Personal Income Tax

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
Personal Income Tax Rates (Schedule First – Part III)	General slabs &Tax Rate Up to Rs.160,000 – Nil Rs.160,001 to Rs.500,000 – 10% Rs.500,001to Rs.800,000 – 20% Rs.800,001 & above – 30%	General slabs &Tax Rate Up to Rs.1,80,000 – Nil Rs.1,80,001 to Rs.500,000 – 10% Rs.500,001to Rs.800,000 – 20% Rs.800,001 & above – 30%	It's a marginal relief to Individual tax payer. Due to this there would be tax saving of Rs 2,000 per year. For Senior Citizens the basic exemption has been increased by Rs 10,000 thereby they will save Rs. 1000 per year. Also the qualifying age has been reduced to 60 years. Surprisingly there is no change in slab rate for Women Assessees....!! New Slab rates for individuals above 80 years have been introduced. Income Tax upto 5,00,000/- will be exempted
	Slabs &Tax Rate for Sr. Citizen Up to Rs.240,000 – Nil Rs.240,001to Rs.500,000 – 10% Rs.500,001 & Rs.800,000 – 20% Rs.800,001 & above – 30% Qualifying age – 65 years	Slabs &Tax Rate for Sr. Citizen Up to Rs.2,50,000 – Nil Rs.2,50,001to Rs.500,000 – 10% Rs.500,001 & Rs.800,000 – 20% Rs.800,001 & above – 30% Qualifying age – 60 years upto 80 years	
	NA	Slabs &Tax Rate for Individuals above 80 years Up to Rs.5,00,000 – Nil Rs.500,001 & Rs.800,000 – 20% Rs.800,001 & above – 30%	
80 CCF	Additional Deduction of Rs 20000 will be available to the assessee in	Extended upto FY 2011-12.	Deduction in respect of investment in Infrastructure Bonds has been

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Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
	respect of subscription to long-term infrastructure bonds.		extended for another one year i.e. upto 31st March 2012.
139(1C)	NA	Notwithstanding anything contained in sub section (1), the Central Government may by notification in the official gazette, exempt any class or classes of the persons from the requirement of furnishing a return of Income having regard to such conditions as may be specified in that notification	Power has been granted to Government to exempt any class of persons from furnishing return of Income e.g. small tax payer to reduce the compliance burden, salaried tax payer having no other source of Income since the information is available through TDS Returns. Amendment will be effective from 1st June, 2011. Salaried person who do not have income other than salary perhaps may be a beneficiary of this provision.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
Surcharge to Companies having taxable income over Rs. 10 crores	In case of Domestic companies – Surcharge @ 7.5 % of the income tax In case of other companies – Surcharge @ 2.5 % of the income tax	In case of Domestic companies – Surcharge @ 5 % of the income tax In case of other companies – Surcharge @ 2% of the income tax	On one hand the Finance Minister has reduced the surcharge and on the other hand increased the MAT rate.
115BBD	NA	Tax on dividend received from Foreign Companies	Dividend received by Indian Company from its Foreign Subsidiary will be taxable @ 15% as against earlier rate Income Tax Rate applicable Companies. No deduction of any expenditure will be allowed in respect of such dividend. Amendment will be effective from 1st April 2012. This is in line with Direct Tax Code provisions.
115JB (1)(b)	Minimum Alternate Tax @ 18%	Minimum Alternate Tax @ 18.5%	MAT Rate has been increased from

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
			18% to 18.5% to companies.
139(1)	Due date of filing Income Tax Return for the company – 30th September.	Due date of filing Income Tax Return,) For the company for which report under section 92E is required – 30th November.) For the companies other than above – 30th September	Due date of filing of Income Tax return has been extended upto 30th November for the companies which are required to submit report under Transfer Pricing provisions.

Special Economic Zone

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
10(34)	Exemption to SEZ Developer / Unit from Dividend Distribution Tax u/s 115O	Exemption has been withdrawn	SEZs will now have to pay Dividend Distribution Tax @ 15% w.e.f 1.6.2011
115JB (6)		Proviso inserted	Now, SEZ Developer and Units will be liable for MAT w.e.f. 1st April 2012.
115O	Exemption from Dividend Distribution Tax.		Now, Profits distributed by SEZ Developer will be liable for Dividend Distribution Tax w.e.f. 1st June 2011.

Export Oriented Units

There is no change in the provisions and therefore all EOU / STPI Units are subjected for Income Tax from the financial year 2011-12. In view of the same, Units will need to work-out feasibility w.r.t. continuance under EOU / STP Scheme.

Alternate Minimum Tax to Limited Liability Partnership

New Chapter XII-B (115JC to 115JF) has been inserted to tax the LLPs, whose Income as per Income Tax provision is negative or less than the Book Profit. This will bring taxation of LLPs closer to the tax structure applicable to the companies.

1) LLPs will now be liable to pay “Alternate Minimum Tax” @ 18.5% on the book profit as computed in accordance with the provisions.

2) Similar provision as applicable in computation of MAT will be enacted for Alternate Minimum Tax.

3) Tax Credit of “Alternate Minimum Tax” will be carried forward for a period 10 years from the assessment year during which the tax has been paid.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
92C (2)	Computation of Arm's Length Price – "Provided that where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices: Provided further that if the variation between the arm's length price so determined and price at which the international transaction has actually been undertaken does not exceed ***<u>five per cent. of the latter</u>***, the price at which the international transaction has actually been undertaken shall be deemed to be	Computation of Arm's Length Price – "Provided that where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices: Provided further that if the variation between the arm's length price so determined and price at which the international transaction has actually been undertaken does not exceed ***<u>such per cent. of the latter as may be notified by the Central Government in the official gazette in this behalf</u>***, the price at which the international transaction	Considering all segment of Business & range of international transactions instead of fixed variation of 5% has been dispensed with and the allowable percentage variation will be notified by the Government. Amendment will be effective from 1st April 2012.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
	the arm's length price.".	has actually been undertaken shall be deemed to be the arm's length price.".	
92 CA(2A)	NA	Reference to Transfer Pricing Officer -	TPO can review the any international transactions which came to his notice subsequently during the assessment. This has widened the scope of TPO to look into the transactions which were not initially referred by Assessing Officer. Amendment will be effective from 1st June 2011.
92 CA(7)	The Transfer Pricing Officer may, for the purposes of determining the arm's length price under this section, exercise all or any of the powers specified in clauses (a) to (d) of sub-section (1) of section 131 or sub-section (6) of section 133.	The Transfer Pricing Officer may, for the purposes of determining the arm's length price under this section, exercise all or any of the powers specified in clauses (a) to (d) of sub-section (1) of section 131 or sub-section (6) of section 133 or section ***133A***.	In addition to powers of summoning or calling for details for the purpose of enquiry or investigation under Sec 131 (1) & 133 (6) to the TPO, additional power of Survey under Sec 133A has been extended to the TPO. Amendment will be effective from 1st June 2011.

New Provision under Transfer Pricing

Transactions with a person located in "Notified Jurisdiction" (Sec 94A)

In order to curb the flow of black money, the government has introduced new provision in the Income Tax Act. Some of the highlighting provisions are mentioned below,

1) In order to have control on the transactions with persons located in country / territory which does not effectively exchange information with India, the Central Government can specify such country / territory as "Notified Jurisdictional Area".

2) All the parties to such transaction shall be deemed to be Associated Enterprises and the all the transactions will be deemed to be International transaction and accordingly all Transfer Pricing provision will be applied

3) Deduction w.r.t payment made to any Financial Institutions located in Notified Jurisdictional Area will be allowed subject to authorisation given by the assessee to Income Tax authority to seek the relevant information. Further to claim the any deduction in respect to such transactions the assessee will have to maintain prescribed documents & information.

4) In case the assessee is not able to provide satisfactory explanation w.r.t. source of such sum in the hands of person located in the notified jurisdiction then such sum will be treated as Income of the assessee

5) Any payment made to a person located in notified jurisdiction will be liable for TDS @ higher of 30% or rate in force.

Other Provisions

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
35AD	NA	Refer Remarks	Investment linked tax exemption has been extended to following two sectors, a) Developing & Building Housing Project under the Scheme of Affordable Housing framed by Central Government / State Government b) Production of Fertilizers in India. Exemption will be effective from 1st April 2011.
35 (2AA)	Any sum paid to Research Association or National Laboratory is eligible for weighted deduction of 175% of actual sum paid.	Any sum paid to Research Association or National Laboratory is eligible for weighted deduction of 200% of actual sum paid.	In order to boost the research activities in India, the weighted deduction has been increased from 175% to 200 %.
36(1)(iva)	NA	Any sum paid by the assessee as an employer by way of contribution towards pension scheme, as referred to in sec 80 CCD on	As an employer, deduction for sum paid as contribution towards New Pension Scheme under section 80CCD to the extent of 10% of employee's

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
		account of employee to the extent it does not exceed 10% of employee's salary in previous year	salary in previous year will be allowed. Amendment will be effective from 1st April 2012.
80 IA(4)	Deduction in respect of Profit & Gains in respect of Industrial Undertaking or enterprises engaged in generation & distribution of Power – Sun Set clause upto 31st March 2011	Sun set clause upto 31st March 2012	Deduction has been extended for another one year i.e. upto 31st March 2012.
80 IB(9)(ii)	NA	Refer Remarks	Earlier deduction was eligible to all the undertaking engaged in commercial production of mineral oils. Now, deduction under this section will not be applicable to "Blocks licensed under contract awarded after 31st March 2011 under New Exploration Licensing Policy". Amendment will be effective from 1st

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
			April 2012
285	NA	Every person, being a non-resident, having a liaison office in India set up in accordance with the guidelines issued by RBI under FEMA 1999, shall in respect of its activities in the Financial year, prepare and deliver or cause to be delivered to the Assessing Officer having jurisdiction, within 60 days from the end of such FY, a statement in such form and containing such particulars, as may be prescribed.	As a non-resident does not file Return of Income w.r.t Liaison office in India, new provision inserted to seek the information of activities undertaken by such office in India. Amendment will be effective from 1st June 2011.
2(15)	Limit for activity of trade, commerce or business by charitable institution is Rs. 10 lacs	Limit for activity of trade, commerce or business by charitable institution has been increased to Rs. 25 lacs.	Definition of "charitable purpose" has been amended since the Limit for activity of trade, commerce or business by charitable institution has been increased from Rs. 10 lacs to Rs. 25 lacs w.e.f. 01.04.2012.
10(45)	NA	Exemption has been given for notified allowances and perquisites given to Chairman or Retired	New Exemption has been given for notified allowances and perquisites given to Chairman or Retired

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
		Chairman or any other member including retired member of Union Public Service Commission.	Chairman or any other member including retired member of Union Public Service Commission retrospectively w.e.f 1.4.2008
10(46)	NA	Refer remarks	New Exemption has been provided to Income of notified body engaged in any activity for the benefit of the general public w.e.f 1.6.2011
10(47)	NA	Refer remarks	New Exemption has been given to income of Notified Infra Debt Fund w.e.f 1.6.2011.
35AD	"New Hotel" & "New Hospital"	"Hotel" & "Hospital"	The word "New" has been removed from the definition of Specified Business of Hotels & Hospitals to remove ambiguity and as a result assessee can set-off loss of current Hospital / Hotel against Profits of Hospitals / Hotels eligible for deduction of expenditure under this section. Amendment will be effective from 1st

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
			April 2011.
80 CCE	Limit on deduction under Sec 80C, 80CCC, 80 CCD – Under existing provision contribution made by Central Government to assessee towards pension fund was covered under limit of Rs 1 Lac.	Refer remarks	Any contribution made by Central Government to assessee towards pension fund will not be considered towards Rs one Lac deduction under Section 80 C. Amendment will be effective from 1st April 2012.
115A & 194 LB	NA	Refer Remarks	Interest income from Infrastructure Debt Fund will be taxable @ 5% to Non-residents. U/s 194 LB, Payer is required to deduct TDS @ 5% on the interest payable / paid. This will boost the investment in Infrastructure Debt Fund by Non residents.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
115R(2)	(2) Notwithstanding anything contained in any other provision of this Act, any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of— (i) twenty-five per cent on income distributed by a money market mutual fund or a liquid fund; (ii) twelve and one-half per cent on income distributed to any person being an individual or a Hindu undivided family by a fund other than a money market mutual fund or a liquid fund; and (iii) twenty per cent on income	(2) Notwithstanding anything contained in any other provision of this Act, any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of— (i) twenty-five per cent on ***income distributed to any person being Individual or HUF*** by a money market mutual fund or a liquid fund; (ia) ***thirty per cent on income distributed to any other person by a money market mutual fund or a liquid fund*** (ii) twelve and one-half per cent on income distributed to any person being an individual or a Hindu	There is change in the Income tax rate applicable to Mutual Fund on distributed income to person other than Individual & HUF. Amendment will be effective from 1st April 2012.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
	distributed to any other person by a fund other than a money market mutual fund or a liquid fund.	undivided family by a fund other than a money market mutual fund or a liquid fund; and (iii) ***thirty per cent*** on income distributed to any other person by a fund other than a money market mutual fund or a liquid fund.	
153 – Clause (viii) to Explanation 1 153 B	NA	Extension of time limit for assessment in case of exchange of information. (Refer Comments)	Time Taken in obtaining information from the Tax Authorities in jurisdiction situated outside India under DTAA or six months whichever is less will not be considered for computing statutory time limit for completion of assessment / re-assessment. Amendment will be effective from 1st June 2011. Similar amendment has been made in time limit of assessment in case of search or requisition

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
245C (1)(ia)	NA	Refer Comments	Entities related to a tax payer who is subject matter of search would now be allowed to file an application to Settlement Commission, if the additional income tax payable exceeds Rs. 10 lacs. The definition of related person for the above has been inserted. Amendment will be effective from 1st June 2011.
245 (D)(6B)	NA	The Settlement Commission may, at any time within a period of 6 months from the date of the order, with a view to rectify any mistake apparent from the record, amend any order passed by it under subsection (4). Provided that an amendment	Settlement Commission can rectify its order within a period of six months, after giving an opportunity of being heard to the assessee and Commissioner. Amendment will be effective from 1st June 2011.

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
		which has the effect of modifying the liability of the applicant shall not be made under this sub-section, unless the Settlement Commission has given notice to the applicant and the Commissioner of its intention to do so and has allowed the applicant and the Commissioner an opportunity of being heard	

Section No. / Rule No.	Existing Provision	Amendment in Existing / New Provision	Comments
22D (6B)	**NA**	The Settlement Commission may, at any time within a period of 6 months from the date of the order, with a view to rectify any mistake apparent from the record, amend any order passed by it under subsection (4). Provided that an amendment which has the effect of modifying the liability of the applicant shall not be made under this sub-section, unless the Settlement Commission has given notice to the applicant and the Commissioner of its intention to do so and has allowed the applicant and the Commissioner an opportunity of being heard	Settlement Commission can rectify its order within a period of six months, after giving an opportunity of being heard to the assessee and Commissioner. Provision at par with Income tax has been inserted. Amendment will be effective from 1st June 2011.