

D.P. VIPRA COLLEGE BILASPUR

DEPARTMENT OF COMMERCE



INCOME TAX HEADS

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The 5 heads of Income are



Salary
income



Income from
House
property



Capital
Gains



Profits and
gains from
business/
Profession



Income from
other sources

INCOME TAX HEADS

1. What are the five heads of income?

As per section 14 of the Income Tax Act, income is classified into the following categories known as Heads of Income.

- Income from Salary
- Income from House Property
- Income from Profits and Gains of Profession or Business
- Income from Capital Gains
- Income from Other Sources

2. Why is classification into different heads of income necessary? Is the tax payable different for each head?

No. There is only one tax on the income calculated under various heads, but, there are different rules of computation of income under each head and income has to be computed under that head after applying such rules.

3. What is Gross Total Income?

Gross total income (GTI) is the sum of incomes computed under the five heads of income i.e. salary, house property, business or profession, capital gain and other sources after applying clubbing provisions and making adjustments of set off and carry forward of losses.

GTI = Salary Income + House Property Income + Business or Profession Income + Capital Gains + Other Sources Income + Clubbing of Income - Set-off of Losses

4. What is Total Income? What is the difference between Gross Total income and Total Income?

The income arrived at after claiming all allowable deductions from Gross Total Income is known as Total Income.

Gross Total Income is the sum of all of the income a person receives during a year, whereas Total income is the amount of income that is subject to taxation, after all allowable deductions or exemptions have been subtracted from the Gross Total Income.

Total income = Gross Total Income – Allowable Deductions

5. What are the types of Gross Total income (GTI)?

Gross total income is to be categorized in 2 parts one which is to be taxed at normal slab rates i.e. Normal GTI and other which is subject to tax at specific rates i.e. Other GTI.

Other GTI includes:

Short term capital gains on which Securities Transaction Tax has been paid (taxed @ 15%)

Long term capital gains except for those exempted u/s 10(38) (Taxed @ 20%)

Casual income like lottery income, income from horse racing (taxed @ 30%)

THANK YOU