961: Tax audit report and non- compliance with the legal requirements.

References:

1. Vinod K. Singhania, “Corporate Taxes - Planning and Management”, Taxmann
2. Girish Ahuja and Ravi Gupta, “Direct Taxes Planning and Management”, Bharat Publications.
3. Manoharan T N, “Direct Taxes”, Snow White Publications.

