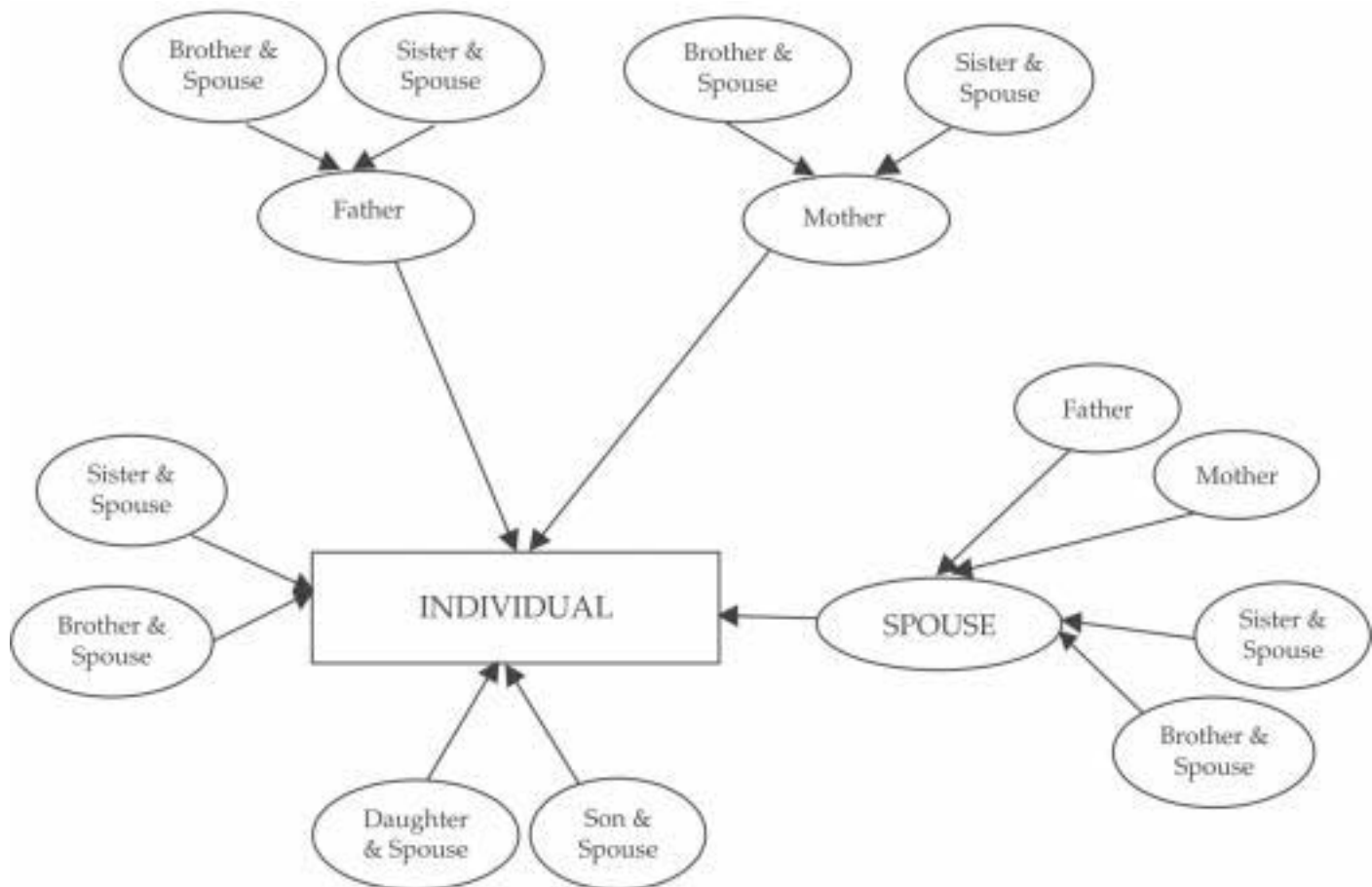


GIFTS TREATED AS INCOME

Generally, gifts received are not regarded as Income chargeable to Tax. However, by virtue of section 2(24)(xiii) r.w.s. 56(2)(v), any sum of money exceeding Rs. 25,000 received without consideration by an individual or an HUF from any person after 1-9-2004 is chargeable to tax as Income under the head Other Sources, subject to following exceptions: [(a) Receipts from certain relatives; as defined in the section]. (Refer Chart) [(b) Receipts on occasion of marriage of the individual.] [(c) Receipts under a will or inheritance.] [(d) Receipts in contemplation of death of the payer.]

Sec. 56(2)(v) has been amended by the Taxation Laws (Amendment) Act, 2006 so as to exempt also the receipts from (i) local authority, (ii) institutions exempt u/s. 10(23C); and (iii) trusts/institutions registered u/s. 12AA. The Amendment Act has also inserted new section 56(2)(vi) so as to enhance the exemption limit from Rs. 25,000 to Rs. 50,000 (in aggregate) in respect of gifts received on or after April 1, 2006.

**GIFT OF MORE THAN RS. 50,000/- CAN BE RECEIVED FROM
BELOW MENTIONED RELATIVES WITHOUT ANY TAXES**



- Not es: (1) Subject to clubbing provisions applicable for Gift received from Spouse and Father-in-Law. The individual can receive gifts without attracting tax also from lineal ascendants and decedents of the individual other than those mentioned in the above chart. §•