Basics Concepts

Meaning of Income

Income includes — [Section 2(24)]

1. **W.e.f. AY 2007–08,** Any sum of money the **aggregate value of which exceeds Rs.50,000** is received during the previous year without consideration by an Individual or a HUF from any person(s) on or after 1.4.2006 **but before 01.10.2009**, then the **whole of the aggregate** of such sum **will be taxable.**
2. **W.e.f. 01.10.2009,** Any sum of money or value of property as defined u/s 56(2)(vii).
3. **w.e.f. 01.06.2010,** value of shares of a Company (in which public are not substantially interested), received in any previous year, by a Firm or a Company (in which public are not substantially interested), from any person or persons.

Case Law

Sec. 4	Surcharge leviable under Finance Act was a distinct charge, not dependent for its leviability on the assessee's liability to pay income tax but not an assessed tax.	**CIT Vs Rajiv Bhatara (SC) 310 ITR 105**

Business Connection

Explanation to Section 9 : Income by way of Interest, Royalty or Fees for Technical Services shall be deemed to accrue or arise in India **whether or not** the Non Resident has a **residence or place of business or business Connection in India** (or) whether or not he has **rendered services in India.**

Exemptions

10(21)	Exemption under this is **available for all Research Associations** and not restricted to only Scientific Research Associations.
10(23D)	**Income of Mutual Funds: Exemption is applicable to –** 1. Mutual Funds registered under SEBI. 2. Mutual Funds set up by Public Sector Banks, or Public Financial Institutions authorised by RBI. and subject to notified conditions [and Chapter XIIE w.e.f. A.Y. 2004 - 05]. **Note: W.e.f. A.Y. 2010–11, Public Sector Bank includes Bank included in the category 'Other Public Sector Banks' by RBI.**
10(44)	**New Pension System Trust:** Any income received by any person for or on behalf of the New Pension System Trust established on 27.02.2008 under the provisions of the Indian Trusts Act, 1882.
10A	Tax Holiday for specified Undertaking the exemption will be available till AY **2011-2012**
10B	Tax Holiday for 100% EOU the exemption will be available till AY **2011-2012**
10 AA	Deductions for newly established units in SEZ, w.r.e.f AY 2009-10 Deduction shall be computed with reference to the total Turnover of the undertaking in SEZ and not w.r.t to the total Turnover of the Assessee

Section 13B – Exemptions to Electoral Trust (W.e.f. AY 2010–11)

Definition [Sec. 2(22AAA)]: Electoral Trust means a Trust approved by the Board in accordance with the scheme made by the Central Government.

1. **Exempted Income:** Voluntary contributions received by an electoral trust shall be exempt.
2. **Conditions:**
   (a) 95% of the aggregate donations received during the previous year along with the surplus brought forward from earlier previous year is distributed to any Political party registered u/s 29A of the Representation of the People Act, 1951,
   (b) Electoral trust functions in accordance with the rules made by the Central Government.

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INCOME UNDER THE HEAD SALARIES

Section 10(10C) – VRS Compensation

Under 10(10C) / 89(1): W.e.f. A.Y. 2010–11, VRS Compensation not eligible for Relief u/s 89(1), if exemption u/s 10(10C) is claimed].

Perquisites

Perquisites includes

(a) **W.e.f. AY 2010–11,** Value of any specified Security or Sweat Equity Shares allotted or transferred by the Employer at free of cost or at concessional rate.

(b) **W.e.f. AY 2010–11,** Amount contributed by Employer to Superannuation Fund in excess of Rs.1 Lakh.

(c) **W.e.f. AY 2010–11,** Value of any other fringe benefits or amenities as may be prescribed.

Computation of Taxable Value of ESOP as perquisite – Rule 3(8) (W.e.f. 01.04.2009 vide Notification No.94/2009 dt. 18.12.2009)

The value of specified securities or sweat equity shares shall be fair market value of the shares on the date of exercising of option. The fair market value shall be determined as under –

Particulars	Fair Market Value
1. **Shares of an Unlisted Company**	As determined by a Merchant Banker on the specified date
2. **Shares of a Listed Company**	
(a) **Trading on the date of exercising of option:**	
• Listed in one Recognised Stock Exchange	Average of Opening and Closing Price on the date of exercising of option
• Listed in more than one Recognised Stock Exchange	Average of Opening and Closing Price in the stock exchange that records the highest volume of trading in shares on the date of exercising of option.
(b) **No Trading on the date of exercising of option:**	
• Listed in one Recognised Stock Exchange	Closing Price of the share on any recognised stock exchange on a date closest and immediately preceding the date of exercising of option.
• Listed in more than one Recognised Stock Exchange	Closing Price of the share on any recognised stock exchange on a date closest and immediately preceding the date of exercising of option in the stock exchange that records the highest volume of trading in shares.
3. **Fair Market Value of Specified security, not being, equity share in company (Rule 3(9))**	As determined by a Merchant Banker on the specified date

Note:

1. Closing price shall be the sell price of the last settlement.
2. Opening price shall be the sell price of the first settlement.
3. Specified date means –
   (a) the date of exercising of the option,
   (b) any date earlier than the date of the exercising of the option, not being a date which is more than 180 days earlier than the date of the exercising.

Valuation of Accommodation [Rule 3(1)]

Meaning of accommodation: W.e.f FY 2009–10, Accommodation includes flat, farm house or part thereof or accommodation in a hotel, motel, service apartment, guest house, caravan, mobile home, ship or other floating structure.

Hotel Accommodation: W.e.f. FY 2009–10, Hotel includes licensed accommodation in the nature of motel service apartment or guest house. Accommodation provided in a hotel will not be a taxable perquisite if the following two conditions are fulfilled –

- The period of such accommodation does not exceed 15 days,
- Such accommodation has been provided on the transfer of the employee from one place to another.

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Meaning of Salary for Valuation of Accommodation Facilities:

It excludes

W.e.f. FY 2009–10, Salary also excludes Gratuity, Severance pay, leave encashment, voluntary retrenchment benefits, commuted pension and similar lump sum payments received at the time of termination of service or superannuation or voluntary retirement.

5.7 Valuation of Motor Car – Rule 3(2)(A) [Only for AY: 2002-03 to 2005-06] W.e.f. AY 2010–11, taxable in the hands of the employee

1. **Valuation based on Ownership:**

Owner of Car	Exp met by	Purpose	Value of perquisite
1(a) Employer	Employer	Fully Official	Not a perquisite provided the documents specified in Rule 3(2)(B) are maintained.
1(b) Employer	Employer	Fully private use	Sum of Actual expenditure on car Remuneration to chauffeur 10% of cost of car (normal wear & tear) **Less:** Amount charged from employee
1(c)(i) Employer	Employer	Partly for official and partly for personal	**Car Capacity up to 1600 cc** **(W.e.f. 01.04.09)** Rs.1,800 p.m. + Rs.900 p.m. for chauffeur **(Upto 31.03.09)** Rs.1,200 p.m. + Rs.600 p.m. for chauffer **Car Capacity above 1600 cc** **(W.e.f.01.04.09)** Rs.2,400 p.m. + Rs.900 p.m. for chauffeur **(Upto 31.03.09)** Rs.1,600 p.m. + Rs.600 p.m. for chauffeur
1(c)(ii) Employer	Employee	Partly for official and partly for personal	**Car Capacity up to 1600 cc** **(W.e.f. 01.04.09)** Rs.600 p.m. + Rs.900 p.m. for chauffeur **(Upto 31.03.09)** Rs.400 p.m. + Rs.600 p.m. for chauffeur **Car Capacity above 1600 cc** **(W.e.f. 01.04.09)** Rs.900 p.m. + Rs.900 p.m. for chauffeur **(Upto 31.03.09)** Rs.600 p.m. + Rs.600 p.m. for chauffeur
2(i) Employee	Employer	Fully official use	Not a perquisite provided documents as per Rule 3(2)(B) are maintained.
2(ii) Employee	Employer	Partly for official use and partly for personal use or fully for personal use	Subject to Rule 3(2)(B) **Car Capacity up to 1600 cc** Actual expenditure incurred **Less** Value as per 1(c)(i) **Car Capacity above 1600 cc** Actual expenditure incurred **Less** Value as per 1(c)(i)
3(i) Employee owns other auto-motive but not car	Employer	Fully official use	Not a perquisite provided documents as per Rule 3(2)(B) are maintained
3(ii) Employee owns other auto-motive but not car	Employer	Partly for official and partly for personal use or fully for personal use	Subject to Rule 3(2)(B) Actual expenditure incurred by employer **Less Rs.900 p.m. (w.e.f 01.04.2009)** / Rs.600 p.m. (upto 31.03.2009)

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Profit and Gains from Business or Profession

INCOME UNDER THE HEAD BUSINESS OR PROFESSION

Sec.28	Income under the head business or profession
(vii)	**W.e.f. A.Y. 2010–11,** Sum received or receivable (in cash or kind) on account of any Capital Asset (other than Land or Goodwill or Financial instrument) allowed as deduction u/s 35AD, being demolished, destroyed, discarded or transferred.

Meaning of Assets

Asset (upto AY 2010–11, and Block of assets) **means** Group of assets falling within the class of assets, comprising of the following, in respect of which same rate of depreciation shall be charged under WDV method as per Income Tax Rules:

1. **Tangible Assets:** Building, Machinery, Plant or Furniture.
2. **Intangible Assets:** Know-how, Patent, Copyright, Trademark, Licenses, Franchises or any other business or commercial rights of similar nature.

DEPRECIATION ON COMMERCIAL VEHICLE

Accelerated Depreciation for Commercial Vehicles – *Notfn. No.10/2009 as amended by Notfn No.37/2009:* 'Public carrier (conveyance) used for the haulage of men and material for commercial consideration may be termed as commercial vehicles. *Thus, whereas manufacture of buses, trucks and three wheelers would fall under the category of commercial vehicles; manufacture of cars, motor cycles, scooters, mopeds, etc would not fall under the category of commercial vehicles'.* ***[Letter F.No.202/12/76-IT(A-II) dated 25.10.1976] [Source:*** *A Commentary on the Income Tax Act, 1961 by A.C. Sampath Iyengar Tenth Edition 2005 Vol. II Pg.2710* ***] On the above grounds motor cars that are not used in the business of hire cannot be interpreted to be commercial vehicles and hence cannot be eligible for accelerated depreciation under III (3)(via).***

Expenditure incurred for Scientific Research – Section 35

1. **Deduction for Companies in Special Business:**

   W.e.f. A.Y. 2010–11, In case of a Company engaged in any business of manufacture or production of any article or thing, (not being an article or thing specified in the list of the Eleventh Schedule), an amount equal to **(w.e.f. AY 2011–12)** two times **(200%)**, [upto AY 2010–11, one and one-half times (150%)] of the expenditure incurred on scientific research shall be allowed as deduction.

   Upto AY 2009–10, In case of a Company engaged in the business of manufacture or production of the following items, an amount equal to one and one-half times (150%) of the expenditure incurred on scientific research shall be allowed as deduction:

   - Chemicals
   - Drugs
   - Pharmaceuticals
   - Bio-medical
   - Electronic equipments
   - Computer
   - Telecommunication equipments
   - Other articles notified by the CBDT.
     (i) Aircraft
     (ii) Helicopter
     (iii) Computer Software
     (iv) Automobiles including automobile components
     (v) Agricultural implements **[W.e.f AY 2009–10]**
     (vi) Seeds **[W.e.f AY 2009–10]**

   Notes:
   (a) The cost of building is not entitled for weighted deduction.
   (b) The cost of any land shall not be allowed as a deduction.
   (c) No deduction shall be allowed in respect of expenditure incurred after 31.3.2012.

2. **Contribution to Research association for Scientific Research:**
   (a) Contribution may be made to any research association (upto **AY 2010–11**, Scientific Research Association) which has its object the undertaking of research in Science or to any university, college or other institution to be used for scientific research.
   (b) The amount of deduction is **1¾ times (175%)** [upto AY 2010–11, 125%] of the amount paid.
   (c) The above association or university or college or other institution is approved in accordance with the guidelines subject to such conditions as may be prescribed and notified by the Central Government.

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3. **Contribution for Scientific / Social / Statistical Research:**
   (a) The contribution may be either for scientific research or for social or statistical research.
   (b) Contribution may be made to
   - W.e.f. **AY 2011–12**, Any research association which has its object the undertaking of research in Social Science or Statistical Research (or)
   - Any University/college or other institution to be used for scientific research / research in Social Science or Statistical Research

   (c) The amount of deduction is 1¼ times (125%) of the amount paid by the assessee.
   (d) Contribution may also be made to
   - Laboratory owned or financed by the Government or
   - Any notified university, college or institution or National laboratory or University or Indian Institute of Technology.

   (e) The amount of deduction is w.e.f **AY 2011–12**, 1¾ times **(175%)** 1¼ **times (125%)** of the amount paid by the assessee.
   (f) **Conditions for claiming benefit as Scientific Research Institution [Notfn. No. 2 / 2009 dt 05.01.2009] [W.e.f. 01.04.2009, Rule 5D / 5E]**
   The Scientific Research Association / University, College or other Institution shall by the due date of furnishing the return of income u/s 139(1), furnish a statement to the Commissioner or Director of Income Tax containing-
   - Detailed note on the research work undertaken by it during the previous year,
   - Summary of research articles published in National or International Journals during the year,
   - Any Patent or other similar rights applied for or registered during the year,
   - Programme of research projects to be undertaken during the forthcoming year and the financial allocation for such programme.

4. **Treatment for transfer of Assets used for Scientific Research:**

Nature of Transfer	Treatment
(a) Transfer without using for other purposes of business	Section 41(3) shall apply 1. To the extent of deduction claimed treated as deemed business income. (ii) Any excess, taxable under the head Capital Gains
(b) Transfers the asset for other purposes of business and subsequently sold.	Added to the block on the basis of nature of asset. Cost shall be NIL. On subsequent sale Sec. 50 shall apply.

5. **Allowability of Scientific Research Expenditure – Analysis:**

Particulars	General	Specific [Sec.35(2AB)]
(a) Applicability	All	Companies approved by prescribed authority.
(b) Revenue Expenditure	100%	200%
(c) Capital Expenditure (i) Land	NIL	NIL
(ii) Building	100%	100%
(iii) Others	100%	150%
(d) Prior period expenditure being Salary, Material used for (e) Scientific Research (Certified by Prescribed Authority)	100%	200%

COMPENSATION ON VOLUNTARY RETIREMENT – SECTION 35DDA

Nature	Assessee entitled to deduction	Years of deduction
W.e.f. FY 2010–11, Private Company or Unlisted Public Company converted into Limited Liability Partnership (LLP) subject to fulfilling conditions specified u/s 47(xiiib).	Limited Liability Partnership (LLP)	From the year of amalgamation or demerger or business reorganization or conversion

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DEDUCTION FOR SPECIFIED BUSINESSES – SECTION 35AD [W.E.F. A.Y.2010-11]

1. **Eligible Assessee:** Assessee engaged in following specified business –

Specified Business	Commencement
Laying and operating a cross-country natural gas pipeline network for distribution, including storage facilities being an integral part of such network.	On or after 01.04.2007
• Setting up and operating a cold chain facility, • Setting up and operating a warehousing facility for storage of agricultural produce.	On or after 01.04.2009
• Building and operating, any where in India, a new hotel of two–star or above category, as classified by the Central Government	On or after 01.04.2010
• Building and operating a new hospital with at least 100 beds of patients	On or after 01.04.2010
• Developing and building housing project under a scheme for slum redevelopment or rehabilitation framed by the Central Government or a State Government and notified by the Board in this behalf in accordance with guidelines as may be prescribed.	On or after 01.04.2010

Deduction:

(a) **General to all Eligible Assessees:**

- **Current Year Expenditure:** Capital expenditure (other than expenditure incurred on acquisition of Land, Goodwill or Financial Instrument) incurred wholly and exclusively for the purposes of any specified business carried on during the previous year in which such expenditure is incurred by him.
- **Prior period Expenditure:** Expenditure incurred wholly and exclusively for the purposes of specified business prior to the commencement of operation shall be allowed as a deduction in the previous year of commencement of operation if the amount is capitalised in the Assessee's books on the date of commencement of operations.

DEDUCTIONS FOR SPECIFIED EXPENDITURES UNDER SECTION 36

36(1)	Nature of Expenditure	Applicability	Amount of Deduction / Conditions
(iiia)	Discount on Zero Coupon Bonds **(W.e.f AY 2006-07)**	Infrastructure Capital Company / Fund, Public Sector Co, **(W.e.f. A.Y 2010–11,** Scheduled Bank) issuing Zero Coupon Bonds	1. Discount can be written off on a pro-rata basis over the period of the bond. 2. Discount is the difference between Maturity / Redemption Value and the issue price.

Case Law

36(1) (vii) & 37	Provision for NPAs as per the RBI Directions is not deductible under section 36(1)(vii) and u/s 37 since such provision is only a presentation and not an expenditure.	**M/s Southern Technologies Ltd Vs JCIT 2010-TIOL-01-SC-IT**
37	The **Loss due to exchange rate fluctuations** in respect of foreign currency liability taken for revenue purposes allowed as deduction u/s 37(1), if the assessee follows Mercantile System of accounting, even though it is not realized or paid in cash.	**CIT Vs M/s Woodward Governor India (P) Ltd (SC) (2009) 312 ITR 254**
37	The claim for depreciation on account of enhanced cost of assets due to fluctuation in exchange rate is admissible u/s 37.	**CIT Vs M/S Maruti Udyog Ltd (2009)TIOL-116-SC-IT**
37	Machine employed in a textile cannot be considered as part of the entire composite machinery of spinning mill but only an independent capital asset and hence it is neither revenue expenditure u/s 37 nor current repairs u/s 31.	**CIT Vs M/s Sri Mangayarkarasi Mills (P) Ltd 2009 (SC) 315 ITR 114**
37	Where a new agreement for rendering technical services were entered into in replacement of the old agreement for business expediency and was not a subterfuge or clandestine device to reduce the tax liability, such charges paid under the old agreement (which was not rescinded) shall be allowed as deduction.	**CIT Vs Mcdowell & Co Ltd (SC) (2009) 314 ITR 180** **Udaipur Distellery Ltd (2009) 314 ITR 188 (SC)**

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37	**Provision for warranty:** A provision is deductible if it is a present obligation resulting from past events which may require outflow of resources to settle and a reliable estimate may be made. If warranty is integral part of and is attached to the sale price of the product, provision is deductible. Hence provision for warranty provided along with sale of valve actuators is **allowed u/s 37.**	**Rotork Controls India (P) Ltd Vs CIT** **Compaq Computer (I) P.Ltd.** **Hewlett Packard India (P) Ltd** **(2009) (SC) 314 ITR 62**
37	Expenditure on MS Office Software is allowable business expenditure.	**CIT Vs GE Capital Services Ltd (2007) 300 ITR 420**

Payment exceeding Rs.20,000 paid otherwise than by Account Payee Cheque / Demand Draft [Section 40A(3)]

1. **Nature of Expenditure:**
   (a) Expenditure in respect of which **aggregate payments made to a person in a day (upto AY 2008–09, payment made)**
   (b) in excess of Rs.20,000 (**W.e.f. 01.10.2009,** Rs.35,000 in case of payment made for plying, hiring or leasing goods carriages) is made,
   (c) otherwise than by the way of Account payee cheque / demand draft (**upto AY 2007–08**, crossed cheque/demand draft)

Case Law

43(6)	**Depreciation actually allowed** as deduction shall alone be deducted from WDV of the block. Hence in case of Tea business wherein only 40% of net income is taxable, only 40% of depreciation is deductible from WDV.	**CIT Vs Doom Dooma India Ltd (SC) CIT Vs Assam Co Ltd (2009) 310 ITR 392**
Expln. 3 to Sec 43A	Roll over charges represent the difference arising on account of change in foreign exchange rates. Roll over charges paid/ received in respect of liabilities relating to the acquisition of fixed assets should be debited/ credited to the asset in respect of which liability was incurred. However, roll over charges not relating to fixed assets should be charged to the Profit & Loss Account.	**ACIT Vs Elecon Engineering Co. Ltd (2010) TIOL 19 SC IT**
43B	Bottling Fee paid and Interest chargeable for its late payment under the State Excise Act to the State Government is not a fee or tax but only a consideration for grant of approval by the Government. Hence Section 43B is **not attracted**.	**CIT Vs Mcdowell & Co Ltd (2009) 314 ITR 167** **Udaipur Distellery Ltd (2009) 314 ITR 188 (SC)**
43B	Bank Guarantee furnished by the assessee is not the same as the actual money paid. Hence disallowance is attracted.	**CIT Vs Mcdowell & Co Ltd (SC) (2009) 314 ITR 174** **Udaipur Distellery Ltd (2009) 314 ITR 188 (SC)**

Tax Audit u/s 44AB

1. **Applicability in the case of –**
   (a) Assessee carrying on any business where total sales/turnover/gross receipts exceeds Rs.60 Lakhs **(Upto FY 2009–10, Rs.40 Lakhs),**
   (b) Assessee carrying on profession where Gross Receipts exceeds Rs.15 Lakhs **(Upto FY 2009–10, Rs.10 Lakhs),** or
   (c) Assessee carrying on business referred to u/s 44AD / AE / AF and declaring lower income than prescribed under those sections. **[W.e.f. A.Y. 2004-05 applicable for Sec. 44BB / 44BBB].**
   (d) **W.e.f. A.Y. 2011–12,** Assessee carrying on the business referred to u/s **44AE, 44BB, 44BBB** and declaring lower income than prescribed under those sections.
   (e) **W.e.f. A.Y.2011–12,** Assessee carrying on the business referred to u/s **44AD** having income exceeding basic exemption and declaring income lower than prescribed u/s **44AD.**

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Presumptive Income in case of Specified Business [Sections 44AD/AE/AF]

Particulars	Section 44AD	Section 44AE	Section 44AF
Applicability	Civil Construction Contractors whose turnover does not exceed Rs.40 Lakhs **[Upto A.Y. 2010–11] w.e.f AY. 2011-12 Rs.60 Lakhs for any business.**	Persons carrying on business of plying, hiring, and leasing goods carriages and not owning more than 10 vehicles at any time during the previous year	Retail traders whose turnover does not exceed Rs.40 Lakhs **[Upto A.Y. 2010–11]; *[Withdrawn from AY 2011–12]***
Minimum amount of presumptive income	8% or more of gross turnover or gross receipts	In case of – 1. **Heavy Goods Vehicle: Rs.5,000 [Upto A.Y.2010–11,** Rs.3,500, **Upto A.Y. 2002-03,** Rs.2,000**]** per month or part of a month or more 2. **Other Vehicle: Rs.4,500 [Upto A.Y.2010–11,** Rs.3,150, **Upto A.Y. 2002-03,** Rs.1,800**]** per month or part of a month or more Income shall be considered from the date of ownership, **Ownership = Possession**	5% or more of gross turnover or gross receipts

Sec 44 BB AND 44 DA

Section 44BB shall not apply for computing profits and gains from business of exploration etc., where the provisions of Section 44DA are applicable.

Case Law

45(5)	Enhanced compensation shall be taxable even in case of appeal against such compensation, if such compensation is received by the assessee during the pendency of such appeal against the security provided by it.	**CIT Vs Ghanshyam (HUF) 2009 (SC) 315 ITR 1**
48	Where the transferee acquires not only the undertaking but also takes over the accrued and future gratuity liability of the employees of the transferor, payment towards such liability shall also be considered as cost of acquisition.	**CIT Vs Hoogly Mills Co Ltd (2006) (SC) 287 ITR 333**
50	Assessee, being a soft drink manufacturer, claimed 100% depreciation on bottles and crates used by them. Income from sale of such written off bottles shall be liable to Capital Gains tax u/s 50.	**Nectar Beverages Pvt Ltd Vs DCIT 2009 (SC) (2009) 314 ITR 314**
56/80P	Interest on funds invested by Co-operative society, which are not immediately required for business purpose shall not be eligible for deduction u/s 80P and the same is taxable under Income from Other Sources u/s 56.	**M/s The TOTGARS Cooperative Sale Society Ltd Vs ITO 2010-TIOL-11-SC-IT**

INCOME UNDER THE HEAD CAPITAL GAINS

Zero Coupon Bond [SECTION 2(48)]

1. **Meaning of Zero Coupon Bond [Section 2(48)] [W.e.f. AY 2006-07]:** Zero Coupon Bond means a bond –
    - **Issued By:** (i) Any Infrastructure Capital Company, or (ii) Infrastructure Capital Fund, or (iii) Public Sector Company, or (iv) **W.e.f. A.Y. 2009–10,** Scheduled Bank.
    - **Issue Date:** On or after the 01.06.2005.
    - **Payment / Benefit:** No payment and benefit is received or receivable before maturity or redemption from Infrastructure Capital Company / Infrastructure Capital Fund / Public Sector Company / w.e.f. A.Y. 2009–10, Scheduled Bank, and
    - **Notified by Central Government:** The Central Government may, by notification in the Official Gazette, specify in the behalf.

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Conversion of Private Comp./Unlisted Public Comp. to LLP – Section 47(xiiib) [W.e.f. A.Y.2011–12]

1. **Not a transfer:** Transfer of capital asset or intangible asset by a private company or unlisted public company to a Limited Liability Partnership (LLP) as a result of conversion as per LLP Act, 2008 or transfer of shares held in the Company by a share holder **[Withdrawal of exemption u/s. 47A applies]**
2. **Conditions for not treating as transfer:**
   (a) all assets and liabilities of the company immediately before the conversion become the assets and liabilities of the LLP;
   (b) all the shareholders of the company immediately before the conversion become the partners of the LLP and their capital contribution and profit sharing ratio in the LLP are in the same proportion as their shareholding in the company on the date of conversion;
   (c) the shareholders of the company do not receive any consideration or benefit, directly or indirectly, in any form or manner, other than by way of share in profit and capital contribution in the LLP;
   (d) the aggregate of the profit sharing ratio of the shareholders of the company in the LLP shall not be less than fifty per cent, at any time during the period of 5 years from the date of conversion;
   (e) the total sales, turnover or gross receipts in business of the company in any of the 3 Previous Years preceding the previous year in which the conversion takes place does not exceed Rs.60 lakhs; and
   (f) no amount is paid, either directly or indirectly, to any partner out of balance of accumulated profit standing in the accounts of the company on the date of conversion for a period of three years from the date of conversion.
3. **Assessee eligible for deduction:** Limited Liability Partnership
4. The Year of deduction is the year of amalgamation or demerger

Explanation – "Private Company" and "Unlisted Public Company" shall have the meanings respectively assigned to them in LLP Act, 2008.

Circumstances, when exception u/s 47 shall be withdrawn [Sec 47A]

Circumstances of Withdrawal of Exception u/s 47A(3) & (w.e.f. FY 2010–11, 47A(4)): Where any conditions laid down in Section 47 (xiii) or (iv) proviso are not complied with, then Profits and gains arising from transfer of such capital asset or intangible asset shall be deemed to be profits and gains chargeable to tax in the hands of Successor Company / LLP as the case may be. It is taxable in the previous year in which the conditions are not complied with

Cost of Acquisition of assets transferred during conversion to LLP [49(1)]

- Cost of Acquisition of assets transferred during conversion to LLP shall be the Cost for which such Private Company or the Unlisted Public Company acquired the asset.
- Where the capital asset being rights of a partner referred to in section 42 of the Limited Liability Partnership Act, 2008 became the property of the assessee on conversion as referred to in clause (xiiib) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share or shares in the company immediately before its conversion
- **W.e.f 01.04.2010** Actual Cost of the block of assets transferred (u/s 47(xiiib) to a Limited Liability Partnership from an unlisted Public Company or a Private Company shall be Written Down Value of such block in the hands of such unlisted Public Company or a Private Company on the date of conversion.

Cost of Acquisition of Specified Sweat Equity Shares or Specific Shares

In case of Capital Gain from the transfer of such of such securities, Fair Market Value which has been taken into account for the purposes of valuation u/s 17(2)(vi) shall be deemed to be the cost of acquisition for such securities

Cost of Acquisition of Property taxable u/s 56(2)(vii):

W.e.f. 01.10.2009, For computing Capital Gains arising from property (value of which was taxed u/s 56(2)(vii)), cost of acquisition shall be the value considered u/s 56(2)(vii).

Capital Gain on Sale of Property at less than Government Value [Sec. 50C]

The Scope of Section 50C extended to assessable transaction also. Assessable means the price which the Stamp Valuation Authority would have adopted or assessed if the Immovable property were referred to it for the purposes of payment of stamp duty.

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INCOME UNDER THE HEAD OTHER SOURCES

Income taxable under the head "Other Sources" [Section 56]

1. **W.e.f. 01.10.2009,** Any sum of money received (without consideration), the aggregate value of which exceeds Rs.50,000, any immovable property received (without consideration and stamp duty value exceeds Rs.50,000, any other property received (without consideration and FMV exceeds Rs.50,000 or consideration less than FMV by Rs.50,000) is received during the previous year by an Individual or HUF from any person will be taxable.
2. **W.e.f. 01.06.2010,** If a Firm or a Company (not being a company in which the public are substantially interested), receives, in any Previous Year, from any person or persons, any property, being shares of a company (not being a company in which the public are substantially interested),—
   (a) without consideration, the aggregate fair market value of which exceeds Rs.50,000 – the whole of the aggregate fair market value of such property;
   (b) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding Rs.50,000 – the aggregate fair market value of such property as exceeds such consideration.

   Exemption: Above provisions shall not apply to any such property received by way of a transaction not regarded as transfer u/s 47(via)/(vic)/(vicb)/(vid)/(vii).

   Explanation: For the purposes of this clause, "fair market value" of a property, being shares of a company (not being a company in which the public are substantially interested), shall be determined as per the prescribed method.
3. Income by way of interest received on compensation or enhanced compensation u/s 145A(b) taxable in the year of receipt under the head other sources

Taxability of Gifts received on or after 01.10.2009

Where an Individual or HUF receives from any persons –

Circumstance	Taxable Value
Sum of money without consideration and aggregate value exceeds Rs.50,000	Whole of the aggregate value
Immovable property without consideration and Stamp Duty value of the Property exceeds Rs.50,000	Stamp Duty Value
Any Other Property without consideration and Fair Market Value exceeds Rs.50,000	Whole of aggregate Fair Market Value
Any other property for a consideration less than Fair market value by Rs.50,000	Fair Market Value (–) Consideration

Note: If Stamp Duty Value is disputed by the Assessee u/s 50C(2) grounds, the Assessing Officer may refer the valuation to the Valuation Officer and provisions of sections 50C and 155(15) shall apply.

Property Definition

1. Property means the following **properties**, **(w.e.f. 01.06.2010)** which are **held as Capital Assets** by assessee –
   - Immovable property (Land or Building or both)
   - Shares and Securities
   - Jewellery
   - Archaeological Collections
   - Drawings
   - Paintings
   - Sculptures
   - Any work of art
   - **W.e.f 01.06.2010,** Bullion
2. Fair Market Value of a property other than an immovable property means the value determined as per the prescribed method.
3. Stamp duty value means the value adopted or assessed or assessable by any Authority of the Central / State Government for the purpose of payment of Stamp duty in respect of an immovable property.

2. Determination of Fair Market Value of Property (other than Immovable Property) (W.r.e.f. 01.10.2009 as per Rule 11UA of Chapter H of Income Tax Rules, 1962) (Notfn No. 23/2010 dt. 08.04.2010)

Meaning of Valuation Date for this Rule: The date on which the respective property is **received** by the assessee.

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3. Valuation of – (a) Jewellery, (b) Archeological Collections, Drawings, Paintings, Sculpture or Work of any art

Mode of Receipt	Fair Market Value (FMV)
2. Property purchased from registered dealer on Valuation date by the giver of property.	Invoice Value.
3. Any other mode	Price it would fetch if sold in the open market on the Valuation date. **Note:** If the value exceeds Rs.50,000 then assessee may obtain the report of registered valuer in respect of the price it would fetch if sold in the open market on the valuation date.

4. Valuation of Shares and Securities

A. Quoted SHARES and SECURITIES

Mode of Receipt – by way of transaction carried out	Fair Market Value (FMV)
1. Through Recognised Stock Exchange	Transaction Value as recorded in such Stock Exchange.
2. Other than through Recognised Stock Exchange and on Valuation date such shares and securities were –	Lowest price of such shares and securities quoted on any Recognised Stock Exchange –
(a) Traded on any Recognised Stock Exchange	On Valuation date
(b) Not traded on any Recognised Stock Exchange	On a date immediately preceding the Valuation date on which such shares and securities were traded on any Recognised Stock Exchange

B. Unquoted EQUITY SHARES

	Particulars		Amount	Amount
	Book Value of the Assets in Balance Sheet		xxx	
Less:	Advance Tax Paid		(xxx)	
	Debit balance of Profit and Loss Account or Profit and Loss Appropriation Account or any other amount which does not represent the value of any asset		(xxx)	
	NET ASSETS	**(A)**		**XXX**
	Book value of liabilities shown in the Balance Sheet		xxx	
Less:	Paid-up capital in respect of equity shares		(xxx)	
	Amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the date of transfer of such unquoted shares at a general body meeting of the company		(xxx)	
	Reserves, by whatever name called, except those set apart towards depreciation		(xxx)	
	Credit balance of the profit and loss account		(xxx)	
	Excess provision for taxation (i.e. excess provision over the tax payable on Book Profits), – other than advance tax paid		(xxx)	
	Provisions for meeting unascertained liabilities		(xxx)	
	Contingent liabilities (except arrears of dividends on cumulative preference shares)		(xxx)	
	NET LIABILITIES	**(L)**		**XXX**
	Total Paid–up Equity Share Capital as shown in Balance Sheet	**(PE)**		**XXX**
	Paid–up value of equity shares (i.e. the value of shares transferred)	**(PV)**		**XX**
	Fair Market Value of Unquoted Equity Shares	**[(A – L) × PV] ÷ PE**		**XXX**

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C. Unquoted Shares and Securities other than Equity Shares

Fair Market Value = price it would fetch if sold in the open market on the valuation date.

Note: The assessee may obtain a report from a merchant or an accountant in respect of such valuation

7. Deductions u/s 57

1. **W.e.f. AY 2010-2011**, In case of interest received on compensation/ enhanced compensation, 50% of the income will be allowed as a deduction.

SET OFF AND CARRY FORWARD OF LOSSES

Sec	Nature of loss	Details of carry over / set-off	Conditions / Exceptions
73A	**W.e.f. A.Y. 2010 – 11,** Loss from specified business u/s 35AD	Set off only against income from any specified business.	Loss can be carried forward for any number of years until it is fully set off.

Accumulated loss and unabsorbed depreciation of predecessor Private Company or Unlisted Public Company. [72A(6A)]

W.e.f. FY 2010-11 Set off of loss as deemed loss or depreciation of successor Limited Liability Partnership in the year of conversion.

DEDUCTION UNDER CHAPTER - VI A

Section 80 A

1. **No deduction if claim not made: W.r.e.f. A.Y. 2003–04,** Deduction shall not be allowed if the assessee fails to make a claim in his Return of income for any deduction u/s 10A / 10AA / 10B / 10BA or any deduction eligible under Chapter VI–A 'C– Deductions in respect of certain incomes'.

2. **W.r.e.f. A.Y. 2003–04,** Where the assessee has been allowed any deduction in respect of any profits and gains of an undertaking/ unit/ enterprise/ eligible deduction under any of those provisions, such profits and gains shall not be allowed under any other provisions of this Act. Also, the deduction shall not exceed the profits and gains of such undertaking/ unit/ enterprise/ eligible business.

3. **W.e.f. A.Y. 2010–11,** Where any goods or services held for the purposes of the undertaking/ unit/ enterprise/ eligible business are transferred to any other business carried on by the assessee or vice versa, Profits and gains of such undertaking or unit or enterprise or eligible business shall be computed as if the transfer had been made at the market value of goods or services as on the date of transfer.

   Note: Meaning of Market Value:

Goods or services sold or supplied	Price it would fetch in the open market subject to Statutory / Regulatory restrictions.
Goods or services acquired	Cost if acquired from open market subject to Statutory / Regulatory restrictions.

Deduction for Central Government employees for contribution towards approved Pension Scheme [Section 80CCD] [w.e.f. 1.4.2004]

1. **Applicability:** Individual employed by Central Government (w.r.e.f. 01.04.2004 or any other employer) on or after 1.1.2004, **[W.e.f. A.Y. 2010–11,** or any other Individual]
2. Condition: **W.e.f. A.Y. 2010–11,** The assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year

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Subscription to Long–term Infrastructure Bonds [Section 80CCF] [w.e.f. FY 2010–11]

1. **Applicability:** Individual or HUF.
2. **Nature of Payment:** Subscription to long–term infrastructure bonds notified by the Central Government during the previous year 2010–11.
3. **Amount of Deduction:** Least of – (a) Amount paid or deposited or (b) Rs.20,000.

Benefits to an assessee for taking Mediclaim Insurance Policy [Section 80D]

1. **Applicability:** Individual or HUF, resident or non-resident.
2. **Nature of Payment:** Mediclaim insurance policy taken or **W.e.f. F.Y. 2010–11**, any contribution made to the Central Government Health Scheme –
   (a) In case of individual, in the name of individual, his spouse, dependent parents and dependent children.
   (b) In case of HUF, in the name of any member.

Deduction for expenditure incurred for Medical treatment of Dependent Relative [Section 80DD]

1. **Applicability:** Individual or HUF, resident in India.
2. **Amount of deduction:** A fixed deduction Rs.40,000 irrespective of amount paid. **[W.e.f. 2004-05]** a fixed deduction of Rs.50,000 irrespective of amount paid. If the dependant is a person with severe disability, deduction is **Rs.1,00,000 [Upto AY 2009–10,** Rs.75,000**].**

Provisions relating to the deduction in respect of repayment of loan taken for higher education [Section 80E]

1. **Meaning of Higher Education:**
   (a) **Prior to AY 2010–11,** Higher education means full time studies for any graduation or post-graduation in engineering, medicine, management, or for post-graduate in applied sciences, pure sciences including mathematics and statistics.
   (b) **W.e.f AY 2010 – 11,**Higher education means any course pursed after passing the Senior Secondary Examination conducted by any board or university recognized by Central Government or State Government or Local authority or any other authority authorized by Central or State Government.

Deduction for Handicapped Persons [Sec. 80U]

1. **Applicability:** Resident Individual suffering from permanent physical disability or mental retardation including blindness, loss of voice, [w.e.f A.Y. 2005-06 – Autism, Cerebral Palsy and Multiple Disabilities]
2. **Amount of Deduction:** A fixed deduction of Rs.40,000 **w.e.f. A.Y. 2004-05,** the deduction is enhanced to Rs.50,000 and **W.e.f. AY 2010–11, Rs.1,00,000 [Upto AY 2009–10,** Rs.75,000 for severe disability**]**. [For other conditions refer Section 80DD]

Deduction for Donation [Section 80G]

(a) **Non–application of Sec.2(15) Proviso for PY 2008–09:** Any institution or Fund for which approval has been granted for the previous year 2007–08, such institution shall be deemed to have been –

- Established for charitable purposes for the previous year 2008–09, and
- Approved u/s 80G(vi) for the previous year 2008–09.

Deductions for assessees not having any income chargeable under the head "Profits and Gains of Business or Profession" [Section 80GGA]

Contributions / Donations / Payments to:	Respective Condition
1. **W.e.f. AY 2011–12,** Research Association (Upto FY 2009–10, Scientific Research Association) having the object of undertaking Scientific Research 2. University, College or other institution to be used for Scientific Research	Association / University / College / Institution must be approved u/s 35(1)(ii)

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Contributions / Donations / Payments to:	Respective Condition
3. **W.e.f. AY 2011–12,** Research Association whose object is to undertake research in Social Science or Statistical Research or 4. University, College or other institution to be used for Social Science or Statistical Research	• Research Association/ University/ College/ Institution must be approved u/s 35(1)(iii) • Deduction shall not be denied merely on the ground that, subsequent to the payment of such sum, the approval has been withdrawn.

Contribution to Political Party by Companies [Section 80GGB] [w.e.f. A.Y. 2004–05]

1. **Applicability:** Indian Company
2. **Amount of Deduction:** Amount contributed during the previous year to a political party registered u/s 29A of the Representation of People Act, 1951 or **[W.e.f. A.Y. 2010–11,** an Electoral Trust**]**.

Contribution to Political Party by other persons Section 80GGC [w.e.f. AY 2004–05]

1. **Applicability:** Any person other than Indian Company.
2. **Amount of Deduction:** Amount contributed during the previous year to a political party registered u/s 29A of the Representation of People Act, 1951 or **[W.e.f. A.Y. 2010–11,** an Electoral Trust**]**.

80- IA

Case Law

80–IA	Loading of software on blank CD from master media amount to manufacture.	**CIT vs Oracle Software India Ltd. 2010 TIOL 04 SC IT**

80-IB – Deduction for newly Established undertaking

With Effect From 01.04.2009

Deduction for housing projects approved on or after 1st April, 2005 shall be allowed if the construction is completed within 5 years from the end of the financial year in which the project got approved.

Existing Provision: The time limit for completion of construction is enhanced from 4 years to 5 years, vide above amendment.

The Built up area of the shops & other commercial establishments (included in the housing project) should not exceed the higher of 3% of aggregate built up area or 5,000 sq.ft.

Existing Provision: Presently the Maximum built up area allowed is lower of 5% of aggregate built up area or 2,000 sq.ft.

Case Law

80-IB	Duty drawback receipt/DEPB benefits do not form part of the net profits of eligible industrial undertaking for the purpose of sections 80–I/80–IA/80–-IB.	**M/s Liberty India Vs CIT (SC) 183 Taxman 349**
80–IB	**Meaning of production:** Conversion of jumbo rolls of photographic films into small flats and rolls in the desired sizes amounts to production. The word production or produce when used in juxtaposition with the word 'manufacture' takes in bringing into existence new goods by a process, which may or may not amount to manufacture. It also takes in all the by–products, intermediate products and residual products, which emerge in the course of manufacture of goods.	**Computer Graphics Ltd Vs CIT (2009) 308 ITR 98 (SC)**

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80 - ID

1. Deduction in respect of profit and gains from the business of hotels and convention centre in the specified area, from the business of Hotel located in the specified districts having World Heritage Site.

   100% profit for initial 5 years, date of commencement of operation between 01.04.2008 – 31.03.2013
2. The period of commencement of eligible hotels and convention centres is extended to **31st July, 2010** from 31st March, 2010.

80- IE

Deduction for undertaking manufacturing eligible article or things or carrying on eligible business in North Eastern State

TAX DEDUCTED AT SOURCE [For Nov 2010 Exam]

Interest on securities – 193

Section	Nature of Payment	Individual / HUF / AOP / BOI / AJP	Firm	Company	Co –op Society / Local Authority
193	Interest on — • Listed Debentures / Securities issued by Local Authority/ Statutory Corpn. / Central or State Govt. • Other Securities (incl. Interest on Non–Listed Debentures)	10.00 10.00	10.00 10.00	10.00 10.00	10.00 10.00

TDS need not be deducted in respect of Interest payable on any listed security issued by a Company, if the security is in DMAT form.

Interest payments exempted from TDS – 194 A

Section	Nature of Payment	Individual / HUF / AOP / BOI / AJP	Firm	Company	Co –op Society / Local Authority
194A	Interest other than interest on securities	10.00	10.00	10.00	10.00

No tax is deductible u/s.194A in the following cases –

1. **Interest paid/payable on Zero Coupon Bond** (issued on or after 1-6-2005) issued by an Infrastructure Capital Company or Infrastructure Capital Fund or a Public Sector Company or **[W.e.f. AY 2010–11,** a Scheduled Bank].
2. **W.e.f. 04.01.2010,** TDS shall not be deducted u/s 194A on Interest (other than interest on Securities) credited or paid to Rural Electrification Corporation Ltd, New Delhi. **[Notfn No.1/2010 dt. 04.01.2010]**

194C – Payment to Contractors

Section	Nature of Payment	Individual / HUF / AOP / BOI / AJP	Firm	Company	Co –op Society / Local Authority
194C	Contractors including Sub-contractors for all contracts	Individual & HUF –1.00 Others–2.00	2.00	2.00	2.00

- **W.e.f. 01.10.2009,** No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a Contractor during the course of business of plying, hiring or leasing goods carriages.
- **Condition:** PAN should be furnished to the person responsible for making payment.

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- **Furnishing information:** Person responsible for making payment shall furnish particulars in the prescribed form within the prescribed time to the Income Tax Authorities
- **W.E.F. 01.10.2009,** Contract Includes Sub–Contract.

For the purposes of Section 194C, the person responsible to deduct tax means a Specified Person, i.e. the following –

- **Individual / HUFS w.e.f.01.10.2009 AOP and BOI who are subject to tax audit u/s 44AB during the last previous year**

194 D – Insurance Commisson

W.e.f 19.08.2009 the TDS rate is as follows

Section	Nature of Payment	Individual / HUF / AOP / BOI / AJP	Firm	Company	Co –op Society / Local Authority
194D	Insurance Commission	10.00	10.00	10.00	10.00

RENT – 194 I

W.e.f 01.10.2009 the TDS rate is as follows

Section	Nature of Payment	Individual / HUF / AOP / BOI / AJP	Firm	Company	Co –op Society / Local Authority
194I	Rent (a) Plant / Machinery / Equipment	2.00	2.00	2.00	2.00
	(b) Land / Building (incl. Factory Building) / Furniture / Fittings	10.00	10.00	10.00	10.00

TDS – Payments to Non-Residents – Section 195

1. **W.e.f. 01.07.2009, Revised procedure for furnishing of information regarding remittances made to Non–residents: [C.No. 4/2009 dt 29.06.2009]**

   (a) Remitter shall obtain a **CA Certificate** in Form 15CB.

   (b) Remitter has to **electronically upload** the remittance particulars to the Department in Form 15CA.

   (c) The information to be furnished in Form 15CA is to be filled using information contained in Form 15CB.

   (d) Remitter will then take a print out of this filled up Form 15CA (which will bear an acknowledgement number generated by the system) and sign it.

   (e) **Signatory:** Form 15CA can be signed by the Person authorised to sign the Return of Income of the Remitter or a Person so authorised by him in writing.

   (f) The duly signed Form 15CA and Form 15CB will be submitted in duplicate to RBI / Authorized Dealer. RBI / Authorized Dealer will in turn forward a copy the Certificate and Undertaking to the Assessing Officer concerned.

   (g) **Exception from obtaining a CA certificate:** A Remitter who has obtained a Certificate from the Assessing Officer regarding the rate at or amount on which the tax is to be deducted is not required to obtain a CA certificate in Form 15CB. However, he is required to furnish information in Form 15CA and submit it along with a copy of the certificate from the Assessing Officer as per the procedure mentioned above.

   (h) **Exemption to Diplomatic Missions:** They are not required to obtain a certificate from an accountant/ certificate of Assessing officer **(Form 15CB). [Circular No.9/2009 dt. 30.11.2009]**

Sec. 201 - CONSEQUENCES OF NON–DEDUCTION OF TDS

1. No Order shall be passed deeming an assessee as, assessee in default for non–deduction of tax from a **Resident** after the expiry of –
   - 2 years from the end of the Financial Year in which the Statement u/s 200 is filed [Statements in Form 24Q / 26Q],
   - 4 years from the end of the Financial Year in which the payment is made.

   For periods upto Financial Year 2007 – 08, order can be passed on or before 31.03.2011.

2. U/s 221, penalty shall not be levied if the Assessing Officer is satisfied that failure to deduct and pay tax is on good and sufficient reasons.

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Importance of PAN in TDS [Section 206AA]

1. **Nil / Lower deduction:** PAN has to be mandatorily quoted on self declaration for non–deduction of tax [Form 15G / 15H] or application [Form 13] for obtaining certificate for lower rate of deduction otherwise the same shall be treated as invalid. In such cases tax shall be deducted at the rate of 20%.
2. **No TDS for the business of plying, hiring or leasing goods carriages:**
   (a) **W.e.f. 01.10.2009,** No deduction shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of a Contractor during the course of business of plying, hiring or leasing goods carriages.
   (b) **Condition:** PAN should be furnished to the person responsible for making payment.

TAX DEDUCTED AT SOURCE [For May 2011 Exam]

With Effect From 01.07.2010

194B	TDS Exemption limit for **Winnings from Lotteries**, Crossword Puzzles, Card Games and games of other sort, has been increased from Rs.5,000 to **Rs.10,000**
194BB	TDS Exemption limit for winnings from **Horse Races** has been increased from Rs.2,500 to **Rs.5,000**
194C	• Exemption limit of amount paid or credited for **Single Contract** has been increased from Rs.20,000 to **Rs.30,000** • Exemption limit for aggregate sum of money credited during the Financial Year has been increased from Rs.50,000 to **Rs.75,000**
194D	TDS Exemption limit for **Insurance Commission** increased from Rs.5,000 to **Rs.20,000**
194H	TDS Exemption limit for **Commission and brokerage** has been increased from Rs.2,500 to **Rs.5,000.**
194I	TDS Exemption limit for **Rent** has been increased from Rs.1,20,000 to **Rs.1,80,000**.
194J	TDS Exemption limit for **Professional or Technical Services** has been increased from Rs.20,000 to **Rs.30,000**.
201	Interest rate from the date of deduction of tax to the date of actual payment has been increased from 1% **to 1.5%.** Interest rate from the date on which tax was deductible to the date of deduction is retained at 1%.

With effect from 01.04.2009

203	Provision that *"For the TDS deducted or paid on or after 01.04.2010, there shall be no requirement for deductor to furnish TDS Certificate to the deductee"* has been omitted. ***Remarks: Therefore, the deductor has to furnish TDS Certificate for the tax deducted or paid on or after AY 2010–11.***
206C	Provision that "*For the tax collected on or after 01.04.2010, no certificate may be furnished by the person collecting tax*" has been omitted. ***Remarks: Therefore, the person collecting tax has to furnish TCS Certificate for the tax collected on or after AY 2010–11.***

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