

CHAPTER - I

RESEARCH DESIGN

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CHAPTER - I

RESEARCH DESIGN

1.1 Selection of the Problem :

The selection of the problem "Deductions from income from business and profession - critical examination in the light of Supreme Court Decisions." assumes vital significance as the proposed subject on taxation is undertaken with a view to primarily examine the various provisions regarding deductions from income from business and profession and related Supreme Court decisions. Income from Business or Profession head is the most important source of tax collection for the Government. The purpose of Income-tax legislation was reduction of income and/or wealth disparity. But at the same time, the primary trust was on the prevention of legal evasion arising through the tax-planning device. The study though this design is undertaken with a view to probe in detail the various legal provisions regarding deductions from income from business or profession and Supreme Court decisions related to deductions.

1.2 Hypothesis of the Study :

Provisions extending deductions of certain expenses are inconsistent and ineffective to the objectives of taxation.

1.3 Aims and Object of Study :

- (1) A critical examination of deductions under Sec. 30 to 44 D.
- (2) To make suggestions on findings of the above study in making the deductions more effective in rationalising the scheme of deductions.
- (3) The present study also examines the various Supreme Court decisions related to deductions from income from Business or Profession.

1.4 Method of Study :

The present study is mainly based on bare provisions of Income-Tax Act 1961, relevant Income-Tax Rules alongwith judicial pronouncement, literature, amendments, Supreme Court decisions - etc. To make study effective I have been made personal discussions with Income-Tax Officers, Income-Tax Consultants, Chartered Accountants. Since entire research is conducted with the available literature the scope is confined to library research.

1.5 Limitations of Study :

- (1) The scope of the study is confined to only deductions from Income from business or profession under Section 30 to 44 D. Though there are exemptions and rebates available, which are not covered under this study.

- (2) The present study confines to the statutory provisions.
- (3) The present study deals only some selected Supreme Court decisions related to deductions from income from business or profession.

1.6 Arrangement of Chapters :

The chapters in the dissertation are arranged as follows :

- (1) First Chapter is introduction and refers to the objectives of the study, method of study, limitations of study and arrangement of chapters.
- (2) Second Chapter deals with a brief study of Income-Tax Law, concept of deduction and significance of deduction.
- (3) Third Chapter deals with Definition of Head income from business or profession, chargeability, principles of deductions, deduction chart, eligibility and charts of computation of profits and gains of business or profession.

- (4) Fourth Chapter deals with Supreme Court decisions related to deductions from income from business or profession.
- (5) Fifth Chapter is concluding chapter reflecting observations suggestions and conclusions.