VOLUME 1 | ISSUE 1 | MAY 2024

THE WORLDONOMICS TIMES

SOCIETAL GROWTH
EDUCATION

"Join hands with us as we catalyze positive change for individuals, businesses, and communities."

ACTIONABLE IMPACT

FROM WORKSHOPS TO SOCIETAL INITIATIVES, WITNESS REAL CHANGE IN ACTION.

EMPOWERING CHANGE BUILDING FUTURES

LEAD WITH IMPACT

Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene.

Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it’s clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.

Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

Tax Implication on GIFTs- a brief analysis

Background & History of GIFT Taxation in India

Gifting culture in India has always been thoughtful. The act of gifting continues its legacy as a gesture that creates bonds and affection in relationships. There is always an intention behind act of giving, be it natural love & affection, sense of social values, special occasions, festivals, celebrations, as a token of blessings, tax planning etc. etc..

There is always exist a tax regulation behind every act or transaction having financial implication and most importantly, Gift has always been subject to tax, barring only few exceptions. Further, every law gets modified with time and necessity. India had traditional law of taxing Gifts under GIFT Tax Act 1958, which was abolished in year 1998. After few years, in 2004 The Income Tax Act 1961 was amended to include taxing rights on such gifting type transaction under the Income Tax act under the head Income from other sources(IFOS). Initially, such transactions were limited to only monetary sum with lower threshold in hands of certain assessees. The IT Act amended with time to time and now it covers taxation on receiving of assets (sum of money, any immovable property and property other than immovable property) in hands of any type of assessee(Individual, HUF, LLP, Company, Trust etc..), without consideration or with inadequate consideration.

Presently, Section 56(2)(x) of The Income Tax Act postulates with the provisions of such taxation and largely covers quite a few transactions which can be taxed. In this article emphasis is given to cover implication from individual taxation perspective.

Prominent provisions of Section 56(2)(X)

The section doesn't specifically provide definition of Gift but forms right of taxation on receiving any sum of money, movable property and property other than moveable property without consideration or with inadequate consideration subject to certain threshold and exclusions. From the perspective of taxation under the IT Act, gifts can be classified under following heads:

- Sum of money or Monetary gift received in the form of cash, cheque, draft, bank transfer, etc.
- Movable property such as shares, bonds, jewelry, sculptures, paintings, etc.
- Immovable property like building, land, residential/commercial property etc.

Further, taxing rights under the act have been properly intended to consider Indian social, cultural and emotional values and therefore, several such transactions have been kept out from taxation. Following transactions are out of the ambit of taxation :-

1.. **GIFT between related persons – Fully exempt**

<u>Relation based exemption</u>

When something is gifted because of their benevolence towards or emotional attachment to the recipient. Gifts of this kind are usually between family members or relatives such as from parent to child, spouse of individual, siblings and extended families. IT Act duly provides immunity from tax on such type of gifting transactions between relatives as prescribed under the Act. Gifting transaction with relatives will be outside the ambit of taxation irrespective of threshold value and occasion.

Gifting transaction with following relatives will be exempt from taxation u/s 56(2)(x) :

Sl No.	Relation Type
1	Husband or wife
2	Father or mother, son or daughter, grandson or granddaughter, grandfather or grandmother, great grandfather, great grandmother
3	Brother, sister, Sister's Husband, Brother's Wife, Wife's Brother, Wife's Sister, Husband's Brother, Husband's Sister, Husband's Brother's Wife, Wife's brother's wife
4	Mother's Sister, Mother's Sister Husband, Mother's Brother, Mother's Brother's Wife, Father's Brother, Father's Brother's Wife, Father's Sister's Husband, Father's Sister, Daughter's Husband, Son's Wife, Wife's Father, Wife's Mother, Husband's Father, Husband's Mother
5	Wife's Grand Father, Husband's Grand Mother, Husband's Grand Father, Wife's Grand Mother, Wife's Great Grand Father, Husband's Great Grand Mother, Husband's Great Grand Father, Wife's Great Grand Mother

1. **GIFT between unrelated person – taxable in hands of recipient subject to following exemptions**

- **Occasion based exemption**

Marriage in India holds significant importance in society, and it is considered a sacred foundation and a vital aspect of life. It is considered a major milestone of life on an individual as well as for their families. Gifting to a married couple on their marriage has high cultural value. Thus, gifts received on the occasion of the marriage of the individual are not subject to tax.

Apart from marriage there is no other occasion when gifts received are exempt. Thus, gifts received on any other occasions such as birthdays, anniversaries, etc. will be subject to tax. Marriage gift includes in form of sum of money as well in form of property movable or immovable

- **Threshold-based exemption**

There may be n number of occasions when gifts, as a token of blessing are exchanged in society. Keeping the social tradition in mind, a value-based threshold has been provided in the IT Act.

Gifts have been made taxable only if aggregate value of such gifts is more than Rs. 50,000 during the financial year.
Above threshold is aggregate value of gift received during the year, it can be single time or multiple times, from a single person or multiple person.
If the aggregate value of gifts received during the year exceeds Rs. 50,000, then the total value of all such gifts received during the year will be taxable, not the amount in excess of Rs. 50,000.
Limit of Rs.50,000 is available for separately for sum of money i.e. monetary item, movable property and property other than moveable property.

- **Other main exemptions**

1. Sum of money or property received under a will or by way of inheritance;
2. Sum of money or property received in contemplation of death of the payer;
3. Sum of money or property received by way of transaction not regarded as transfer under section 47 of the IT Act;
4. Sum of money received on account of expenditure incurred on illness related to COVID-19, subject to certain conditions;
5. Gift received from an individual by a trust created or established solely for the benefit of relative of the individual;

- **Valuation rules for taxing gifts**

1. <u>Monetary Gifts –</u> Any sum of money received (aggregate value of such sum of money received during the year exceeds Rs. 50,000.) and the sum of money is received without consideration by an individual, it will be charged to tax.
2. <u>Movable Property without consideration –</u> The Fair market value of such property is taxable only if Fair market value (FMV) of such property is more than Rs 50,000. FMV of such property is required to be calculated as per Rule 11UA of the IT Act.
3. <u>Movable Property with consideration –</u> The amount is taxable only if the fair market value of the gifted property exceeds the purchase price by more than Rs. 50,000. The amount that is taxable is the difference between the fair market value and the purchase price of the property.
4. <u>Immovable Property without consideration –</u> The Stamp Duty value of such property is taxable only if the Stamp Duty value of such property is more than Rs 50,000.
5. <u>Immovable Property with consideration –</u> The amount is taxable only if the Stamp duty value of the gifted property exceeds the purchase price by more than Rs. 50,000. The amount that is taxable is the difference between the stamp duty value and the purchase price of the property.

Conclusion : Any individual receiving gift should examine tax implication properly and pay tax on taxable gifts. Most importantly, an individual should maintain proper and relevant details of gifts received even in case of exempt gifts. Furthermore, gift transaction should properly be reported in ITR.

CMA CS Pramod Kr.Agarwal
Dy.General Manager, Finance & Accounts- Taxation,
GAIL India Limited