Decoding the Direct Taxes Code - II
A Panoramic View

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Introduction:

1.0 Whether one agrees with the provisions under the Direct Taxes Code (DTC) or not, one thing is certain that it has created a new environment with its language. While reading it, one gets an exhilarating experience. However, having lived with the most complex piece of legislation in the country, it is not possible to believe that Income Act can be written in such a language. As we all know, each language has its own nuances. Therefore, comprehending the provisions poses the reader with several issues.

2.0 Although the length of the Code is much compact with 285 sections, relationship between various sections, clauses, sub-clauses and Schedules makes one wondering from where to start. Should one start reading with Income from Employment or Capital Gain? Or should one start with the Schedule containing the definition clause? Having read it various times, one is still not clear about its ultimate impact on the final tax liability. Such problems arises for two reasons:

Firstly, the language is totally new, the words deployed, the terminology used is fresh. Hence, it takes considerable time in discerning its true meaning. Having burnt the fingers for 50 years under the existing Income Tax Act, one moves cautiously while reading between the lines.

Secondly, some of the concepts are new; the methods proposed for computation of total taxable income, tax payable etc. are also fresh. This poses the problem for the reader in finding out intricate relationship between various clauses and sub-clauses.

An easy way out for solving all these issues is to take a panoramic view of various sections and go deeper inside thereafter. This will help in understanding the various clauses in proper perspectives and in its true colour. An attempt has been made hereunder to provide holistic view of the DTC by providing a panoramic view.

Various templates have been devised based on the provisions of DTC. These templates are applicable in the case of a Male Individual. It provides methodology to be used for computing total taxable income under various heads, deductions to be claimed, exemptions permitted etc.. It may be noted that the templates are not complete in it, as some of the provisions might have been skipped over through oversight. The idea of devising it is to have a bird eye-view and look at it from different angle. It will be advisable to have a look at it and read the DTC thereafter.

Looking to the size of the templates one may get frightened. However, it should be noted that as an attempt has been made to make it as comprehensive as possible. Otherwise, who earns that kind of income in the life, requiring one to refer to each and every clause and sub-clause of DTC?

And lastly, these templates have been devised keeping in mind a person deriving income from salary, capital gains and other sources. Template for income from business has not been included herein. It is a subject itself requiring special treatment.

Hope, the templates presented herein below will help in having some clarity.

Name:			
Address:			
From	01/04/2011	Status	Indl.
To	31/03/2012	Resi. "	Resident
Fin. Yr.	**2011-12**	Citizen	Indian
P.A.No.		Birth Date	
Sex	**MALE**	Age (Yrs.)	

COMPUTATION OF TOTAL INCOME

		Annex. No.	Rs.	Rs.	T.D.S.
Income from Ordinary Sources					
Income from Employment		1	xxxxx		
Income from House Property		2	xxxxx		
Income from Business		3	xxxxx		
Income from Capital Gain		4	xxxxx		
Income from Residuary Sources		5	xxxxx		
			xxxxxx		
less:					
Unabsorbed Preceding Year Loss from Ordinary Sources			*xxx*		
				xxxxxx	
A - Gross Total Income From Ordinary Sources				0	0
TAX INCENTIVES					
Deductions for Savings - S. 66					
Any sum paid / deposited in any account maintained with any permitted savings intermediary					
ABCD	xxx				
EFGH	xxx				
Total	xxx				
Restricted to Rs. 3,00,000		xxxxxx			
Dedu. in respect of Children's Education - S. 67					
Any sum paid as tuition fee to any university/ college/school for education of two children					
ABCD	xxx				
EFGH	xxx				
Total		xxx			
Restricted to Rs. 3,00,000			xxxx		
Interest on Loan for Higher Education - S. 68					
ABCD			xxxx		
Health Insurance Premium - S. 69					
Premium for Self and family members					
Amount paid Rs.	xxx				
Restricted to Rs. 15,000		xxx			

Premium for premium of senior citizen parents			
Amount paid Rs.	xxx		
Restricted to Rs. 20,000		xxx	
			xxxx
Medical Treatment of Prescribed Disease or Ailment - S. 70			
Paid for Senior Citizen	xxx		
Any other Case	xxx		
Restricted to Rs. 60,000 / 40,000		xxxx	
less: Amount received from Insu. Co.		xx	xxx
Maintenance of a Disabled Dependant - S. 71			
Restricted to			
Rs. 1,00,000 for a person with severe disability			
Rs. 50,000 in other cases			xxxx
Donation to Non-Profit Organisations - S. 72			
Institution specified in Part-A of Schedule 16			
Amount paid as Donation Rs.	xxx		
Deduction permitted **@ 125.00%**		xxx	
Institution specified in Part-A of Schedule 16			
Amount paid as Donation Rs.	xxx		
Deduction permitted **@ 100.00%**		xxx	
Institution specified in Part-A of Schedule 16			
Amount paid as Donation Rs	xxx		
Restricted to 10.00% of Gross			
Total Income	xxx		
Deduction permitted **@ 50.00%**		xx	
			xxxx
Contribution to Political Parties - S. 73			
Restricted to Gross Total Income			xxx
Interest Income on Bonds - S. 74			
Interest income on Bonds issued by Local Authority			
Restricted to amount included in Gross Total Income			xxx
Income of Investor Protection Fund -S. 75			
Contribution received by Income of Investor Protection Fund			xxx
Income of Trade Unions - S. 76			
Income of Registered Trade Unions - Income derived from			
House Property and Residuary Sources			xxx
Income from Royalty etc. of Authors from Books - S. 77			
Restricted to Rs. 3,00,000			xxx
Income from Royalty in respect of Patents - S. 78			
Restricted to Rs. 3,00,000			xxx

Deduction for person with Disability - S. 79

Restricted to

Rs. 1,00,000 for a person with severe disability

Rs. 50,000 in other cases xxxx

Income of co-operative Socities from Banking Activities - S. 80

Income from banking or credit facilities by a co-operative society to its Members xxxx

Income of Primary co-operative Socities - S. 81

Income from Agriculture or its related operations	xxxx		
Income from other Activity			
(Restricted to Rs. 1,00,000)	xxxx		
Expenditure for Promoting Family Planning - S. 82			
Expenses incurred by a Company	xxxx		
Total of Deductions	xxxxx		
B - Aggregate amount of Deductions Allowed		xxxx	
(Restricted to Gross Total Income from Ordinary Sources)			
TOTAL INCOME FROM ORDINARY SOURCES (A-B)		0	0
C - TOTAL INCOME FROM SPECIAL SOURCES [Annx. 6]		0	0
Total Income (A-B+C)		0	0

S T A T E M E N T O F T A X E S

Tax on income from Ordinary Sources		0
Tax on income from Special Sources		0
Total Tax		0
add: Education Cess @	2.00%	0
		0
add: S & H Edu Cess @	1.00%	0
		0
less: Tax deducted at source		0
(Refund)		0

Computation of Advance Tax Payable and Paid

	Adv. Tax Payable Rs.		Adv. Tax Paid Rs.	Bank's Name	
1st Inst.	0	15-09-11	0		
2nd Inst.	0	15-12-11	0		
3rd Inst.	0	15-03-12	0		
Total Adv. Tax Paid					0
Tax Payable / Refund					0

a) Add: Interest for

i) U/s _____ (Late Filing of Return of Income)

Last date for filing of Return of Income	30/06/2012
Return of Income filed in the month of	30/06/2012
Delay in filing Return of Income(Months)	-

Interest @ 1.00% p.m. on Rs. 0 0

ii) U/s _____(For default in payment of Adv. Tax)

Shortfall	Int.@ (%) Per Month	Period (Months)

Total Tax		0	1.00		0

iii) U/s ____(Deferment in payment of Adv. Tax)

Instl. No.	Shortfall	Int.@ (%) Per Month	Period (Months)	Amount Rs.	
1st	0	1.00	3	0	
2nd	0	1.00	3	0	
3rd	0	1.00	1	0	
					0

(b) Total Interest Payable (i + ii + iii)		0
	Tax Payable / Refund	0
Self-assessment Tax paid on	____________	0
Other pre-paid taxes, if any		0
Net Tax / Interest Payable		0
Tax Payable / Refund		0

Note: Rs.

Details of Exempt Income [Sixth Schedule]

1) Agricultural Income
2) Amount received from income of HUF
3) Amount received as participant of agreement of an association
4) Family Pension received by the widow or children of a member of armed forces
5) Amount of accumulated balance as on 31st March 2011of an employee participating in an approved Provident Fund and accretion thereto
6) Any payment from a provident fund to which the PF Act, 1925 applies or any other provident fund set up by the Central Government of the accumulated balance as on 31st March, 20011
7) Income received in respect of units of a Mutual Fund
8) Dividend in respect of which dividend distribution tax has been paid u/s 99
9) Capital Gain arising on account of transfer of -
   a) agricultural land
   b) personal effect
   c) Gold Deposit Bond

Name:
Address:

From	01/04/2011	Status	Indl.
To	31/03/2012	Resi. "	Resident
Fin. Yr.	**2011-12**	Citizen	Indian
P.A.No.			
Sex	**MALE**		

COMPUTATION OF INCOME FROM EMPLOYMENT - ANNEXURE - 1 [S 19 to 22]

	Rs.	Rs.	T.D.S.
Salary Received from M/s ABCD Ltd. [S 284(244)]			
Wages / Salary / Remuneration received from employer	xxx		
Any Allowance/concession/assistance	x		
Fees or commission	x		
Perquisites	x		
Profit in lieu of or addition to Salary	x		
Advance or arrears of Salary	x		
Allowances granted to meet personal expenses -	x		
to commute between place of work and residence	x		
to compensate for increased cost of living	x		
Allowance granted to meet expenses for performance of duties	x		
Allowance granted to meet expenses for performing duties	x		
of special nature	x		
Amount received from employer in connection with -	x		
-Voluntary retirement	x		
- Termination of service	x		
- Voluntary seperation	x		
	x		
Amount received from employer for leave not availed	x		
Contribution by the employer to the account of employee	x		
maintained with the permitted savings intermediaries	x		
	x		
Any contribution by the employer to any fund other than	x		
approved fund	x		
Annuity, pension or commutation thereof	x		
Gratuity	x		
	x		
Salary to be received from E Ltd. (former employer)	x		
	x		
Salary Received in arrears from F Ltd.(former employer)	x		
		xxxxx	
less: Deductions u/s 22			
a) Profession Tax	x		
b) Amount received from the employer for journey from			
residence to place of work to the extent prescribed	x		
c) Any allowance granted to meet expenses for performance			
of duties to the extent presecribed	x		
d) Amount received from employer in connection with -			
-Voluntary retirement	x		
- Termination of service	x		
- Voluntary seperation	x		
to the extent prescribed	x		
e) Amount received by the employee or his wife or children			

as gratuity to the extent prescribed	x		
f) Amount received by the employee from the Central, State Government or the local authority	x		
	x		
g) Amount received in commutation of pension under scheme of his employer, to the extent prescribed			
- If gratuity is received -restricted to 1/3rd of the pension	x		
- in any other case, 1/2 of the pension	x		
h) the amount of any pension received by an individual . who has been in the service of the Central or State Govt. and has been awarded “Param Vir Chakra” or “Maha Vir Chakra” or “Vir Chakra” or such other gallantry award	x		
		xxx	
Income From Employment		xxxxx	xxx

Name:					
Address:					
From	01/04/2011			Status	Indl.
To	31/03/2012			Resi. "	Resident
Fin. Yr.	**2011-12**			Citizen	Indian
P.A.No.					
Sex	**MALE**				

COMPUTATION OF INCOME FROM HOUSE PROPERTY - ANNEXURE - 2 [S 23 to 27]

		Rs.	Rs.	T.D.S.
Property - A (Self Occupied)				
Situated at ___________				
Amount of Gross Rent [See S 25(4) and (6)]		NIL		
Property - B (Not let Out)				
Situated at ___________				
Presumptive rent				
- 6.00% of Rateable Value fixed by local authority	xxx			
- 6.00% of cost of construction, in other cases	xxx			
Amount of Gross Rent [See S 25(1)]		xxx		
Property - C (Let Out)				
Situated at ___________				
a) Contractual Rent Receivable	xxx			
b) Presumptive rent				
- 6.00% of Rateable Value fixed by local authority				
- 6.00% of cost of construction, in other cases				
whichever is higher	xxx			
Amount of Gross Rent [See 25(1)]		xxx		xx
			xxxx	
less: Deductions u/s 26				
a) Amount of taxes paid levied by a local authority		xxx		
b) Amount of tax on services paid to the Central Government		xxx		
c) 20.00% of Gross Rent determined as above towards repairs etc.		xxx		
d) Interest on capital borrowed for acquisition, construction, repair of property let on hire or lying vacant		xxx		
			xxx	
Income from House Property			xxxx	xxx

Name:
Address:

From	01/04/2011	Status	Indl.
To	31/03/2012	Resi. "	Resident
Fin. Yr.	**2011-12**	Citizen	Indian
P. A. No.			
Sex	**MALE**		

COMPUTATION OF CAPITAL GAIN - ANNEXURE - 4 [S. 44 to 53]

		Rs.	Rs.
Full value of consideration accrued or received as a result of the transfer		xxxxxx	
add:			
1) Ceasing of holding of shares of 100% subsidiary as referred to in S. 45(c) or (d) [S 44(2)(a)(1)(i)]		xxx	
2) Conversion of investment asset by the transferee into business trading asset as referred to in S. 45(c) or (d) [S 44(2)(a)(1)(ii)]		xxx	
3) Income from transfer of asset in a scheme of business re-organisation - failure to comply with the conditions of S. 284(16) or (81)		xxx	
4) Amount withdrawn from Capital Gain Deposit Scheme		xxx	
			xxxxx
less: Deduction for Cost of acquisition, inflation-adjustment etc. [S 49]			
A) Asset held for LESS than One Year			
a) Amount expenditure incurred wholly and exclusively in connection with the transfer of an asset	xxx		
b) Cost of acquisition of the asset	xxx		
c) Cost of improvement of the asset	xxx		
		xxxx	
B) Asset held for MORE than One Year			
a) Amount expenditure incurred wholly and exclusively in connection with the transfer of an asset		xxx	
b) Indexed Cost of acquisition of the asset i.e.			
i) Purchase price of the asset			
ii) Fair Market Value of Asset as on 1-4-2000 if the asset has been acquired before the said date at the option of the assessee	xxx		
c) Indexed Cost of improvement of the asset	xxx		
d) Relief for rollover of the asset as provided u/s 53	xxx		
		xxx	
			xxxx
Current Income from Capital Gains[47(2)]			xxxx
less: Unabsorbed preceding year Capital Loss			xx
Income from Capital Gains [S. 47(3)]			xxx

Name:				
Address:				
From	01/04/2011		Status	Indl.
To	31/03/2012		Resi. "	Resident
Fin. Yr.	**2011-12**		Citizen	Indian
P.A.No.				
Sex	**MALE**			

COMPUTATION OF INCOME FROM RESIDUARY SOURCES
ANNEXURE - 5 [S 54 to 57]

	Rs.	Rs.	T.D.S.
a)Dividends, other than dividends in respect of which dividend distribution tax has been paid u/s 99;		xx	
(b) interest		xx	
(c) income from the activity of owning and maintaining horses for runnning in horse race;		xx	
(d) any amount received from his employees as contributions to any fund setup for their welfare		xx	
(e) income from machinery, plant or furniture let on hire		xx	
(f) any sum received under a life insurance policy including the sum allocated by way of bonus		xx	
(g) any amount received under Keyman insurance policy		xx	
(h) Aggregate of any moneys and the value of any specified property received, without consideration		xx	
by any individual or HUF		xx	
(i) Voluntary contribution received by a Non-Profit organisation		xx	
(j) amount received, or retained, on account of settlement or breach of any contract		xx	
(k) any payment made to a person in a day, otherwise than by an account payee cheque drawn on a bank subject to certain conditions		xx	
(l) any amount found credited in the books of a person and the person offers no explanation about the nature and source thereof etc.		xx	
(m) value of any investment made by the person in the financial year to the extent for which the person offers no explanation about the nature and source thereof etc.		xx	
(n) value of money, bullion, jewellery or other valuable article owned by the person to the extent to which the person offers no explanation about the nature and source thereof		xx	
(o) amount of expenditure incurred by the person in the financial year, if- (i) the person offers no explanation about the source of such expenditure or part thereof; or (ii) the explanation, if any, offered by him is not, in the opinion of the Assessing Officer, satisfactory;		xx	
(p) amount received as loan or deposit, otherwise than by an account payee cheque or account payee bank draft, from any person, if the aggregate amount of such loan or deposit exceeds Rs. 20,000			
(q) any repayment of loan or deposit, otherwise than by an account payee cheque or account payee bank draft, if the aggregate amount, including interest, due to the payee, either in his own name or jointly with any other person , on the date of such repayment exceeds Rs. 20,000		xx	
(r) any amount received, or withdrawn, under any circumstances, from any account maintained with any permitted savings intermediaries, referred to in			

S. 66(2) , representing,-		
(i) the principal amount of the savings; or	xx	
(ii) interest, dividend, bonus, capital appreciation or any other form of return on the investment, by whatever name called;	xx	
(s) any amount deemed to be the income u/s 71(6)	xx	
(t) the value of the net assets, held by any person on the first day of the financial year in which the person ceases to be a non-profit organisation, determined in the prescribed manner.	xx	
(u) any consideration accrued, or received, in respect of transfer of any business asset, which is self-generated, if the consideration is not included under the head ‘income from business’;	xx	
(v) any amount accrued, or received, on account of the cessation, termination or forfeiture of any agreement entered by the person, if the amount is not included under the head ‘income from business’;	xx	
(w) any amount accrued, or received, as reimbursement of any expenditure incurred by the person, if the amount is not included under the head ‘income from business’;	xx	
(x) any amount received, or withdrawn, under any circumstances from the account maintained under the Capital Gains Savings Scheme representing the principal amount or any accretion thereto;	xx	
(y) any amount received, or withdrawn, under any circumstances from the Retirement Benefit Account referred to in sub-section (2) of section 22, representing the principal amount or any accretion thereto; and	xx	
(z) any amount accrued, or received, as advance, security deposit or otherwise, from the long term leasing or transfer of whole or part of, or any interest in, any investment asset.	xx	
		xxxxx
less: Deductions u/s 57		
(1) The amount of deductions referred to in section 55 shall be the aggregate of -		
(a) the amount of following expenditure:	xx	
(i) Any reasonable sum paid as remuneration or commission		
(ii) Rent paid for earning the income		
(iii) Repairs to building etc. for earning the income		
(iv) Contribution to provident fund of employees engaged for earning gross residuary income		
(v) Capital allowances i.e. depreciation, terminal allowance etc. for the assets used for earning gross residuary income		
(vi) Any other expenditure not being in the nature of capital expenditure		
(b) the amount of following deduction:	xx	
(i) Any amount received under a life insurance policy upon the death or completion of the original period of contract subject to condition that the premium payable on the said policy did not exceed 5.00% of the actual sum assured		
(ii) 1/3rd or Rs. 15,000 whichever is less received in respect of family pension fund		
(iii) Rs. 50,000 in respect of gift received as included u/s 56(2)(h)		
(c) 50.00% of the amount of compensation as referred to in S. 85(6)		
		xx
Total Income from Residuary Sources		xxxx

Name:				
Address:				
From	01/04/2011		Status	Indl.
To	31/03/2012		Resi. "	Resident
Fin. Yr.	**2011-12**		Citizen	Indian
P.A.No.				
Sex	**MALE**			

COMPUTATION OF INCOME FROM SPECIAL SOURCES - ANNEXURE - 6
[Item 3 of the First Schedule]

	Rs.	Rs.	Rs.
Income by way of winning from			
i) lottery or crossword puzzle			xxx
ii) race, including horse race			xxx
iii) card game, gambling, betting			xxx
Total			xxxx