SECTION WISE HIGHLIGHTS OF PROPOSED AMENDMENTS IN THE FINANCE BILL 2012 UNDER INCOME TAX ACT.

Section	Proposed Amendment	Applicability	Views
2	Rates of Tax (for Individuals) Upto Rs. 200000 – Nil From 200000- Rs 500000 – 10% From 500000- Rs 1000000 – 20% Above 1000000 - 30% For Senior Citizens (from 60 years to 80 years) Upto Rs. 250000 – Nil From 250000- Rs 500000 – 10% From 500000- Rs 1000000 – 20% Above 1000000 - 30% For Citizens Above 80 years Upto Rs. 500000 – Nil From Rs. 500000- – 20% Above Rs.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Tax Relief of Rs. 2060/- for all Male Assesses, Rs. 1030/- for Female Assesses having income less than Rs. 8,00,000/- and additional tax relief of Rs. 20,600/- to all assesses having taxable income over Rs. 8,00,000/-. Difference of Rates for Women removed. Whereas no changes for senior citizens exemption limit of Rs. 250000/- and Rs. 500000/- for

	1000000 - 30%		
2	As per the proposed amendment Director of income tax appointed U/s 117(1) comes within the definition of Commissioner	Retrospective effect from 1st April 1988	
9	Definition of asset amended to include sale of asset in India directly or indirectly.	Retrospective effect from 1st April 1962	
9(i)(vi)	Royalty to include computer software and fees paid for usage, lease or licence of the same	Retrospective effect from 1st June 1976	
10AA	Introduction of Alternate Minimum Tax @ 18.5% on Proprietorship concerns, partnership concerns, AOP and other assesses having business income (Applicable only if the adjusted total income exceeds Rs. 20 Lakhs)	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Covers specified assesses in the said provision having income from business and profession. Company's are already covered under Section 115JB
10(23C)	Charitable Trust not to be treated charitable for a particular year if the receipts from commercial activity exceeds Rs. 25 Lacs. No need to cancel registration u/s 11 or 12	Effective date 1st April, 2009	
10(23FB)	Exemption from applicability of TDS provisions on income credited or paid by VCF/VCC to investors shall be withdrawn	Effective from 1st April 2013 and subsequent years	
10(48)	Exemption in respect of any income of a foreign company received India in Indian currency on account of sale of crude oil to any person in India subject to three conditions being arrangement	Retrospective effect from 1st April 2012	

	or agreement is notified		
32(1)(iia)	Inclusion of an assessee engaged in the business of generation or generation and development of power for initial depreciation at the rate of 20% of actual cost of machinery or plant (other than ships and aircrafts) acquired and installed in a previous year	Effective from 1st April 2013 and subsequent years	Encourage new investments
35(2AB)	Proposal to extend weighted deduction of 200 per cent for R&D expenditure in an in-house facility for a further period of five years	Effective from 1st April 2013 and subsequent years (ie. Up to 31st March, 2017)	Incentive to the corporate sector to continue to spend on in-house research
35AD	Deduction in respect of capital expenditure on specified business has included new business for investment-linked deductions which are: a. setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962 (52 of 1962) b. bee-keeping and production of honey and beeswax c. setting up and operating a warehousing facility for storage of sugar	Effective from 1st April 2013	Date of commencement of the new specified business shall be on or after 1st April 2012
35AD	Specified businesses commencing operations on or after 1st April 2012 shall be allowed a deduction of 150%	Effective from 1st April 2013	

	of the capital expenditure for following specified businesses: a. setting up and operating a cold chain facility b. setting up and operating a warehousing facility for storage of agricultural produce c. building and operating, anywhere in India, a hospital with at least one hundred beds for patients d. developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed e. production of fertilizer in India		
	Introduction of weighted deduction of 150% of the expenditure incurred on agricultural extension project	Effective from 1st April 2013 and subsequent years	Incentive to the business entities to provide better and effective agriculture extensive services
	Introduction of weighted standard deduction of 150% of the expenditure (other than land or building) incurred on Public Private Partnership (PPP) project for skill development in the ITIs in manufacturing sector in separate in accordance with	Effective from 1st April 2013 and subsequent years	To encourage the private sector to set up their own institutions

	NSDC		
35AD(1A)	Assessee building a hotel of two-star or above category as classified by the Central Government and subsequently, while continuing to own the hotel, transfers the operation thereof to another person, the assessee shall be deemed to be carrying on the specified business of building and operating hotel	With retrospective effect from 1st April 2011	To encourage building hotels and operated through franchisee business system
40A	Transfer Pricing regulations to apply to the domestic transactions exceeding Rs. 5 Crores with related parties.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	
40(a)(ia)	Amended that where an assessee makes payment of the nature specified in the said section to a resident payee without deduction of tax and is not deemed to be an assessee in default under section 201(1) on account of payment of the due taxes by the payee, then, for the purpose of allowing deduction of such sum, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the resident payee	Effective from 1st April 2013	In such cases, the date of filing of Return of Income by the payee will be treated as date of payment of tax and the payer shall be liable for payment of interest on the tax defaulted for the period from date of deduction till date of payment.
44AB	Increase in threshold limit of total sales, turnover or gross receipts from Rs. 60 Lakhs to Rs. 1 Crore in case of business and from Rs. 15 Lakhs to Rs. 25 Lakhs in case of persons carrying on	Effective from 1st April 2013 and subsequent years	To reduce burden on small businesses and professionals

	profession		
44AD	Presumptive Taxation threshold limit proposed to be increased to Rs. 1 Crore for business men and not to profession.	Effective from 1st April 2013 and subsequent years	
44AD	Presumptive scheme is not applicable to (i) a person carrying on profession as referred to in sub-section (1) of section 44AA; (ii) persons earning income in the nature of commission or brokerage income; or (iii) a person carrying on any agency business	Retrospective effect from 1st April 2011	To reduce burden on small businesses and professionals. Clarified to exclude professionals.
47(vii) / 2(19AA)	Issue of shares on account of merger/de-merger to the existing share holders will not be regarded as transfer	Effective from 1st April 2013	
49	When the transfer of assets by sole proprietorship or a firm to a company on conversion is made is not regarded as transfer and when subsequent sale is made by company there is no reference regarding the cost to be taken by the successor, now as per the proposed amendment when such conversion takes place which is not regarded as transfer, the cost of acquisition in the hands of company would be the same as in the hands of sole proprietary concern or firm	Retrospective effect from 1st April 1999	Welcome move to enable SME's to take step in corporate sector.
50D	Introduction of new section to provide that fair market value of the asset shall be deemed to be the full value of consideration if actual consideration is not attributable or determinable	Effective from 1st April 2013	

54B	Transfer of Land in the two year preceding the year in which it has been sold which has been used by assessee or his parents for agriculture, the whole capital gains has been reinvested in the purchase of agricultural land will be exempted from now to an Individual or his Parents, or to HUF	Effective from 1st April 2013	
54GB	Re-investment of sale consideration in the equity of a new start-up SME company in the manufacturing sector which is utilized by the company for the purchase of new plant and machinery subject to the 5 conditions given	Effective from 1st April 2013 (for a period of 5 years)	Roll over relief from long term capital gain tax to an individual and HUF on sale of a residential property
55A	As the provision of the section where AO is of the opinion that value of asset as claimed by assessee is less than its market value he may refer to the valuation officer and under section 55 where capital asset became the property of the assessee before 1st April, 1981 assessee has the option of substituting the FMV of asset on 1st April, 1981 as the cost of asset. Hence where AO is of the opinion that value taken by the assessee as on 01st April, 1981 is higher than its FMV of the asset on that date the Assessing Officer would be enabled to make a reference to the Valuation Officer for determining the fair market value of the property.	Effective from 1st July 2012	
56(2)(vii)	Any sum or property received without consideration or	Retrospective effect	

	inadequate consideration by HUF from its members would be excluded from taxation	from 1st October 2009	
56(2)	Share premium in excess of fair market value to be treated as income from other sources in case of closely held companies, (venture capital companies excluded)	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
68	Issue of Shares at a premium in case of Closely held Company wherein there are no specific permissions required under the Act for issue of Capital. Income will be taxed provided such credits are not properly explained or justified. The onus of such introduction of the capital by the shareholder will also have to be proved by the Company. It is not applicable to listed company and to the share capital introduced through venture capital funds registered with SEBI.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
69,69A and 69B	Unexplained Credit to be taxed directly @ 30% plus EC and SHEC even if the assessee has income below taxable limit. No deduction or allowance available in any Section of the Act.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
80C(3) / 10(10D)	Deduction for life insurance premium as regards insurance policies issued on or after 1st April 2012 shall be allowed for only so much of the premium payable as does not exceed 10% of the actual capital sum	Effective from 1st April 2013	

	assured.Definition of "capital sum assured" is amended to include the actual capital sum assured in relation to a policy shall be the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy excluding (i) the value of any premiums agreed to be returned, or (ii) any benefit by way of bonus or otherwise in excess of the sum actually assured, which is to be or may be received under the policy		
80D	Introduction of Payment made by an assessee on account of preventive health check-up of self, spouse, dependent children or parent(s) will be eligible for deduction within the overall limits prescribed in the section which shall not exceed in the aggregate of Rs. 5000 by any mode (i.e. cash or other than cash)	Effective from 1st April 2013	
80-IA(4)(iv)	Extension of sunset date for tax holiday for power sector for further period of one year (ie. upto 31st March 2013)	Effective from 1st April 2013	
80D/ 80DDB/ 197A(1C)	Reduction of the eligible age for senior citizens for tax reliefs under these sections will be 60 years	For 80D/80DDB effective from 1st April 2013 and for 197A(1C) effective from 1st july 2012	Forgot to amend eligible age of senior citizens for tax reliefs in Finance Bill 2011, now given effect
80G / 80GGA	Amended that any payment exceeding sum of Rs.10,000 shall only be allowed as a deduction if such sum is paid	Effective from 1st April 2013	

	by any mode other than cash		
80TTA	New deduction up to an extent of Rs.10000 in aggregate shall be allowed to an assessee, being an individual or a HUF, in respect of any income by way of interest on deposit (not being time deposit) in a savings account	Effective from 1st April 2013	Previously was allowed U/s. 80L
92	Tolerance limit of 5% notified for Arm Length Price for International Transaction	Effective from 1st October, 2009	
111A	Tax rate to be 15% in case of Short Term Capital gains even if the total income of the assessee is in the 10% tax slab	Effective from 1st April 2009 (Ass. Year 2009-10) onwards.	
115A	Tax Incentive for funding of certain Infrastructure Sectors Specified Companies (Taxable @ 5% of the Interest Income by introduction of section 194LC)	Effective from 1st April 2013 (amendment will take effect from 1st July 2012)	
115BBA	Income of a non resident sportsman or association shall be taxed @ 20% of the gross receipts.	Effective from 1st July, 2012	
115BBD	Lower Rate of Tax on dividend received from foreign companies by Indian Companies	Extended to one more year	To bring foreign exchange at the earliest back to India
115JB	As per the Provision of Companies Act, certain co's like Insurance, Banking, Electricity are allowed to prepare their P&L accounts according to the provision specified in their regulatory acts, such prepared P& L shall be taken as basis for	Effective from 1st April 2013	

	computing the book profit under section 115JB. Book Profit for the purpose of section 115JB shall be increased by the amount standing in the revaluation reserve relating to the revaluation asset which have been retired or disposed, it the same is not credited to the profit and loss account.		
115O	Company receiving , during the year, any dividend from any subsidiary and such subsidiary has paid DDT as payable on such dividend, then, dividend distributed by the holding company in the same year, to that extent, shall not be subject to DDT	Effective 1st July, 2012	To remove cascading effect of DDT
139	Compulsory filing of Income Tax Return in relation to the assets located outside India by an Indian.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
139	Time limit for filing Tax Audit Report u/s 44AB in case the assesee is required to file Report for International Transaction, the due date shall be 30th November of each year.	Applicable for Financial Year 2011-12 (Assessment Year 2012-13)	
143(1)	Amended that processing of return will not be necessary in a case where notice under sub-section (2) of section 143 has already been issued for scrutiny of the return	Effective from 1st July 2012	
143(3)	Time limit to be 24 months from the end of Assessment	Effective from 1st	Returns for AY 2011-12 to be completed

	Year to complete the assessments	July 2012	by 31st March, 2014.
153A / 153C	Amended to empower Central Government to notify cases or class of cases in which the Assessing Officer shall not issue notice for initiation of proceedings for preceding 6 assessment years. However, action for completion of assessment proceedings for the assessment year relevant to the previous year in such class of cases in which search or requisition has been made would be taken.	Effective from 1st July 2012	This would result in initiating assessment proceedings only for the assessment year relevant to the previous year in which search or requisition has been made.
149	Reassessment of Income in relation to the asset located out of India by an Indian (period for reopening extended from 6 years to 16 years)	Effective 1st July, 2012	Provision to curb black money transactions.
153 / 153B	Extension of the Time limit for completion of pending proceedings and subsequent proceedings U/s 143/148/250/254/263 and 92CA by 3 more months consequential amendment made to provision of Section 17A Wealth Tax Act	Effective from 1st July 2012	Work of CA is increased by 3 months
193	Limit of TDS deduction on Interest on Debentures increased from Rs. 2500/- to Rs. 5000/- (now all debentures covered)	Effective from 1st July 2012	
194	TDS on Immovable Properties (other than agricultural land) Sale by a resident to other shall deduct tax @1% of the consideration provided such – Sale consideration exceeds Rs. 50 lacs in urban agglomeration;	Effective from October 1,2012	Provision to curb black money and tax evasion resulting into non reporting of transaction by the seller to the IT Department.

	Sale consideration exceeds Rs. 20 lacs in other areas; In such cases, the tax payment will be made on PAN No. of both the seller and buyer. No requirement of obtaining TAN Number for this transaction. Simple one page Challan for payment of this TDS will be introduced. Registrar given powers for non registration of the property if the provisions are not complied. TDS has to be deducted on the Market Value ascertained by the Registrar or Agreement value whichever is higher.		
194E	TDS @ 20% to be deducted from payments made to non resident sportsman or sports association	Effective from 1st July, 2012	
194J	TDS On Remuneration to Directors other than that as an employee	Effective 1st July, 2012	Sitting Fees and other retainership fees shall get covered in such payments
194LA	TDS will be deducted @10% on Rs.200,000, previously it was on Rs.100,000, on compensation or consideration for compulsory acquisition of immovable property (other than agricultural land)	Effective from 1st July 2012	
	TCS on Cash Sale of Bullion and Jwellery. Seller to deduct tax @ 1% of sale consideration exceeds Rs. 200000/- in cash, irrespective who is the buyer. Seller to collect tax and deposit the same.	Effective 1st July, 2012	

	TCS on Sale of Minerals extended to Coal Mines, Lignites and Iron Ore @ 1% , provided the purchaser has purchased the same for personal consumption	Effective 1^{st} July, 2012	
195	Tax Residency Certificate made mandatory for application for lower or non deduction of tax by the non residents	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	
200A	Orders passed by the TDS Officer shall be subject to rectification and Appeals in accordance with the existing provisions	Effective from 1^{st} July 2012	Clarified..
201(1A)(i) / 206C	Proposed to provide that the payer who fails to deduct the whole or any part of tax on the payment made to a resident payee shall not be deemed to be an assessee in default of such tax if such resident payee – (i) has furnished his return of income under section 139 (ii) has taken into account such sum for computing income in such return of income (iii) has paid the tax due on the income declared by him in such return of income and the payer furnishes a certificate to this effect from an accountant in such form as may be prescribed	Effective from 1^{st} July 2012	

	Proposed to provide that where the payer fails to deduct the whole or any part of the tax on the payment made to a resident and is not deemed to be an assessee in default under section 201(1) on account of payment of taxes by such resident, the interest under section 201(1A)(i) shall be payable from the date of furnishing of return of income by such resident payee		
245Q	Increase of fees payable to Authority for Advance Ruling from Rs. 2500 to Rs. 10000	Effective from 1st July 2012	
272A / 272B	(i) Penalty of Rs.200 per day, previously Rs.100 per day, for late furnishing of TDS statement from the due date of furnishing of TDS statement to the date of furnishing of TDS statement. However, the total amount of fees shall not exceed the total amount of tax deductible during the period for which TDS statement is delayed, and (ii) In addition to said fees, a penalty ranging from Rs.10,000 to Rs. 100,000 shall also be levied for not furnishing TDS statement within prescribed time Provided that no penalty shall be levied for delay in furnishing of TDS statement if	Effective from 1st July 2012	

	the TDS statement is furnished within one year of the prescribed due date after payment of tax deducted along with applicable interest and fee. Proposed to provide that a penalty ranging from Rs.10,000 to Rs.100,000 shall also be levied for furnishing incorrect information in the TDS statement.		
208	Exemption for Senior Citizen from payment of Advance Tax not having any income chargeable under the head "Profits and gains of business or profession"	Effective from 1st April 2012	To reduce compliance burden on senior citizens
209	As per the existing provision advance tax is computed by reducing the amount of tax collectible or deductible from income tax for the financial year on estimated income such deduction allowed even if no tax at source deducted. But now where assessee receives any income without deduction or collection of tax at source, he shall be liable to pay advance tax in respect of such income.	Effective from 1st April 2012	
234D	Provision of this section would be applicable to any proceeding which is completed on or after 1st June 2003, irrespective of the assessment year to which it pertains.	Retrospective effect from 1st June 2003	
245C	Provision of this section is amended so as to provide that a person shall be deemed to	Effective from 1st July 2012	

	have a substantial interest in a business or profession if such person is a beneficial owner of not less than 20% of shares or 20% share in profits on the date of the search ("at any time during the precious year" is replaced by "date of search")		
271AAA	Penalty on undisclosed income found during the search. In case of admission at the time of search @ 10% of undisclosed income In case of non-admission at the time of search but declaration subsequent to filing of Return @ 20% of undisclosed income; In other cases @ 30% to 90% of undisclosed income	Effective from Search taken after 1st July, 2012	Provision to curb black money transactions.
280A to 280D	Expedition of prosecution proceedings under the Act (Limit for prosecution for tax evasion to be Rs. 250000 from Rs. 100000)	Effective from Search taken after 1st July, 2012	To expedite the assessments in case of assessee not co-operating.
292CC	Inserted new section which provide that (i) it shall not be necessary to issue an authorization under section 132 or make a requisition under section 132A separately in the name of each person; (ii) where an authorization under section 132 has been issued or a	Retrospective effect from 1st April 1976	

	requisition under section 132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorization or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons; (iii) notwithstanding that an authorization under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such aurthoisation or requisition.		
Section	Proposed Amendment	Applicability	Views
	STT on Cash Delivery segment is reduced from 0.125% to 0.1%	Effective from 1st July 2012	

Wealth Tax

Section	Proposed Amendment	Applicability	Views
2	Exemption of residential house allotted to employee etc. of a company, increase in threshold of gross salary from Rs.5 Lakhs to Rs. 10 Lakhs for the purpose of wealth tax	Effective from 1st April 2013	General increase in salary due to inflation

The aforesaid details are compiled from the Finance Bill presented by the Finance Minister in the Parliament on 16.03.2012 and is for the purpose of understanding and studying the requisite provisions by the Compiler and is as understood by the Compiler.

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SECTION WISE HIGHLIGHTS OF PROPOSED AMENDMENTS IN THE FINANCE BILL 2012 UNDER INCOME TAX ACT.

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2	Rates of Tax (for Individuals) Upto Rs. 200000 – Nil From 200000- Rs 500000 – 10% From 500000- Rs 1000000 – 20% Above 1000000 - 30%	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Tax Relief of Rs. 2060/- for all Male Assesses, Rs. 1030/- for Female Assesses having income less than Rs. 8,00,000/- and additional tax relief of Rs. 20,600/- to all

	For Senior Citizens (from 60 years to 80 years) Upto Rs. 250000 – Nil From 250000- Rs 500000 – 10% From 500000- Rs 1000000 – 20% Above 1000000 - 30% For Citizens Above 80 years Upto Rs. 500000 – Nil From Rs. 500000- – 20% Above Rs. 1000000 - 30%		assesses having taxable income over Rs. 8,00,000/-. Difference of Rates for Women removed. Whereas no changes for senior citizens exemption limit of Rs. 250000/- and Rs. 500000/- for
2	As per the proposed amendment Director of income tax appointed U/s 117(1) comes within the definition of Commissioner	Retrospective effect from 1st April 1988	
9	Definition of asset amended to include sale of asset in India directly or indirectly.	Retrospective effect from 1st April 1962	
9(i)(vi)	Royalty to include computer software and fees paid for usage, lease or licence of the same	Retrospective effect from 1st June 1976	

Section	Proposed Amendment	Applicability	Views
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10(23C)	Charitable Trust not to be treated charitable for a particular year if the receipts from commercial activity exceeds Rs. 25 Lacs. No need to cancel registration u/s 11 or 12	Effective date 1st April, 2009	
10(23FB)	Exemption from applicability of TDS provisions on income credited or paid by VCF/VCC to investors shall be withdrawn	Effective from 1st April 2013 and subsequent years	
10(48)	Exemption in respect of any income of a foreign company received India in Indian currency on account of sale of crude oil to any person in India subject to three conditions being arrangement or agreement is notified	Retrospective effect from 1st April 2012	
32(1)(iia)	Inclusion of an assessee engaged in the business of generation or generation and development of power for initial depreciation at the rate of 20% of actual cost of machinery or plant (other than ships and aircrafts) acquired and installed in a previous year	Effective from 1st April 2013 and subsequent years	Encourage new investments

Section	Proposed Amendment	Applicability	Views
35(2AB)	Proposal to extend weighted deduction of 200 per cent for R&D expenditure in an in-house facility for a further period of five years	Effective from 1st April 2013 and subsequent years (ie. Up to 31st March, 2017)	Incentive to the corporate sector to continue to spend on in-house research
35AD	Deduction in respect of capital expenditure on specified business has included new business for investment-linked deductions which are: a. setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962 (52 of 1962) b. bee-keeping and production of honey and beeswax c. setting up and operating a warehousing facility for storage of sugar	Effective from 1st April 2013	Date of commencement of the new specified business shall be on or after 1st April 2012
35AD	Specified businesses commencing operations on or after 1st April 2012 shall be allowed a deduction of 150% of the capital expenditure for following specified businesses: a. setting up and operating a cold chain facility b. setting up and operating a warehousing facility for storage of agricultural produce c. building and operating, anywhere in India, a hospital with at least one hundred beds for patients d. developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by	Effective from 1st April 2013	

	the Board in this behalf in accordance with the guidelines as may be prescribed e. production of fertilizer in India		
Section	Proposed Amendment	Applicability	Views
	Introduction of weighted deduction of 150% of the expenditure incurred on agricultural extension project	Effective from 1st April 2013 and subsequent years	Incentive to the business entities to provide better and effective agriculture extensive services
	Introduction of weighted standard deduction of 150% of the expenditure (other than land or building) incurred on Public Private Partnership (PPP) project for skill development in the ITIs in manufacturing sector in separate in accordance with NSDC	Effective from 1st April 2013 and subsequent years	To encourage the private sector to set up their own institutions
35AD(1A)	Assessee building a hotel of two-star or above category as classified by the Central Government and subsequently, while continuing to own the hotel, transfers the operation thereof to another person, the assessee shall be deemed to be carrying on the specified business of building and operating hotel	With retrospective effect from 1st April 2011	To encourage building hotels and operated through franchisee business system
40A	Transfer Pricing regulations to apply to the domestic transactions exceeding Rs. 5 Crores with related parties.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	

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44AB	Increase in threshold limit of total sales, turnover or gross receipts from Rs. 60 Lakhs to Rs. 1 Crore in case of business and from Rs. 15 Lakhs to Rs. 25 Lakhs in case of persons carrying on profession	Effective from 1st April 2013 and subsequent years	To reduce burden on small businesses and professionals
44AD	Presumptive Taxation threshold limit proposed to be increased to Rs. 1 Crore for business men and not to profession.	Effective from 1st April 2013 and subsequent years	
44AD	Presumptive scheme is not applicable to (i) a person carrying on profession as referred to in sub-section (1) of section 44AA; (ii) persons earning income in the nature of commission or brokerage income; or (iii) a person carrying on any agency business	Retrospective effect from 1st April 2011	To reduce burden on small businesses and professionals. Clarified to exclude professionals.
47(vii) / 2(19AA)	Issue of shares on account of merger/de-merger to the existing share holders will not be regarded as transfer	Effective from 1st April 2013	

Section	Proposed Amendment	Applicability	Views
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50D	Introduction of new section to provide that fair market value of the asset shall be deemed to be the full value of consideration if actual consideration is not attributable or determinable	Effective from 1st April 2013	
54B	Transfer of Land in the two year preceding the year in which it has been sold which has been used by assessee or his parents for agriculture, the whole capital gains has been reinvested in the purchase of agricultural land will be exempted from now to an Individual or his Parents, or to HUF	Effective from 1st April 2013	

Section	Proposed Amendment	Applicability	Views
54GB	Re-investment of sale consideration in the equity of a new start-up SME company in the manufacturing sector which is utilized by the company for the purchase of new plant and machinery subject to the 5 conditions given	Effective from 1st April 2013 (for a period of 5 years)	Roll over relief from long term capital gain tax to an individual and HUF on sale of a residential property
55A	As the provision of the section where AO is of the opinion that value of asset as claimed by assessee is less than its market value he may refer to the valuation officer and under section 55 where capital asset became the property of the assessee before 1st April, 1981 assessee has the option of substituting the FMV of asset on 1st April, 1981 as the cost of asset. Hence where AO is of the opinion that value taken by the assessee as on 01st April, 1981 is higher than its FMV of the asset on that date the Assessing Officer would be enabled to make a reference to the Valuation Officer for determining the fair market value of the property.	Effective from 1st July 2012	
56(2)(vii)	Any sum or property received without consideration or inadequate consideration by HUF from its members would be excluded from taxation	Retrospective effect from 1st October 2009	
56(2)	Share premium in excess of fair market value to be treated as income from other sources in case of closely held companies, (venture capital companies excluded)	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.

Section	Proposed Amendment	Applicability	Views
68	Issue of Shares at a premium in case of Closely held Company wherein there are no specific permissions required under the Act for issue of Capital. Income will be taxed provided such credits are not properly explained or justified. The onus of such introduction of the capital by the shareholder will also have to be proved by the Company. It is not applicable to listed company and to the share capital introduced through venture capital funds registered with SEBI.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
69,69A and 69B	Unexplained Credit to be taxed directly @ 30% plus EC and SHEC even if the assessee has income below taxable limit. No deduction or allowance available in any Section of the Act.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.
80C(3) / 10(10D)	Deduction for life insurance premium as regards insurance policies issued on or after 1st April 2012 shall be allowed for only so much of the premium payable as does not exceed 10% of the actual capital sum assured.Definition of "capital sum assured" is amended to include the actual capital sum assured in relation to a policy shall be the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy excluding (i) the value of any premiums agreed to be returned, or (ii) any benefit by way of bonus or otherwise in excess of the sum actually assured, which is to be or may be received under the policy	Effective from 1st April 2013	

Section	Proposed Amendment	Applicability	Views
80D	Introduction of Payment made by an assessee on account of preventive health check-up of self, spouse, dependent children or parent(s) will be eligible for deduction within the overall limits prescribed in the section which shall not exceed in the aggregate of Rs. 5000 by any mode (i.e. cash or other than cash)	Effective from 1st April 2013	
80-IA(4)(iv)	Extension of sunset date for tax holiday for power sector for further period of one year (ie. upto 31st March 2013)	Effective from 1st April 2013	
80D/ 80DDB/ 197A(1C)	Reduction of the eligible age for senior citizens for tax reliefs under these sections will be 60 years	For 80D/80DDB effective from 1st April 2013 and for 197A(1C) effective from 1st july 2012	Forgot to amend eligible age of senior citizens for tax reliefs in Finance Bill 2011, now given effect
80G / 80GGA	Amended that any payment exceeding sum of Rs.10,000 shall only be allowed as a deduction if such sum is paid by any mode other than cash	Effective from 1st April 2013	
80TTA	New deduction up to an extent of Rs.10000 in aggregate shall be allowed to an assessee, being an individual or a HUF, in respect of any income by way of interest on deposit (not being time deposit) in a savings account	Effective from 1st April 2013	Previously was allowed U/s. 80L
92	Tolerance limit of 5% notified for Arm Length Price for International Transaction	Effective from 1st October, 2009	
111A	Tax rate to be 15% in case of Short Term Capital gains even if the total income of the assessee is in the 10% tax slab	Effective from 1st April 2009 (Ass. Year 2009-10) onwards.	

Section	Proposed Amendment	Applicability	Views
115A	Tax Incentive for funding of certain Infrastructure Sectors Specified Companies (Taxable @ 5% of the Interest Income by introduction of section 194LC)	Effective from 1st April 2013 (amendment will take effect from 1st July 2012)	
115BBA	Income of a non resident sportsman or association shall be taxed @ 20% of the gross receipts.	Effective from 1st July, 2012	
115BBD	Lower Rate of Tax on dividend received from foreign companies by Indian Companies	Extended to one more year	To bring foreign exchange at the earliest back to India
115JB	As per the Provision of Companies Act, certain co's like Insurance, Banking, Electricity are allowed to prepare their P&L accounts according to the provision specified in their regulatory acts, such prepared P& L shall be taken as basis for computing the book profit under section 115JB. Book Profit for the purpose of section 115JB shall be increased by the amount standing in the revaluation reserve relating to the revaluation asset which have been retired or disposed, it the same is not credited to the profit and loss account.	Effective from 1st April 2013	
115O	Company receiving , during the year, any dividend from any subsidiary and such subsidiary has paid DDT as payable on such dividend, then, dividend distributed by the holding company in the same year, to that extent, shall not be subject to DDT	Effective 1st July, 2012	To remove cascading effect of DDT
139	Compulsory filing of Income Tax Return in relation to the assets located outside India by an Indian.	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	Provision to curb black money transactions.

Section	Proposed Amendment	Applicability	Views
139	Time limit for filing Tax Audit Report u/s 44AB in case the assesee is required to file Report for International Transaction, the due date shall be 30th November of each year.	Applicable for Financial Year 2011-12 (Assessment Year 2012-13)	
143(1)	Amended that processing of return will not be necessary in a case where notice under sub-section (2) of section 143 has already been issued for scrutiny of the return	Effective from 1st July 2012	
143(3)	Time limit to be 24 months from the end of Assessment Year to complete the assessments	Effective from 1st July 2012	Returns for AY 2011-12 to be completed by 31st March, 2014.
153A / 153C	Amended to empower Central Government to notify cases or class of cases in which the Assessing Officer shall not issue notice for initiation of proceedings for preceding 6 assessment years. However, action for completion of assessment proceedings for the assessment year relevant to the previous year in such class of cases in which search or requisition has been made would be taken.	Effective from 1st July 2012	This would result in initiating assessment proceedings only for the assessment year relevant to the previous year in which search or requisition has been made.
149	Reassessment of Income in relation to the asset located out of India by an Indian (period for reopening extended from 6 years to 16 years)	Effective 1st July, 2012	Provision to curb black money transactions.
153 / 153B	Extension of the Time limit for completion of pending proceedings and subsequent proceedings U/s 143/148/250/254/263 and 92CA by 3 more months consequential amendment made to provision of Section 17A Wealth Tax Act	Effective from 1st July 2012	Work of CA is increased by 3 months

Section	Proposed Amendment	Applicability	Views
193	Limit of TDS deduction on Interest on Debentures increased from Rs. 2500/- to Rs. 5000/- (now all debentures covered)	Effective from 1st July 2012	
194	TDS on Immovable Properties (other than agricultural land) Sale by a resident to other shall deduct tax @1% of the consideration provided such – Sale consideration exceeds Rs. 50 lacs in urban agglomeration; Sale consideration exceeds Rs. 20 lacs in other areas; In such cases, the tax payment will be made on PAN No. of both the seller and buyer. No requirement of obtaining TAN Number for this transaction. Simple one page Challan for payment of this TDS will be introduced. Registrar given powers for non registration of the property if the provisions are not complied. TDS has to be deducted on the Market Value ascertained by the Registrar or Agreement value whichever is higher.	Effective from October 1,2012	Provision to curb black money and tax evasion resulting into non reporting of transaction by the seller to the IT Department.
194E	TDS @ 20% to be deducted from payments made to non resident sportsman or sports association	Effective from 1st July, 2012	
194J	TDS On Remuneration to Directors other than that as an employee	Effective 1st July, 2012	Sitting Fees and other retainership fees shall get covered in such payments

Section	Proposed Amendment	Applicability	Views
194LA	TDS will be deducted @10% on Rs.200,000, previously it was on Rs.100,000, on compensation or consideration for compulsory acquisition of immovable property (other than agricultural land)	Effective from 1st July 2012	
	TCS on Cash Sale of Bullion and Jwellery. Seller to deduct tax @ 1% of sale consideration exceeds Rs. 200000/- in cash, irrespective who is the buyer. Seller to collect tax and deposit the same.	Effective 1st July, 2012	
	TCS on Sale of Minerals extended to Coal Mines, Lignites and Iron Ore @ 1% , provided the purchaser has purchased the same for personal consumption	Effective 1st July, 2012	
195	Tax Residency Certificate made mandatory for application for lower or non deduction of tax by the non residents	Applicable for Financial Year 2012-13 (Assessment Year 2013-14)	
200A	Orders passed by the TDS Officer shall be subject to rectification and Appeals in accordance with the existing provisions	Effective from 1st July 2012	Clarified..

Section	Proposed Amendment	Applicability	Views
201(1A)(i)/ 206C	Proposed to provide that the payer who fails to deduct the whole or any part of tax on the payment made to a resident payee shall not be deemed to be an assessee in default of such tax if such resident payee – (i) has furnished his return of income under section 139 (ii) has taken into account such sum for computing income in such return of income (iii) has paid the tax due on the income declared by him in such return of income and the payer furnishes a certificate to this effect from an accountant in such form as may be prescribed Proposed to provide that where the payer fails to deduct the whole or any part of the tax on the payment made to a resident and is not deemed to be an assessee in default under section 201(1) on account of payment of taxes by such resident, the interest under section 201(1A)(i) shall be payable from the date of furnishing of return of income by such resident payee	Effective from 1st July 2012	
245Q	Increase of fees payable to Authority for Advance Ruling from Rs. 2500 to Rs. 10000	Effective from 1st July 2012	

Section	Proposed Amendment	Applicability	Views
272A / 272B	(i) Penalty of Rs.200 per day, previously Rs.100 per day, for late furnishing of TDS statement from the due date of furnishing of TDS statement to the date of furnishing of TDS statement. However, the total amount of fees shall not exceed the total amount of tax deductible during the period for which TDS statement is delayed, and (ii) In addition to said fees, a penalty ranging from Rs.10,000 to Rs. 100,000 shall also be levied for not furnishing TDS statement within prescribed time Provided that no penalty shall be levied for delay in furnishing of TDS statement if the TDS statement is furnished within one year of the prescribed due date after payment of tax deducted along with applicable interest and fee. Proposed to provide that a penalty ranging from Rs.10,000 to Rs.100,000 shall also be levied for furnishing incorrect information in the TDS statement.	Effective from 1st July 2012	
208	Exemption for Senior Citizen from payment of Advance Tax not having any income chargeable under the head "Profits and gains of business or profession"	Effective from 1st April 2012	To reduce compliance burden on senior citizens

Section	Proposed Amendment	Applicability	Views
209	As per the existing provision advance tax is computed by reducing the amount of tax collectible or deductible from income tax for the financial year on estimated income such deduction allowed even if no tax at source deducted. But now where assessee receives any income without deduction or collection of tax at source, he shall be liable to pay advance tax in respect of such income.	Effective from 1st April 2012	
234D	Provision of this section would be applicable to any proceeding which is completed on or after 1st June 2003, irrespective of the assessment year to which it pertains.	Retrospective effect from 1st June 2003	
245C	Provision of this section is amended so as to provide that a person shall be deemed to have a substantial interest in a business or profession if such person is a beneficial owner of not less than 20% of shares or 20% share in profits on the date of the search ("at any time during the precious year" is replaced by "date of search")	Effective from 1st July 2012	
271AAA	Penalty on undisclosed income found during the search. In case of admission at the time of search @ 10% of undisclosed income In case of non-admission at the time of search but declaration subsequent to filing of Return @ 20% of undisclosed income; In other cases @ 30% to 90% of undisclosed income	Effective from Search taken after 1st July, 2012	Provision to curb black money transactions.

Section	Proposed Amendment	Applicability	Views
280A to 280D	Expedition of prosecution proceedings under the Act (Limit for prosecution for tax evasion to be Rs. 250000 from Rs. 100000)	Effective from Search taken after 1st July, 2012	To expedite the assessments in case of assessee not co-operating.
292CC	Inserted new section which provide that (i) it shall not be necessary to issue an authorization under section 132 or make a requisition under section 132A separately in the name of each person; (ii) where an authorization under section 132 has been issued or a requisition under section 132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorization or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons; (iii) notwithstanding that an authorization under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such aurthoisation or requisition.	Retrospective effect from 1st April 1976	
Section	Proposed Amendment	Applicability	Views
	STT on Cash Delivery segment is reduced from 0.125% to 0.1%	Effective from 1st July 2012	

Wealth Tax

Section	Proposed Amendment	Applicability	Views
2	Exemption of residential house allotted to employee etc. of a company, increase in threshold of gross salary from Rs.5 Lakhs to Rs. 10 Lakhs for the purpose of wealth tax	Effective from 1st April 2013	General increase in salary due to inflation

The aforesaid details are compiled from the Finance Bill presented by the Finance Minister in the Parliament on 16.03.2012 and is for the purpose of understanding and studying the requisite provisions by the Compiler and is as understood by the Compiler.