BUDGET 2016

Key DIRECT TAX AMENDMENTS

Corporate tax reduced to 29% for companies having turnover not exceeding 5 crores

No higher withholding tax if non-resident does not have PAN

Surcharge raised from 12% to 15% for individuals with incomes above 1 Crore

Optional Reduction in corporate tax for New manufacturing companies registered after March 1, 2016 to 25%

Relief u/s 87A proposed to be increased from Rs. 2,000 to Rs. 5,000

POEM to be applicable from 1.4.2017

Income Disclosure Scheme 2016/ Dispute resolution scheme 2016

Capital gains/ Income Tax exemptions proposed for start-up

Turnover limit of presumptive taxation Scheme increased to 50 lakh/ 2 crores

Presumptive taxation scheme introduced for all professionals with receipts up to Rs. 50 lakhs.

All Buy backs liable to Buyback distribution tax

POEM proposed to be deferred by 1 year

Deduction u/s 80JJAA proposed to be extended to all assessee who are subject to tax audit

Dividend in excess of 10 lakh taxable @ 10%

Govt. will pay 8.33% PF for new government employees for first 3 years

Phase out of tax deductions/profit linked incentive

Country by Country reporting introduced

Patent Box regime proposed

Foreign company income from storage & sale of crude oil exempt from tax

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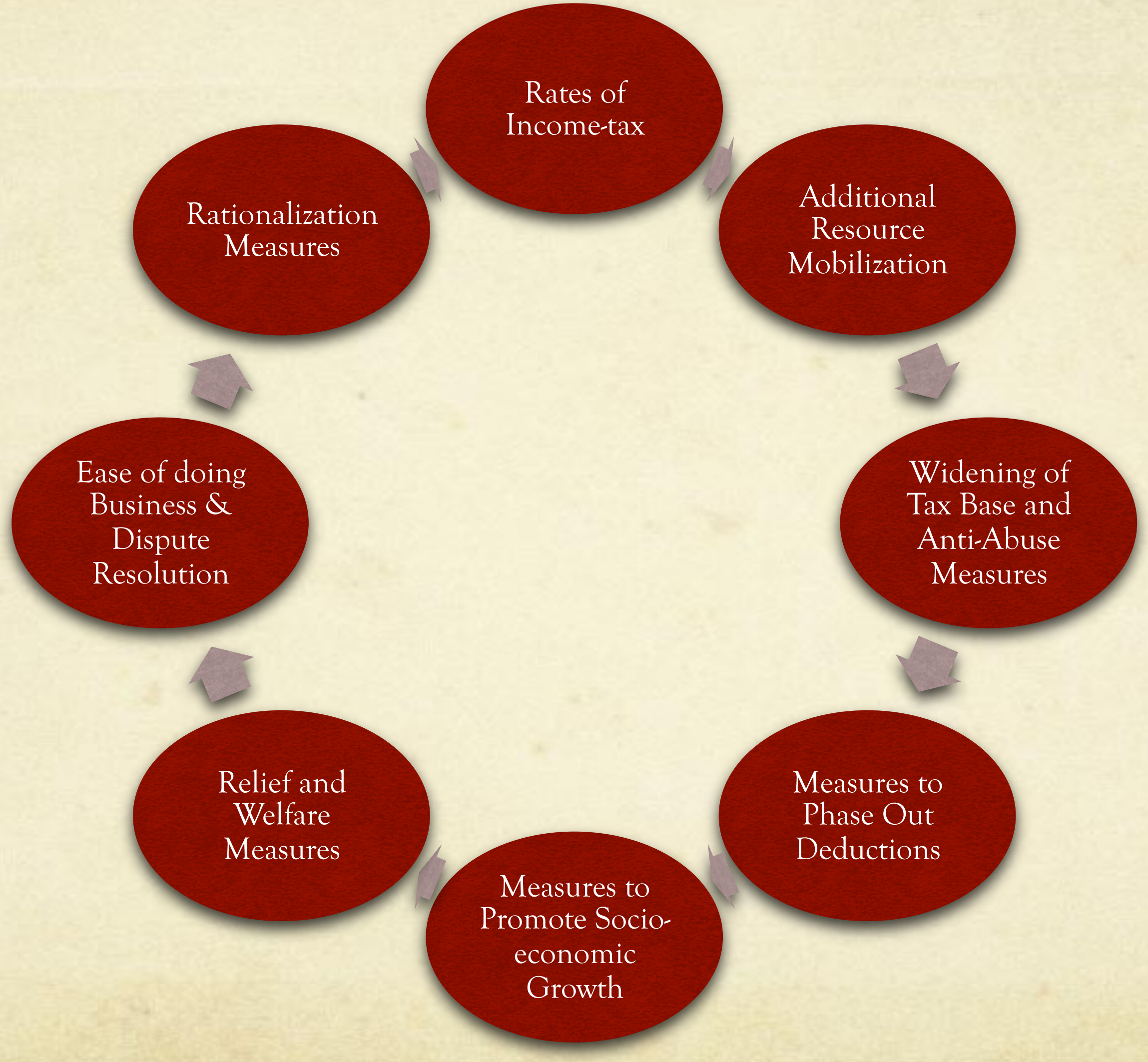
OBJECTIVES OF FINANCE BILL, 2016



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Tax rates

Tax Rates of Individuals

Income	Other individuals	Senior Citizen	Super Senior Citizen
Up to Rs. 2,50,000	Nil	Nil	Nil
Rs. 2,50,001 to Rs. 3,00,000	10%	Nil	Nil
Rs. 3,00,001 to Rs. 5,00,000	10%	10%	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%	20%	20%
Above Rs. 10,00,000	30%	30%	30%

- Surcharge at 15% if net income exceeds Rs. 1 Crore
- Education cess and Secondary & Higher Education cess at 3% of Income Tax & Surcharge

Tax Rates of Firm

Tax Rate
30%

- Surcharge at 12% if net income exceeds Rs. 1 Crore.
- Education cess and Secondary & Higher Education cess at 3% of Income Tax & Surcharge

Tax Rates of Domestic Company - Turnover doesn't exceed 5 crores

Tax Rate	MAT
29%	18.5%

- Tax rate of domestic company having turnover exceeding Rs. 5 cr. is 30 %.
- Surcharge @ 7% if net income exceeds Rs. 1 Crore, and 12% if net income exceeds Rs. 10 Crores
- Education cess and Secondary & Higher Education cess at 3% of Income Tax & Surcharge

Tax Rates of newly Established Manufacturing Company – Section 115BA – AY 2017-18

Condition – Optional claim for the company : -

- Company registered on or after 1st of March, 2016 and engaged in the business of manufacture or production of any article or thing;
- Company has not claimed any benefit under section 10AA, benefit of accelerated depreciation, benefit of additional depreciation, investment allowance, expenditure on scientific research and any deduction in respect of certain income under Part-C of Chapter-VI-A other than the provisions of section 80JJAA.
- Furnishes option to claim this benefit before due date of furnishing return of income

Tax Rate

25%

Tax Rates of Foreign Company

Tax Rate	MAT (if applicable)
40%	18.5%

- Surcharge at 2% if net income exceeds Rs. 1 Crore and 5% if net income exceeds Rs. 10 Crores
- Education cess and Secondary & Higher Education cess at 3% of Income Tax & Surcharge

Taxation of Individuals

Deduction for acquisition of residential property – Section 80EE

Condition : -

- Loan sanctioned by financial institution between 1.4.2016 and 31.3.2017
- Property value less than 50 lakh and loan amount not exceeding 35 lakh

Deduction – Till the repayment of loan continues : -

- Deduction of interest on loan taken for residential house property shall not exceed 50,000.
- No deduction shall be allowed under any other provision of the Act for such interest.
- Limit over and above limit of Rs. 200,000 for self occupied property under Section 24.

Time limit for acquisition/construction of self occupied property - Deduction of Interest- Section 24(b)

Existing provisions

Completion/ acquisition of house property should be completed within 3 years from the end of the F.Y. in which capital was borrowed.

Proposed amendment

Completion/ acquisition of house property should be completed within 5 years from the end of the F.Y. in which capital was borrowed.

Tax benefits for individuals

Small taxpayer relief u/s 87A – Income upto Rs. 5 lakhs

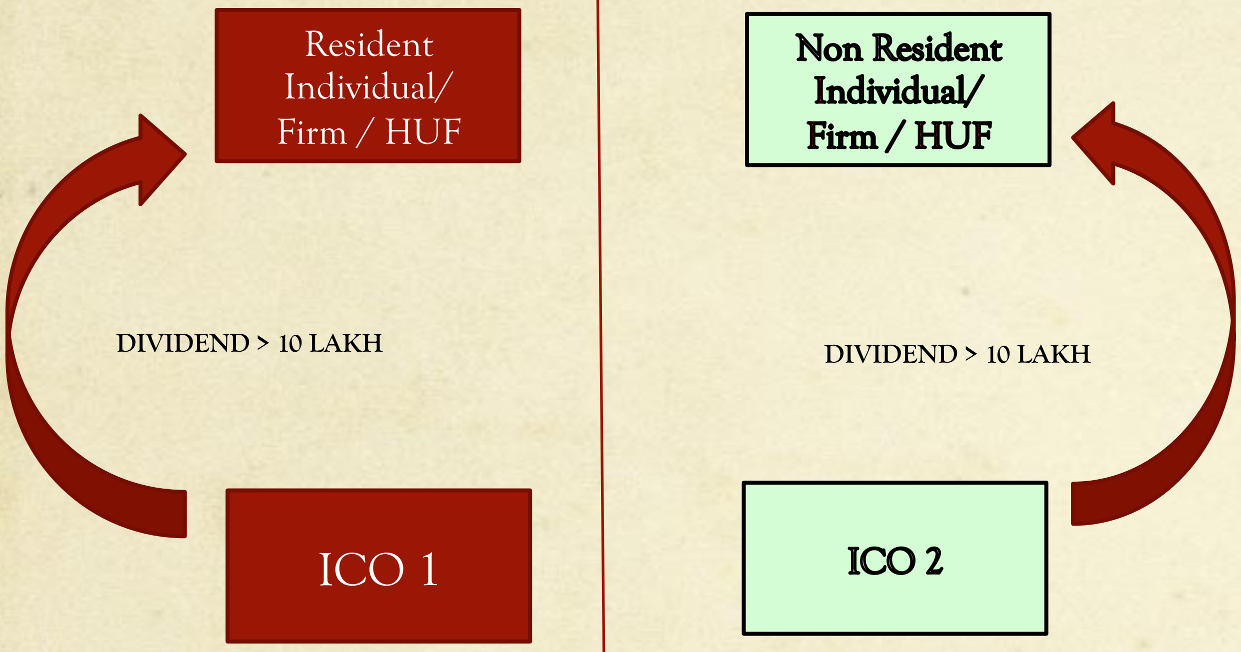
Tax relief u/s 87A has been increased from Rs. 2,000 to Rs. 5,000 (subject to tax due)

Relief under Section 80GG – Deduction for rent – No HRA

The limit for deduction has been increased from Rs. 2000 p.m to Rs. 5000 p.m.

Widening of Tax Base

TAXATION OF DIVIDEND INCOME IN HANDS OF RECEIPIENT – SECTION 115BBD AND SECTION 10(34)



BOTH ICO1 AND ICO 2 are under an obligation to pay DDT

APPLICABILITY :-

- Recipient :-
  - Individuals resident in India;
  - HUF resident in India;
  - Firm resident in India.
- Dividend could be :-
  - Declared, distributed or paid by domestic company
  - As per Section 2(22) excluding 2(22)(e)

TAX TREATMENT :-

- Income in excess of Rs. 10,00,000 shall be chargeable to tax @ 10% on gross basis in the hands of the recipient, without any :-
  - Deduction for any expenses/allowances;
  - Set off of losses

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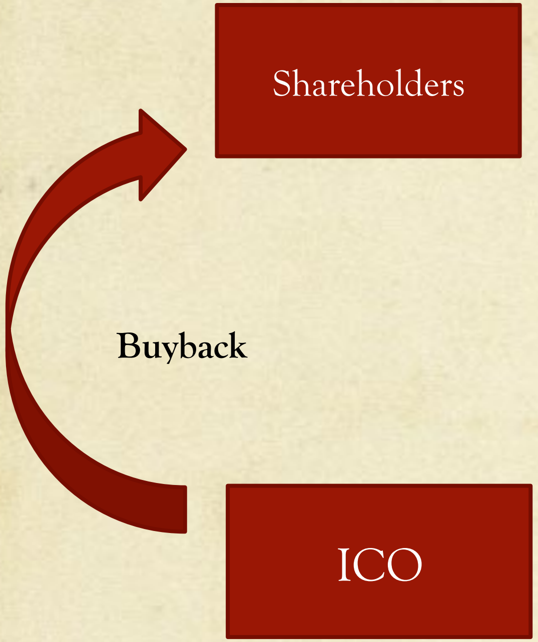
BUY BACK DISTRIBUTION TAX – SECTION 115QA



BACKGROUND :-

- Existing provisions apply only where buy back carried out as per Section 77A of the Companies Act
  - No clarity where Buy back carried out under Court approval / Companies Act 2013, other routes
- Deduction considered as amount received by company on issue of such shares
  - Debate on what shall be such amounts in case of Corporate reorganization/other specific cases

PROPOSED AMENDMENT :-

- Buy back **<u>under any law for the time being in force covered</u>** under Section 115QA

- Amount received by the Company in respect of the shares being bought back shall be determined in the prescribed manner - Rules to be framed

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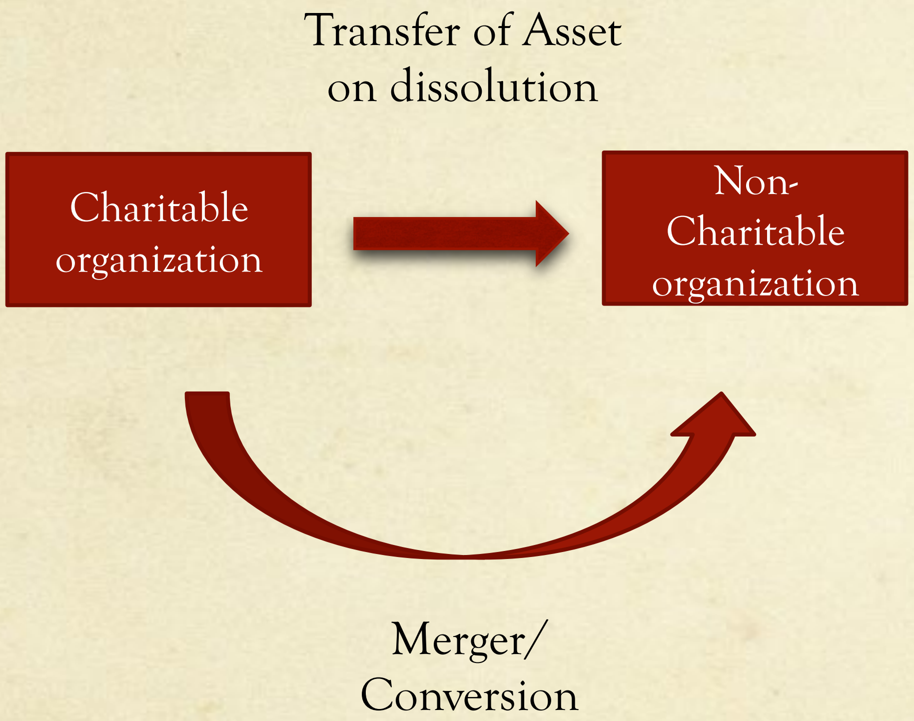
Charitable organization – Cease to exist or Converts to non-charitable organization – Chapter XII- EB - June 1, 2016



- **Additional income-tax at maximum marginal rate shall be levied in case of : -**
    - Conversion of a charitable organization into any form not eligible for registration u/s 12AA
    - Merger with, any entity not registered u/s 12AA or having different objects or
    - Non distribution of assets of a charitable organization on its dissolution to another charitable institution registered u/s 12AA or approved u/s 10(23C), within 12 months of dissolution

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Other applicable Conditions

- Accreted Income = Fair market value of Total Assets (Valued in prescribed manner) – Liabilities on specified date

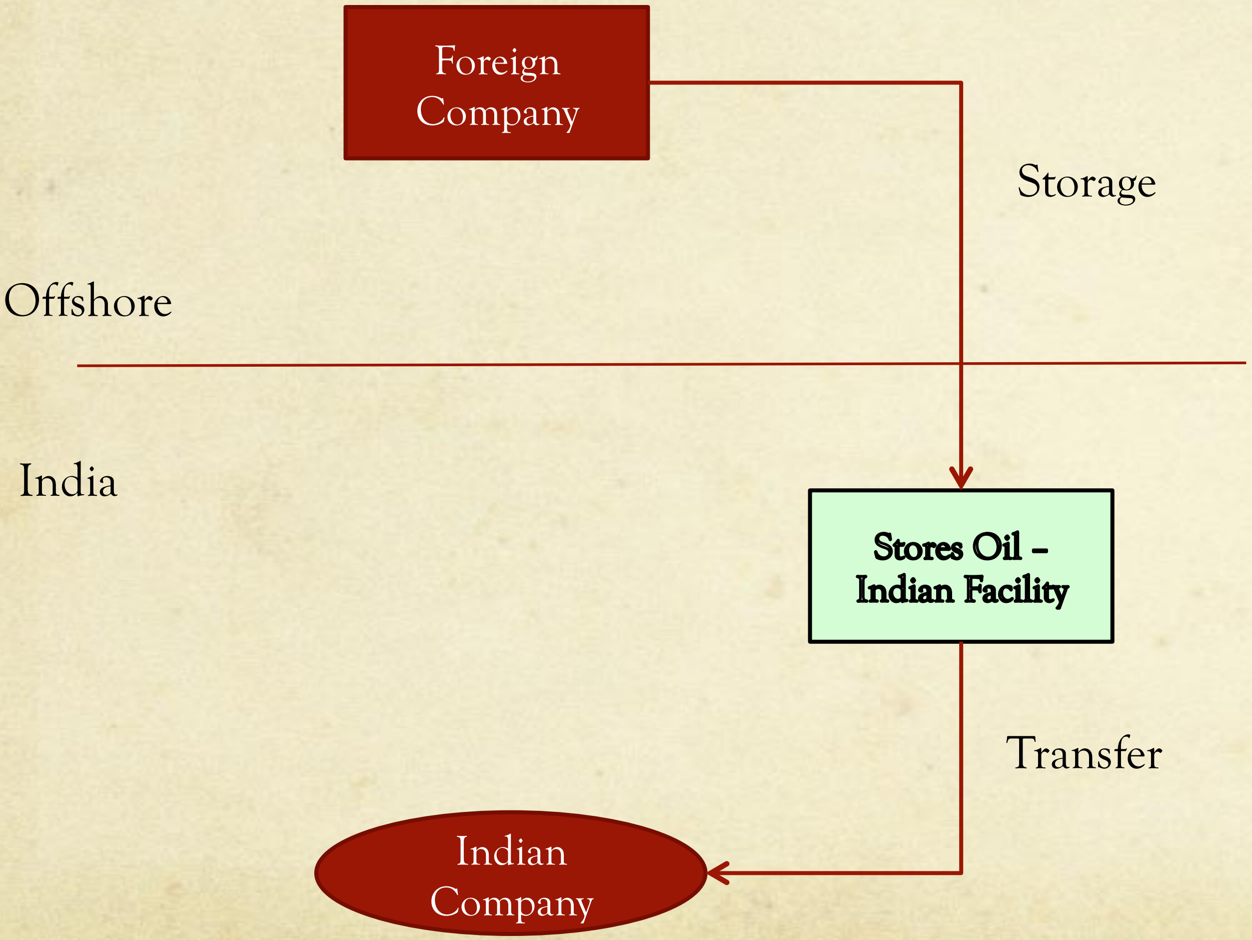
- No credit for tax and leviable even if trust or institution does not have any other income chargeable to tax in the relevant previous year.

- Principal officer or the trustee and the trust or the institution shall be deemed to be assessee in default

- Further, the recipient of assets, which is not a charitable organization, shall also be liable to be held as assessee in default in case of non-payment of tax and interest, to the extent of the assets received.

Taxation of Non Residents

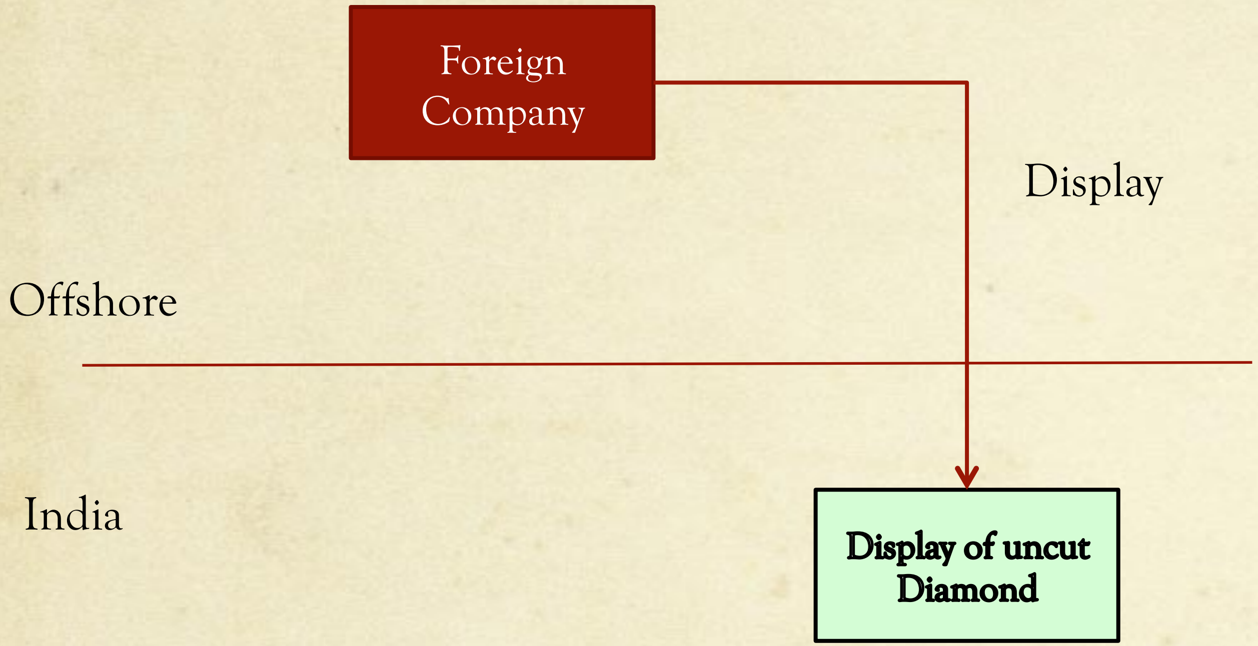
Storage and Sale of crude Oil by Foreign Company – AY 2016-17 onwards



APPLICABILITY :-

- Foreign national Oil companies (NOCs) and multinational companies (MNCs) storing crude oil in a storage facility in India and selling crude oil to a person resident in India
- Income from such activity exempt provided :-
  - Storage and sale is pursuance to an agreement or an arrangement entered into by the Central Government or approved by Central Government; and
  - Having regard to the national interest, the foreign company and the agreement or arrangement are notified by the Central Government in this behalf

Display of uncut Diamond by Foreign Company – AY 2016-17 onwards



APPLICABILITY :-

- Foreign company engaged in mining of diamonds
- No income shall be deemed to accrue or arise in India if : -
  - Display of uncut and unsorted diamonds (without any sorting or sale)
  - Within Special Zone notified by Central Government in this behalf

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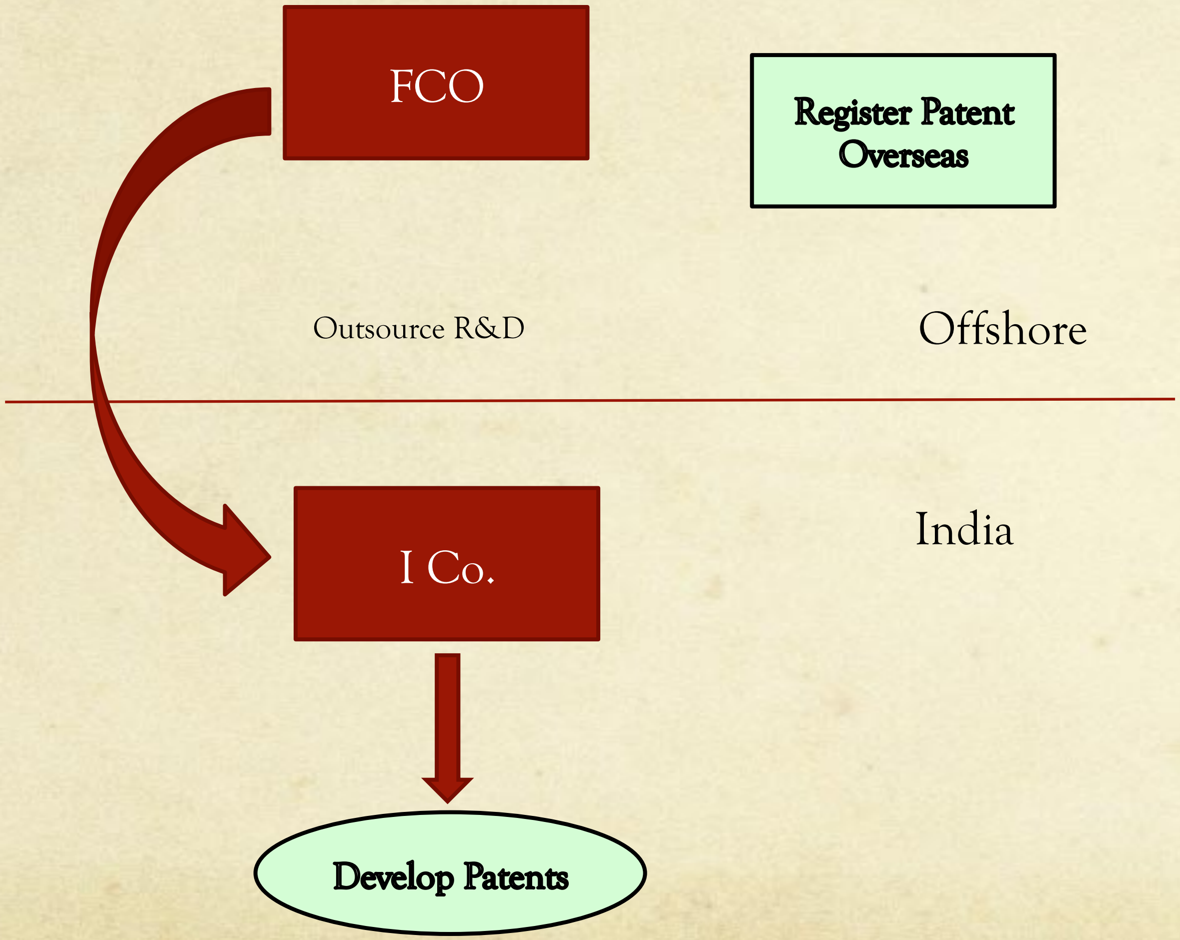
Preferential Patent regime – Section 115BBE



<u>APPLICABILITY :-</u>

- Person resident in India and who is a patentee is eligible for this tax treatment
- Royalty income in respect of a patent developed and registered in India covered, alongwith services in connection with amount constituting royalty – Sale or transfer not covered
- <u>Such income taxed @ 10% without any deduction in respect of any expenditure or allowance</u>
- Term royalty, developed, patent, patentee, patented article and "true and first inventor".
- Royalty includes payment for , Transfer of all or any rights<u>,</u> imparting information concerning working of <u>and</u> 'use" of patent.

PLACE OF EFFECTIVE MANAGEMENT - POEM

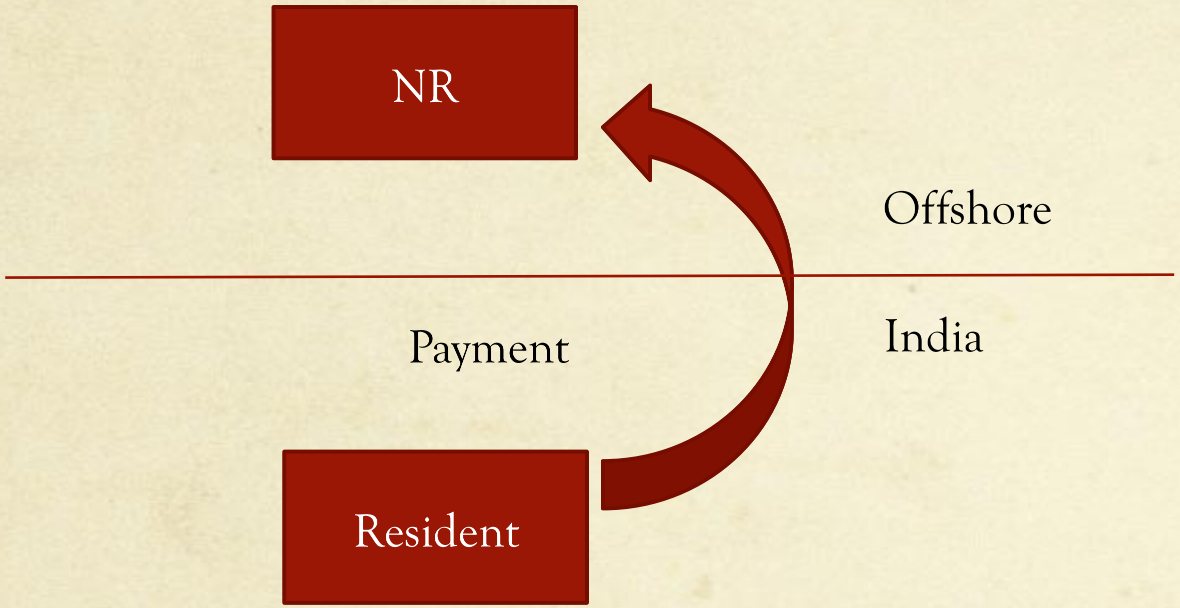
Application deferred by one year to 1.4.2017

CG to specify how IT Act provision shall apply to company which is deemed to have POEM for the first time in India – Exception may apply till assessment is completed for first year

Notification providing the above shall be laid before both Houses of Parliament

Apply from AY 2017-18

Requirement to obtain PAN for foreign company – Effective June 1, 2016 – Section 206AA



Current Position :-

- Resident Indian to withhold higher tax if the non resident recipient does not have a PAN in India, for any sum or income or amount on which tax is deductible under Chapter XVIIB

Proposal

- Section 206AA provision should not apply to a non-resident, not being a company, or to a foreign company, in respect of :-
    - Interest on long-term bonds as referred to in section 194LC
    - **Any other payment, subject to such conditions as may be prescribed**

MAT applicability on FII/ FPI – Effective 1.4.2001

No MAT on FII / FPI where : -

- Treaty Country
  - No PE in accordance with the Treaty
- Non- Treaty Country
  - FII/ FPI not required to seek registration under any law for the time being in force relating to companies.

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Transfer Pricing – Country by Country Reporting & Master File

International group having consolidated revenue above Euro 750 million covered

Indian parent above the specified limit also to file report to the prescribed authority on or before the due date of furnishing of return of income for AY, relevant to the applicable FY

Indian constituent of foreign group to provide details of parent company, on or before the prescribed date

Where there are more than one entity of foreign parent, one entity can be nominated to submit the details

Transfer Pricing – Country by Country Reporting & Master File – AY 2017-18

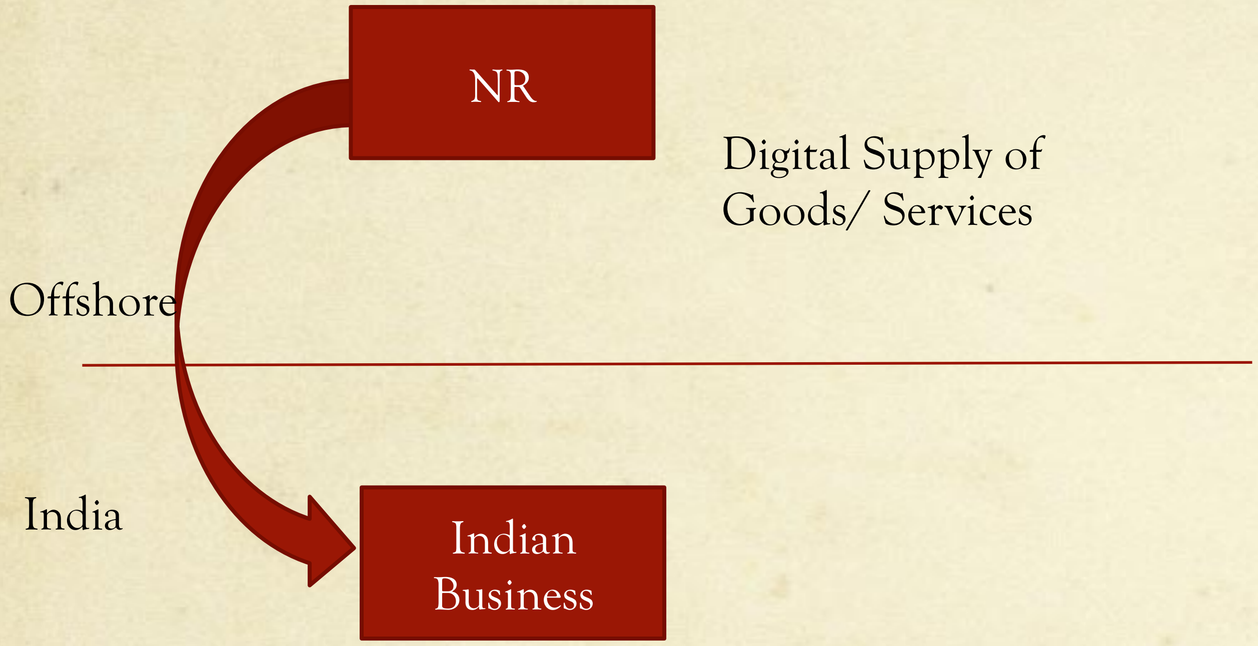
If parent is from a country where India does not have a CbC exchange agreement/ country is not sharing information, Indian entity to file CbC to prescribed authority on notification

Authority can call for requisite information as desired, non furnishing whereof may invite penalty and interest

Master File – Information to be provided shall be prescribed in Rules as per BEPS AP 13

Non furnishing of information may result in a penalty of Rs 5 lakh.

Equalization levy – Chapter VIII



OBJECTIVE :-

- Address the challenges in terms of taxation of digital economy transactions

APPLICABILITY

- 6 % of consideration for specified services received /receivable by NR not having PE in India, from : -
    - Resident in India who carries out business or profession, or
    - From a non-resident having PE in India
- NR exempt from tax on income arising from services where equalization levy is chargeable
- NA if aggregate consideration does not exceed 1 lakh in a PY
- Central Government shall make rules and notify applicability of Equalization levy

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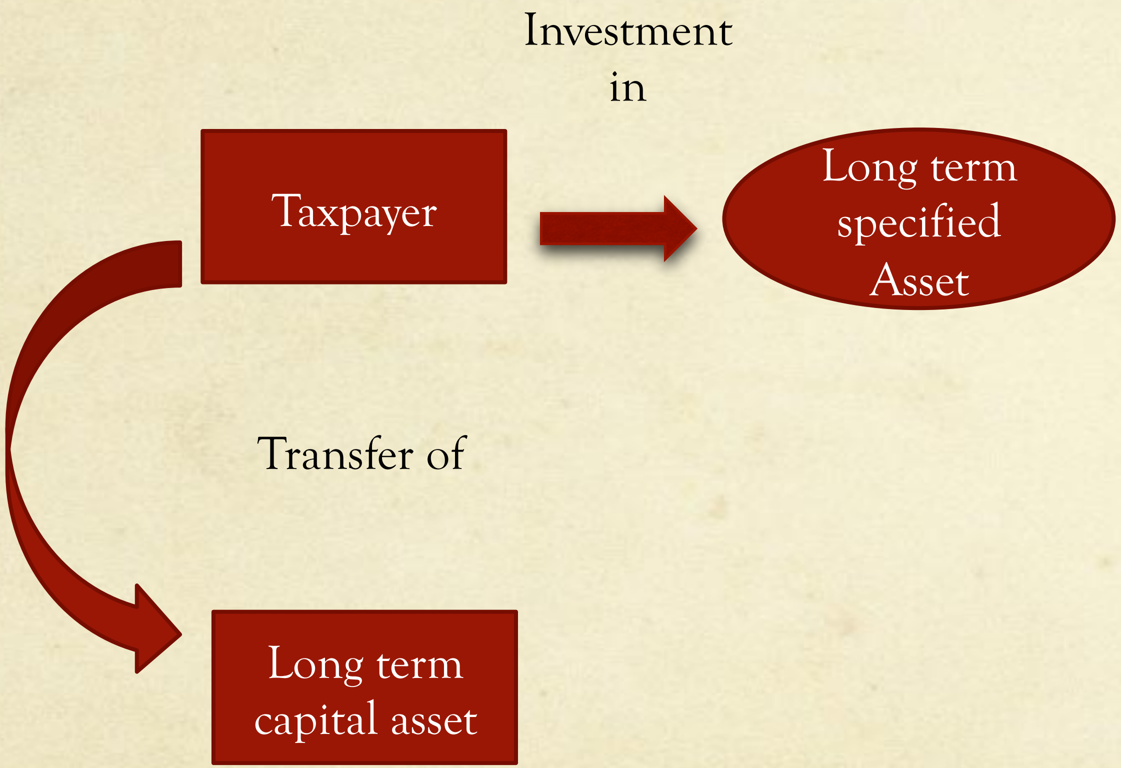
Start up Tax incentives

START UPS – TAX INCENTIVES

- 100% profits deduction for 3 out of 5 years
- LTCG exemption to assessee investing in Fund of Funds under Start up India Action Plan
- Capital gains on transfer of residential property exempt from tax if invested in eligible start up

Section 54EE – Investment into units of "Fund of Funds" under Start up India Action Plan



- Capital Gains from transfer of a long-term capital asset
- Investment of whole or any part of capital gains in the <u>**long-term specified asset (LTSA)**</u>, within 6 months from such transfer – Maximum Rs. 50 lakh
- Quantum of exemption :-
  - Cost of Asset > Capital Gains – Entire gains exempt
  - Cost of Asset < Capital Gains – (Entire Capital Gains) * (Amount Invested/Entire gains)
- <u>**LTSA**</u> transferred before 3 years – Capital gains exempt earlier chargeable to tax in year of transfer of long-term specified asset
- LTSA – Units of notified fund issued before April 1 , 2019

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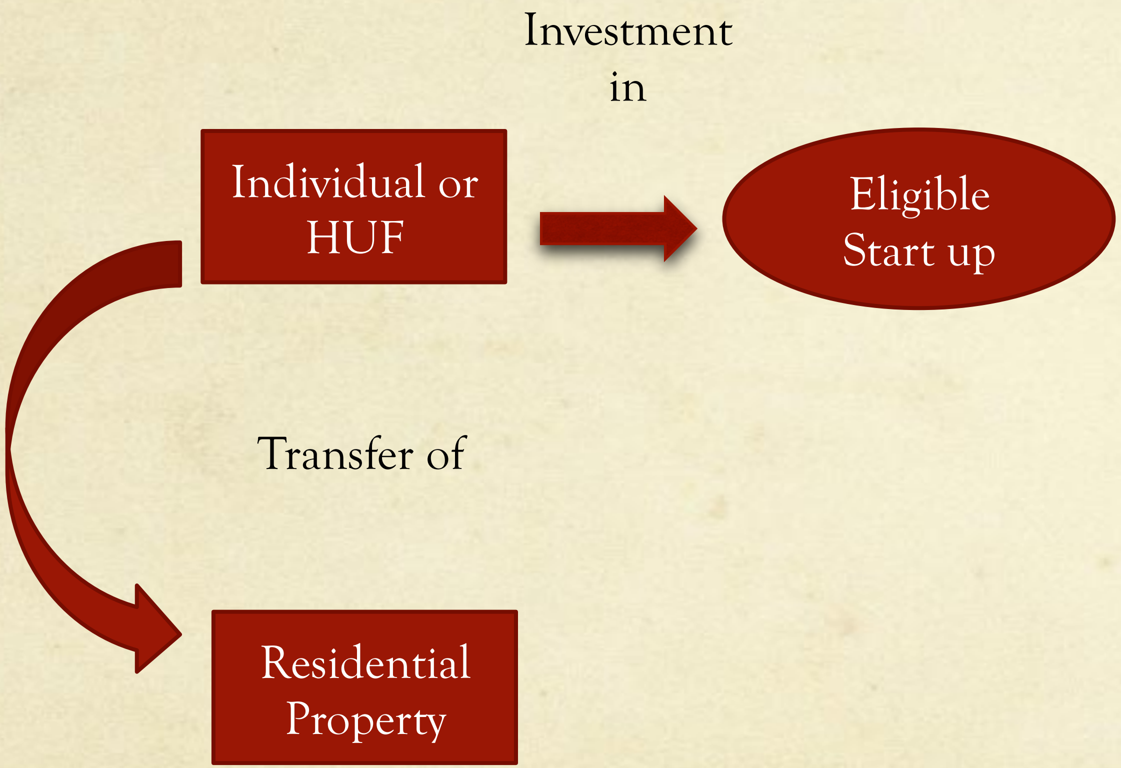
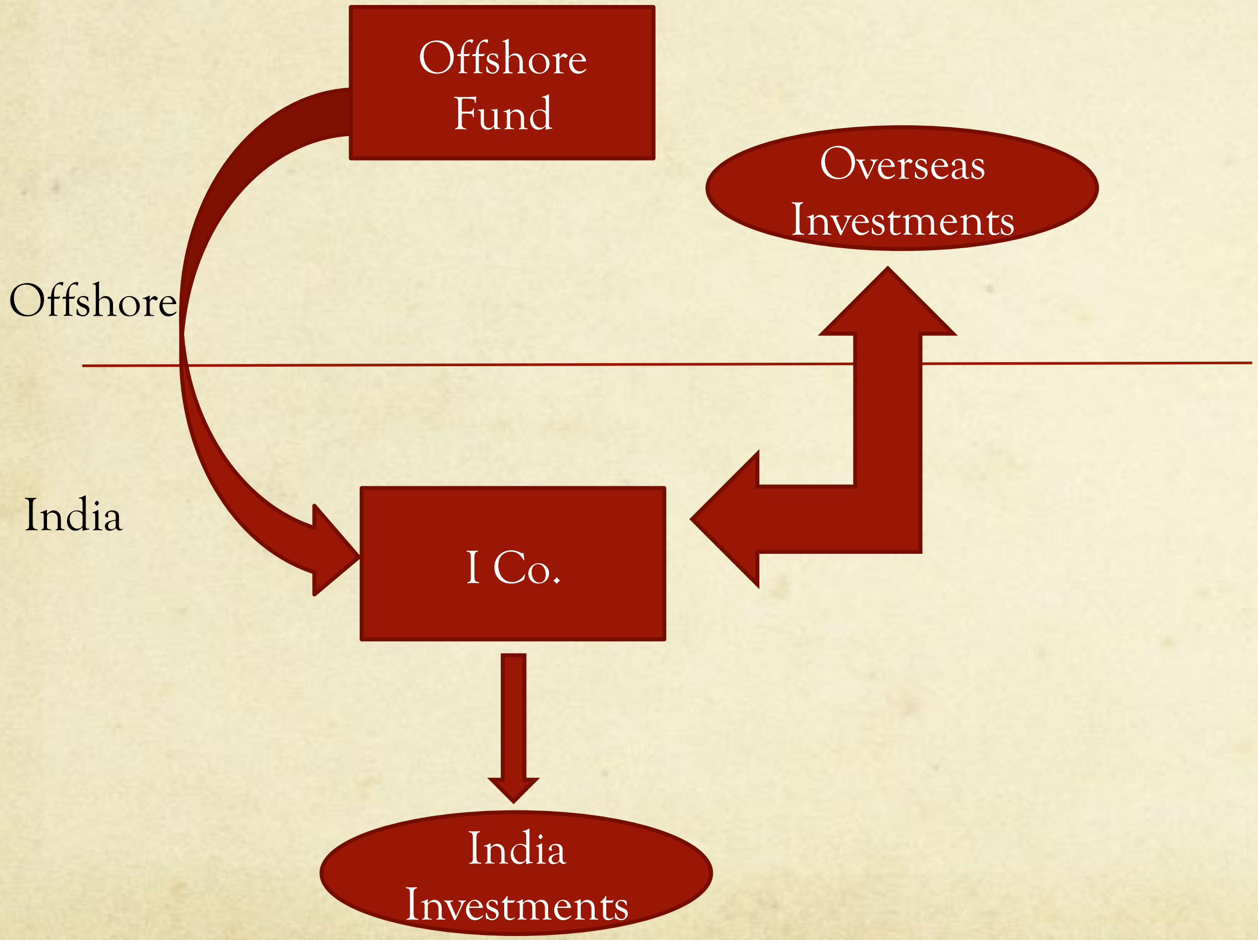
Section 54GB – Investment into shares of qualified company – AY 2017-18



- Capital Gains from transfer of residential property
- Subscription of shares of a company in eligible business/ eligible start up, until 31.3.2019
- Eligible business/eligible start up defined as per Section 80-IAC
- New asset that can be acquired by the start up out of invested funds can include computer/computer software
  - Available to technology driven start-up so certified by the Inter-Ministerial Board of Certification notified by the Central Government in the Official Gazette
- Acquire new asset before due date of return filing for investor
- Taxpayer owns more than 50% shares of the company

Start up Income exemption - Section 80IAC



APPLICABILITY :-

- An eligible start-up derives profits and gains from eligible business
- Deduction of 100% of profits and gains for 3 consecutive AY, out of first 5 years since incorporation
- Eligible startup should not be formed by split up or reconstruction etc of business
- "Eligible business" means a business which involves innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property;

Start up Income exemption - Section 80IAC

Incorporation

Incorporation – 1.4 2016 to 31.3. 2019

Turnover

Turnover < 25 crores for every individual year, between 1.4.2016 to 31.3.2021

Certificate

Certificate of eligible business from the Inter-Ministerial Board of Certification

Changes in TDS Limits

Increase in threshold limit for TDS

Present Section	Heads	Existing Threshold Limit (Rs.)	Proposed Threshold Limit (Rs.)
192A	Payment of accumulated balance of Provident Fund due to an employee	30,000	50,000
194BB	Winnings from Horse Race	5,000	10,000
194C	Payments to Contractors	Aggregate annual limit of 75,000	Aggregate annual limit of 1,00,000
194LA	Payment of Compensation on acquisition of certain Immovable Property	2,00,000	2,50,000
194D	Insurance commission	20,000	15,000
194G	Commission on sale of lottery tickets	1,000	15,000
194H	Commission or brokerage	5,000	15,000

Revision in TDS rates

Present Section	Heads	Existing Rate of TDS (%)	Proposed Rate of TDS (%)
194DA	Payment in respect of Life Insurance Policy	2%	1%
194EE	Payments in respect of NSS Deposits	20%	10%
194D	Insurance commission	Rate in force (10%)	5%
194G	Commission on sale of lottery tickets	10%	5%
194H	Commission or brokerage	10%	5%

Proposed Phase out plan of incentives (Profit linked Deduction/ Weighted deduction) & Additional deduction

Tax Incentive for employment generation – Section 80JJAA – AY 2017-18

Cost incurred on **<u>any employee</u>** whose total emoluments are less than or equal to twenty five thousand rupees per month – 30% of emoluments allowed as a deduction

No deduction where Government pays for EPF

Minimum number of days of employment in a financial year reduced from 300 days to 240

Condition of 10% increase in number of employees every year is proposed to be done away

All employers who are required to get accounts audited u/s 44AB covered for this exemption

Proposed Phase out plan of incentives (Profit linked Deduction/ Weighted deduction)

Section	Existing	Proposal
10AA- Special provision in respect of newly established units in Special economic zones (SEZ)	Profit linked deductions for units in SEZ for profit derived from export of articles or things	No deduction shall be available to units commencing manufacture or production of article or thing or start providing services on or after 1st day April,2020. (from previous year 2020-21 onwards).
35AC-Expenditure on eligible projects or schemes.	Deduction for expenditure incurred by way of payment of any sum to a public sector company or a local authority or to an approved association or institution, etc. on certain éligible social development project or a scheme	No deduction shall be available with effect from 1.4.2017 (i.e from previous year 2017-18 and subsequent years).

Proposed Phase out plan of incentives(Profit linked Deduction/ Weighted deduction)

Section	Existing	Proposal
35CCD-Expenditure on skill development project.	Weighted deduction of 150 per cent on any expenditure incurred (not being expenditure in the nature of cost of any land or building) on any notified skill development project by a company.	Deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).
Section 80IA; 80IAB, and 80IB - Deduction in respect of profits derive from a) development, operation and maintenance of an infrastructure facility (80-IA) (b) development of special economic zone (80-IAB) (c) production of mineral oil and natural gas [80-IB(9)]	100 per cent profit linked deductions for specified period on eligible business carried on by industrial undertakings or enterprises referred in section 80IA; 80IAB, and 80IB.	No deduction shall be available if the specified activity commences on or after 1st day April, 2017. (i.e from previous year 2017-18 and subsequent years).

Proposed Phase out plan of incentives (Accelerated Depreciation/ Weighted Deduction)

Section	Existing	Proposal
Section 32 read with rule 5 of Income-tax Rules, 1962- Accelerated Depreciation.	Accelerated depreciation is provided to certain Industrial sectors in order to give impetus for investment. The depreciation under the Income-tax Act is available up to 100% in respect of certain block of assets.	To amend the new Appendix IA read with rule 5 of Income-tax Rules, 1962 to provide that highest rate of depreciation under the Income-tax Act shall be restricted to 40% w.e.f 01.4.2017. (i.e from previous year 2017-18 and subsequent years). The new rate is proposed to be made applicable to all the assets (whether old or new) falling in the relevant block of assets.

Proposed Phase out plan of incentives (Accelerated Depreciation/ Weighted Deduction)

Section	Existing	Proposal
35(1)(ii)- Expenditure on scientific research.	Weighted deduction from the business income to the extent of 175 per cent of any sum paid to an approved scientific research association which has the object of undertaking scientific research. Similar deduction is also available if a sum is paid to an approved university, college or other institution and if such sum is used for scientific research.	Weighted deduction shall be restricted to 150 per cent from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20) and deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).
35(1)(iia)- Expenditure on scientific research.	Weighted deduction from the business income to the extent of 125 per cent of any sum paid as contribution to an approved scientific research company.	Deduction shall be restricted to 100 per cent with effect from 01.04.2017 (i.e. from previous year 2017-18 and subsequent years).

Proposed Phase out plan of incentives (Accelerated Depreciation/ Weighted Deduction)

Section	Existing	Proposal
35(1)(iii)- Expenditure on scientific research.	Weighted deduction from the business income to the extent of 125 per cent of contribution to an approved research association or university or college or other institution to be used for research in social science or statistical research.	Deduction shall be restricted to 100 per cent with effect from 01.04.2017 (i.e. from previous year 2017-18 and subsequent years).
35(2AA)- Expenditure on scientific research.	Weighted deduction from the business income to the extent of 200 per cent of any sum paid to a National Laboratory or a university or an Indian Institute of Technology or a specified person for the purpose of approved scientific research programme.	Weighted deduction shall be restricted to 150 per cent with effect from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20). Deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).

Proposed Phase out plan of incentives (Accelerated Depreciation/ Weighted Deduction)

Section	Existing	Proposal
35(2AB)- Expenditure on scientific research.	Weighted deduction of 200 per cent of the expenditure (not being expenditure in the nature of cost of any land or building) incurred by a company, engaged in the business of bio-technology or in the business of manufacture or production of any article or thing except some items appearing in the negative list specified in Schedule-XI, on scientific research on approved in-house research and development facility.	Weighted deduction shall be restricted to 150 per cent from 01.04.2017 to 31.03.2020 (i.e. from previous year 2017-18 to previous year 2019-20). Deduction shall be restricted to 100 per cent from 01.04.2020 (i.e. from previous year 2020-21 onwards).

Proposed Phase out plan of incentives (Accelerated Depreciation/ Weighted Deduction)

Section	Existing	Proposal
35AD- Deduction in respect of specified business.	In case of a cold chain facility, warehousing facility for storage of agricultural produce, an affordable housing project, production of fertiliser and hospital weighted deduction of 150 per cent of capital expenditure (other than expenditure on land, goodwill and financial assets) is allowed.	In case of a cold chain facility, warehousing facility for storage of agricultural produce, hospital, an affordable housing project, production of fertilizer, deduction shall be restricted to 100 per cent of capital expenditure w.e.f. 01.4.2017 (i.e. from previous year 2017-18 onwards).
35CCC- Expenditure on notified agricultural extension project.	Weighted deduction of 150 per cent of expenditure incurred on notified agricultural extension project.	Deduction shall be restricted to 100 per cent from 1.4.2017 (i.e from previous year 2017-18 onwards).

Presumptive Taxation Scheme

Increase in threshold limit for presumptive taxation scheme for persons having income from business

Existing provisions

Presumptive Scheme applicable - Total turnover or gross receipts not exceeding Rs. 1 crore

Proposed amendment

Presumptive Scheme applicable - Total turnover or gross receipts not exceeding Rs. 2 crore

Salary, remuneration, interest etc. paid to the partner shall not be deductible while computing income under section 44AD – Advance tax to be paid by March 15 of the FY

Presumptive taxation scheme for persons having income from profession – Section 44ADA

- Scheme applicable to individual, HUF or partnership firm but not LLP
- Assessee engaged in the profession (Section 44AA)
- Total gross receipts does not exceed 50 lakh rupees in a P.Y.,
- 50% of the gross receipts taxed as income on presumptive basis
- Deductions under section 30 to 38 deemed to have been allowed
- Assessee not required to maintain books of account under sub-section (1) of section 44AA and get the accounts audited u/s 44AB in respect of such income unless profits and gains are claimed to be lower than the profits and gains deemed to be his income under sub-section (1) of section 44ADA and his income exceeds the maximum amount which is not chargeable to income-tax.

Other Changes

AFFORDABLE HOUSING – SECTION 80 IBA

100% deduction of profits from developing and building affordable housing projects approved by the competent authority before the 31st March, 2019

Completion of projects within 3 years from approval

Four metros – Land measuring 1000sq m, within municipal limits – Individual unit – 30sqmtrs

Others – Land measuring 2000sq m – Individual unit – 60sqmtrs

No unit to individual/his family members if a unit is already allocated to him

Tax Audit limit for persons having income from profession

Existing provisions

Tax Audit required - Total gross receipts in FY > Rs. 25 lakh

Proposed amendment

Tax Audit required - Total gross receipts in FY > Rs. 50 lakh

Income Declaration Scheme, 2016 – June 1, 2016 to notified date

Income upto FY 2015-16 can be offered under this Scheme – Total tax rate of 45%

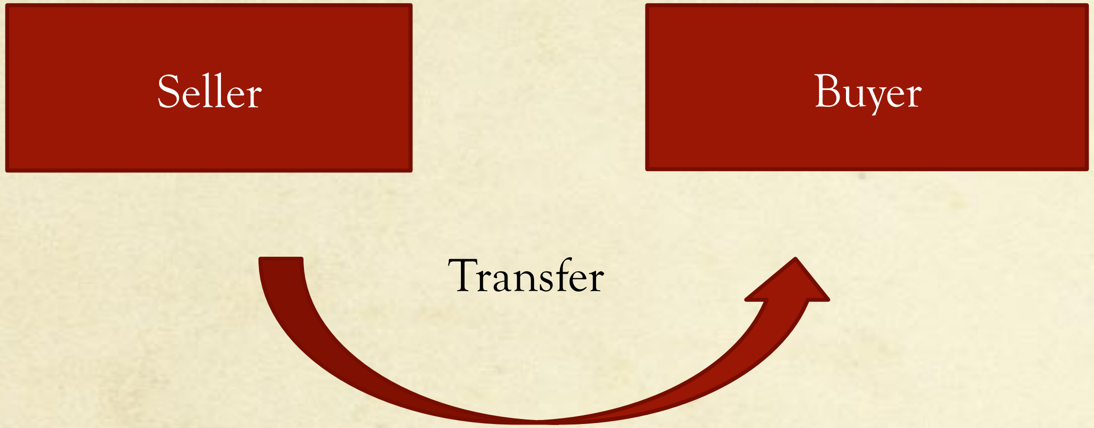
Certain specific cases outside purview of the scheme – Assessment notice issued/ Black money cases, information received from foreign countries.

Immunity from Wealth Tax, scrutiny, enquiry and prosecution for cases covered under the Scheme

Declaration under the scheme through misrepresentation or suppression of facts - Declaration shall be treated as void

Tax (etc). should be paid by a date specified by the Government failing which declaration shall be void

Section 50C - Sale consideration fixed prior to registration of immovable property



Date of agreement - 1-4-2016

Date of Registration - 30-4-2016

- Section 50C deals with transfer of a capital asset being land or building on both
- Value adopted or assessed by the stamp valuation authority for the purpose of payment of stamp duty shall be taken as the full value of consideration for the purposes of computation of capital gains
- **Date of the agreement** fixing the amount of consideration for the transfer of immovable property and the **date of registration may** not be the same,
- Stamp duty value on the date of the agreement may be taken as full value of consideration, if advance paid by way of an account payee cheque etc on or before the date of the agreement for the transfer of such immovable property

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Filing of return of Income

Section	Existing	Proposal
139(1)	Person not obligated to include income exempt u/s 10(38) , to ascertain whether his income exceeds the maximum amount which is not chargeable to income tax .	Specific exclusion to provide that effect of Section 10(38) shall not be considered to arrive at income, which shall be considered to arrive at whether a person is liable to file ITR.
139(4)	Revised return can be filed at any time before : - • One year from the end of the relevant assessment year or • Completion of assessment, whichever is earlier.	Revised return can be filed at any time before : - • End of the relevant assessment year or • Completion of assessment, whichever is earlier.

Filing of return of Income

Section	Existing	Proposal
139(5)	Revised return could not be filed for a belated return	Belated return can be revised.
139(9)(aa)	Non payment of self-assessment tax together with interest, on or before the date of furnishing of return could result in the ROI being considered defective	It shall not be considered as defective

CAPITAL GAINS

Section	Key changes
Sovereign Gold Bond Scheme, 2015	Redemption of Sovereign Gold Bonds, under the Scheme, by an individual shall not be liable to capital gains tax
Rupee Denominated Bond – Ay 2017-18	Capital gains, arising in case of appreciation of rupee between the date of issue and the date of redemption against the foreign currency in which the investment is made shall be exempt from tax on capital gains.
Tax Treatment of Gold Monetization Scheme, 2015 – Ay 2016-17	• Deposit Certificates issued under Gold Monetization Scheme, 2015 notified by the Central Government, shall not be considered as a capital asset and shall therefore be exempt from capital gains tax. • Interest on Deposit Certificates issued under the Scheme shall also be exempt from income-tax

RELIEF MEASURES

Section	Key changes
Tax on receipt of shares of closely held company on demerger/ merger	Any shares received by an individual or HUF as a consequence of demerger or amalgamation of a company, shall not attract the provisions of clause (vii) of sub-section (2) of section 56.
Additional depreciation u/s section 32(1)(iia)	That an assessee engaged in the business of transmission of power shall also be allowed additional depreciation at the rate of 20% of actual cost.
Processing under section 143(1)	Assessment under Section 143(3) shall be completed only when return is processed under Section 143(1).

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OTHER AMENDMENTS

Section	Key changes
Extension of time limit to Transfer Pricing Officer in certain cases	Where assessment proceedings are stayed by any court or where a reference for exchange of information has been made by the competent authority & the time available to the Transfer Pricing Officer for making an order after excluding the time for which assessment proceedings were stayed or the time taken for receipt of information, as the case may be, is less than sixty days, then such remaining period shall be extended to sixty days.

Payment to Railways covered for disallowance u/s 43B

Existing provisions

Payments to Railways for use of assets not covered under Section 43B

Proposed amendment

Due to Railways for using the assets of the Railways shall be covered for disallowance U/S 43B

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