

CHAPTER-IV
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The provisions relating to set off & carry forward & set off of losses have been incorporated in the legislation with a view to extend benefit of adjusting the losses against the incomes & similarly, carrying them over when there are inadequate profits. The entire chapter in the Income Tax Act, 1961, covers various types of loss, e.g. business losses, speculation losses, loss on the head capital gains & the treatment for these losses also varies from person to person, e.g. the losses of firms are distinguished from losses of other persons as the losses in case of firms get altogether different treatments. The set off of losses & their carry forward & set off is more or less a technical ~~feature~~ ^{feature} in the Income tax Act. There have been amendments made to this chapter from time to time as per the changing requirement of business community. The another important feature relates to the fact that these losses occupied significant role in case of business & profession, i.e. the chapter concerns itself to the business area & for that matter a person carrying on business deriving income there from stands in an advantageous ^{one's} situation as compared to a salary earner having no business income.

To put it differently & individual deriving ~~exclusive~~ salary income of Rs. 1,00,000 may be subjected to a high tax incidence where ^{as} the income from business liable to tax & subject to adjustment of set off may be left altogether un-^{taxed}. By this particular year the incidence of tax may not ~~attain~~ ^{be} ~~tend~~ & ^{ive} ~~subject~~ of reduction ~~of~~ inequalities professed under the special goal.

Another thing that broad attention from the course study of these provisions is that there may be an accounting manoeuvre by virtue of which the losses may be inflated & this purposeful ^{widow} dressing may also reduce the ^{ultimate} tax collection. ^{These} chapter also deals with ^{distinguish} treatment for capital losses on transfer of capital assets.

These losses may also be artificially enhanced. The provisions under the chapter also deals with filling of return in case of losses. Although the Act includes significant provisions relating to set off of carry forward & set off of losses, it is necessary to ^{major} the impact of such losses during particular period an over all tax collections.

The present study does not deals with ^{this} aspects because of the immediate non-availability of the data, however, it is necessary to carry out a thorough & indepth study of this aspects.