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Module: Retirement Planning

Global Retirement Planning

Chapter 1: Retirement Principles

Learning Objectives

- 1-1 Explain the value of planning for retirement
- 1-2 Analyze strategies for funding retirement

Knowledge Items

- 1.1 Value of early and consistent planning for retirement
- 1.2 Investing for retirement
 - 1.2.1 Accumulation strategies

Chapter 2: Retirement Objectives

Learning Objectives

- 2-1 Identify a client’s retirement objectives
- 2-2 Evaluate the implications of a client’s attitudes toward retirement
- 2-3 Evaluate trade-offs needed to meet a client’s retirement objectives
- 2-4 Calculate capital required to fund a client’s retirement

Knowledge Items

- 2.1 Retirement goals and objectives
 - 2.1.1 Goals and needs
 - 2.1.2 Capital required for retirement
 - 2.1.3 High net worth clients
- 2.2 Establishing retirement cash flow targets
 - 2.2.1 Conflicting goals and trade-offs
- 2.3 Objectives in retirement
- 2.4 Wealth transfer

Chapter 3: Retirement Needs Analysis and Projections

Learning Objectives

- 3-1 Identify the types of information to collect regarding a client’s estimated retirement expenses
- 3-2 Analyze financial goals and obligations
- 3-3 Calculate financial projections in retirement based on a client’s current financial position

- 3-4 Calculate amounts required to fund retirement cash flow needs
- 3-5 Analyze the impact of changes in assumptions on financial projections

Knowledge Items

- 3.1 Longevity risk, inflation and the impact on retirement cash flow needs
- 3.2 Goal classification and funding
 - 3.2.1 Fixed and terminable
 - 3.2.2 Fixed and permanent
 - 3.2.3 Variable and terminable
 - 3.2.4 Variable and permanent
- 3.3 Goal development
 - 3.3.1 Establishing goals and timelines
 - 3.3.2 Determining goal priorities
- 3.4 Selecting and administering long-term investment portfolios
 - 3.4.1 Risk, return and implications for retirement planning

Chapter 4: Potential Sources of Retirement Cash Flow

Learning Objectives

- 4-1 Identify details to collect of a client's potential retirement cash flow sources
- 4-2 Analyze retirement benefits provided by the government
- 4-3 Analyze retirement benefits provided by employers
- 4-4 Explain how annuities are used to provide retirement cash flow

Knowledge Items

- 4.1 Pension funds
 - 4.1.1 Government-sponsored
 - 4.1.1.1 Defined benefit plans
 - 4.1.2 Employer-sponsored
 - 4.1.2.1 Defined contribution plans
- 4.2 Types of non-pension employee retirement benefits
- 4.3 Individual retirement plans
- 4.4 Annuities
 - 4.4.1 Types of annuities
 - 4.4.2 Settlement and payout options

Chapter 5: Retirement Cash Flow, Withdrawal Projections and Strategies

Learning Objectives

- 5-1 Calculate and analyze financial projections for a client's retirement plan.
- 5-2 Describe whether a client's retirement objectives are realistic
- 5-3 Describe the impact of changes in assumptions on financial projections
- 5-4 Calculate, analyze, and explain factors impacting retirement account distributions.
- 5-5 Apply retirement distribution strategies

Knowledge Items

- 5.1 Sources of cash flow in retirement
- 5.2 Portfolio distribution strategies
- 5.3 Retirement distribution rates
- 5.4 Sequence risk

- 5.4.1 Portfolio distribution options
- 5.5 Impact of taxes on retirement cash flow

India-Specific Retirement Planning

Chapter 1: The Characteristic India Demography, Family and the Retirement Preparedness

Learning Objectives

- 1-1 Understand India demography and potential disruptions in the future
- 1-2 Compare fiscal constraints with social security programs
- 1-3 Explain characteristics of the Indian family unit

Topics

- 1.1. A young India with low old age dependency ratio
- 1.2. Improving Life Expectancies, other Potential Disruptions to India Demography
- 1.3. Fiscal Constraints to deal with Large-scale Social Security Programs
- 1.4. A typical Indian Family - Three generations living together is still more common
- 1.5. Other Priority Goals and Obligations delay or disrupt retirement savings
- 1.6. Late Marriages and subsequent goals blur usual Life Stages

Chapter 2: Pension Reforms in India

Learning Objectives

- 2-1 Explain Old Age Social and Income Security (OASIS) Project
- 2-2 Distinguish pension scenario and defined benefit schemes

Topics

- 2.1 Old Age Social and Income Security (OASIS) Project
- 2.2 Pension Scenario – State Governments, Autonomous Bodies and Un-organized Sector
- 2.3 Government – Decisive shifting away from Defined Benefit Schemes
- 2.4 Mandatory contributory system

Chapter 3: Characteristics of Indian Family Unit and Retirement Implications

Learning Objectives

- 3-1 Explain characteristics of the Indian family unit

Topics

- 3.1 Three Generations living together is still more common
- 3.2 Other Priority Goals and Obligations
- 3.3 Late Marriages and subsequent goals blurring usual Life Stages

Chapter 4: Retirement Products in India

Learning Objectives

- 4-1 Understand employee provident funds and their digital transition
- 4-2 Illustrate National Pension System's (NPS) infrastructure, functioning and advantages
- 4-3 Explain Public Provident Fund (PPF) and other voluntary institutional retirement products
- 4-4 Evaluate annuities and reverse mortgage schemes

Topics

4.1 Provident Funds

- 4.1.1 Employees' Provident Fund and Employees' Pension Scheme
- 4.1.2 Other recognized Provident Fund Types
- 4.1.3 Defined Contribution Plans – Institutional Framework and Investment Architecture
- 4.1.4 Tax Benefits on Subscriptions and Withdrawals
- 4.1.5 Universal Account Number (UAN) and Employer Portability

4.2 National Pension Systems (NPS) - PFRDA (Pension Fund) Regulations, 2015

- 4.2.1 Signature Scheme of Pension Fund Regulatory and Development Authority (PFRDA)
- 4.2.2 Unique Permanent Retirement Account Number (PRAN) and Portability Features
- 4.2.3 Types of Accounts – Tier-I and Tier-II
- 4.2.4 Tier-I Account (Meant for retirement savings)
 - 4.2.4.1 Tax Treatment – Exempt-Exempt-Taxed (EET)
 - 4.2.4.2 Withdrawal Limits on Retirement, Taxability and other Rules
 - 4.2.4.3 An Exclusive Additional Tax Deduction under Section 80CCD(1B)
 - 4.2.4.4 Other Features – Very Low Cost, Regulated and Funds based (Accumulated Units)
 - 4.2.4.5 Annuity Provisions and Annuity Service Providers (PFRDA empanelled)
- 4.2.5 Tier-II Account (Voluntary savings facility)
- 4.2.6 Investment or Portfolio options in NPS - Active and Auto choices
- 4.2.7 Point of Presence (POP) Service Providers
- 4.2.8 Central Recordkeeping Agency (CRA)
- 4.2.9 Pension (NPS) Fund Managers – Roles and Responsibilities
- 4.2.10 NPS Trust
- 4.2.11 Trustee Bank
- 4.2.12 Retirement Advisers and Aggregators
- 4.2.13 NPS Models
 - 4.2.13.1 All Citizen Model
 - 4.2.13.2 Government Sector and Corporate Model
 - 4.2.13.3 Atal Pension Yojana (APY)

4.3 Public Provident Fund (PPF) under the Public Provident Fund Act, 1968

- 4.3.1 Structure and Administration
- 4.3.2 Subscription – Minimum/Maximum and Frequency
- 4.3.3 Tenure, Rules of Partial Withdrawal and Loan Facility
 - 4.3.4 Taxability – Exempt- Exempt- Exempt (EEE)
 - 4.3.5 Maturity Profile of PPF and Roll-over Facility – With or Without Subscription
 - 4.3.6 Viability of PPF Scheme – A Credible Aggregator of Retirement Corpus

4.4 Pension Plans from Mutual Funds and Insurance Companies

- 4.4.1 Pension plans from Mutual Funds
 - 4.4.1.1 Tax Benefit and Lock-in Period, Systematic Monthly/Annual Investments in Units
 - 4.4.1.2 Lock-in Period and Withdrawal prior to Retirement
 - 4.4.1.3 Systematic Withdrawal on Retirement akin to Annuity with Benign Taxation
- 4.4.2 Pension plans from insurance companies
 - 4.4.2.1 Unit Linked Pension Plans
 - 4.4.2.2 Mortality and Tax Benefits
 - 4.4.2.3 Lock-in Period and Flexible Plan Tenure

4.5 Annuities

- 4.5.1 Provided by Life Insurers (Regulated by Insurance Regulatory and Development Authority of India – IRDAI)
- 4.5.2 Minimum Limits for Annuities

- 4.5.3 Immediate and Deferred Annuities
- 4.5.4 Types – Period Certain, Life Certain and Life with Period Certain, With or Without Return of Purchase price
- 4.6 Government sponsored regular income schemes
 - 4.6.1 Senior Citizens Savings Scheme (SCSS)
 - 4.6.2 Post Office Monthly Income Scheme (POMIS)
- 4.7 Reverse Mortgage
 - 4.7.1 Rules of Reverse Mortgage in India and Regulator National Housing Bank (NHB)
 - 4.7.2 Lump sum payment, Credit Line and Fixed Annuity
 - 4.7.3 Reverse Mortgage Loan Enabled Annuity (RMLeA)

Chapter 5: Employee Benefits on Superannuation

Learning Objectives

- 5-1 Understand Payment of Gratuity Act, 1972
- 5-2 Discuss other superannuation benefits and some government schemes

Topics

- 5.1 Payment of Gratuity Act, 1972
 - 5.1.1 Applicability of the Act
 - 5.1.2 Payment on Superannuation, Disability and Resignation from Employment
 - 5.1.3 Special Provisions and Calculation of Gratuity payable on Death
 - 5.1.4 Determination of the Amount of Gratuity – Formula and Other Rules
 - 5.1.5 Notice for Payment, Period mandated, Recovery and Penalties
 - 5.1.6 Tax-exempt Amount of Gratuity for Employees covered under the Act, and otherwise
- 5.2 Leave Encashment – Tax-exempt amounts
- 5.3 Ex-Gratia Lump-sum Compensation
- 5.4 Pension Scheme for Government Employees – Rules for Commuting pension
- 5.5 Family Pension
- 5.6 Employees' Deposit Linked Insurance Scheme (EDLIS)
- 5.7 Pensions in Public Sector Bank and other Public Sector Enterprises

Module: Tax Planning and Optimization

Global Principles of Taxation

Chapter 1: Taxes payable by an individual

Learning Objectives

- 1-1 Identify tax-related terms
- 1-2 Describe types of taxes payable by an individual
- 1-3 Illustrate taxation of capital asset
- 1-4 Describe the difference between tax avoidance and tax evasion

Knowledge Items

- 1.1 Taxes payable by an individual
- 1.2 Effect of selling property
- 1.3 reduction/management techniques
- 1.4 Tax avoidance/evasion
- 1.5 Income shifting techniques (transfer and timing)
- 1.6 Tax-exempt income

- 1.7 Tax-sheltered income
- 1.8 Tax-preferred retirement, education and spending plans
- 1.9 Investment strategies to manage tax liability

Chapter 2: Effect of selling property

Learning Objectives

- 2-1 Identify Basis
- 2-2 Calculate capital gain or loss

Knowledge Items

- 2.1 Class of Property
- 2.2 Basis
- 2.3 Capital Gain or Loss

Chapter 3: Record-Keeping

Learning Objectives

- 3-1 Apply suitability guidelines to tax planning strategies
- 3-2 Distinguish between taxable and tax-free yields in a given situation

Knowledge Items

- 3.1 Types of information normally required
- 3.2 Collective/pooled (mutual funds, unit trust) investments

Chapter 4: Tax Planning Strategies

Learning Objectives

- 4-1 Describe international accounting principles
- 4-2 Explain organizational ownership structures and tax implications
- 4-3 Construct tax forms appropriate for filing

Knowledge Items

- 4.1 Eliminating or reducing tax
 - 4.1.1 Shifting tax to others
 - 4.1.2 Deferring income taxes
- 4.2 International tax systems overview
 - 4.2.1 Tax arbitrage
 - 4.2.2 Tax strategies
 - 4.2.3 Income tax
 - 4.2.4 Tax terms
 - 4.2.5 Property-related taxes
 - 4.2.5.1 Personal property
 - 4.2.5.2 Investment property
 - 4.2.6 Capital assets: Gains and losses
- 4.3 Suitability
- 4.4 Strategic coordination
- 4.5 Tax-free versus taxable yields
- 4.6 Tax planning action steps

Chapter 5: Cross-border taxation

Learning Objectives

- 5-1 Describe cross-border taxation
- 5-2 Identify income source rules
- 5-3 Explain tax treaties and their implications
- 5-4 Describe tax arbitrage
- 5-5 Explain cross-border treatment of retirement plan distributions

Knowledge Items

- 5.1 Cross-border taxation
- 5.2 Tax treaties
- 5.3 Tax arbitrage

India-Specific Principles of Taxation

Chapter 1: India Tax Structure: Direct and Indirect Taxes

Learning Objectives

- 1-1 Understand the tax structure in India
- 1-1 Describe direct taxes as they apply to individuals and other entities

Topics

- 1.1 Central Board of Direct Taxes (CBDT), Income-tax Act, 1961, Income-tax Rules, 1962
- 1.2 Central Board of Indirect Taxes and Customs (CBIC), Central Goods and Services Tax (GST) Act, 2017

Chapter 2: Income-tax Act, 1961: Concepts and Terminology

Learning Objectives

- 2-1 Identify various terms as contained in the Income-tax Act
- 2-2 Explain broad principles that define 'Income' and other receipts

Topics

- 2.1 Assessment Year' (AY), 'Previous Year', 'Assessee', 'Person'
- 2.2 Broad Principles that categorize 'Income', Extended meaning of income
- 2.3 Capital and Revenue Receipts, and their Taxability

Chapter 3: Rules of Residency

Learning Objectives

- 3-1 Illustrate norms that establish the tax status of residents
- 3-2 Determine factors which differentiate Indian income from foreign income

Topics

- 3.1 Residential status of an individual and other taxable entities
- 3.2 Taxability based on Residential status
- 3.3 Individuals – Resident in India, Ordinarily Resident and Not-ordinarily resident
- 3.4 Individuals – Not-resident in India (NRI)
- 3.5 Residential Status of a Foreign Company
- 3.6 Residential Status of Hindu Undivided Family (HUF)
- 3.7 Residential Status of 'any other person'

- 3.8 Incidence of Tax or Tax Liability
 - 3.8.1 Indian Income and Foreign Income
 - 3.8.2 Income 'received' vs. 'accrue' or 'arise' in India
 - 3.8.3 Income deemed to accrue or arise in India

Chapter 4: What Constitutes Income From 'Salary'?

Learning Objectives

- 4-1 Describe salary received in various forms and under various heads
- 4-2 Distinguish all receipts which are recognized and taxed within the meaning salaries

Topics

- 4.1. Salary received, salary due, arrears of salary, advance salary
- 4.2. Various heads of salary and their taxability
 - 4.2.1. Various allowances including Dearness Allowance
 - 4.2.2. Various perquisites
- 4.3. Profits in lieu of salary
- 4.4. Wages
- 4.5. Fees and Commission
- 4.6. Gratuity, Exemption limits – Government and other employees – on retirement or resignation
- 4.7. Annuity and Pension – Taxability of commuted pension amount – received with or without Gratuity payment
- 4.8. Leave encashment on retirement or resignation
- 4.9. Balance in recognized Provident Fund
- 4.10. Employer contribution under notified pension scheme, National Pension System (NPS) and recognized Provident Funds
- 4.11. Compensation received on Voluntary Retirement/Separation Schemes – Exemption limits for IT commissioner approved VRS/VSS schemes

Chapter 5: Various Allowances and Their Exemption Limits

Learning Objectives

- 5-1 Distinguish allowances which are exempt subject to rules and limits based on actual expenditure
- 5-2 Identify the rules and limits for various other specific allowances

Topics

- 5.1. Based on expenditure incurred
 - 5.1.1. House Rent Allowance (HRA)
 - 5.1.2. City Compensatory Allowance
 - 5.1.3. Entertainment Allowance
 - 5.1.4. Special Allowance – Travelling, Conveyance, Daily, Uniform, etc.
- 5.2. Irrespective of expenditure incurred
 - 5.2.1. Hill area allowance
 - 5.2.2. Tribal area allowance
 - 5.2.3. Transport allowance

Chapter 6: Taxable Perquisites

Learning Objectives

- 6-1 Describe amenities and facilities provided by employer which attract tax
- 6-2 Illustrate Sweat equity and Employee Stock Options as perquisites and their tax incidence

Topics

- 6.1. Furnished /Unfurnished accommodation with no rent/concessional rent charged
- 6.2. Services of house help, attendant
- 6.3. Supply of amenities (electricity, water, gas, etc.)
- 6.4. Interest free loan or concessional loan
- 6.5. Use of car and other movable assets
- 6.6. Medical facility and club facility
- 6.7. Employer's contribution towards superannuation fund (above the exempt maximum limit)
- 6.8. Value of specified security, sweat equity, Employee Stock Option Plan (ESOP) allotted/transferred to employee
- 6.9. Tax of an employee paid by employer

Chapter 7: Income from House Property

Learning Objectives

- 7-1 Evaluate the income ascribed to a house property treated as investment
- 7-2 Calculate loss from a self-occupied house property built on borrowed capital

Topics

- 7.1. The Basis of Charge
- 7.2. The Basis of computing income from a let out house property
- 7.3. Gross Annual Value (GAV) on the basis of Municipal Valuation (MV), Fair Rent (FR) and Standard Rent (SR)
- 7.4. Net Annual Value (NAV)
- 7.5. Standard Deduction under section 24(a) and Interest on borrowed capital u/s 24(b)
- 7.6. Self-occupied house purchased/built on borrowed capital

Chapter 8: Income from Capital Gains

Learning Objectives

- 8-1 Categorize various capital assets on their respective norms of long-term holding
- 8-2 Identify capital assets where the benefit of indexation is not allowed
- 8-3 Determine cost of acquisition and holding period on transfer of capital assets acquired at no consideration
- 8-4 Assess capital gain on transfer/redemption of equity oriented and debt securities

Topics

- 8.1. 'Capital Asset'
- 8.2. 'Short-term' and 'Long-term' capital asset
- 8.3. Minimum period for different capital assets to become long-term capital assets
- 8.4. Indexation benefit basis cost inflation index (CII) in respect of certain capital assets
- 8.5. Capital assets transferred under a Gift, a Will, by succession/inheritance, etc. – Basis of cost of acquisition including improvement cost
- 8.6. Fair Market Value for capital assets acquired before April 1, 2001
- 8.7. Capital gain on transfer of land and building

- 8.8. Self-generated capital assets (goodwill, business rights/permits/licenses, trade mark, brand, etc.
- 8.9. Shares converted from debentures/bonds – basis of cost and period of holding
- 8.10. Transfer of securities in Dematerialized form – FIFO basis of cost and period of holding
- 8.11. Transfer of ESOP – cost of acquisition/consideration
- 8.12. Capital gain (long-term) on transfer/redemption of equity shares of domestic companies and units of equity-oriented MF schemes w.e.f. April 1, 2018 (grandfathering provisions)
- 8.13. Capital gain on buyback of shares
- 8.14. Capital gain on transfer/redemption of debt securities and units of income/liquid MF schemes
- 8.15. Tax on long-term/short-term capital gains where Securities Transaction Tax (STT) is paid
- 8.16. Tax on long-term/short-term capital gains where STT is not paid

Chapter 9: Income from Other Sources

Learning Objectives

- 9-1 Categorize various receipts which have treatment of tax at marginal rates
- 9-2 Calculate the tax incidence the recipient has on gifts of cash/kind, movable and immovable assets

Topics

- 9.1. Interest on Deposits (with banks, post office, companies, cooperative societies, etc.)
- 9.2. Interest on loans
- 9.3. Interest on securities, e.g. bonds, debentures, government securities, etc. (other than dividend from Indian companies)
- 9.4. Dividends received by residents and ordinarily residents from non-domestic companies
- 9.5. Gifts
 - 9.5.1. Gift of cash and kind exempt within prescribed limit
 - 9.5.2. Gift of movable assets above the prescribed limit
 - 9.5.3. Gift of immovable assets at inadequate consideration
- 9.6. Winning from lotteries, horse races, card games, crossword puzzles, TV shows/contests, etc.
- 9.7. Income from racing establishment
- 9.8. Rental income on letting out plant, machinery, furniture and attached premises to such plant
- 9.9. Advance money received and forfeited in the course of negotiations on transfer of a capital asset
- 9.10. Income from undisclosed sources

Chapter 10: Income Exempt from Tax

Learning Objectives

- 10-1 Distinguish various income receipts exempt with their respective limits under rules
- 10-2 Analyze the exemption of Agricultural income and its evaluation on aggregate and net basis
- 10-3 Illustrate exemption admissible under house rent allowance in various conditions

Topics

- 10.1. Agricultural Income (meaning and tax treatment)

- 10.2. Family income received by a member of HUF
- 10.3. Leave Travel Concession (LTC)
- 10.4. Gratuity received by an employee on retirement or by dependents on death of employee (subject to rules)
- 10.5. Commuted value of pension (subject to rules)
- 10.6. Leave Encashment including on retirement (subject to rules)
- 10.7. Voluntary retirement/separation compensation (subject to rules and limits)
- 10.8. Life insurance policy proceeds¹
- 10.9. Amount received on maturity from Public Provident Fund, statutory Provident Fund, Sukanya Samriddhi Scheme
- 10.10. House Rent Allowance (subject to rules and limits)
- 10.11. Income of minor child (subject to limits)
- 10.12. Dividends from domestic companies and Units of Mutual Fund schemes (on or after April 1, 2003, subject to limits w.e.f. April 1, 2018)
- 10.13. Any amount received in a transaction of reverse mortgage (lump-sum or installments)

Chapter 11: Exemptions Available on Transfer of Long-term Capital Assets

Learning Objectives

- 11-1 Construct a scenario of availing exemption of long-term capital gains arising from transfer of house property
- 11-2 Assess various situations to minimize long-term capital gains on transfer of other capital assets
- 11-3 Describe the stipulations/conditions to be maintained over various timelines if exemption of long-term capital gains availed

Topics

- 11.1. Capital gains arising from transfer of residential property (long-term)
 - 11.1.1. In acquiring another housing property (in terms of Section 54)
 - 11.1.2. In acquiring Equity shares in an 'eligible company'² (in terms of Section 54GB) until March 31, 2021
 - 11.1.3. Capital gains deposit account scheme is utilized to park funds to be used in specified time limits
- 11.2. Capital gains arising from transfer of any long-term capital asset
 - 11.2.1. In acquiring certain specified bonds³ (in terms of Section 54EC)
 - 11.2.2. In acquiring certain long-term specified assets⁴ (in terms of Section 54EE)
 - 11.2.3. In acquiring the first residential property (in terms of Section 54F)

Chapter 12: Permissible Deductions from Gross Total Income

Learning Objectives

- 12-1 Categorize deductions from gross total income and optimize them within overall limits

¹ except where the sum assured is less than ten times annual premium, in which case 5% TDS shall be deducted

² A company, being an SME start-up incorporated in the previous year, in the technology or IPR driven businesses, and where transferor holds more than 25% stake; amount of capital gains are used in acquiring new assets

³ Bonds of National Highways Authority of India, Rural Electricity Corporation or as specified by the Central Government from time to time

⁴ As notified by the Central Government to finance start-ups; limit of INR 50 lakh in any financial year

12-2 Evaluate deductions available with short-term and long-term commitments to reduce tax incidence within income constraints and financial goals

Topics

- 12.1. Standard Deduction
- 12.2. Professional Tax
- 12.3. Employer contributions (forming part of Employee cost to company) to statutory and recognized Provident Funds, National Pension System (subject to approved limits)
- 12.4. Approved investments, PF/NPS employee contributions, insurance premium, repayment of borrowed capital in housing loans, etc. (subject to limits of Section 80CCE)
- 12.5. Additional contribution under NPS (subject to limits of Section 80CCD[1B])
- 12.6. Interest on borrowed capital in housing loans (subject to limits of Section 24b)
- 12.7. Medical Insurance premium (Section 80D)
- 12.8. Medical treatment (Section 80DD/Section 80DDB)
- 12.9. Approved Donations (Section 80G)
- 12.10. Rent paid by self-employed individuals (subject to rules and limit under Section 80GG)
- 12.11. Interest on deposits in savings bank account (subject to limit under Section 80TTA)
- 12.12. Rebate under Section 87A

Chapter 13: Profits and Gains of Business or Profession

Learning Objectives

- 13-1 Describe businesses and their receipts with related principles for recognition
- 13-2 Understand allowances and specific deductions available to businesses

Topics

- 13.1. Meaning of business, profession or vocation
- 13.2. The basis of charge
 - 13.2.1. Business income, profits, compensation received, etc.
 - 13.2.2. Principles for arriving at business income
 - 13.2.3. Exclusions from business income
- 13.3. Methods of Accounting
- 13.4. Business allowances and deduction including specific deductions
 - 13.4.1. Depreciation allowance (methods, rates for different assets, set off and carry forward provisions)
 - 13.4.2. Expenditure in respect of specified businesses
 - 13.4.3. Amortization of preliminary expenses
 - 13.4.4. Interest on borrowed capital
 - 13.4.5. Contribution to approved gratuity fund, staff welfare fund, provident fund, NPS
 - 13.4.6. Bonus and Commission to employees
 - 13.4.7. Bad Debts
 - 13.4.8. Advertisement expenses
 - 13.4.9. Computation of professional income on estimated basis (Section 44ADA)

Chapter 14: Tax Treatment of Various Investments and Relative Advantage

Learning Objectives

- 14-1 Compare advantages of tax efficiency in certain investments within overall and goal specific risk constraints

- 14-2 Distinguish tax treatment meted out to unlisted securities, off-market transaction in listed securities and buyback of securities
- 14-3 Illustrate the impact on return from various investments due to dividend distribution tax

Topics

- 14.1. Short-term and Long-term capital gains tax on listed Equity shares, equity oriented schemes of Mutual Funds, Index Funds, Equity Linked saving Schemes, Exchange Traded Funds (equity)
- 14.2. Tax treatment of listed and unlisted shares
- 14.3. Tax treatment of listed shares transacted in off-market
- 14.4. Debt products - Bonds, Debentures, Government Securities, Income schemes of Mutual Funds including Fixed Maturity Plans (FMPs)
- 14.5. Dividend Distribution Tax on equity shares
- 14.6. Dividend Distribution Tax on Debt schemes and liquid schemes of Mutual Funds
- 14.7. Tax free bonds and other investments for superior tax-adjusted returns
- 14.8. Sovereign Gold Bonds (SGB), tax advantage on maturity and secondary market transactions over bullion investment

Chapter 15: Various Other Provisions Available under Tax Laws

Learning Objectives

- 15-1 Explain various provisions under tax laws as well as certain requirements for effective discharge of tax statuses
- 15-2 Understand and interpret various set-off and carry forward of losses available under various heads as well as loss avoidance not available in dividend and bonus stripping

Topics

- 15.1. Clubbing of Income
- 15.2. Set off and carry forward of losses
 - 15.2.1. Business loss and depreciation
 - 15.2.2. Speculation loss
 - 15.2.3. Capital loss (rules for long-term and short-term set off)
 - 15.2.4. Loss from house property
 - 15.2.5. Loss on sale of shares/securities where dividend received (Section 94[7])
 - 15.2.6. Loss on sale of units of Mutual Fund where bonus units received (Section 94[8])
- 15.3. Deduction and Collection of Tax on Source
 - 15.3.1. Tax Deducted at Source (TDS)
 - 15.3.1.1. Salaries, Fees on Professional and Technical Services
 - 15.3.1.2. Rents and Deposits
 - 15.3.1.3. Payment to Contractors/sub-contractors
 - 15.3.1.4. Winning from Lotteries, Races, Crossword Puzzles, TV shows/contests, etc.
 - 15.3.1.5. Withdrawal from provident funds within minimum prescribed periods
 - 15.3.2. Tax Collected at Source (TCS)
 - 15.3.3. Penalty in case of failure to deduct TDS/TCS
 - 15.3.4. Rounding off of taxable income
 - 15.3.5. Cash payment over a specified limit

