DOWNLOAD PDF SERVICE TAX BASIC KNOWLEDGE

Chapter 1 : Basic Concepts on Tax Systems in India

Basic Concepts of Service Tax such manner as may be prescribed. The effective rate of service tax is 12%; plus education cess of 2% and secondary & higher education cess of 1%.

What skills are required for Tax Preparers? Importance Skills Reading Comprehension - Understanding written sentences and paragraphs in work related documents. Active Listening - Giving full attention to what other people are saying, taking time to understand the points being made, asking questions as appropriate, and not interrupting at inappropriate times. Critical Thinking - Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions or approaches to problems. Speaking - Talking to others to convey information effectively. Mathematics - Using mathematics to solve problems. Writing - Communicating effectively in writing as appropriate for the needs of the audience. Complex Problem Solving - Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions. Judgment and Decision Making - Considering the relative costs and benefits of potential actions to choose the most appropriate one. Active Learning - Understanding the implications of new information for both current and future problem-solving and decision-making. Service Orientation - Actively looking for ways to help people. Instructing - Teaching others how to do something. Persuasion - Persuading others to change their minds or behavior. Negotiation - Bringing others together and trying to reconcile differences. Systems Analysis - Determining how a system should work and how changes in conditions, operations, and the environment will affect outcomes. What knowledge is needed to be a Tax Preparer? Importance Knowledge Customer and Personal Service - Knowledge of principles and processes for providing customer and personal services. This includes customer needs assessment, meeting quality standards for services, and evaluation of customer satisfaction. Mathematics - Knowledge of arithmetic, algebra, geometry, calculus, statistics, and their applications. Economics and Accounting - Knowledge of economic and accounting principles and practices, the financial markets, banking and the analysis and reporting of financial data. English Language - Knowledge of the structure and content of the English language including the meaning and spelling of words, rules of composition, and grammar. Computers and Electronics - Knowledge of circuit boards, processors, chips, electronic equipment, and computer hardware and software, including applications and programming. Clerical - Knowledge of administrative and clerical procedures and systems such as word processing, managing files and records, stenography and transcription, designing forms, and other office procedures and terminology. Law and Government - Knowledge of laws, legal codes, court procedures, precedents, government regulations, executive orders, agency rules, and the democratic political process. Administration and Management - Knowledge of business and management principles involved in strategic planning, resource allocation, human resources modeling, leadership technique, production methods, and coordination of people and resources. Education and Training - Knowledge of principles and methods for curriculum and training design, teaching and instruction for individuals and groups, and the measurement of training effects.

Chapter 2 : GST Goods & Service Tax (India) - GST Rates, HSN Code

Basic Concepts of Service Tax introduction of the Finance Act, , India embraced the new system of taxation of services by way of the introduction of negative list.

Levy of Service Tax: To attract service tax three conditions must be satisfied: There must be a service provider the person who provides service 2. Taxable service which is defined under section 65 All the above conditions must be satisfied to attract the service tax liability. Now we will examine this case in the light of service tax. As per section 65 s any service provided or to be provided to any person, by practicing chartered accountant in his professional capacity, in any manner, is taxable service. In the above example Mr. All the three conditions are satisfied as per definition. A is liable to pay service on the fees received by him. To attract service tax liability all the three conditions must be satisfied. Even if one condition is not satisfied then that service is not a taxable service. Goods transport agency service. Any taxable service provided or to be provided by any person from outside India and received by any person in India. Every person liable to pay service tax is required to register himself by making an application to the Superintendent of Central Excise SCE as per section 69 of the Act. An exemption limit is given to small service provider which is Rs. This exemption is not available for 1. Branded service providers those who provide services under the brand name or trade name of others. The person who is liable to pay service on the status of Service Receiver. There are three types of registration. Registration of single premises 3. Input service distributor Centralized registration is taking single central registration covering all the place of provision of service. In case the service provider provides one or more taxable service from more than one premise or offices and who has a centralized accounting system or centralized billing can opt for centralized registration. Input service distributor has been defined under rule 2 m to mean an office of the provider of output service, which receives invoices issued under rule 4A of the Service Tax Rules, towards purchases of input services and issues invoice, bill or, as the case may be, challan for the purposes of distributing the credit of service tax paid on the said services to such manufacturer or producer or provider, as the case may be IV. If the service falls under more than one category the requirement of classification will arise at that time the liability of the assessee is depends upon the correct classification of services. For the purpose of classification of services we need to consider the following. Based on the Category which gives the most specific description of the service. Based on the essential character Where that service is falling under composite services 3. Based on the sub-clause which occurs first among the sub-clauses which equally merit consideration as per section 65A 4. Based on the non statutory principles as to consideration of trade parlance especially where certain terms are not defined. What is the Need of Classification? The service provider should ensure that he classifies the service properly as this would enable him to ascertain his liability correctly. Correct classification is critical as the exemptions under service tax barring the general exemptions are based on specified categories and if the classification is wrong, the service provider may either end up paying more the required or even face a liability. Payment of Service Tax: Service tax liability arises when payment is received not at the time of service provided. But we need to apply the rate which is prevailing on the date of service not on the date of receipt of money. Even advance received for providing services also liable for service tax without consideration of time of providing of services. The rates of service tax will change time to time. The rate of service tax will summarized below.

Chapter 3 : Accounting Journal Entries for Taxation - Excise, Service Tax, Tds - Accounts Knowledge Hub

Generally service provider is liable to pay service tax but as per Section 68(2) the government to notify the services with regard to which service receiver would be held liable to pay service tax.

What is the biggest Challenge Today? The goods and services tax GST is a comprehensive value-added tax VAT levy on manufacture, sale and consumption of goods and services at a national level. This makes India a single, unified market and expected to create a stronger economy. How GST will be collected? Through a tax credit mechanism, this tax is collected on value-added goods and services at each stage of sale or purchase in the supply chain. The system allows the set-off of GST paid on the procurement of goods and services against the GST which is payable on the supply of goods or services. However, the end consumer bears this tax as he is the last person in the supply chain. It is paid on the procurement of goods and services can be set off against that payable on the supply of goods or services. But being the last person in the supply chain, the end consumer has to bear this tax. What is Dual GST? Many countries have a unified GST system. However, countries like Brazil and Canada follow a dual system wherein GST is levied by both federal and state or provincial governments. The central and state governments are discussing the GST system proposed to be implemented in India from April 1, Representing the states in the discussions is the empowered committee of state finance ministers. CGST will subsume central excise duty Cenvat , service tax, and additional duties of customs at the Central level; and value-added tax, central sales tax, entertainment tax, luxury tax, octroi, lottery taxes, electricity duty, state surcharges related to supply of goods and services and purchase tax at the state level. What will be Rate of GST? What will be possible Impact on Prices? The prices of commodities should come down in the long run as dealers pass on the benefits of reduced tax incidence to consumers by slashing the prices of goods. Imports would be subject to GST. Exports, however, will be zero-rated, meaning exporters of goods and services need not pay GST on their exports. GST paid by them on the procurement of goods and services will be refunded. What will be Benefits of GST? Dual GST is expected to be a simple and transparent tax structure with only one or two rates of taxes. The result would be a reduction in the number of taxes at the Central and state levels, cut in effective tax rate for many goods, removal of the current cascading effect of taxes, reduction of transaction costs for taxpayers through simplified tax compliance, and increased tax collections due to wider tax base and better compliance. What will be Impact on Revenue Collection at states? Being a consumption-based tax, dual GST will result in better revenue collection for states with higher consumption of goods and services. The backward and less-developed states would see fall in collections. The Centre is expected to put in place a mechanism to compensate states for any revenue loss due to GST. What is required for successful implementation? Consensus and coordination among states is required for it to succeed. Before it can be introduced, the Centre and states have to sort out issues like agreement on GST rates, constitutional amendments empowering states to tax services, taxation on inter-state transactions of goods and services, drafting of CGST and SGST laws, consultation with all stakeholders including trade and industry associations before finalisation, administrative preparedness to implement the new tax regime and resolution of all other issues under discussion. Why some states worried over revenue collections? Madhya Pradesh, Chhattisgarh and Tamil Nadu say that the information technology systems and the administrative infrastructure will not be ready by April to implement GST. States have sought assurances that their existing revenues will be protected. The central government has offered to compensate States in case of a loss in revenues. Some States fear that if the uniform tax rate is lower than their existing rates, it will hit their tax kitty. The government believes that dual GST will lead to better revenue collection for States. However, backward and less-developed States could see a fall in tax collections. GST could see better revenue collection for some States as the consumption of goods and services will rise. This is a formidable challenge given that we have only limited time left. The Union Budget, which is to be presented on July 3, should lay down a clear roadmap with defined timelines for GST to become a reality on April 1,

DOWNLOAD PDF SERVICE TAX BASIC KNOWLEDGE

Chapter 4 : Fact sheet: Good & Services Tax (GST) - General Knowledge Today

In this video tutorial you will learn about Basic Rules & Regulation of Service Tax which is necessary before implementing in Tally ERP9 www.nxgvision.comok.

Tax Deduction at Source- A Basic Guide While running a business, there are both collection and disbursements of incomes involved. While tax is payable on the collections at the end of the year , reduced by advance tax paid during the year. Tax is to be withheld on disbursements if they meet certain criterion. Other than being a source of easy and early collection of taxes, TDS also makes evasion of taxes difficult by creating a trail of the transactions on which such TDS is applied. TDS regulations are onerous on the deductor, whose responsibility it is to deduct TDS and deposit it in time with the government. He also has to bear the burden of filing lengthy and time consuming TDS returns. In return he faces monetary risks such as payment of tax, if the department deems that TDS deducted was less than required, in addition to interest, penalties and prosecution. Further, If no TDS is deducted on payments where TDS should have been deducted the respective expenses are subject to be disallowed at the time of computation of Income for the purposes of Income Taxes. TDS is applicable on the following domestic payments as per the rates specified in the table below: We shall discuss TDS on foreign payments in a separate update. Rights and duties of the deductor. For all other payments TDS is deductible at the time of credit to the account of the reciepient in the books of the deductor or at the time of payment, whichever is earlier. Providing for such payment in your books of accounts or Payment of such amount to the recipient, Whichever is earlier. For payment of Salary to employees, Tax will be deductible at the time of payment to the employees whose incomes are above the exemption limit after providing for deductions to be obtained by them. Once deducted TDS has to be deposited with the government as per the following schedule: Within one week of the end of the month in which such deduction is made For the month of March the due date for deposit of TDS is 30th April Filing of TDS returns Returns of TDS must be filed by all deductors on a quarterly basis in the prescribed forms. The respective due dates for filing of returns are: In the case of payments to non residents form 27Q is filed. This article addresses the tip of the iceberg that are the tax withholding regulations in India. There exist a variety of controversies and possible scenarios within each payment head which may cuase doubt in the mind of the Indian business owner. We welcome any queries that may arise, you can get in touch with us here Share on.

Chapter 5 : Basic understading of service tax

Basic understading of service tax skill or knowledge for the benefit of another." So the basic conditions for service tax applicably are satisfied (Service.

It is an indirect tax levied on sale of goods and services. The reformists believe that GST is one of the most awaited law which upon introduced will boost the economic growth in the country. This law if passed by the parliament may come into force from April Present system â€” This can be better explained through an example. Suppose you buy soap for Rs. So, currently you will have to pay multiple taxes on the same product. Complexities in the present system â€" The taxes are levied by central government as well as state governments. So, the businessman has to maintain accounts which will comply with all the applicable laws. It is perceived to be a complex system. Hence, worldwide over countries have adopted GST, a simple tax system. Though it is late, India is catching up with the global trends. Is it easy to implement in India? Today states have autonomy in collecting state taxes. They have the feeling of losing their rights! They want liquor, fuel to be out of GST tax system. They are also worried about Central government sharing GST revenue with the states. If India becomes one common market, then the states will have to share their powers of taxing with the union government. Again implementation depends upon the initiative and involvement of state governments. Some of the states may act quickly and some of them may take time to implement. All goods and services barring a few exceptions will be brought into the GST base. Importantly, there will be no distinction between goods and services for the purpose of the tax with common legislations applicable to both. For Example, if a product have levy at a base price of Rs.

Chapter 6 : Basic of GST in India

service tax is payable quarterly- by ffth of the monthh following. quarters June, Sept, Dec, March ending. for qe march the tax is to be paid by 31st march. the rate of service tax is 12% and education cess 2%, higher ed. cess 1% of the service tax, effectivelt %. vat is state subject and rules/ rate differ. u have to see tariff manual of the state for vat.

These 55 solved Taxation questions will help you prepare for personal interviews and online selection tests during campus placement for freshers and job interviews for professionals. After reading these tricky Taxation questions, you can easily attempt the objective type and multiple choice type questions on this topic. How is it calculated? Income tax is an annual tax charged on income of a person by the government. It is charged for the corresponding assessment year at the rates laid down by the Finance Act for the assessment year in respect of the previous year. Income of the person is categorized under the following five heads Salaries Profits and gains of business or profession Capital gains Income from other sources. Income is calculated under these heads separately and accordingly tax is calculated using the income tax slab issued by the government every financial year. Assessment year is the period that starts from 1 April and ends on 31 march. It is the year immediately succeeding the financial year wherein the income of the previous financial year is assessed. Government use assessment year for calculating tax on the previous year. If the current assessment year is , which starts from I April and ends on 31 March To this assessment year financial year is , starting from I April and ends on 31 March You will be calculating income tax for financial year in the assessment year. Previous Year is the year in which the income earned becomes taxable in the following assessment year. It can be stated as the Financial year preceding the Assessment year. For example- If the present assessment year is then the previous year will be A twelve month period starting from 1 April and ending at 31 March which is used for calculating various annual financial statements in businesses and organization is known as financial year. Assessment year and previous year are the types of financial year which consists of twelve months starting from 1 April to 31 March. Previous financial year is the preceding year of assessment financial year. Define the term person? Who is an assessee? An "Assessee" is a person who is liable to pay tax or any other sum of money under the Act. Every person in respect of whom any proceeding under this Act has been taken for the assessment of his income or of the income of any other person in respect of whom he is assessable, or of the loss sustained by him or by such other person, or of the amount of refund due to him or to such other person; 2. Every person who is deemed to be an assessee under any provision of this Act; 3. Every person who is deemed to be an assessee in default under any provision of this Act. What do you understand by total income? Total Income is the amount on which the Income Tax is paid. Total income include all income that accrue, arise, earned or received in India except those income which accrues or arises outside India. Total Income is the total amount earned by an individual or organization, including income from employment or providing services, revenue from sales, payments from pension plans, income from dividends, or other sources. How many heads are there under total income? There are five heads under total income. They are Income from Salaries Profits and gains of business or profession Capital gains Income from other sources At what rate firms are required to pay tax on their income? How will you decide the residential status of an individual? As per the provisions of Income Tax Act residential status of an individual is categorized as Resident and Non Resident. Under Section 6 1 , an individual is said to be resident in India in any previous year if he satisfies any one of the following basic conditions: He is in India in the previous year for a period of at least days. He is in India for a period of at least 60 days during the relevant previous year and at least days during the four years preceding that previous year. The above provisions are applicable only to those who are residents of India irrespective of their nationality otherwise they are included in Non resident. Does the tax liability of an individual get affected due to his residential status? You must understand the difference between Indian income and Foreign income as Indian income is always taxable in India in accordance with the residential status of the taxpayer. Indian income is categorized as 1. Income received or deemed to be received in India during previous year and simultaneously accrual income or deemed accrual in India during previous year. Income received or deemed to be received in India during the previous year but it accrues outside India during the previous year, or Income received outside India during the previous year but accrues in India during the previous year. What are the basic and additional conditions for Resident and ordinarily resident ROR? The basic conditions for being resident and ordinarily resident is the same condition that satisfies the residential status of an individual and additional conditions for Resident and ordinarily resident in India in a given previous year are mentioned below: If you are resident in India in at least 9 out of 10 previous years as per the basic conditions that satisfies the residential status of an individual preceding the relevant previous year. If you are in India for a period of at least days during 7 years preceding the relevant previous year. An individual or HUF becomes ROR in India if the individual fulfills at least one of the basic conditions that satisfies the residential status of an individual both the additional conditions. Who are resident but not ordinary resident? A resident but not ordinary resident is the one who is not the resident in India for 9 out of the 10 preceding previous years or he has during the 7 preceding years been in India for a period of, or period amounting to days or less. Who are non resident? An individual who does not fulfill the below mentioned conditions in that previous year will be considered as Non Resident: You have to be in India atleast days in that year, OR 2. You have to atleast be in India for days during 4 years preceding that year and atleast 60 days in that year. Which income is considered as accrued income? Income which has been earned but not yet received is known as accrued income. Income is recorded in the same accounting period in which it is earned rather than in the subsequent period in which it will be received. Fringe benefits is something that an employer provides to his employees in addition to the cash salary. FBT is payable in lieu of the value of fringe benefits provided or deemed to have been provided by an employer to his employees during the previous year. What is tax audit? What is Tax refund? The excess tax paid by an individual than the actual owed is returned by the government which is known as tax refund. After taking into consideration income tax, withholdings, tax deductions or credits and other factors; you file income tax for the year, after that you will receive a tax refund. What is capital gain? Explain long term capital gains and how is it different from short term capital gains? When the Capital Asset is being sold or transferred, the profit or gains arising out of it or you can term that as the difference between the actual price at which the asset was acquired and the price at which it is sold or transferred. A long-term capital gain is the profit that arises with the sale of an asset that has been on hold for a definite period. This period ranges from one year to three years across different asset classes. It is different from short term capital gains because short term capitals are kept for short period only that is less than a years. What is deferred tax? A tax liability that a company has to pay but does not pay at that current point and it will be responsible for paying it in future is termed a deferred tax. What is working capital? Working Capital is used into day to day operations of any business. Taxation is one of the mode used by the government to finance their expenditure by imposing charges on citizens and corporate entities. Government levy tax on citizens to encourage or discourage certain economic decisions. What is alternative minimum tax AMT? AMT uses a separate set of rules to calculate taxable income after allowed deductions. How can a taxpayer get a refund for an overpayment of taxes? There is a provision in India to get a refund for an overpayment of taxes along with interest. When you have to claim a refund you need to file the income tax return within a specified period. It resulted in decveloping a simpler and business friendly sales tax system. The Agreement decreases costs and administrative burdens of sales tax collection on retailers, especially those operating in multiple states. Explain deferred tax asset? When a firm has overpaid on taxes then the amount is recorded in the balance sheet as deferred asset tax which is also known as provision for future taxation. Deferred tax asset arises when the firm, pays taxes early or have paid excess of tax and is entitled to get some money back from the tax authorities. Define deferred tax Liability? What items come under deferred tax liability? A tax liability that a company owes and does not pay at that current point, although it will be responsible for paying it at some point in the future. Deferred tax liability DTL is a balance sheet item that accounts for the temporary difference between taxes that will come due in the future and taxes paid today. The unrealized tax that is put into account comes under deferred tax liability. Depreciation is the main source or the type of an item of deferred tax liability. When the assets of the company are written off over a number of years for the purpose of their replacement or renewal and not depending on the life of asset is termed as amortization. It is different from depreciation, which is periodic writing off of the asset based on its normal life expectancy. Impairment can be termed as the fall in the value of the asset due to any physical damage to the asset, obsolescence, or due to technological innovation. Impairments can be written off. Simply you can say that impairment is the difference between the fair value and the carrying value of an asset. What is Inter Company Reconciliation? Every year commonly controlled company prepares a combined or consolidated financial statement for tax and reporting purposes. Inter Company Reconciliation ICR is the process that helps parent company to split from its subsidiaries companies by location.

Chapter 7 : Basic Knowledge of service tax, VAT, sales tax, ESI, PF? | Yahoo Answers

Basic Knowledge of service tax, sales tax, (including rates), vat, PF & ESI. 2. About the date or last date or deposit the challans. 3. Any rebates of such.

GST is a destination based tax and levied at a single point at the time of con sumption of goods or services by the ultimate consumer. GST is based on the principle of value added tax. Goods and Services Tax GST is a comprehensive tax levy on manufacture, traders, sale and consumption of Goods and Services at national level and is expected to remove the cascading effect of tax-on-tax which is prevalent presently. What are the Benefits of GST? Mitigation of cascading taxation Cascading tax effect meaning tax on tax will no longer exist Elimination of multiple taxes and double taxation Input Tax Credit will be easier to avail Returns and compliances will be consolidated Creation of unified national market: Every person registered under any of the earlier laws and having a valid PAN shall be issued a certificate of registration on a provisional basis. For more details about GST Registration click here. A person with multiple business verticals in a state may obtain a separate registration for each business vertical in each state. How many Returns are required to be filed under GST? A normal taxpayer will be required to furnish three returns monthly and one annual return. All existing taxpayers registered under any of the Acts as specified, will be transitioned to GST. The data available with various tax authorities is incomplete and thus fresh enrolment has been planned. Also, this will ensure latest data of taxpayers is available in the GST database without any recourse to amendment process, which is the norm to update the data under tax statutes today. Yes, under the Revised Model GST Law the input tax credit on capital goods is allowed in one installment except in respect of pipelines and telecommunication towers fixed to earth by foundation or structural support including foundation and structural support thereto. One of the fundamental features of GST is the seamless flow of input credit across the chain from the manufacture of goods till it is consumed and across the country. What is Composition Scheme Revised GST Law under Section 9 provides that small taxpayer can opt for the scheme of composition tax instead of opting for paying tax under the regular supply of goods. Small businesses and taxpayers having a turnover less than Rs. Composition levy is available to only small businesses dealing in goods. It is not available to interstate sellers, e-commerce traders and operators, and service providers. Who is an existing taxpayer? Existing taxpayers include taxpayers already registered under: Taxpayers whose turnover is above Rs. Taxpayers whose turnover is below Rs. Without HSN, the system will not be able to pick tax rate for goods declared at the time of registration.

Chapter 8 : Tax PreparerSkills and Knowledge

Service tax is an indirect tax levied on certain services provided by certain categories of persons including companies, association, firms, body of individuals etc. Service sector contributes about 64% to the GDP.

Archit Gupta The government is preparing for a July-1 launch for GST, which will change the concept of levy of indirect taxes. With a little more than two months to go, it is important businesses understand this levy and start identifying whether and how it applies to them. If you are a business, it is nearly certain you deposit some tax other than income tax. It could be in the form of service tax, excise duty, VAT or some version of custom duty. These taxes are called indirect taxes. Nearly all of these taxes will now be replaced with GST. But the implementation of GST is not merely a change in tax. Currently, excise duty is levied on manufacture, VAT is levied each time goods change hands and value is added to the product. These different taxes will now give way to GST. When is GST levied? The most important thing about GST then is its point of levy. What constitutes a supply has been defined in the GST Act. Supply means sale of goods and services. A supply of goods and services can take place even without an actual sale. Supply will also include, transfer, exchange, and barter, rental, lease and also a supply made to an agent or to a branch. So if you are a business, engaged in any of the above, GST will replace all taxes paid by you on purchases, and mandate you to levy GST on your supply. So the first step would be to identify if your business has made a supply. Types of GST Once it has been established that your business has made a supply, the next step is to find out whether it is an intra-state or an inter-state supply. If the origin state is different from the destination State, it is considered an inter-state supply. This is the reason why GST is also called a destination-based tax. Those who make inter-state supplies have to mandatorily register for GST. Most supplies are likely to be taxed at the rate of the destination state. IGST will also be levied on imports. Who should prepare for GST? If you are an existing registrant under VAT or service tax or excise duty, you should roll over your registration to GST. This limit, though, is not to be considered if the business is involved in making inter-state transactions. GST registration is mandatory for them. If you have a website from where supply of goods or services takes place, GST registration will be mandatory for you. Input service distributor means a head office that receives billing for services received at branches and later on it sends apportions to branches. Manufactures also stand to benefit by registering, as they can now adjust tax paid on inputs against GST on outputs. So far as service providers are concerned, many of the existing rules will flow to GST. However, GST on services would now be levied by both State and centre. Taxes would flow to the place of consumption and will be received by the consuming state. Service providers will be able to claim set-off of tax paid on input goods, which was earlier restricted to only input services. Some services, such as doctors, para-medical services, and education services earlier exempt from service tax are likely to be exempt under GST as well. Should you voluntarily opt for GST registration? Many small businesses that are below the turnover threshold and do not make inter-state supplies have the option to register voluntarily. If your buyers are GST compliant it helps you are too. This way, your buyer will be able to take credit of taxes you pay for your inputs. The GST act has laid down that if registered buyers make purchases from unregistered sellers, they will have to do full GST compliance towards tax payment and return filing on behalf of the unregistered seller. With every buyer and seller on board, GST will create a sort of a club of its own with benefits, but at the same time come with the cost of being compliant as well adapting technology as means to do business. Both bets worth the investment. How will GST really impact your business? How will your financial reporting change? The views and opinions expressed in this article are those of the author and do not necessarily reflect the views of YourStory.

Chapter 9 : TDS : Tax Deduction at Source- A Basic Guide | CNK RK & Co, Chartered Accountants

Knowledge is the power that can help you strategize and ultimately cut your tax bill. These 13 lessons will enhance your knowledge and help improve your standing with the IRS. Overwithholding is bad.

And this is divided into 3 categories. It includes â€¦ Any person against whom some proceedings under this Act are going on. Any person by whom some amount of Interest , Tax or Penalty is payable under this Act ; or Any person who entitled to refund of Tax under this Act. Representative Assessee or Deemed Assessee: A person may not be liable only for his own income or loss but also on the income or loss of other persons e. Such person is Deemed to be an Assessee. A person is deemed to be an assessee-in-default if he fails to fulfill his statutory obligations. In case of an employer paying Salary or a person who is paying interest it is their duty to deduct tax at source and deposit the amount of tax so collected in Government treasury. If he fails to deduct tax at source or deducts tax but does not deposit it in the treasury, he is known as Assessee-in-default. He does not file his return of income. He files his return of income even if his taxable income is less than Rs. Assessment order is passed by the Assessing Office without any adjustment. During , he has paid salary of Rs. Though he is supposed to deduct TDS Tax deducted at Source , yet due to ignorance of law, no tax deducted by him. In this case, Mr. This rule is applicable even if his own taxable income is below Rs. It includes value of Benefits and Perquisites. Any thing which is convertible into income can be regarded as source of accrual of income. Voluntary contribution received by a Trust: In the hands of a Trust, income includes voluntary contributions received by it. This rule is applicable in the following cases.. Such contribution is received by a trust created wholly or partly for charitable or religious purpose ; or Such contribution is received by a scientific research association ; or Such contribution is received by any fund or institution established for charitable purposes ; or Such contribution is received by any university or other educational institutions or hospital. ABC Trust is created for public charitable purposes. On Dec, 15, it receives a sum of Rs. The value of any Perquisites or Profit in lieu of Salary taxable in the hand of employee. You is employed by XYZ Ltd. Apart from Salary , he has been provided a Rent-Free House by the employer. Any Special Allowance or Benefit: Value of any Benefit or Amenity, whether convertible into money or not. You owns a House Property. On its transfer, he generates a Capital Profit of Rs. You wins a sum of. Income has been compared with a fruit of a tree or a crop from the field. Fruit comes from a tree and crop from fields. Thus the source of income is definite in both cases. The existence of a source for income is somewhat essential to bring a receipt under the charge of tax. No one can earn income from himself. There can be no income from transaction between head office and branch office. Contributions made by members for the mutual benefit and found surplus cannot be termed as income of such group. Income earned legally or illegally remains income and it will be taxed according to the provisions of the Act. Assessment of illegal income of a person does not grant him immunity from the applicability of the provisions of other Act. Any expenditure incurred to earn such illegal income is allowed to be deducted out of such income only. Whether the income is permanent or temporary, it is immaterial from the tax point of view. The receipts which do not arise from the exercise of a profession or business or do not amount to remuneration and are made for reasons purely of personal nature are not included in the scope of total income. In case a person is receiving some income but his title to such receipts is disputed, it will not free him from tax liability. The receipt of such income has to pay tax. The income may be in Cash or in kind. It is taxable in both cases. These incomes form part of total income and are fully taxable. These incomes do not from part of total income either fully or partially. Rebateable Tax Free Incomes: Tax is calculated on total income out of which a Rebate of Tax at average Rate is allowed. Share of income received by a member of an association of persons provided the total income of such AOP is assessed to tax at the rates applicable to an individual. Share of income received by a partner of a firm assessed as an association of persons PFAOP provided the total income of such PFAOP is assessed to tax at the rates applicable to an individual. In India, the Govt. As such it is known as Financial Year. The Income Tax department has also selected same year for its Assessment procedure. Every person who is liable to pay tax under this Act, files Return of Income by prescribed dates. This processing is called Assessment. Under this

Income Returned by the assessee is checked and verified. Tax is calculated and compared with the amount paid and assessment order is issued. The year in which whole of this process is under taken is called Assessment Year. At present the Assessment Year to is going on. Example- Assessment year which will commence on April 1, , will end on March 31, Income of Previous Year of an assessee is taxed during the next following Assessment Year at the rates prescribed by the relevant Finance Act 1. Previous Year in case of a continuing Business: It is the Financial Year preceding the Assessment Year. As such for the assessment year , the Previous Year for continuing business is i. Previous Year in case of newly set up Business: The Previous Year in case of newly started business shall be the period between commencement of business and 31st March next following. Previous Year in case of newly created source of income: In such case the Previous Year shall be the period between the day on which such source comes existence and 31st March next following.