B. COM.  
Semester – V  
ACCOUNTING MAJOR (2) : INCOME TAX, SERVICE TAX & GOA VALUE ADDED TAX.  
PAPER- I  
(100 Marks – 75 Lectures)  

Objective: To provide an insight into main provisions of the Income Tax Act, 1961 applicable to the ‘assessment year’ which shall be same as the ‘academic year’ (e.g. for academic year 2013-14 the assessment year shall be 2013-14), and to impart some basic knowledge about the Service Tax as amended by the current Finance Act up to June 30 of the academic year.

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UNIT-I  
a) DEFINITIONS:  
(6 Lectures )

1. Assessee u/s.2(7)  
2. Assessment u/s. 2(8)  
3. Assessment Year u/s. 2(9)  
4. Business u/s. 2(13)  
5. Company u/s. 2(17)  
6. Income u/s. 2(24)  
7. Person u/s. 2(31)  
8. Gross Total Income u/s. 80 (B) (5)  
9. Previous Year u/s. 3  

b) SCOPE OF TOTAL INCOME & RESIDENTIAL STATUS:  
(6 Lectures )

i. Scope of Total Income u/s. 5  
ii. Apportionment of Income between spouses governed by the Portuguese Civil Code u/s. 5A.  
iii. Residential Status in India u/s. 6:- Sec. 6(1), 6(6)(a), 6(2), 6(6)(b), 6(3), 6(4). Practical Problems to cover determination of residential status of Individuals only.  

c) EXEMPTIONS & EXCLUSIONS U/S.10:  
(10 Lectures )

1. Agricultural Income u/s. 10(1)  
2. Receipts by a member, from a HUF u/s. 10 (2)  
3. Share of profit from partnership firm u/s. 10 (2A)  
4. Leave Travel Concession in India u/s. 10 (5).  
5. Gratuity u/s. 10 (10)  
6. Compensation received at the time of Voluntary Retirement u/s. 10 (10C).  
7. Amount received under Life Insurance Policy u/s. 10 (10D).  
8. Payment received from Provident Fund u/s. 10 (11), (12).  
9. Payment received from an Approved Superannuation Fund u/s. 10(13).  
12. Interest on Securities u/s. 10 (15).  
13. Educational Scholarships u/s. 10 (16)  
14. Income of a minor child u/s 10 (32) [including basic provisions of sec 64(1A)]  
15. Dividends and Interest on Units u/s. 10 (34), (35).
UNIT-II  COMPUTATION OF INCOME FROM ‘SALARIES’:  
(16 Lectures )

Sections: 15, 16 & 17. Inclusive of allowances (exclusive of valuation of Perquisites)

UNIT-III  COMPUTATION OF PROFITS & GAINS OF BUSINESS OR PROFESSION: 
(25 Lectures)

A Sections: 28, 29, 30, 31, 32 (excluding Depreciation Rates)
B Section 36: Restricted to Following clauses:
i. Sec. 36 (1) (i) – Insurance Premium
ii. Sec. 36 (1) (ii) – Bonus/Commission to employees.
iii. Sec. 36 (1) (iii) – Interest on Borrowed Capital
iv. Sec.36(1)(iv) – Employer’s Contribution to RPF& Approved Superannuation Fund
v. Sec.36(1)(v) – Contribution towards Approved Gratuity Fund
vi. Sec.36 (1) (vii) – Bad Debts.
C Sec. 37 (1) – General Deduction.
D Sec. 37 (2B) – Advertisement Expenses in Souvenir etc. of a Political Party.
E Sec. 40(a), 40A(2), 40A(3).
F Sec. 43(B) – Disallowance of unpaid liabilities.
G Sec. 44AD and 44AE.

UNIT-IV  SERVICE TAX  
(12 Lectures)

A. NEW SERVICE TAX REGIME BASED ON ‘NEGATIVE LIST’ APPROACH:  
Only brief idea about what is ‘negative list’ (and not the entire list) to be covered.

B. ADMINISTRATION OF THE ACT AND BASIC PROPOSITIONS:
i. The Administration of the Act.
ii) Basic Propositions:
   a) Act does not extend to Jammu & Kashmir
   b) Same transaction cannot be taxed more than once under different services
   c) Composite Services-Abatement

C. MEGA EXEMPTION NOTIFICATION:
1. Services provided to United Nations or an International Organisation.
2. Services provided to Developer / Unit in Special Economic Zone:
   (i) Developer
   (ii) SEZ
4. Threshold Exemption:
   • Exemption to Small Service Providers.
   • Persons excluded from Exemption Benefit:
     i) Person using brand name / trade name of another person
     ii) Where service tax is payable by persons other than service providers.
   • Exemption is linked with preceding year’s turnover.
   • New service providers (new services commenced during the year).
D. **REGISTRATION:**
   Persons who must Mandatorily obtain Registration, Turnover Limit, Application for
   Registration, Online submission of Application for Registration, Centralised Registration,
   Registration Certificate, Penalty for late Registration,

E. **FURNISHING OF RETURN:**
   Form of Return, Periodicity for Filing of Return, Due Date for Filing of Return,
   Delay in Filing of Return(fees for late filing of return), Filing of Revised Return, e- filing of
   Return,

F. **RATE OF SERVICE TAX.**
G. **PAYMENT OF SERVICE TAX:**
   Monthly/Quarterly Payment of Service Tax, Due Dates for Payment of Service Tax,
   e-payment of Service Tax, Penalty for Failure to pay Service Tax. Interest for Late Payment of
   Service Tax.

(Note:- Problems on computation of Income of Individuals only to be covered here separately under the
heads ‘Salaries’ and ‘Profits &Gains of Business or Profession’ respectively. In case of Service Tax small problems
for 5 marks each may be covered on Calculation of Service Tax, Date of entitlement for Registration and
Payment of Service Tax, Penalty for non-payment of Service Tax)

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**Books for Study and Reference :**

A. **For Income Tax:**

<table>
<thead>
<tr>
<th>Title</th>
<th>Author(s)</th>
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<tbody>
<tr>
<td>Taxmann’s Students Guide to</td>
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<td>Income Tax</td>
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Dr. Vinod Singhania &

Monica Singhania.
2 Systematic Approach To Income Tax, Service Tax & VAT
Bharat Law House

3     Student'S Handbook On Income- Tax, VAT & Service Tax
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<tr>
<td>4</td>
<td>Direct Taxes - Law &amp; Practice</td>
<td>Dr. Vinod K Singhana, Dr Kapil Singhana</td>
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<td>Income Tax Law &amp; Practice</td>
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<td>9</td>
<td>Direct Taxes – practice and Planning</td>
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B. For Service Tax:

1. Taxmann’s Service Tax – By S.S. Gupta, (as amended to-date)- Taxmann Allied Services Pvt. Ltd.

2. Service Tax-Ready Reckoner- By V.S.Datey, Taxmann Allied Services Pvt. Ltd.
Objective: