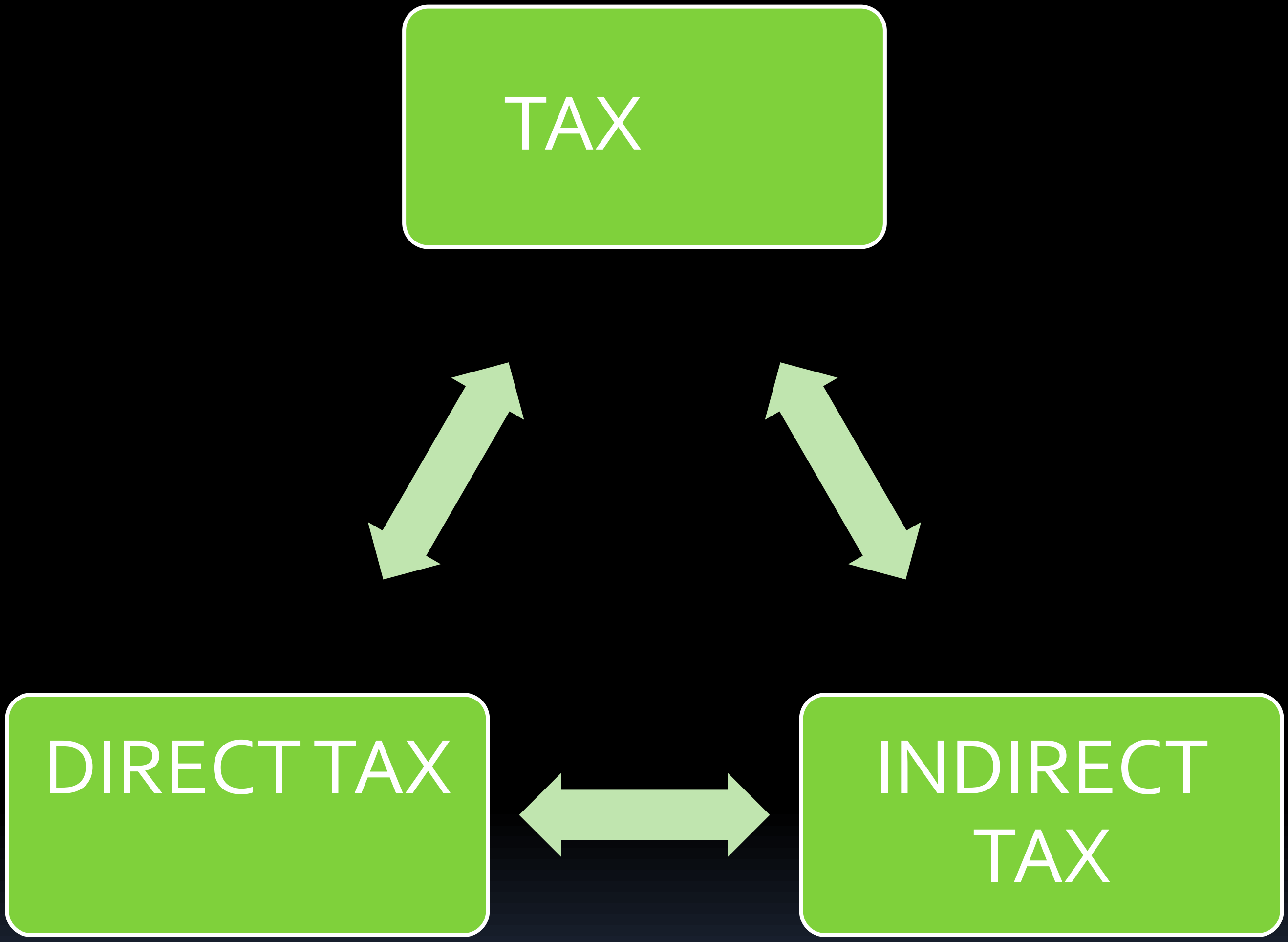
BASIC CONCEPT OF TAXATION

WHAT IS TAX?

- Tax is a compulsory contribution to state revenue, levied by the government on workers' income and business profits, or added to the cost of some goods, services, and transactions.


TAX
DIRECT TAX
INDIRECT TAX

INDIRECT TAX

- GOODS & SERVICE TAX
- CUSTOM DUTY
- EXISE
- SECURITIES TRANSACTION TAX
- ETC

DIRECT TAX

- INCOME TAX

CHARGE INCOME TAX

- Income tax is charged in assessment year at rates specified by the Finance Act applicable on 1st April of the relevant assessment year.
- It is charged on the total income of every person for the previous year.
- Total Income is to be computed as per the provisions of the Act.
- Income tax is to be deducted at source or paid in advance wherever required under the provision of the Act.

IMPORATANT DEFINATION

- Person u/s 2(31) includes,

a. An Individual

b. Hindu Undivided Family (HUF)

c. A Company

d. A Firm

e. An Association of Persons(AOP) or Body of Individuals (BOI)

f. A Local Authority

g. Every other Artificial Juridical Person

- Assessment Year u/s 2(9) means, the period of 12 months commencing on the 1st April every year. It is the year (just after previous year) in which income is earned is charged to tax.

- Previous Year u/s 2(34) means, the year in which income is earned.

RESIDENTIAL STATUS

RESIDENT	NOT ORDINARY RESIDENT	NON RESIDENT

Residential Status of Individual

Assessee	Basic Condition	Additional Condition
RESIDENT	He must satisfy at one of the basic conditions.	Not required.
Not Ordinarily Resident	He must satisfy at least one of the basic conditions.	He must satisfy either one or both the additional conditions given u/s 6(6).
Non-Resident	Should not satisfy any of the basic conditions.	Not required.

CONTI….

- Basic Conditions u/s 6(1):
  - i. He must be in India for a period of 182 days or more during the previous year; or
  - ii. He must be in India for a period of 60 days or more during the previous year and 365 days or more during the four years immediately preceding the previous year.
- Additional Conditions u/s 6(6):
  - He must be a non-resident in India in nine out of the ten previous years preceding that year; or
  - He must be in India during 7 preceding previous years for aggregate period of 729 days or less.

RESIDENTIAL STATUS OF OTHERS

- According to section 6(3) an Indian Company is always Resident in India. A foreign Company will be resident in India if Control or Management of its affairs is wholly situated in India.
- Residential Status of a firm or AOP or other person depends upon control and management of its affairs.
  - Resident: If the control and management of the affairs of a firm or AOP or other person is situated wholly or partly in India then such a firm or AOP or other person is said to be resident in India.
  - Non-Resident: If the control and management of the affairs of a firm or AOP or other person is situated outside India then such a firm or AOP or other person is said to be non-resident in India.

INDIVIDUAL & HUF AGE <60 YEARS tax rate for FY 2018-19

INCOME TAX SLAB	TAX RATE	HEALTH & EDUCATION CESS
Income up to Rs 2,50,000*	NO TAX	
Income from Rs 2,50,000 – Rs 5,00,000	5%	4% of Income Tax
Income from Rs 5,00,000 – 10,00,000	20%	4% of Income Tax
Income more than Rs 10,00,000	30%	4% of Income Tax

Surcharge: 10% of tax where total income exceeds Rs. 50 lakh
15% of tax where total income exceeds Rs. 1 crore

SENIOR CITIZENS 60 -80 YEARS tax rate for FY 2018-19 .

INCOME TAX SLAB	TAX RATE	HEALTH & EDUCATION CESS
Income up to Rs 300,000*	NO TAX	
Income from Rs 3,00,000 – Rs 5,00,000	5%	4% of Income Tax
Income from Rs 5,00,000 – 10,00,000	20%	4% of Income Tax
Income more than Rs 10,00,000	30%	4% of Income Tax

Surcharge: 10% of tax where total income exceeds Rs. 50 lakh
15% of tax where total income exceeds Rs. 1 crore

SUPER SENIOR CITIZENS 80 YEARS ABOVE

INCOME TAX SLAB	TAX RATE	HEALTH & EDUCATION CESS
Income up to Rs 500,000*	NO TAX	
Income from Rs 5,00,000 – 10,00,000	20%	4% of Income Tax
Income more than Rs 10,00,000	30%	4% of Income Tax

Surcharge: 10% of tax where total income exceeds Rs. 50 lakh
15% of tax where total income exceeds Rs. 1 crore

DOMESTIC COMPANIES tax rate for F.Y.2018-19

- Gross turnover upto 250 Cr. in the previous year 25%
- Gross turnover exceeding 250 Cr. in the previous year 30%

- Surcharge:
  - 7% of tax where total income exceeds Rs. 1 Crore
  - 12% of tax where total income exceeds Rs. 10 Crore

Health & Education cess: 4% of tax plus surcharge

DEDUCTION IN RESPECT OF INVESTMENTS

- Section 80C provides for a deduction of savings in specified modes of Investments form gross total income. It is available only to an Individual or HUF. The Maximum permissible deduction is Rs.1.5 lakh along with deduction u/s 80CCC & 80CCD.

ADVANCE TAX

- If your total tax liability is Rs 10,000 or more in a financial year, you have to pay advance tax. Advance tax applies to all taxpayers, salaried, freelancers, and businesses. Senior citizens, who are 60 years or older but do not run a business, are exempt from paying advance tax.

DUE DATES OF PAYING ADVANCE TAX

FY 2018-19 FOR BOTH INDIVIDUAL & CORPORATE TAXPAYERS

Due Date	Advance Tax Payable
On or before 15th June	15% of advance tax less advance tax already paid
On or before 15th September	45% of advance tax less advance tax already paid
On or before 15th December	75% of advance tax less advance tax already paid
On or before 15th March	100% of advance tax less advance tax already paid
Due Date for presumptive taxation scheme	
by 15th March	100% of advance tax

When to file income tax return?

Status of taxpayer	**Due date**
All individuals/assessees whose accounts are not required to be audited (individuals, HUFs, Association of Persons, Body of Individuals etc.)	31st July of the relevant assessment year
Following persons whose accounts are required to be audited ▪ A company ▪ An individual or other entities whose accounts are required to be audited (like proprietorship, firm etc.) ▪ A working partner of a firm	30th September of the relevant assessment year
An assessee who is required to furnish report under section 92E **Report under section 92E is submitted when a taxpayer has undertaken international transactions during the relevant financial year. Source: Tax2win.in.*	November 30 of the relevant assessment year

Penalty for late filing return

- After 31st July but before 31st December Rs. 5000
- 1st January to March 31 Rs. 10000
- For small taxpayers whose total income does not exceed Rs 5 lakh, the maximum late fee amount will not exceed Rs 1,000 irrespective of when it is filed, i.e., before March 31