1.27 Classification of Income under different Heads

According to IT Rules-24 it has been seen in the specimen from of income under the ITO, 1984 part II total 10 heads has been given

1. Salaries
2. Interest on securities
3. Income from house property
4. Agricultural income
5. Income from Business or profession
6. Share of profit on partnership firm
7. Income from Spouse or Minor Child
8. Capital gains
9. Income from other sources
0. Foreign income

1.28 Define income as per ITO, 1984. Discuss the characteristics of income. (2006, 2007, 2009, 2010, 2013)

- **Income** means any kind of receipts or gain. It includes profits, gains, revenues, losses, benefits, facilities and any disposable receipts.

- According to Section 2(32) of the ITO 1984, **income includes any income, profits, gains, losses, any sum deemed to be income.**

- **Examples of income:**

  Salary, remuneration, profit, gain, interest, rents etc. There are two kinds of taxable income: Earned income (salary, wages, tips, bonuses, commissions, etc.) and unearned income (dividends, interest, rents, alimony, winnings, royalties, etc.).

❖ **Characteristics of income:**
- Income has the following common characteristics:
- Income is a periodical return.
- Income is received from third party.
- Income may be received or accrued.
- Income must be real.
- Source of income must be defined.
- Income is one kind of revenue received.
- Income may be legal or illegal.
- Income must be related with money.

1.32 What are the some of the sources of govt. revenue and sector of expenditures? (2007)

The sources of govt. revenue:

Government revenue refers to the income generated by the government through various income sources inside and outside the particular government. The following are the source of government revenue**:**

(A) Tax Revenue: Taxes are the first and foremost sources of government revenue. This is the tax that the government collects in the form of corporation tax, personal income tax, customs, excise etc. Most common tax revenues of government as follows:

✔ Corporate tax
✔ Personal income tax
✔ Capital gain tax
✔ Gift tax
✔ Wealth tax
✔ Custom duty
✔ VAT
✔ Excise duty
✔ Service tax
✔ Sales tax