INCOME TAX

New Income Tax Slabs for individual and HUF	Up to 150000 FROM 150001 TO 300000 FROM 300001 TO 500000 500001 AND ABOVE	NIL 10% 20% 30%
For Women , basic exemption Limit is raised to 1,80000/- **For S. Citizens basic exemption Limit is raised to 2,25000/-**		

SECTIONWISE MAJOR CHANGES

Section	Subject	Effective Date	Changes
2 (1A)	Agriculture Income Definition	01-04-2009	Now any income derived from saplings or seedlings grown in a nursery shall be deemed to be agricultural income
2 (15)	Charitable purpose	01-04-2009	advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity
10(26AA)	Income not included in Total Income.	01-04-1990	Relating to exemption In case of an individual, being a Sikkimese.
10(29A)	Income not included in Total Income	01-04-2009	the Coir Board included in the list of exempted institutions
10 (43)	Income not included in Total Income	01-04-2009	Any amount received by an individual as a loan, either in lump sum or in instalment, in a transaction of reverse mortgage shall not be taken as income
35(1)(a)(iii)	Expenditure on Scientific Research	01-04-2009	Deduction of an amount equal to one and one-fourth times of any sum paid to a company to be used by it for scientific research
35(2AB)(6)	Expenditure on Scientific Research on biotechnology or drugs/pharma etc.	01-04-2009	No deduction shall be allowed if it is incurred after the 31st day of March, 2008
35D	Amortization of Preliminary Expenses	01-04-2009	form the words "industrial undertaking" and "industrial unit", "industrial" word shall be deleted
36	Other Deductions	01-04-2009	The following paid by the assessee are made allowable : - Securities transaction tax - commodities transaction tax
40(a)(ib)	Amounts not Deductible	01-04-2009	Consequent to amendment to section 36
40A(3) 40A(3A)	Expenses not deductible	01-04-2009	Whole of the expenditure in excess of Rs. 20000/- made disallowable if paid otherwise than Draft or A/c Payee Cheque in such cases and under such circumstances as may be prescribed
43	Cost of the capital asset	01-04-2003	Explanation Where an assessee was not required to compute his total income for the purposes of this Act
47	Tranzactions not regarded as Transfer	01-04-2009	Conversion of specified bonds into shares or debentures of any company Transfer of a capital asset in a transaction of reverse mortgage
49(2A)	Cost with reference to certain mode of acquisition	01-04-2009	Where share or debenture of a company, became the property of the assessee in conversion, its cost shall be deemed to be that part of the cost of the original asset.
80C	Chapter VIA Deductions	01-04-2009	The following are included : An account under the Senior Citizens Savings

			Scheme Rules, 2004. Five year time deposit in an account under the Post Office Time Deposit Rules, 1981
80D	Deduction in respect of health insurance premia.	01-04-2009	Insurance on the health of the parent or parents of the assessee included.
80IB	Deduction for I U	01-04-2009	No deduction under this sub-section shall be allowed to an undertaking engaged in refining of mineral oil, if it begins refining on or after the 1st day of April, 2009. IU operating and maintaining a hospital included.
80ID	Deductions	01-04-2009	Business of hotel located in the specified district having a World Heritage Site included
111A	TAX Rate on STCG from equity shares	01-04-2009	Rate increased to 15% from 10%
115O	Tax on Distributed dividends	01-04-2009	Set off provided for subsidiary company
115WB	FBT	01-04-2009	Securities offered under stock option plan or scheme included Any expenditure on or payment through non-transferable pre-paid electronic meal card included Following have been taken out of employee definition: Crèche facility for the children of the employee Sponsoring a sportsman, being an employee Sports events for employees Maintenance of any accommodation in the nature of guest house taken out of FBT
115WE	Assessment of Return of FBT	01-04-2009	Manner in which return shall be processed redefined.
115WKA	Recovery of fringe benefit tax by the employer from the employee	01-04-2009	New section 115WKB inserted
139	Due Date for ITRs	01-04-2009	Due Date for ITRs by Company, Tax Audit cases changed to 30th day of September
143	Assessment	01-04-2009	Manner in which return shall be processed redefined.
147	Income Escaping Assessment	01-04-2009	New Proviso that Assessing Officer may assess or reassess such income, other than the income involving matters which are the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment
151	Sanction for Issue of Notice	01-10-1998	Joint Commissioner, the Commissioner or the Chief Commissioner, as the case may be, being satisfied on the reasons recorded by the Assessing Officer about fitness of a case for the issue of notice under section 148, need not issue such notice himself
153	Time Limit for assessment	01-06-2003 01-06-2007	New sub section 4: ‘‘(*4*) Notwithstanding anything contained in the foregoing provisions of this section, sub-section (*2*) of section 153A and sub-section (*1*) of section 153B, the order of assessment or reassessment, relating to any assessment year, which stands revived under sub-section (*2*) of section 153A, shall be made within one year from the end of the month of such revival or within the period specified in this section or sub-section (*1*) of section 153B, whichever is later.”; in *Explanation* 1, after the proviso, the following

			proviso shall be inserted: ‘‘Provided further that where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the Assessing Officer for making an order of assessment, reassessment or re-computation, as the case may be, shall, after the exclusion of the period under sub-section (*4*) of section 245HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year; and for the purposes of determining the period of limitation under sections 149, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest under section 243 or section 244 or, as the case may be, section 244A, this proviso shall also apply accordingly.’’.
153A	Assessment I Search and Requisition	01-06-2003	New Explanation: ‘‘ If any proceeding initiated or any order of assessment or reassessment made under subsection (*1*) has been annulled in appeal or any other legal proceeding, then, otwithstanding anything contained in sub-section (*1*) or section 153, the assessment or reassessment relating to any assessment year which has abated under the second proviso to sub-section (*1*), shall stand revived with effect from the date of receipt of the order of such annulment by the Commissioner: Provided that such revival shall cease to have effect, if such order of annulment is set aside.”.
156	Demand	01-04-2009	The intimation under 143(1) shall be deemed to be a notice of demand for the purposes of this section.”.
191	Direct Payment	01-06-2003	if any person, including the principal officer of a company, who is required to deduct any sum in accordance with the provisions of this Act; or referred to in sub-section (*1A*) of section 192, being an employer does not deduct, or after so deducting fails to pay, or does not pay, the whole or any part of the tax, as required by or under this Act, and where the assessee has also failed to pay such tax directly, then, such person shall, without prejudice to any other onsequences which he may incur, be deemed to be an assessee in default within the meaning of sub-section (*1*) of section 201, in respect of such tax.
193	TDS on Interest on securities	01-04-2009	Following is made exempt from TDS: Any interest payable on any security issued by a company, where such security is in dematerialised form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and the rules made thereunder
194C	TDS on Contractors	01-04-2009	Contracts with any association of persons or body of individuals, whether incorporated or not covered now
195	TDS on other Sums	01-04-2009	The person referred to in sub-section (*1*) shall furnish the information relating to payment of any sum in such form and manner as may be

			prescribed by the Board.
199	Credit for Tax Deducted	01-04-2009	Whole New Section Substituted: (*1*) Any deduction made in accordance with the foregoing provisions of this Chapter and paid to the Central Government shall be treated as a payment of tax on behalf of the person from whose income the deduction was made, or of the owner of the security, or of the depositor or of the owner of property or of the unit-holder, or of the shareholder, as the case may be. (*2*) Any sum referred to in sub-section (*1A*) of section 192 and paid to the Central Government shall be treated as the tax paid on behalf of the person in respect of whose income such payment of tax has been made. (*3*) The Board may, for the purposes of giving credit in respect of tax deducted or tax paid in terms of the provisions of this Chapter, make such rules as may be necessary, including the rules for the purposes of giving credit to a person other than those referred to in sub-section (*1*) and sub-section (*2*) and also the assessment year for which such credit may be given.”.
201	Failure to Deduct or Pay	01-06-2002	New Sub Section 1: Where any person, including the principal officer of a company,— (*a*) who is required to deduct any sum in accordance with the provisions of this Act; or (*b*) referred to in sub-section (*1A*) of section 192, being an employer, does not deduct, or does not pay, or after so deducting fails to pay, the whole or any part of the tax, as required by or under this Act, then, such person, shall, without prejudice to any other consequences which he may incur, be deemed to be an assessee in default in respect of such tax: Provided that no penalty shall be charged under section 221 from such person, unless the Assessing Officer is satisfied that such person, without good and sufficient reasons, has failed to deduct and pay such tax.”
203/206C	Certificate of TDS/TCS	01-04-2009	Requirement of TDS Certificate extended till 31.03.2010
254	Order of Appellate tribunal	01-10-2008	New third proviso: ‘‘Provided also that if such appeal is not so disposed of within the period allowed under the first proviso or the period or periods extended or allowed under the second proviso, which shall not, in any case, exceed three hundred and sixty-five days, the order of stay shall stand vacated after the expiry of such period or periods, even if the delay in disposing of the appeal is not attributable to the assessee.”.
268A	Filing of appeal or application for reference by income-tax authority.	01-04-2009	New Section
271	Penalties	01-04-1989	New Sub Section 1B: “Where any amount is added or disallowed in computing the total income or loss of an

			assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under sub-section (*1*), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under sub-section (*1*)
273AA	Power of Commissioner to grant immunity from penalty.	01-04-2009	New Section
278AB	Power of Commissioner to grant immunity from prosecution.	01-04-2009	New Section
282A	Authentication of notices and Other documents.	01-04-2009	New Section: (1) Where this Act requires a notice or other ocument to be issued by any income-tax authority, such notice or other document shall be signed in manuscript by that authority. (*2*) Every notice or other document to be issued, served or given for the purposes of this Act by any income-tax authority, shall be deemed to be authenticated if the name and office of a income-tax authority is printed, stamped or otherwise written thereon. (*3*) For the purposes of this section, a designated income-tax authority shall mean any incometax authority authorised by the Board to issue, serve or give such notice or other document after authentication in the manner as provided in sub-section (*2*).
292BB	Notice deemed to be valid in Certain circumstances		New Section

WELATH TAX ACT

17			Assessing Officer may assess or reassess such net wealth, other than the net wealth which is the subject matter of any appeal, reference or revision, which is chargeable to tax and has escaped assessment
17A		01-06-2007	‘‘Provided further that where a proceeding before the Settlement Commission abates under section 22HA, the period of limitation referred to in this section available to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (*4*) of section 22HA, be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year.”.
18		01-04-1989	Where any amount is added or disallowed in computing the net wealth of an assessee in any order of assessment or reassessment and the said order contains a direction for initiation of penalty proceedings under sub-section (*1*), such an order of assessment or reassessment shall be deemed to constitute satisfaction of the Assessing Officer for initiation of the penalty proceedings under sub-section (*1*)
18BA	Power of Commissioner to grant immunity from penalty.	01-04-2009	New Section
35GA	Power of Commissioner to grant immunity from prosecution	01-04-2009	New Section

42	Notice deemed to be valid in Certain circumstances.	01-04-2009	New Section
42D		01-04-2009	New Clause: Where any books of account, other documents or assets have been delivered to the requisitioning officer in accordance with the provisions of section 37B, then, the provisions of subsection (*1*) shall apply as if such books of account, other documents or assets which had been taken into custody from the person referred to in clause (*a*) or clause (*b*) or clause (*c*), as the case may be, of sub-section (*1*) of section 37B, had been found in the possession or control of that person in the course of a search under section 37A

SERVICE TAX

BASIC EXEMPTION LIMIT RAISED TO RS. 1000000/- FROM RS. 800000/-
SERVICE TAX DISPUTE RESOLUTION SCHEME, 2008 w.e.f. 1st day of July, 2008

SECTIONWISE MAJOR CHANGES

65 (7b)	Definition	with effect from such date as the Central Government may, by notification in the Official Gazette, appoint	associated enterprise" has the meaning assigned to it in section 92A of the Incometax Act, 1961;
65 (12)(a)(iv)			banking and other financial services" means - securities and foreign exchange (forex) broking, and purchase or sale of foreign currency, including money changing
65 (12) (b)			New Clause: foreign exchange broking and purchase or sale of foreign currency, including money changing provided by a foreign exchange broker or an authorised dealer in foreign exchange or an authorised money changer, other than those covered under sub-clause (*a*) '*Explanation*.— For the purposes of this clause, it is hereby declared that "purchase or sale of foreign currency, including money changing" includes purchase or sale of foreign currency, whether or not the consideration for such purchase or sale, as the case may be, is specified separately
65 (19)(ii)			service in relation to promotion or marketing of service provided by the client" includes any service provided in relation to promotion or marketing of games of chance, organised, conducted or promoted by the client, in whatever form or by whatever name called, whether or not conducted online, including lottery, lotto, bingo
65 (23)			Cargo handling service" means loading, unloading, packing or unpacking of cargo and includes,— (*a*) cargo handling services provided for freight in special containers or for noncontainerised freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport, and cargo handling service incidental to freight; and (*b*) service of packing together with

			transportation of cargo or goods, with or without one or more of other services like loading, unloading, unpacking, but does not include, handling of export cargo or passenger baggage or mere transportation of goods;
65(53a)			“information technology software” means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment
65(57a)			New Clause: “internet telecommunication service defined”
65(86d)			New Clause: processing and clearing house defined
65 (90a)			New Explanation: renting of immovable property” includes allowing or permitting the use of space in an immovable property, irrespective of the transfer of possession or control of the said immovable property
105(g)	"taxable service"		New clause: to any person, by a consulting engineer in relation to advice, consultancy or technical assistance in any manner in one or more disciplines of engineering including the discipline of computer hardware engineering.
105(zzk)			New clause: to any person, by a foreign exchange broker, including an authorised dealer in foreign exchange or an authorised money changer, other than a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern referred to in sub-clause
105(zzzu)			in sub-clause (*zzzu*), for the words “internet telephony”, the words “internet telecommunication service” shall be substituted
105(zzzze)			New Clause: to any person, by any other person in relation to information technology software for use in the course, or furtherance, of business or ommerce, including,— (*i*) development of information technology software, (*ii*) study, analysis, design and programming of information technology software, (*iii*) adaptation, upgradation, enhancement, implementation and other similar services related to information technology software, (*iv*) providing advice, consultancy and assistance on matters related to information technology software, including conducting feasibility studies on implementation of a system, specifications for a database design, guidance and assistance during the startup phase of a new system, specifications to secure a database, advice on proprietary information technology software, (*v*) acquiring the right to use information technology software for commercial exploitation including right to reproduce, distribute and sell information technology software and right to use

			software components for the creation of and inclusion in other information technology software products, (*vi*) acquiring the right to use information technology software supplied electronically;
105(zzzzf)			New Clause: to a policy holder, by an insurer carrying on life insurance business, in relation to management of investment, under unit linked insurance business, commonly known as Unit Linked Insurance Plan (ULIP) scheme.
105(zzzzg)			New Clause: to any person, by a recognised stock exchange in relation to assisting, regulating or controlling the business of buying, selling or dealing in securities and includes services provided in relation to trading, processing, clearing and settlement of transactions in securities;
105(zzzzh)			New Clause: to any person, by a recognised association or a registered association in relation to assisting, regulating or controlling the business of the sale or purchase of any goods or forward contracts and includes services provided in relation to trading, processing, clearing and settlement of transactions in goods or forward contracts
105(zzzzi)			New Clause: to any person, by a processing and clearinghouse in relation to processing, clearing and settlement of transactions in securities, goods or forward contracts including any other matter incidental to, or connected with, such securities, goods and forward contracts;
105(zzzzj)			New Clause: to any person, by any other person in relation to supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances
106	technical testing and analysis		after the words ‘‘goods or material or’’, the words “information technology software or” shall be inserted;
108	technical inspection and certification		for the words ‘‘process or material’’, at both the places where they occur, the words ‘‘process or material or information technology software’’ shall be substituted
109a	“telecommunication service”		for the words “internet telephony”, the words “internet telecommunication service” shall be substituted;
115	“travel agent”		New Clause: “tour operator” means any person engaged in the business of planning, scheduling, organising or arranging tours (which may include arrangements for accommodation, sightseeing or other similar services) by any mode of transport, and includes any person engaged in the business of operating tours in a tourist vehicle or a contract carriage by whatever name called, covered by a permit, other than a stage carriage permit, granted under the Motor Vehicles Act, 1988 or the rules made thereunder.
67			in the *Explanation*, in clause (*c*), for the words

			"book adjustment.", the following words shall be substituted, namely:— 'book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense account" or by any other name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is with any associated enterprise
71	Scheme for submission of Returns through Service Tax Preparers.		New Scheme
72	Best judgment assessment		New
77	Penalty for contravention of any provision for which no penalty is provided		New and detailed section shall be substituted:
86	Appeals to Appellate Tribunal		in sub-section (*2*), the following proviso shall be inserted at the end, namely:— ''Provided that where the Committee of Chief Commissioners of Central Excise differs in its opinion against the order of the Commissioner of Central Excise, it shall state the point or points on which it differs and make a reference to the Board which shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner of Central Excise is not legal or proper, direct the Commissioner of Central Excise to appeal to the Appellate Tribunal against the order." in sub-section (*2A*), the following proviso and *Explanation* shall be inserted at the end, namely:— 'Provided that where the Committee of Commissioners differs in its opinion against the order of the Commissioner of Central Excise (Appeals), it shall state the point or points on which it differs and make a reference to the jurisdictional Chief Commissioner who shall, after considering the facts of the order, if is of the opinion that the order passed by the Commissioner of Central Excise (Appeals) is not legal or proper, direct any Central Excise Officer to appeal to the Appellate Tribunal against the order.

COMMODITIES TRANSACTION TAX

- It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.
- It shall apply to taxable commodities transactions entered into on or after the commencement of the Chapter VII of the Finance Bill
- "taxable commodities transaction" means a transaction of purchase or sale of option in goods, or option in commodity derivative, or any other commodity derivative, traded in recognized associations

-Rates:

There shall be charged a commodities transaction tax in respect of every taxable commodities transaction specified in column (2) of the Table below, at the rates specified in the corresponding entry in column (3) of the said Table, on the value of such transaction and such tax shall be payable by the seller or the purchaser, as the case may be, specified in the corresponding entry in column (4) of the said Table:

Sl. No.	Taxable commodities transaction	Rate	Payable by
1.	Sale of an option in goods or an option in commodity	0.017 per cent	Seller

	derivative		
2.	Sale of an option in goods or an option in commodity derivative, where option is exercised	0.125 per cent	Purchaser
3.	Sale of any other commodity derivative	0.017 per cent	Seller

BANKING CASH TRANZACTION TAX

Withdrawn w.e.f. 01.04.2009

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