



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY, SHIMLA

Semester: VII

B.A./B.B.A. LL.B. (Hons.)

Paper Code: LB-701

Principles of Taxation Law

Credit - 04

Introduction:

The course titled 'Principles of Taxation' is designed to provide a fundamental understanding of India's tax system to undergraduate students of B.A. /B.B.A. LL.B. (Hons). The course covers basic concepts such as 'tax', the difference between 'tax & fee', 'tax & cess'; definition of 'income'; rules for determining the 'residential status', heads of income viz., 'salary', 'income from house property', 'Profit and Gains from Business and Profession', 'Capital Gains', and income from other sources. It further outlines the concepts like clubbing of income, assessment, and the adjudication of tax disputes.

Course Objectives:

1. To understand and analyze the principles of taxation;
2. To critically examine the tax law and related tax policies;
3. To understand the nuances of the tax assessment procedure;
4. To hone students' skills in tax litigations through their exposure to tax disputes/case analysis.

Learning Outcomes:

On the successful completion of course, students will be able to:

1. Know about tax system of India;
2. Critically examine the tax law-related principles;
3. Apply tax principles and the procedure in a given practical scenario;
4. Apply his skills in tax litigations.

Module - I
Introduction, Definitions and Concepts

- 1.1. Concept of – Tax, Cess, Surcharge; Types of taxes: Direct Taxes, Indirect Taxes (GST);
- 1.2. Definition: Income – Application of Income or diversion of Income; Receipt- Capital; Receipt v. Revenue Receipt, Salami; Assessee; Previous Year; Assessment year; Basis of charge (Receipt, Accrual, and Arisal);
- 1.3. Agricultural Income – Meaning;
- 1.4. Residence and Scope of Total Income – Tests for the determination of the residential status of Assessee (S.6);
- 1.5. Total income of assessee; Income deemed to accrue or arise in India (S. 9).

Module - II
Heads of Income: Salary, House Property and Business & Profession

- 2.1. Heads of Income (S. 14), Rationale; Heads, whether mutually exclusive;
- 2.2. Salaries (Ss. 15 to 17) – Chargeability – Meaning of Salary; Perquisites; Profits in lieu of salary;
- 2.3. Income from House Property (Sections 22 to 27) – Annual Value; Deductions; Deemed owner (S. 27);
- 2.4. Profits and Gains of Business and Profession (Ss. 28-44) – Applicability; Deductions - Bad debts;
- 2.5. Business Expenditure – Allowability – Distinctions between Business expenditure and Capital expenditure [S. 37(1)].

Module - III
Heads of Income: Capital Gain

- 3.1. Capital Gains (Ss. 45-55) – Definition; Capital Assets/Gains; Types – Short term & Long term; Meaning of “Transfer” [S. 2(47)];
- 3.2. Computation (S. 45); Transactions not amounting to transfer (S. 46-47); Mode of computation (S.48); Meaning of ‘adjusted cost of improvement’ and ‘cost of acquisition’ (S. 55);
- 3.3. Income from Other Sources (S. 56-59);
- 3.4. Income of Other Persons included in Assessee’s Total Income (S. 60-64) - Clubbing of income – justifiability;
- 3.5. Taxability of separate property into the common stock of Joint Hindu Family [S. 64(2)].

Module - IV
Miscellaneous

- 4.1. Assessment- Best Judgment Assessment; Income escaping assessment (S. 139, 142, 143, 144, 145(2), 147, 148, 149, 150, 151 and 153); Faceless Assessment;
- 4.2. Return;
- 4.3. Income Tax Authorities;
- 4.4. Double Taxation;
- 4.5. Adjudication: Appeal, Reference, Review & Revision, Faceless Appeal.

Prescribed Legislation:

1. The Income Tax Act, 1961.
2. The Goods and Services Tax Act, 2017.

Prescribed Books:

1. Kanga and Palkhival, THE LAW AND PRACTICE OF INCOME TAX, (2014).
2. Vinod K. Singania, and Kapil Singhania, TAXMANN'S DIRECT TAXES - LAW & PRACTICE, (2023-24).
3. Girjesh Shukla and Mahima V. Tiwari, TAX LAW-I, (Lexis Nexis, 2015).
4. Girish Ahuja and R. D. Gupta, CONCISE COMMENTARY ON INCOME TAX (SET OF 2 VOLS.), (Commercial Law Publishers, 2023-24).

Suggested Readings:

1. Auerbach Alan, Smetters Kent, ECONOMICS OF TAX POLICY, (2017).
2. V. S. Datey et.al., TAXMANN'S INDIRECT TAX LAW, (2022).
3. H. C. Mehrotra and S. P. Goyal, INCOME TAX LAW & ACCOUNTS, (2021-22).
4. Louis Eisentein, THE IDEOLOGIES OF TAXATION, (1961),
5. Mahesh C. Purohit and Vishnu Kanta Purohit, HANDBOOK OF TAX SYSTEM IN INDIA: AN ANALYSIS OF TAX POLICY AND GOVERNANCE, (2014).


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