

### **Income from other sources.**

**56.** (1) Income of every kind which is not to be excluded from the total income under this Act shall be chargeable to income-tax under the head “Income from other sources”, if it is not chargeable to income-tax under any of the heads specified in section 14, items A to E.

(2) In particular, and without prejudice to the generality of the provisions of sub-section (1), the following incomes, shall be chargeable to income-tax under the head “Income from other sources”, namely :—

- (i) dividends ;
- (ia) income referred to in sub-clause (viii) of clause (24) of section 2;
- (ib) income referred to in sub-clause (ix) of clause (24) of section 2 ;
- (ic) income referred to in sub-clause (x) of clause (24) of section 2, if such income is not chargeable to income-tax under the head “Profits and gains of business or profession”;
- (id) income by way of interest on securities, if the income is not chargeable to income-tax under the head “Profits and gains of business or profession” ;
- (ii) income from machinery, plant or furniture belonging to the assessee and let on hire, if the income is not chargeable to income-tax under the head “Profits and gains of business or profession”;
- (iii) where an assessee lets on hire machinery, plant or furniture belonging to him and also buildings, and the letting of the buildings is inseparable from the letting of the said machinery, plant or furniture, the income from such letting, if it is not chargeable to income-tax under the head “Profits and gains of business or profession”;
- (iv) income referred to in sub-clause (xi) of clause (24) of section 2, if such income is not chargeable to income-tax under the head “Profits and gains of business or profession” or under the head “Salaries”;
- (v) where any sum of money exceeding twenty-five thousand rupees is received without consideration by an individual or a Hindu undivided family from any person on or after the 1st day of September, 2004 but before the 1st day of April, 2006, the whole of such sum :

**Provided** that this clause shall not apply to any sum of money received—

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer; or
- (e) from any local authority as defined in the *Explanation* to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

*Explanation.*—For the purposes of this clause, “relative” means—

- (i) spouse of the individual;
  - (ii) brother or sister of the individual;
  - (iii) brother or sister of the spouse of the individual;
  - (iv) brother or sister of either of the parents of the individual;
  - (v) any lineal ascendant or descendant of the individual;
  - (vi) any lineal ascendant or descendant of the spouse of the individual;
  - (vii) spouse of the person referred to in clauses (ii) to (vi);
- (vi) where any sum of money, the aggregate value of which exceeds fifty thousand rupees, is received without consideration, by an individual or a Hindu undivided family, in any previous year from any person or persons on or after the 1st day of April, 2006 but before the 1st day of October, 2009, the whole of the aggregate value of such sum:

**Provided** that this clause shall not apply to any sum of money received—

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer; or
- (e) from any local authority as defined in the *Explanation* to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

*Explanation.*—For the purposes of this clause, “relative” means—

- (i) spouse of the individual;
  - (ii) brother or sister of the individual;
  - (iii) brother or sister of the spouse of the individual;
  - (iv) brother or sister of either of the parents of the individual;
  - (v) any lineal ascendant or descendant of the individual;
  - (vi) any lineal ascendant or descendant of the spouse of the individual;
  - (vii) spouse of the person referred to in clauses (ii) to (vi);
- (vii) where an individual or a Hindu undivided family receives, in any previous year, from any person or persons on or after the 1st day of October, 2009,—
- (a) any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum;
  - (b) any immovable property, without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;
  - (c) any property, other than immovable property,—

- (i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;
- (ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration :

**Provided** that where the stamp duty value of immovable property as referred to in sub-clause (b) is disputed by the assessee on grounds mentioned in sub-section (2) of section 50C, the Assessing Officer may refer the valuation of such property to a Valuation Officer, and the provisions of section 50C and sub-section (15) of section 155 shall, as far as may be, apply in relation to the stamp duty value of such property for the purpose of sub-clause (b) as they apply for valuation of capital asset under those sections :

**Provided further** that this clause shall not apply to any sum of money or any property received—

- (a) from any relative; or
- (b) on the occasion of the marriage of the individual; or
- (c) under a will or by way of inheritance; or
- (d) in contemplation of death of the payer or donor, as the case may be; or
- (e) from any local authority as defined in the *Explanation* to clause (20) of section 10; or
- (f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10; or
- (g) from any trust or institution registered under section 12AA.

*Explanation.*—For the purposes of this clause,—

- (a) “assessable” shall have the meaning assigned to it in the *Explanation 2* to sub-section (2) of section 50C;
- (b) “fair market value” of a property, other than an immovable property, means the value determined in accordance with the method as may be prescribed;
- (c) “jewellery” shall have the meaning assigned to it in the *Explanation* to sub-clause (ii) of clause (14) of section 2;
- (d) “property” means the following capital asset of the assessee, namely:—
  - (i) immovable property being land or building or both;
  - (ii) shares and securities;
  - (iii) jewellery;
  - (iv) archaeological collections;
  - (v) drawings;
  - (vi) paintings;
  - (vii) sculptures; [\*\*\*]
  - (viii) any work of art; or

(ix) bullion;

(e) “relative” 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); and

(ii) in case of a Hindu undivided family, any member thereof<sup>1</sup>

(f) “stamp duty value” means the value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property;

(viii) where a firm or a company not being a company in which the public are substantially interested, receives, in any previous year, from any person or persons, on or after the 1st day of June, 2010, any property, being shares of a company not being a company in which the public are substantially interested,—

(i) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(ii) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration :

**Provided** that this clause shall not apply to any such property received by way of a transaction not regarded as transfer under clause (via) or clause (vic) or clause (vicb) or clause (vid) or clause (vii) of section 47.

*Explanation.*—For the purposes of this clause, “fair market value” of a property, being shares of a company not being a company in which the public are substantially interested, shall have the meaning assigned to it in the *Explanation* to clause (vii);

(viib) where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares:

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<sup>1</sup> Substituted with effect from the 1st day of October, 2009

Provided that this clause shall not apply where the consideration for issue of shares is received

- (i) by a venture capital undertaking from a venture capital company or a venture capital fund; or
- (ii) by a company from a class or classes of persons as may be notified by the Central Government in this behalf

Explanation.—For the purposes of this clause,—

(a) the fair market value of the shares shall be the value—

(i) as may be determined in accordance with such method as may be prescribed; or

(ii) as may be substantiated by the company to the satisfaction of the Assessing Officer, based on the value, on the date of issue of shares, of its assets, including intangible assets being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature,

whichever is higher;

(b) “venture capital company”, “venture capital fund” and “venture capital undertaking” shall have the meanings respectively assigned to them in clause (a), clause (b) and clause (c) of Explanation 1 to clause (23FB) of section 10;<sup>2</sup>

(viii) income by way of interest received on compensation or on enhanced compensation referred to in clause (b) of section 145A.

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<sup>2</sup> Inserted with effect from the 1st day of April, 2013