

## ***Car is a personal effect***

HINDUSTAN TIMES

Tax Matters/ S.P. Babuta

Monday, December 1, 2006

**Que: Is there any Penalty for late filing of FBT Return? I heard it is Rs. 10. Is it true ? Tell me What is due date for filing of FBT return? Can I file it after 31<sup>st</sup> march as in the case of Income Tax? Is Penalty applicable and from which date?**

**Gurpreet singh**

**Ans:** Due date of filing FBT Return : In case of a Assessee not liable for tax audit : July 31.

In case of a Assessee liable for tax audit : October 31

Penalty u/s 271 FB :

Rs. 100/- for every day during which default continues from the last date of filing the return.

**Que: I want to know the treatment of TCS (Tax collected at source) in the books of purchaser. The client has been purchasing beer from a dealer. In the bill amount in addition to VAT the seller has also added the amount of TCS. Is there any certificate of TCS like TDS?**

**Sandeep Sharma**

**Ans :** In the Books of purchaser TCS Amount will be debited . This is just like TDS account . Yes , there is certificate to be issued by seller in form no 27D on the basis of which Purchaser can claim deduction of tax collected.

**Que: I am a partner in a firm having agricultural income. I am getting remuneration and interest on capital from the firm . Please tell whether my income from the firm having agricultural income is taxable or not?**

**Yogesh Singh**

**Ans:** Payment of remuneration to a partner represents a special share of the profits of firm thus remuneration paid by the firm retains the same character as the income of the firm .As such remuneration received by a partner from a firm deriving agricultural income shall be agricultural income in the hands of partner. Similarly interest on capital received by a partner from a firm engaged in agricultural operation is agricultural income.

**Que: My son is working with a company getting transport allowance. My son is handicapped . Explain the taxability of transport allowance in the hands of my son?**

**Raj Kumar**

**Ans:** A sum upto Rs. 800/- per month of transport allowance shall be exempt if it is granted to an employee to meet his expenditure for the purpose of commuting between the place of residence and place of his duty. This allowance is exempt upto Rs.1600/-p.m if it is granted to an employee who is blind or orthopaedically handicapped with disability of lower extremities.

Thus in your case if your son is blind or orthopaedically handicapped then exemption upto Rs. 1600/-p.m. will be available.

**Que: Whether Profit on sale of a car (Which is a personal effects of the Assessee) would be subject to capital gain tax?**

**Sanjeev Gupta**

Ans: Please note that car used for personal purposes will be personal effects and not treated as capital asset. Therefore profit on its sale or transfer will not be subject to income tax .However it may be noted that no depreciation is admissible on personal effects.

**Que: Please explain how to get credit for TDS where (1) I have received rent for two years from my tenants and TDS has been deducted on such rent. (2) Where I have received advance rent and house property is either transferred or tenancy agreement is cancelled?**

**Rajeev Singh**

Ans:1) Where advance rent is received for more than one financial year and tax is deducted thereon credit shall be allowed in the same proportion in which such income is included in total income for different year.

2) In such a situation credit for the entire balance of tax deducted at source which has not been taken so far shall be allowed in the financial year during which rent agreement gets cancelled or rented property is transferred.