India Budget 2017

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

Effects of Income Tax Proposals
- Assessments and other Procedures

Time limit for completion of assessment, reassessment & recomputation u/s 153 -

- Sub-section (1) of Section 153 presently provides that no order of assessment shall be made under section 143 or section 144 at any time after the expiry of 21 months from the end of the assessment year in which the income was first assessable.
- For the Assessment Year 2018-19, the above period is reduced to 18 months and accordingly, Assessment needs to be completed on or before 30th September 2020.
- Similarly, for the Assessment Year 2019-20, the said period is reduced to 12 months and accordingly, Assessment needs to be completed on or before 31st March 2021.
- Sub-section (2) of Section 153 presently provides that no order of assessment, reassessment or recomputation shall be made under section 147 after the expiry of 9 months from the end of the financial year in which the notice under section 148 was served.
- Proviso inserted to provide that where the notice under section 148 is served on or after the 1st day of April, 2019 the above period is extended to 12 months.

Time limit for completion of assessment, reassessment & recomputation u/s 153 -

- Sub-section (3) of Section 153 presently provides that an order of fresh assessment in pursuance of an order under section 254 or section 263 or section 264, setting aside or cancelling an assessment, may be made at any time before the expiry of 9 months from the end of the financial year in which the order under section 254 is received or the order under section 263 or section 264 is passed.
- Proviso inserted to provide that where the above referred orders are received or passed on or after 1st day of April, 2019 the above period is extended to 12 months.
- Second Proviso to sub-section (5) of Section 153 inserted to provide that where an order under section 250 or 254 or 260 or 262 or 263 or 264 requires verification of any issue by way of submission of any document by the assessee or any other person or where an opportunity of being heard is to be provided to the assessee, the order giving effect to the said order under section 250 or 254 or 260 or 262 or 263 or 264 shall be made within the time specified in sub-section (3) of Section 153.
- **The above Provision will be effective with effect from 1st day of June, 2016.**

Search and Seizure

Power of survey u/s 133A -

- The wordings of sub-section (1) and Explanation to sub-section (1) of Section 133A modified to include place where "an activity for charitable purpose is carried on" in addition to place where business or profession is carried on.
- **Provision will be effective with effect from 1st day of April, 2017.**

Search and Seizure

Attachment of Property u/s 132 -

- New sub-section (9B) to Section 132 inserted to provide that where, during the course of the search or seizure or within a period of sixty days from the date on which the last of the authorisations for search was executed, the authorised officer,
  - For the reasons to be recorded in writing,
  - is satisfied that for the purpose of protecting the interest of revenue, it is necessary so to do,
  - he may with the previous approval of the Principal Director General or Director General or the Principal Director or Director, by order in writing,

  attach provisionally any property belonging to the assessee, and for the said purpose the provisions of the Second Schedule shall, mutatis mutandis, apply.
- Every provisional attachment made under sub-section (9B) of Section 132 shall cease to have effect after the expiry of a period of six months from the date of the order.
- **Provision will be effective with effect from 1st day of April, 2017.**

Search and Seizure

Secrecy of Reasons -

- An Explanation under sub-section (1) of Section 132 inserted to clarify that the reason to believe, as recorded by the income-tax authority under this sub-section (1) shall not be disclosed to any person or any authority or the Appellate Tribunal.
- **Provision will be effective with effect from 1st day of April, 1962.**
- Similarly, An Explanation under sub-section (1A) of Section 132 inserted to clarify that the reason to suspect, as recorded by the income-tax authority under this sub-section (1A), shall not be disclosed to any person or any authority or the Appellate Tribunal.
- **Provision will be effective with effect from 1st day of October, 1975.**
- Similarly, An Explanation under sub-section (1) of Section 132A inserted to clarify that the reason to believe, as recorded by the income-tax authority under this sub-section (1), shall not be disclosed to any person or any authority or the Appellate Tribunal.
- **Provision will be effective with effect from 1st day of October, 1975.**

Assessment in case of Search or requisition

Assessment in case of search or requisition u/s 153A -

- Fourth Proviso to Sub-section (1) of Section 153A inserted to provide that no notice for assessment or reassessment shall be issued by the Assessing Officer for the relevant assessment year or years unless -
  - (a) the Assessing Officer has in his possession books of account or other documents or evidence which reveal that the income, represented in the form of asset, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more in the relevant assessment year or in aggregate in the relevant assessment years;
  - (b) the income referred to in clause (a) or part thereof has escaped assessment for such year or years; and
  - (c) the search under section 132 is initiated or requisition under section 132A is made on or after the 1st day of April, 2017.
- **Provision will be effective with effect from 1st day of April, 2017.**

Assessment in case of Search or requisition

Assessment in case of search or requisition u/s 153A (continued…) -

- For the purpose of sub-section (1) of Section 153A -
  - "relevant assessment year" shall mean an assessment year preceding the assessment year relevant to the previous year in which search is conducted or requisition is made which falls beyond six assessment years but not later than ten assessment years from the end of the assessment year relevant to the previous year in which search is conducted or requisition is made.
- For the purpose of Fourth Proviso to sub-section (1) of Section 153A -
  - "asset" shall include immovable property being land or building or both, shares and securities, loans and advances, deposits in bank account.
- **Provision will be effective with effect from 1st day of April 2017.**

Assessment in case of Search or requisition

Time limit for completion of assessment under section 153A –

- Sub-section (1) of Section 153B presently provides that the Assessing Officer shall make an order of assessment or reassessment, within a period of 21 months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed.
- Second Proviso of sub-section (1) of Section 153B is substituted to provide that in the case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on the 1st day of April, 2018, the period is reduced to 18 months from 21 months.
- However, in case of other person referred to in section 153C, shall be the period of 18 months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or 12 months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

Assessment in case of Search or requisition

Time limit for completion of assessment under section 153A (continued…) –

- Third Proviso of sub-section (1) of Section 153B is substituted to provide that in the case where the last of the authorisations for search under section 132 or for requisition under section 132A was executed during the financial year commencing on or after the 1st day of April, 2019, the period is reduced to 12 months from 21 months.
- However, in case of other person referred to in section 153C, shall be the period of 12 months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed or 12 months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.
- In case where during the course of the proceedings for the assessment or reassessment of total income, of assessee or other person referred to in Section 153C, a reference under sub-section (1) of section 92CA is made, the period available for making an order of assessment or reassessment shall be extended by 12 months.

Other amendments to Assessment Orders

- New sub-section (14A) to Section 155 is inserted to provide that where in the assessment for any previous year or in any intimation or deemed intimation under sub-section (1) of section 143 for any previous year,
- credit for income-tax paid in any country outside India or a specified territory outside India referred to in section 90, section 90A or section 91 has not been given on the ground that the payment of such tax was under dispute, and if subsequently such dispute is settled; and
- the assessee, within 6 months from the end of month in which the dispute is settled, furnishes to the Assessing Officer evidence of settlement of dispute and evidence of payment of such tax along with an undertaking that no credit in respect of such amount has directly or indirectly been claimed or shall be claimed for any other assessment year,
- the Assessing Officer shall amend the order of assessment or any intimation or deemed intimation under sub-section (1) of section 143, as the case may be.
- **Provision will be effective with effect from 1st day of April, 2018.**

Withholding of refund

Withholding of refund in certain cases u/s 241A -

- New Section 241A is inserted to provide that where

  refund of any amount becomes due to the assessee under the provisions of sub-section (1) of section 143 and

  - the Assessing Officer is of the opinion, having regard to the fact that a notice has been issued under sub-section (2) of section 143 in respect of such return,
  - that the grant of the refund is likely to adversely affect the revenue,
  - he may, for reasons to be recorded in writing and
  - with the previous approval of the Principal Commissioner or Commissioner, as the case may be,

  withhold the refund up to the date on which the assessment is made.
- **Provision will be effective with effect from Assessment Year 2017-18.**

Appealable Orders

Appeals to the Appellate Tribunal u/s 253 -

- Clause (f) in sub-section (1) of Section 253 amended to include an order passed by the prescribed authority under sub-clause (iv) or sub-clause (v) of clause (23C) of section 10 as appealable orders.
- **Provision will be effective with effect from 1st day of April, 2017.**

Thank you!

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103, Rameshwaram Society, C S C Road No. 3, Dahisar East, MUMBAI–400068

Telephone : **91-022-4014 0041** **Mobile** : **0-95940 95450**

E-Mail : info@solutionask.com info@meraconsultant.com