India Budget 2017

Presented by Hon'ble Finance Minister
in the Parliament
On 1st February, 2017

Effects of Income Tax Proposals
- Interest and Penalties

Late Fee

Late Fee for belated Return of Income u/s 234F -

- New Section 234F introduced to levy Late Fee in case where a person required to furnish a return of income under section 139, fails to do so within the time prescribed in sub-section (1) of section 139, he shall pay, by way of fee, a sum of,-
  - Rs.5,000/-, if the return is furnished on or before the 31st day of December of the assessment year;
  - Rs.10,000/- in any other case.
- However, if the total income of the person does not exceed Rs.5,00,000/-, the fee payable under this section shall not exceed Rs.1,000/-.
- **Provision will be effective for Returns of AY 2018-19 and onwards.**

Non-applicability of Penalty for belated Return u/s 271F -

- New Proviso to Section 271F introduced providing that nothing contained in this section shall apply to and in relation to the return of income required to be furnished for any assessment year commencing on or after the 1st day of April, 2018.

Interest

Interest for deferment of advance tax u/s 234C

- For calculating any shortfall in the payment of the tax due on the returned income, shortfall on account of under-estimate or failure to estimate of income of the nature referred to in sub-section (1) of section 115BBDA will not be considered.
- Similarly, as per clause (b) of sub-section (1) of Section 234C, an eligible assessee in respect of the eligible business referred to in section 44AD, who is liable to pay advance tax has failed to pay such tax or the advance tax paid by the assessee on its current income on or before the 15th day of March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of 1% on the amount of the shortfall from the tax due on the returned income.
- The said benefit is also extended to the eligible assesses referred to in section 44ADA.
- However, in both the cases, the said benefit is available to assesses who declares profits and gains in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA.
- **Provision will be effective with effect from the 1st day of April, 2017.**

Interest on Excess Payment of TDS

Interest on refunds u/s 244A -

- Sub-section (1B) of Section 244A is inserted to provide for interest on refund of any amount due to the deductor in respect of any amount paid to the credit of the Central Government under Chapter XVII-B, such deductor shall be entitled to receive, in addition to the said amount, simple interest thereon calculated at the rate of one-half per cent. for every month or part of a month comprised in the period, from the date on which -
  - (a) claim for refund is made in the prescribed form; or
  - (b) tax is paid, where refund arises on account of giving effect to an order under section 250 or section 254 or section 260 or section 262,
- to the date on which the refund is granted.
- **Provision will be effective with effect from the 1st day of April, 2017.**

Restrictions on certain mode of Transactions

Restrictions on certain mode of Transactions u/s 269ST -

- New Section 269ST introduced prescribing certain transaction as no person shall receive an amount of Rs.3,00,000/- or more -
  - (a) in aggregate from a person in a day; or
  - (b) in respect of a single transaction; or
  - (c) in respect of transactions relating to one event or occasion from a person,
- otherwise than by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account.
- The provisions shall not apply to
  - (i) any receipt by Government or any banking company, post office savings bank or co-operative bank;
  - (ii) transactions of the nature referred to in section 269SS;
  - (iii) such other persons or class of persons or receipts, which the Central Government may, by notification in the Official Gazette, specify.

Penalty

Penalty for failure to comply with provisions of Section 269ST u/s 271DA -

- New Section 271DA introduced providing that if a person receives any sum in contravention of the provisions of section 269ST, he shall be liable to pay, by way of penalty, a sum equal to the amount of such receipt.
- However, no penalty shall be imposable if such person proves that there were good and sufficient reasons for the contravention.
- Similarly, penalty shall be imposed by the Joint Commissioner.
- **Provision will be effective with effect from the 1st day of April, 2017.**

Penalty

Penalty for Furnishing Incorrect information in reports or certificates u/s 271J -

- New Section 271J introduced to provide that where the Assessing Officer or the Commissioner (Appeals), in the course of any proceedings under this Act, finds that
- an accountant or a merchant banker or a registered valuer
- has furnished incorrect information in any report or certificate furnished
- under any provision of this Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals) may direct that such accountant or merchant banker or registered valuer, as the case may be,
- shall pay, by way of penalty, a sum of Rs.10,000/- for each such report or certificate.
- Section 271J included in Section 273B and accordingly, no penalty shall be imposable on the person or the assessee, as the case may be, for any failure referred to in the said provisions if he proves that there was reasonable cause for the said failure.
- **Provision will be effective with effect from the 1st day of April, 2017**

Thank you!

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