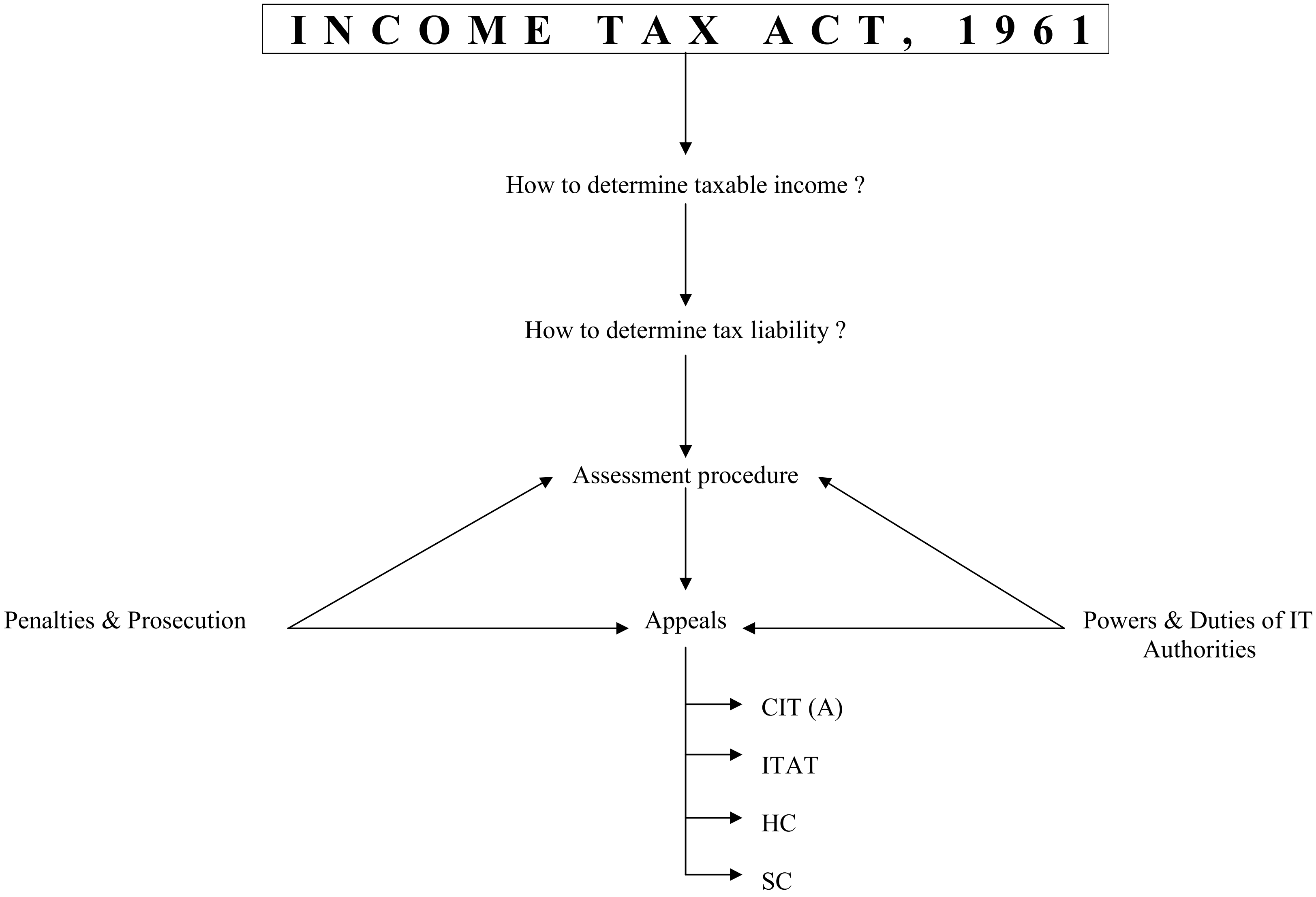
INCOME TAX LAW : : AN UNDERSTANDING

I N C O M E T A X L A W

- INCOME TAX ACT, 1961
- INCOME TAX RULES, 1962
- CIRCULARS & CLARIFICATIONS
- DECISIONS OF JUDICIAL BODIES


INCOME TAX ACT, 1961
How to determine taxable income ?
How to determine tax liability ?
Assessment procedure
Penalties & Prosecution
Appeals
Powers & Duties of IT Authorities
CIT (A)
ITAT
HC
SC

INCOME TAX RULES, 1962

CBDT Subject to control of Central Government makes Rules for carrying out the purposes of the IT Act, 1961

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Rules are made applicable by notification in the Gazette of India

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Section 295 of the IT Act, 1961 gives power to CBDT to make such rules

CIRCULARS & CLARIFICATION

Section 119 of the IT Act, 1961 gives power to CBDT

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Followed and applied by the IT Authorities

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Only favourable Circulars & Clarifications binding on the assessee

DECISIONS OF JUDICIAL BODIES

Supreme Court's Decision

Becomes law and binding on all i.e.
HCs + ITATs + IT Authorities + All Assesses

High Court's Decision

Binding on ITAT + IT Authorities +
All Assessees falling under its jurisdiction

ITAT's Decision

Binding on IT Authorities +
All assesses falling under its jurisdiction

B U D G E T

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Contains Finance Bill which covers :

Direct Tax (IT & WT)

Indirect Tax (Custom Duty, Excise duty & Service Tax)

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Finance Bill has Schedules and 1st Schedule contains tax rate in 4 parts:

Part I = IT Rate

Part II = TDS Rate

Part III = Advance Tax Rate

Part IV = Rules of computation of Net Agricultural Income

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When Finance Bill is approved by both Houses of Parliament and receives the assent of the president becomes Finance Act

Income Tax Authorities [Section 116]