SaRJu Pandey
He can be reached at sarjuvpandey@gmail.com

Section 56
Income chargeable under the head '*Income from Other Sources*'

The following **INCOME** shall be chargeable **ONLY** under the head '***INCOME FROM OTHER SOURCES***'

- Dividend income which is covered by sections 2(22) (a) to (e)

- Casual income in the nature of winning from
  - Lotteries,
  - Crossword puzzles,
  - Horse races,
  - Card games and other games of any sort,
  - Gambling, betting etc.

  Such winnings are chargeable to tax at a flat rate of **30%** **Under Section 115BB**.

- **Section 56(2)(vii)**

  Any Sum of Money or Value of Property
  - received without consideration or value of property, **other than immovable property**, received for inadequate consideration
  - to be subject to tax in the hands of the recipient, being an **Individual or HUF**

♥ **Section 56(2)(vii) brings to tax**
- any sum of money received or
- the value of any property received
- by an **individual or HUF**
- without consideration or
- the value of any property, other than immovable property, received for inadequate consideration.

For This Purpose, "Property" Means

- Immovable Property Being Land Or Building Or Both,
- Movable Property being
  - Shares And Securities,
  - Jewellery,
  - Archaeological Collections,
  - Drawings,
  - Paintings,
  - Sculptures,
  - Any Work Of Art
  - Bullion.

- If an **IMMOVABLE PROPERTY** is received
  - **without consideration**,
  - the **STAMP DUTY VALUE** of such property would be taxed as the income of the recipient
  - **If it exceeds Rs.50, 000**.

- If **MOVABLE PROPERTY** is received
  - **without consideration**,
  - the Aggregate Fair Market Value of such property on the date of receipt
  - would be taxed as the income of the recipient
  - if it exceeds **Rs.50, 000**

- In case **MOVABLE PROPERTY** is received
  - **for inadequate consideration**, and
  - the **DIFFERENCE** between the aggregate fair market value and such consideration exceeds **Rs.50, 000**,
  - **SUCH DIFFERENCE** would be taxed as the income of the recipient.

- The provisions of section 56(2)(vii) **would apply only to property** Which is the nature of a capital asset of the recipient
- The provisions of section 56(2) (vii) **would not apply to property** like **stock-in-trade, raw material or consumable stores of any business of the recipient.**

Therefore,

- only transfer of a capital asset, without consideration And
- transfer of a capital asset, other than immovable property, for inadequate consideration
- Would attract the provisions of section 56(2) (vii).

However, any sum of money or value of property received

- From **ANY RELATIVE** **would be outside** the ambit of section 56(2)(vii) or
- on the OCCASION OF THE MARRIAGE of the individual **would be outside** the ambit of section 56(2)(vii) or
- under A WILL or by way of INHERITANCE **would be outside** the ambit of section 56(2)(vii) or
- in CONTEMPLATION OF DEATH of the payer or donor as the case may be **would be outside** the ambit of section 56(2)(vii) or
- from ANY LOCAL AUTHORITY as defined in the Explanation to section 10(20) **would be outside** the ambit of section 56(2)(vii).; or
- from any FUND OR FOUNDATION OR UNIVERSITY OR OTHER EDUCATIONAL INSTITUTION OR HOSPITAL OR OTHER MEDICAL INSTITUTION OR ANY TRUST OR INSTITUTION referred to in section 10(23C) **would be outside** the ambit of section 56(2)(vii).; or
- From ANY TRUST OR INSTITUTION registered under section 12AA would **be outside** the ambit of section 56(2) (vii)