Income from other sources

Charging SECTION-56(1)

A source of income which does not fall any of the following heads shall be computed under the head **''INCOME FROM OTHER SOURCES''**

- Income under the head salary
- Income under the head house property
- Income under the head profit gain from business and profession
- Income under the head capital gain

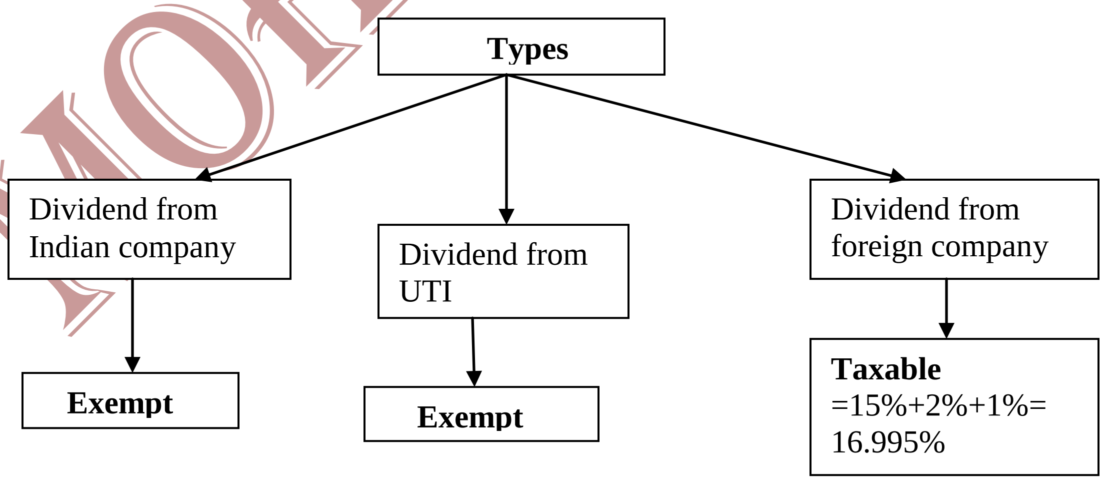
Specific income SEC-56(2)

According to this section there are certain specific incomes which are directly taxable under the head income from other sources. These are:

(A) dividend
(B) Winning from lotteries, puzzles and race.
(C) Income from letting of plant, machine, furniture and building. (less : net expenditure)
(D) Interest in securities
(E) Any sum received under a key man insurance policy including bonus (not taxable under the head salary or PGBP)
(F) Where any sum of money received exceed RS.50000 without consideration.

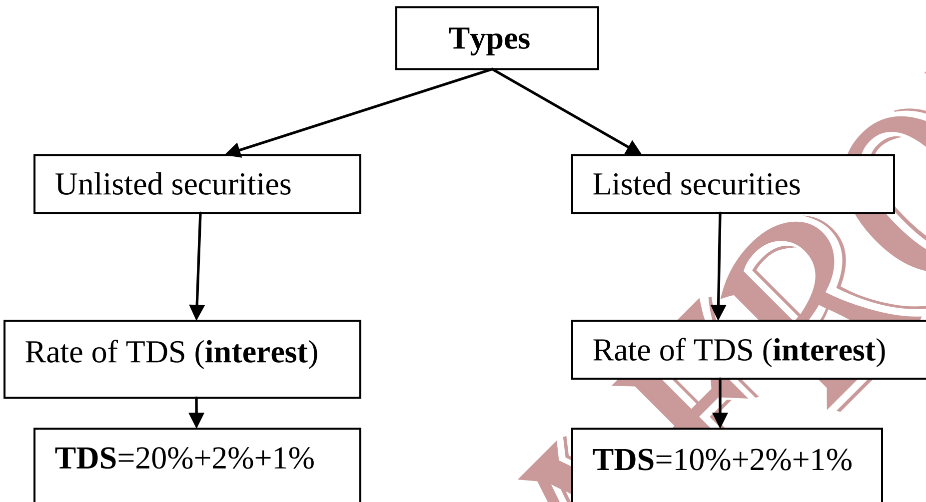
Dividend (SEC-56(2))

Dividend basically declared by the Indian company and foreign company. However, in some cases it will be taxable in the hand of assessee or in some cases it will not be taxable.



Interest on securities (SEC-56(2)

Income by way of interest on securities is chargeable under the head income from other sources, if such income is not chargeable under the head PGBP.
Debentures issued by companies are secured debts and are therefore, called securities.



Note:

- surcharge will be applicable where income will exceed RS.10 (LACS)
- However no TDS shall be deducted on any securities of central or state govt.

Winning from lotteries, puzzles and race (SEC-56(2))

- Tax on income arising from lotteries puzzles and race is 30% +ED 2%+SHEC 1%
- However, above rate of tax will not be applicable where income not exceeds RS.2500 in case of horse race and RS. 5000 in others.
- No deduction under section 80C to 80U shall be allowed on such incomes.
- surcharge will be applicable where income will exceed RS.10 (LACS)

Family pension (SEC-57)

If there is any family pension is received by the legal heirs of the deceased, it will be deemed income of the heir and taxable under this head on the following basis.
Conditions :

1) 33.33% of pension amount or
2) RS.15000

Whichever is lower

Income from letting (SEC-57)

Income from letting of house, building, furniture and from plant machinery etc. shall be taxable. However, net expenditure incurred on that shall be allowed as deduction from respective income.

Interest exempt from tax (SEC-10(15))

Interest on the following notified bonds /certificates will exempt for the tax purpose:

i. National defense gold bonds
ii. National plan saving scheme (NSS)
iii. Special bearer bonds
iv. P.O. saving bank account
v. Interest on notified bonds
vi. Capital investment bonds
vii. Interest on notified bonds /debentures of public sector company or local authority
viii. Interest on SPF and PPF.