

ICAI's suggestions which have been considered by the Ministry of Finance while amending the Finance Bill, 2009			
	Serial No. in the PBM	Suggestions given	Amendment proposed in respect thereof
1.	4	The scope of the section 44AF should be widened to cover all businesses including small scale manufacturing, job workers, dabas, tailors, small restaurants, home delivery out-lets, auto spare servicing, software ancillary units and other small business whose sales, turnover or gross receipts are less than Rs.40 lakhs.	Clause 20 – Substitution of section 44AD The presumptive taxation scheme, so far restricted to civil construction and retail trade, would now cover all small businesses with gross turnover/gross receipts of up to Rs.40 lakh. Individuals, HUFs and firms (other than LLPs) would be covered under this scheme.
2.	6	The rate of tax of deduction at source in respect of a sub-contractor should be increased from 1% to 2% to treat the sub-contractor at par with the contractor.	Clause 60 – Substitution of section 194C The same rates of TDS would apply for both contractors and sub-contractors. The rate of TDS on payments to contractors/sub-contractors is proposed to be reduced to 1%, where the payee is an individual or HUF and would remain @2% in respect of other payees.
3.	29	Removal of limit to the salary of partners - Section 40(b) The partners of professional firms should be allowed to get salary on the similar basis as are allowable to directors in the case of the companies	Clause 15 – Amendment of section 40(b) The limits for partners' remuneration is proposed to be revised upwards and the distinction between professional firms and non-professional firms is proposed to be removed. On the first Rs.3 lakh of book profit or in case of loss, the limit would be the higher of Rs.1,50,000 or 90% of book profit and on the balance of book profit, the limit would be 60%.
4.	30(2)	Payments to small transport operators, or drivers, towards freight should be covered under Rule 6DD and exempt from the provisions of section 40A(3)	Clause 16 – Amendment of section 40A(3) Transport operators would be now permitted to made cash payments of up to Rs.35,000 in respect of any expenditure, without attracting disallowance, as against the general limit of Rs.20,000 in section 40A(3).

5.	49(2)	Completion time limit to be increased for power projects A good amount of investment on power projects (generation and distribution) is under planning / execution stage. The completion time limit needs to be increased from 31.3.2010 to 31.3.2015 so as to facilitate sizable investment in this sector.	Clause 36 – Amendment of section 80-IA The completion time limit for power projects (generation and distribution) has been extended by one year i.e., from 31.3.2010 to 31.3.2011.
6.	49(4)	80-IA benefit to cross country natural gas distribution network Similar benefit may be extended to cover distribution networks in case of all energy fuels.	Clause 13 – Insertion of new section 35AD Investment-linked tax incentives have been proposed for certain businesses, including, laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network. 100% of the capital expenditure incurred wholly and exclusively for the above businesses would be allowed as deduction from the business income. However, expenditure incurred on acquisition of any land, goodwill or financial instrument would not be eligible for deduction.
7.	49(8)	Deductions in respect of profits and gains from certain industrial undertakings engaged in exploration, excavation/ manufacture, transportation, regassification etc. of NG/LNG NG/LNG is the main source of feedstock for manufacturing of fertiliser and generation of power. Accordingly, an undertaking, which is engaged in exploration, excavation/ manufacture, transportation, regassification etc of NG/LNG should also be allowed the deductions u/s.80-IB.	Clause 37 – Amendment of section 80-IB Deduction under section 80-IB(9) is proposed to be extended to profits arising from the commercial production or refining of natural gas from blocks which are licensed under NELP-VIII and begin commercial production of natural gas on or after 1.4.2009.
8.	72(3)	It is suggested that the rate of tax deduction at source under section 194-I in respect of payment of rent for use of plant, equipment etc. may be reduced to 5%.	Clause 61 – Amendment of section 194-I The rate of TDS under section 194-I is proposed to be reduced from 10% to 2% in respect of rent for plant, machinery or equipment.

9.	74	Section 194C(3) An individual sub-contractor with not more than three goods carriage at any time in the previous year be exempted from TDS requirements.	Clause 60 – Substitution of section 194C For all contractors and sub-contractors in transport business, TDS provisions would not apply if they furnish their PAN to the deductor.