



## CARDAMOM PLANTERS' ASSOCIATION COLLEGE

(Re-accredited with 'B' Grade by NAAC)

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PG and research department of commerce

# Clubbing of Income



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## Clubbing of Income

### Meaning

The income of other persons shall be included in the Assessee's total income such infusion of other's income in the income of Assessee is called Clubbing of Income and the income it is also called deemed income.

\* Transfer of Income without transfer of Assets (Sec 60)

\* Revocable Transfer of Asset (Sec 61)

\* Income of Spouse [Sec 64 (1) (ii)]

\* Income of daughter-in-law. [Sec 64 (1) (vi)]

\* Transfer of Assets to other person or variation of person for the benefit of spouse and son's wife [Sec 64 (1) (viii)]

\* Income of a Minor child [Sec 64 (1A)]

\* Gift Transfer

\* Benami Transaction

\* Income from Business [Sec 64 (1)]

Set off

- 1. Salary not set off to Business
- 2. Home Property - Rs. 2,00,000
- 3. Business
  - ↳ Speculation Business carry forward to next year
  - ↳ Non-Speculation Business
- 4. Capital Gain
  - ↳ Short term capital gain
  - ↳ Long term capital gain carry forward to next year
- 5. Other Sources - Home Ren. - loss -> carry forward to next year

Carry forward

Non-causal - 8 years

causal - 4 years

unabsorbed depreciation - 0 years

Set off losses meaning

Setting of losses against incomes of the same year.

Set off under the same head

\* Losses from speculation Business cannot be set off against any other business

\* Loss of Specified business cannot be set off against any other business

\* Long term capital loss cannot be set off against short term capital gain

\* Losses from owning and maintaining sea houses shall be set off against income from owning and maintaining sea houses

\* Losses of lottery cross word puzzles cabling card games or betting cannot be set off against such income or any other income.

\* Losses from an exempted income cannot be set off against any other taxable income

Set off against income under other heads

\* If after setting off a losses under the same head of income there still remain some losses, the remaining losses shall be set off

acquired this income and under any other heading

\* Set off losses under the head income from house property against any other head of income shall be restricted to ₹2,00,000 for any assessment year.

1. The statement of income and losses for year ended 31<sup>st</sup> March 2022 of Mr. X is as follows

1. Taxable income from salary ₹1,16,800

2. Taxable income and losses from House property

Income from House A 7,200

Losses from House B 3,400

Losses from House C 9,200

3. Income and losses from Business profit from Iron Business ₹12,800

Losses from Stationary Business ₹8,900

Profit from speculation Business A ₹10,600

Losses from speculation Business B ₹1,600

4. Income and losses from Capital gains

Short term capital gain ₹18,600

Long term capital gain ₹14,000

Long term capital loss ₹8,300

5. Income from Other sources ₹7,700

Compute the gross total income of Mr. X

for the assessment year 2022-23

Computation of Gross Total Income of Mr. X for the Assessment year 2000-03

Particulars	₹	₹	₹
Income from Salaries			1,16,000
Income from House property			
Profit of House A	7,000		
Losses of House B	3,400		
Losses of House C	9,000	-5,400	
Income from Business			
Profit from Business	18,800		
Losses from Stationary Business	8,900	3,900	
Profit from Speculation Business A	10,600		
Losses for Speculation Business B	4,100	6,000	
Income from Capital Gain			
Short term Capital Gain			18,600
Long term Capital Gain	4,200		
Long term Capital Losses	8,300		
Carry forward to the next year	4,100		
Income from other sources		7,700	30,800
Gross Total Income			1,47,600