

# Basic Concepts of Tax

**B.Com**



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# *Introduction*

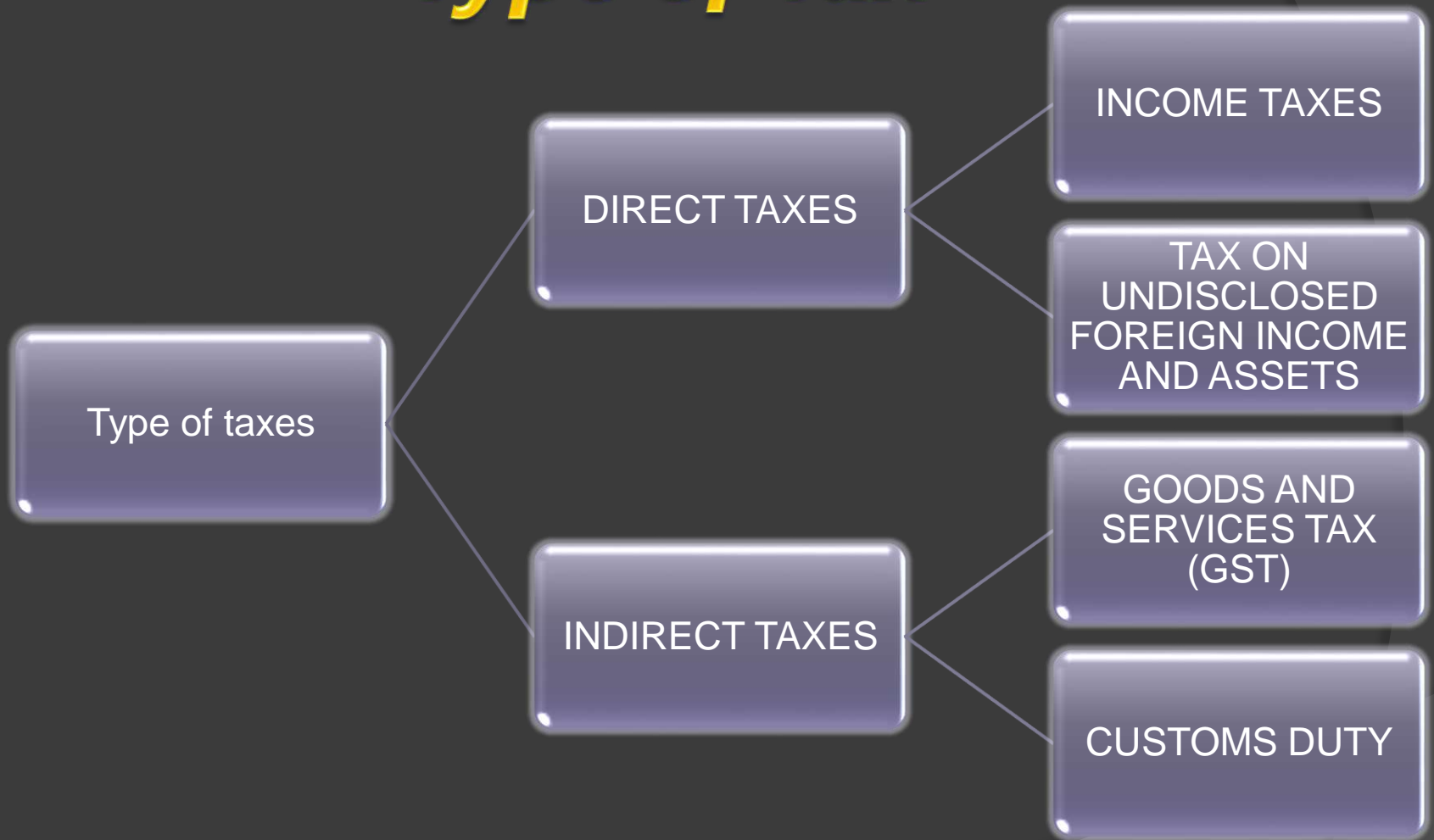
## **What is the meaning of tax?**

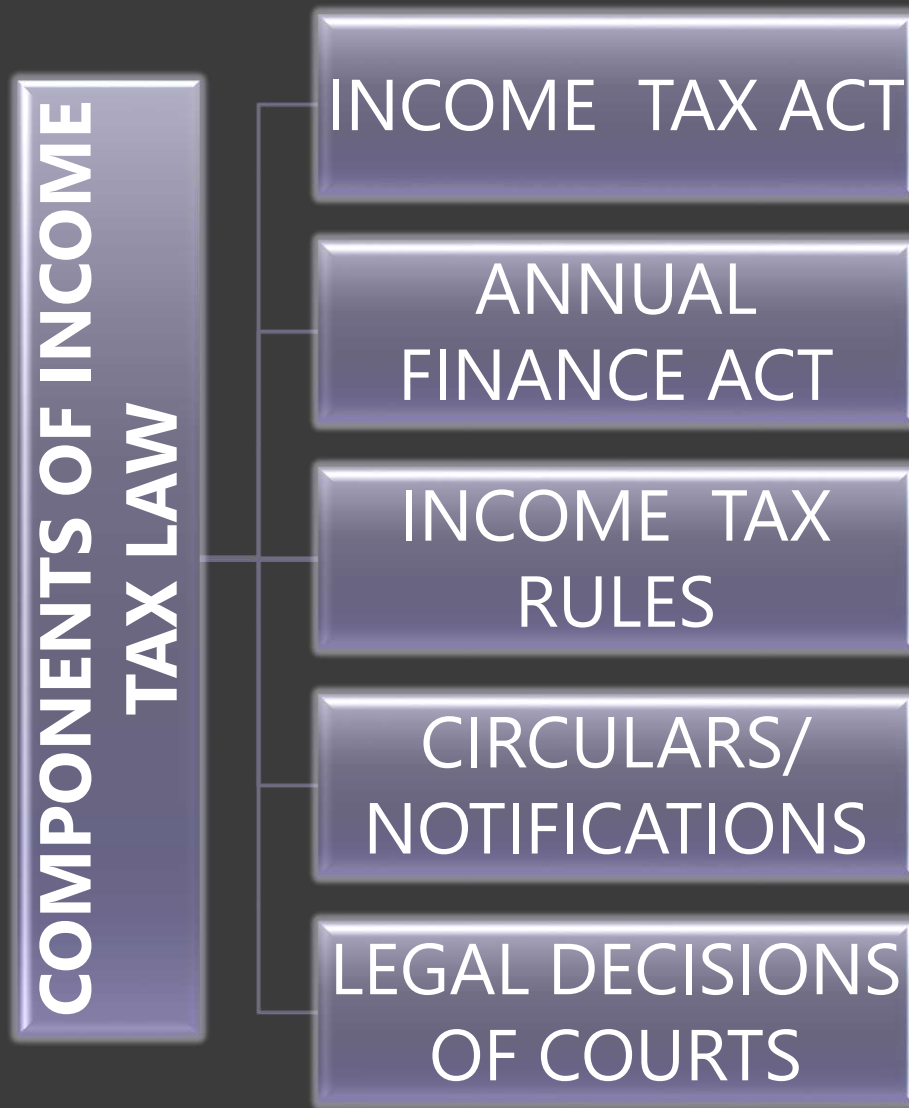
Let us begin by understanding the meaning of tax. Taxes are considered to be the “cost of living in a society”. Taxes are levied by the Governments to meet the common welfare expenditure of the society. There are two types of taxes - direct taxes and indirect taxes.

**Direct Taxes:** If tax is levied directly on the income or wealth of a person, then, it is a direct tax. The person who pays the tax to the Government cannot recover it from somebody else i.e. the burden of a direct tax cannot be shifted. e.g. Income- tax.

**Indirect Taxes:** If tax is levied on the price of a good or service, then, it is an indirect tax e.g. Goods and Services Tax (GST) or Custom Duty. In the case of indirect taxes, the person paying the tax passes on the incidence to another person.

# *Type of Tax*





# ***Classification of income under different heads***

- A person may earn income from different sources.
- Under the Income-tax Act, 1961, for computation of total income, all income of a tax payer are classified into five different heads of income.

Assessment  
year – Sec.  
2 (9)



Previous  
year (Sec. 3)

# *Five heads of income*

Heads of  
Income

Salaries



House  
Property



PGBP



Capital  
Gains



Other  
Sources



# Gross Total Income and Total Income at a Glance

PARTICULAR	AMOUNT
1. Income form salary	.....
2. Income from house property	.....
3. Income from business / profession	.....
4. Income from capital gain	.....
5. Income from other sources	.....
Gross total income	.....
Less : Deduction u/s 80C to 80U	(-).....
Total income	.....



**THANK YOU**