

24 Clubbing of Income

Under some specific conditions, it is the responsibility of the assessee to pay the income tax on such person's income, which is directly or indirectly not the income of assessee. Description of this income is given in section 60 to 64. Some of the important points are as following:

- (i) **No transfer or revocable transfer of property**, only transfer of income : For example. Mohan has given authority letter to his younger brother Suresh for taking rent of his house. But if the ownership remains with Mohan, then in this situation income of house rent will be known as income of house property to Mohan.
- (ii) **Income of life partner**: If wages are given to spouse (life partner) for his/her technical or professional ability then they cannot be clubbed. But if the assessee transfers some of his property to his/her life partner or daughter-in-law without taking any adequate consideration, then income from such property will be added to the income of life partner or daughter-in-law who received the property .
- (iii) **Income of minor**: If the income of minor is more than Rs.1, 500 per year then it will be clubbed with mother's or father's income, whichever is more. Income of physically or mentally disabled child will not be clubbed. In the same way, if income of child is due to his ability (such as child artist, painter etc.) then also it will not be clubbed with parent's income.
- (iv) **HUF**: If any person transfers his individual property to HUF (of which he is a member) then income due to this property will be added to the income of the person who is transferring the property.

Security Transaction Tax

Security transaction tax is applicable Since Oct 1, 2004 on turnover of transaction took place in approved Stock exchange for transfer of shares, options, securities and sale /purchase of units of equity Oriented mutual fund . The revised rate of STT are as under :

S.N.	Type of transaction	Nature of transaction	Rate	Payable by
1	Delivery Based	Purchase/Sale of equity shares	0.1%	Purchaser/Seller
		Purchase of Equity Oriented Mutual Fund (EOMF)	Nil	
		Sale of units of mutual fund	0.001%	Seller
2	Non-Delivery Based	Sale of equity shares, units of EOMF	0.025%	Seller
3	Option	Sale of an option in securities	0.017%	seller
		Sale of an option in securities, when option is exercised	0.125 %	Purchaser
4	Future	Sale of a futures in securities	0.01%	Seller

Equity-Oriented Mutual Fund (EOMF) means the fund in which 65 % (earlier 50%) of investment is done in shares of domestic companies. It will be assessed on the basis of monthly or yearly average.

