

Taxation & Investments for Doctors



Our purpose today...

Our hard work should translate into our comfortable present lifestyle & build a equally comfortable lifestyle in the future.

Our purpose today...

Well thought out goals for the future through judicious financial planning is the key to achieving goals of life.

Maintenance of proper books of accounts

IMPORTANCE

- Compliance of Provisions of Section 44AA read with Rule 6F of Income Tax Act.
- What do I actually earn?
- What do I actually spend?
- How do I limit my expenses?
- How do I increase my income?
- Show financial capacity.

Maintenance of proper books of accounts

REQUIREMENTS

- Cash book, Journal, Ledger.
- Copies of serially numbered bill / receipt of over Rs. 25/-.
- Original bills / vouchers of expenses over Rs. 50/-.
- Case Register in Form 3C.
- Inventory of drugs, medicines and other consumables at the start and at the end of the year.

Allowable deductions for doctors

Section 37 : Expenditure wholly and exclusively for the purpose of profession.

- **Seminar Fees and its Travelling Expenses.**
- **Restaurant Bills for treating colleagues & prospective customers.**
- **Club Fees.**
- **Medical Assistance Fees (For references !).**
- **Salary to spouse.**

Allowable deductions for doctors

Chapter VI – A : Investment linked deductions.

- **80 C –** Ceiling of Rs. 1,50,000/=
PPF, Life Insurance, ELSS, Bank FD etc.
- **80 CCD –** Contribution to Pension Fund provided at Rs. 50,000/- (without the over all cap with Deduction U/s 80C). National Pension Scheme (NPS) only recognised instrument.
- **80 D –**

		Present Limit	Proposed Limit
1.	Self & Family	15,000/=	25,000/=
2.	Parents	15,000/=	25,000/=
3.	HUF	15,000/=	25,000/=
4.	If anyone is a senior citizen (above 60 years) in 1,2,3 above than..... Medical Expenses of very senior citizens shall also be considered.	20,000/=	30,000/=

Hindu Undivided Family (HUF) as a tax planning tool

- What makes a Hindu Undivided Family (HUF).
- Advantages under Income Tax Act.
- Property of HUF.
- Incomes of HUF.

Hindu Undivided Family (HUF) as a tax planning tool

- Shares in HUF property.
- Partition of HUF property.
- HUF and Immovable property.

Free gifts & Tours by Pharma Companies & its implications

Central Board of Direct Taxes Circular No. 5 /
2012 Dt. : 01-08-2012

Gift, Travel Facility, Hospitality, Cash or
Monetary Grant...

Sum equivalent to value of freebies enjoyed
shall be added to income of medical
practitioner.

Tax Planning related to Gifts

- Gifts to the extent of Rs. 50,000/- is exempted.
- Gifts from relatives without any upper limits is exempted.
Relatives means :
 - (i) In case of an individual
 - (A) Spouse of the individual
 - (B) Brother or Sister of the individual
 - (C) Brother or Sister of the spouse of the individual
 - (D) Brother or Sister of either of the parents of the individual
 - (E) Any lineal ascendant or descendant of the individual.
 - (F) Any lineal ascendant or descendant of the spouse of the individual.
 - (G) Spouse of the person referred to in items (B) to (F)
 - (ii) In case of a Hindu Undivided Family, any member thereof

Tax Planning related to Gifts

- Provision of Section 68 needs to be kept in mind.
- Some interesting instances of Tax Planning.

How to face Income Tax scrutiny?

- **Process.**
- **Reason for scrutiny.**
 - **Computer Aided Scrutiny Selection (CASS).**
 - **Search & Survey Cases.**
 - **Annual Information Returns (AIR) verification.**

How to face Income Tax scrutiny?

- Compliance of notice.
- Written submission with forwarding letter.
- Evidences which will help in appeals.
- Keep a track of what is happening.
- Personal meeting.

How to face Income Tax Search (Raid) or Survey?

- Carried out after proper homework.
- Ground Rules for carrying out search & survey.
- Why is a search or survey carried out?

How to face Income Tax Search (Raid) or Survey?

- Material / Information at the place of search / survey verified with books of account.
- Jewellery will not be seized
 - 500 gms – Married females
 - 250 gms – Unmarried females
 - 100 gms – Married or Unmarried male
- Declaration during course of search & survey.

Tax Planning by investments

- **Fixed Deposit** Vs **Debt Based Mutual Fund.**
- **Gold bars** Vs **Gold Deposit with SBI**
- **Equity Shares** Vs **Equity Based Mutual Fund**
- **Land** Vs **Let out property**

Tax Planning by investments

- **Urban Land** Vs **Agricultural Land**
- **Investments** Vs **Equity Linked Savings Scheme (ELSS)**
U/s- 80C
PPF, 5 Years FD,
Life Insurance
Premium
- **Traditional Life Insurance** Vs **Life Insurance Term Plan**
- **Profit on Capital Asset – Investment Option**



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Thank you...