

INCOME OF MINOR CHILD

M5. Ruhi, aged 17 years, was adopted by her parents and got married on 1.10.2021. During the PY 2021-22, she got.....

64(1A) applies to married minor daughter and adopted child. Prize not clubbed as it is from skill/talent. Dividend clubbed = 1,400 – 1,500 exempt u/s 10(32) = Nil.

M6. The minor son of Ramesh earned interest of Rs. 1,000 from bonds, dividend of Rs. 1,500 from shares of a company.....

Exemption is provided on overall basis; not to each item of income.

M7. Mr. Zero, directed his bank to transfer interest of Rs. 30,000 on fixed deposits held by him, to the account of his.....

64(1A) not applicable as son is major. Clubbing u/s 60 as income transferred without transfer of asset.

M8. Raja is the minor son of Rocky. During the PY 2021-22, he earned the following incomes: Interest of Rs. 10,000.....

Clubbing = 10,000 POTD + gift from father's brother NO 56(2)(x) as relative + 15,000 dividend + 3,00,000 taxable u/s 56(2)(x) - 1,500 exempt u/s 10(32) = 3,23,500

M9. Suman, aged 16 years, received scholarship of Rs. 50,000 during PY 2021-22 to meet cost of her education. Which.....

Exempt u/s 10(16) (refer para 30)

M10. On 20.10.2021, Sweety (minor child) gets a gift of Rs. 20 lakh from her father's friend. On the same day, the.....

Clubbing u/s 64(1A) = 20,00,000 u/s 56(2)(x) + 13,000 – 1,500 u/s 10(32) = 20,11,500

M11. Megha (16 years) received gift of Rs. 10 lakh from her grandfather on her birthday on 1.6.2020. She utilized.....

Clubbing = STCG on sale of shares 1,00,000 (4L – 3L) + dividend 5,000 + interest on debentures 40,000 + interest on loan 5,000 + STCG on bonus shares 2,00,000 - 1,500 exempt u/s 10(32) = 3,48,500

M12. Divyansh (14 years) won the first prize of Rs. 1 lakh in National Talent Search on 1.4.2021. He invested this money.....

Divyansh = prize 1,00,000 as it is from skill/talent.

Clubbed u/s 64(1A) = business profit 50,000 + interest 3,000 = 53,000.

TOTAL INCOME BEFORE CLUBBING: Father = 2,00,000 + 1,50,000 clubbed u/s 64(1)(iv) = 3,50,000; Mother = 3,00,000.

Clubbed with father (as TI higher) = 53,000 – 1,500 u/s 10(32) = 51,500.

Father's income = 3,50,000 + 51,500 = 4,01,500.

INCOME OF SPOUSE FROM CONCERN IN WHICH INDIVIDUAL HAS SUBSTANTIAL INTEREST

M15. During the PY 2021-22, the spouse of Charu received salary of Rs. 50,000 per month, as legal manager, from a.....

Profit share = 10 self + 10 brother = 20% = SI. Clubbing u/s 64(1)(ii) = 6,00,000 – 50,000 SD u/s 16 = 5,50,000

M16. Romil, a doctor, gifted Rs. 10 lakh to his spouse, Damini on 1.4.2021 from which she purchased 15% equity shares.....

Damini: Gift from Romil NO as not taxable u/s 56(2)(x) since received from relative + 3L clubbed u/s 64(1)(xii) as Damini holds 25% shares in BCD Pvt. Ltd. alongwith Romil (= SI) and Romil is not qualified = 3L.

M17. During the year 2021-22, Sweety (spouse of Veer) received commission of 1% on turnover achieved by CD Pvt. Ltd.....

Sweety qualified and, hence, no clubbing u/s 64(1)(ii) even if Veer holds $\geq 20\%$ equity at any time during PY.

M18. Raja and Rani, spouses, were employed with BCD (P) Ltd on annual salary income of Rs. 2 lakh each (computed).....

Both are unqualified for the job of tax manager. Equity holding during PY 2021-22 for both of them = Raja 5% + minor son 10% + Rani 5% = 20% = SI.

Clubbing u/s 64(1)(ii) in hands of Rani as TI of Rani (excluding salary) of 4L is higher.

Raja's income = 3L professional income. Rani's income = 2L salary + 2L clubbing + 4L professional income = 8L

M19. Jiya has earned remuneration of Rs. 3 lakh during the PY 2021-22 from a partnership firm in which her brother is a.....

No clubbing u/s 64(1)(ii) as spouse has no profit share

INCOME FROM ASSETS TRANSFERRED TO SPOUSE OR SON'S WIFE

M20. For clubbing income u/s 64(1)(iv) or 64(1)(vi), the relation of spouse or son's wife should subsist only at the time.....

At time of transfer of asset as well as arising of income

M21. Yuvraj, gifted Rs. 50 lakh to his spouse on 1.4.2021. Out of this money, she invested Rs. 30 lakh in fixed deposits.....

YUVRAJ = FD interest 3,00,000 + dividend 20,000 = 3,20,000.

SPOUSE = Gift from spouse NO u/s 56(2)(x) + 1,00,000 STCG not clubbed as accretion = 1,00,000

M22. During the PY 2021-22, Sona acquired jewellery from her friend for Rs. 1 lakh (market value Rs. 5 lakh). Being a.....

SONA = Jewellery 4,00,000 u/s 56(2)(x) + salary 5,50,000 (6,00,000 – 50,000 SD u/s 16) not clubbed with spouse u/s 64(1)(ii) as she is qualified + gift from spouse NO u/s 56(2)(x) = 9,50,000.

SPOUSE = IHP (-) 25,000 clubbed u/s 64(1)(iv).

M23. Manjari gifted a property to her daughter-in-law (DIL) on 1.4.2021. Income from property for the year (accruing.....

MANJARI = Income till divorce clubbed u/s 64(1)(vi) = 50,000.

Daughter in law = Gift of property (assuming it is specified) NO u/s 56(2)(x) as received from relative + income after divorce not clubbed u/s 64(1)(vi) 50,000 + capital gain after divorce not clubbed u/s 64(1)(vi) 30,000 = 80,000.

M24. Rohit gifted Rs. 20 lakh to his brother on 1.5.2021 with instructions to deposit the money in bank fixed deposits.....

Asset transferred to any person where income arises for benefit of son's wife; clubbed u/s 64(1)(viii)

M25. Badal gifted a house property valued at Rs. 50 lakh to his wife, Rani, who in turn has gifted the same to her.....

Badal is deemed owner u/s 27(i) and gift by Rani to daughter-in-law is covered u/s 64(1)(iv). Alternatively, Badal has transferred house indirectly to son's wife u/s 64(1)(iv). In any case, income clubbed with Badal = 3,00,000 annual value – 90,000 standard deduction = 2,10,000

M27. Rhea received gift of Rs. 10 lakh from her spouse on 15.4.2021. She invested this money, along with her own.....

SPOUSE = (1,20,000) \times (10L / 30L) = 40,000 loss clubbed u/s 64(1)(iv).

RHEA = 3,00,000 royalty – 80,000 loss = 2,20,000

M28. On 1.3.2021, Shobhit became a partner in R&S partnership firm, with 50% profit share, by bringing in Rs. 10 lakh.....

Profit share is exempt u/s 10(2A).

Taxable income: SPOUSE = 1L interest clubbed u/s 64(1)(iv) (1L \times (10L / 10L)) = 1L. SHOBHIT: Nil.

M29. Rajshri commenced her business on 1.9.2021 with Rs. 10 lakh (out of which Rs. 5 lakh was loan taken from bank).....

Nothing clubbed u/s 64(1)(iv) as gift by spouse not invested in business on first day of PY being 1.9.2021.

M29a. Mr. Z gifted Rs. 5 lakh each to Mrs. Z and Master Z, his son aged 25 years, on 1.4.2019. They invested this.....

Interest accruing to son is not to be clubbed in hands of either parent as he is major. Interest on 5 lakh accruing to Mrs. Z is clubbed in hands of Mr. Z u/s 64(1)(iv). Interest on interest will not be clubbed and will be taxable in hands of Mrs. Z.

PY	Principal for which interest is taxable in hands of Mr. Z	Principal for which interest is taxable in hands of Mrs. Z	Interest taxable in hands of Mr. Z	Interest taxable in hands of Mrs. Z	Opening balance	Closing balance
2019-20	500000	0	50000	0		550000
2020-21	500000	50000	50000	5000	550000	605000
2021-22	500000	105000	50000	10500	605000	665500

CONVERSION OF SELF-ACQUIRED PROPERTY INTO PROPERTY OF HUF

M32. On 1.7.2021, Saira transferred gold jewellery of market value Rs. 10 lakh to the HUF for a consideration of Rs.....

SAIRA = CG 1L.

HUF = STCG 5L + interest 1L = 6L. No clubbing u/s 64(2) as transfer is for adequate consideration.

M33. On 1.4.2021, Shan (Karta of his HUF comprising of his spouse and minor daughter), gifted Rs. 15 lakh to the HUF.....

TILL PARTITION: Shan = 60,000.

AFTER PARTITION: Shan = 20,000 self + 20,000 spouse + 18,500 minor (after 1,500 exempt u/s 10(32) = 58,500.

CROSS TRANSFERS

M35. On 1.4.2021, Mr. B gifted Rs. 1.5 lakh to Mrs. C (spouse of his brother, Mr. C). Mr. C, in turn, gifted Rs. 1 lakh to.....

Mr. B = 10,000 – 1,500 u/s 10(32) = 8,500.

Mr. C = 10,000.

Mrs. C = 5,000 (10% of 50,000).

GENERAL PROVISIONS OF CLUBBING

M40. Sana's spouse (61 years, resident) gifted Rs. 60 lakh to Sana (59 years, resident) who earned interest of Rs.....

Total Income: Sana = Nil. Spouse = 4,50,000 clubbed u/s 64(1)(iv) + pension 6,00,000 = 10,50,000. Tax = 1,25,000 + 4% HEC of 5,000 = 1,30,000

M41. Income arising from transfer of asset will be included in the income of transferor in which of the following cases.....

U/s 60

M42. Ram owns 500, 15% debentures of Reliance Industries Ltd. of Rs. 500 each. Annual interest of Rs. 37,500 was.....

Clubbing in hands of Ram u/s 60

M43. Vanya gifted Rs. 25 lakh to her father with a declaration that the transfer is irrevocable during his lifetime. Her.....

Transfer revoked on death.

M44. Sehar transferred certain plant and machinery, owned by him, to his friend with a stipulation that he would.....

Transfer is deemed to be revocable u/s 63.