Summary of Direct Tax Amendments relevant for May 2013 Examination

Section	Amendment
Slab Rates	Slab rates for Individual, HUF, AOP, BOI INR 200,000 to INR 500,000 10% INR 500,000 to INR 10,00,000 20% INR 10,00,001 & Above 30% For senior citizen (60 yrs) 250000 is exemption limit For Very Senior citizen (80) years – They do not have 10% slab
AMT	• Tax @ 18.5% of the adjusted book profit (if normal tax is less than 18.5% of book profit)+ Education Cess is applicable @ 3% • AMT will not be applicable for Individual, HUF, AOP, BOI (who have taken deduction under part c of VI-A) if adjusted total income of does not exceeds INR 20,00,000
STT	Rate of STT changes from .125% to .100 % for delivery based unit of Equity Oriented Fund, Equity shares
Tonnage taxation	Up to 1,000 INR 70 for each 100 tons 1,001 – 10,000 INR 53 for each exceeding 1000 10,001 - 25,000 INR 42 for each Exceeding 10K Above 25,000 INR 29 for each exceeding 25K
9	Definition of • Asset amended to include sale of asset in India directly or indirectly. • Transfers to include Indirect transfers • Royalty to include computer software and fees paid for usage, lease or licence of the same. Deeming fiction have been included in definition of Capital asset, transfer, sec 195
10(10D) 10(23), 13	• For 80D, 80DDB & 197A, Eligible age for senior citizen will be 60years. • Sum received under LIC policy will be exempt only if the premium payable for any year shall not exceed ~~20%~~ 10% • **Charitable organization** does not get benefit of tax exemption In the "Previous Year" in which it's Receipts from Commercial activities exceed the threshold INR 25,00,000.
10(48)	Any income of a foreign company Received in India in 'INR' on account of sale of crude oil to any person in India will be exempt subject to the following conditions: Receipt is in accordance with Central Government agreement taken in nationalinterest. The receipt of the money is the only activity carriedout by the foreign company in India
10(23BBH)	Exemption from tax wrt income of the PrasarBharati (Broadcasting Corporation of India)
32(1)	**Extending benefit of initial depreciation to the power sector**
35AD	• Specified Business will also include Setting up and operating an inland container depot or a container freight station as approved as per customs act; Bee-keeping and production of honey and beeswax; and Setting up and operating a warehousing facility for storage of sugar. • **Deduction @ 150%** will be allowed to Specified business, Commencing operations, on or after 01-04-2012 Setting up & operating a cold chain facility;Setting up & operating a warehousing facility for storage of agricultural produce; Building & operating, anywhere in India, a new hospital with at least one hundred beds for patients; Developing and building a housing project under a scheme for affordable housing framed by Govt.; and Production of fertilizer in India. • Assessee builds a hotel......... 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 i.e. **Still Eligible for Deduction u/s 35AD**.
35(2AB) 35CCC 35CCD	Weighted deduction -Scientific research & developmentExtended upto 31.3. 2017. A weighted deduction @ 150%On Expenditure Agricultural extension project Notified by Board. A weighted deduction @150% On Expenditure (Except on Land & Building) in Skill Development
44AB	Limit for Tax audits in case of Business increased to **INR 1 crore,in Profession to INR 25, 00,000.** **44AD not applicable to professional as per section 44AA(1), Person earning commission or**

	brokerage income & Person carrying agency business
47	**Capital gains in cases of amalgamation and demerger** -Earlier, Transfer will not regarded as a transfer if, In a scheme of amalgamation/Demerger Shareholders transfer shares in a amalgamating/resulting Company in consideration of the allotment to him, of anyshares in the amalgamated/resulting Indian company. Now **Amalgamated/Resulting company need not require to issue shares When the shareholders is Amalgamated/Resulting company itself**.
49	**Cost of acquisition** in case of conversionof **sole proprietorship or firm into a company** which is not regarded as a transfer, the cost of acquisition of asset in the handsof the company would be the **same as that in the hand of the sole proprietary concern or the firm**
50	**FMV to be taken wherever consideration unascertainable.**
54	• For Exemption under 54B, HUF now included in list of eligible persons • New exemption 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 for lock in of 5 years along with other conditions
55A	**Reference to a Valuation Officer**U/s 55A, where AO feels **that value of asset as per assessee is MORE THAN FMV**, he may refer the valuation to a Valuation Officer
56 (2)	• Source of funds in hands of resident Shareholder is required to be explained by the Closely held company. Exception- Venture capital undertaking. • HUF is added to the list of related person. • **Consideration in excess of FMV of shares to be treated as income for closely held company unless substantiated. Exception- Venture Capital undertaking** • **Lower rate of tax on dividends received from foreign companies @15%** Benefit extended to one more year i.e.for FY 2012-13.
68,69	**Unexplained credits, money, investment, expenditure, etc. shall be taxed @ 30% & No deduction of any expenditure** for earning said unexplained income.
80	• **LIC premium allowed under 80C up to 10% of Capital assured** • **Rajiv Gandhi scheme for investment in shares maximum 50k, deduction allowed 25k, lock in period 3 years** • **Preventive Healthcare expense up to 5000 included in 80D (Can be in cash)** • **Deduction in Infrastructure bonds discontinued (Sec 80CCF).** • **Rs 10K deduction allowed on Interest on Saving bank/Co-op society, Post office.** • **80G, GGA deduction – Donations in cash exceeding 10K will be disallowed.**
80-IA	**Extension of sunset date for tax holiday for power sector** u/s 80-IA(4) 31st March 2013
90	**Tax Residence Certificate (TRC) for claiming relief under DTAA-** A NR cannot claim benefit of DTAA unless TRC is obtained from the foreign country with which the Indian Government has entered into the DTAA. In this certificate such foreign country will have to certify the place of residence of the non-resident and other particulars as may be required to decide whether the benefit claimed under a particular DTAA is available to the NR. Any meaning assigned through Notification u/s 90(3) to a term used in DTAA shall be effective from the date of coming into force of the applicable DTAA.
92	**Transfer Pricing Regulations to apply to certain domestic transactions** • TP Regulations will also Applicable to “Specified Domestic Transactions” between related parties, if “Exceeds INR 5 crore” in Aggregate during the previous year • Sec 40A(2) Disallowance on account of any expenditure being excessive or unreasonable having regard to the Fair Market Value, shall be made in respect of a “Specified Domestic Transaction” If such transaction is NOT at Arm’s Length Price as per 92 F. • Related Party includes “Companies” having ‘same Parent Company’ • Section 80-IA(8) Transfer of Goods or Services between related entities Is Not at ALP & Due to which More than ordinary profit arises • Section 10AA-Transaction between Entities Located in SEZ, If Not at ALP.
92C	**Determination of Arm’s Length Price (ALP)** • In case variation of Transaction price is within the Tolerance range of 5%, No adjustment was

	required to be made to transaction value. • 5% Tolerance Band was not a standard Deduction. • No Re-opening of already completed assessments or proceedings due to this retrospective amendment. • 2nd proviso to section 92C shall also be applicable to all proceedings which were pending as on '01.10.2009'. Retrospective effect from 1st October, 2009. • Notified % determined as 3% for determination of ALP w.e.f. AY 2013-14 TPO can Determine • ALP of an International transaction noticed by him in the course of proceedings before him, "even if " the said transaction 'was not referred to him' by AO, provided that such international transaction "was not reported by the taxpayer" in the Audit report u/s 92E.It will take effect retrospectively from 1st June, 2002. • Due to retrospectively of the amendment, no reopening of any proceeding would be undertaken Only on account of this amendment. • W.e.f. 01-07-2012 Where it is found that an international transaction has not been reported either by non-filing of report or otherwise then such non-reporting would be considered as a case of deemed escapement of income and such a case can be reopened under section 147 of the Act.
115A	Any **interest paid by a Specified Company to a non-resident** in respect of borrowing made in foreign currencyfrom sources outside India Between " 1st July, 2012 and 1st July, 2015", under an agreement, including rate of the interestpayable**, approved by the Central Government**, shall be taxable **at the rate of 5**%.The specified company shall be an Indian company engaged in Infrastructure sector
115BBA	**Tax @ 20% on Gross Receipts Of Non Resident non-citizen** i.e.Sports man, ports association or institution, Entertainer (theatre, radio, televisionartists and musicians)
115JB	**Minimum Alternate Tax (MAT) T**he **book profit** for the purpose of section 115JB shall be**increased by the amount standing in the revaluation reserve relating to the revalued asset which has been retired or disposed, if the same is not credited to the profit and loss account**.
115U	Income accruing to VCF/ VCC shall be Taxablein the hands of 'Investor' on accrual basis'with No deferral'. It means that "**Investor" now have to pay Tax on Accrual Basis**
115O	**Removal of the cascading effect of Dividend Distribution Tax (DDT)** in case any company receives, during the year, any dividend from any subsidiary and suchsubsidiary has paid DDT as payable on such dividend, then, dividend distributed by the holding company in the same year, tothat extent, shall not be subject to Dividend Distribution Tax under section 115-O of the Act
117	**Definition of Commissioner to include Director**
139	• **Every Ordinary Resident having any assets (Including Financial interest in any entity) located outside India, or Signing Authority in any a/c located outside India Irrespective of the fact that he has taxable income or not, File ROI.** • Due Date for Return Filing in Case of Corporate Assessee, Who is required to obtain and file Transfer Pricing report (u/s 92E),extended to 30th Nov
143	**Processing of return of income where scrutiny notice issued Processing u/s 143(1) will not be necessary if Notice u/s 143(2) already issued.**
144C	**Power of the DRP to enhance variations** the power of the DRP toenhance the variation shall include and shall always be deemed to have included the power to consider any matter arising outof the assessment proceedings relating to the draft assessment order. **Completion of assessment in search cases referred to DRP will be at par with time limit of assessment as in 144c**
147	If Resident **assessee has not disclosed such assets**, it shall be presumed that his **Income has escape assessments** and his case will be reopened.
149	• Time limit for issue of notice for Reopening of Assessment wrt Income from any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment, will be 16 years

	• **Time Limit for Issue Notice to agent of Non Resident extended to 6 years**
153	Extended Time limit from 6m to 1 year for Assessment, when information sought under DTAA
153A, 153C	**Notification of a class of search cases where compulsory reopening of past six years not required where** 153A notice will be only for previous year in whichsearch conducted
153, 153B	**Extension of time for completion of assessments and reassessments** **Proceedings under section Current time allowed Proposed Period** • 143 - ~~21~~ 24 Months from the end of the A.Y. • 143/ 92CA ~~– 33~~ 36 months from the end of the A.Y. • 148 - ~~9~~ 12 months from the end of the F.Y. in which **notice issued** • 148 /92CA ~~-21~~ 24 months from the end of the F.Y. in which **notice issued** • 250 or 254 or 263 ~~-9~~ 12 months from the end of the F.Y. in which **order received** • 250/254/263/92CA- ~~21~~ 24 months from the end of the F.Y. in which **order received**
194LC	Interest paid by such specified company to a non-resident shall be subjected to TDS @ 5% (plus applicable surcharge and cess).
TDS	• **Threshold for TDS on compensation or consideration for compulsory acquisition increased to 2 lakhs** • **Threshold for TDS on payment of interest on debentures** to a resident individual or HUF on listed / Unlisted debentures**Rs 5000** and No TDS if, the same is paid by account payee Cheque • Company should deduct **TDS @10%** from any remuneration, fees or commission paid or **payable to a director**, if no tax is deductible under the head salary. • Payer who fails to comply TDS provisions shall not be deemed to be an assessee in default in respect of such tax if such resident payee has furnished his ROI u/s 139;Offered such income for taxation, Paid Requisite Taxes and an accountant (e.g. CA) certifies the same.
	• Where the payer fails to comply TDS provisions and 'not' an assessee in default u/s 201(1) the interest under section 201(1A)(i)shall be payable from the date on which such tax was deductible to the date of Furnishing of ROI by such resident payee. Where an assessee makes these to a "Resident Payee" without deduction of tax and is not deemed assessee in default u/s 201(1) 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 Return filed by the resident payee. • In respect of **non-deduction/short deduction of tax, a** person can be deemed to be an assessee in default, by an order, which can be passed within a period **of ~~'four~~ Six years'** from end of FY in a case where no statement as referred to in section 200 has been filed
TCS	• **1% of sales on Bullion, Jewelry If Sale consideration of Bullion (excluding any coin/ article weighing 10 grams or more) exceeds INR 2,00,000 or If Sale consideration of jewelry exceeds INR 5,00,000 in CASH.** • **1% on sale of Coal Lignite & Iron ore. Exception- Personal consumption, Used in manufacturing, Generation of power** • Similar amendment as in TDS, default can be removed if other party has paid tax.
207	**Resident senior citizen will exempt for Advance Tax payment if no business or professional income.**
209	**Liability to pay advance tax in case of non-deduction of tax** Where a person hasReceived any incomewithout deduction or collection oftax, he shall be liable topay advance tax in respect of such income.
234D	**Charging of interest on recovery of refund granted earlier**would be applicable to any proceeding which is completed on or after 1.6.2003, **irrespective of the assessment year to which it pertains**
245C	**Related person for the purpose of making an application before Settlement Commission**Definition of Related Person amended as to see the substantial interest (20%) is found to existAs **on the "DATE OF SEARCH"**
245Q	**Fee for filing of applications to Advance Rulings (AAR) Rs~~2500~~10000**
253,254	**IT department can now Appeal against the directions of the Dispute Resolution Panel (DRP)**
271AA	Penalty of 2% of value of International Transaction, If the taxpayer fails to maintain prescribed

	documents or information or fails to report any international transaction or maintains or furnishes any incorrect information or documents. This penalty would be in addition to penalties in section 271BA and 271G.
271AAB AAB	**Penalty on undisclosed income found during the course of search after 30.6.12 If undisclosed income admits during search Penalty @ 10% of undisclosed income** as per existing law subject to conditions **ii) If undisclosed income not admits during search, but disclosed in ROI Penalty @ 20%** of undisclosed income as per existing law subject to conditions **Except (i) & (ii**) above Penalty **@ 30% to 90% of undisclosed income**
271H	**Additional Penalty of INR 10,000 - INR 1,00,000 for INCORRECT INFORMATION** in TDS statement.273B No penaltyIfReasonable Cause proved. Maximum Penalty up to TDS amount.
272A	Penalty of INR ~~100~~ 200 per dayfor delay in furnishing of TDS statement.
276-278	**Expediting prosecution proceedings under the Act** • Providing for constitution of Special Courts for trial of offences. • Application of summons trial for offences under the Act to expedite prosecution proceedings as the procedures in a summons trial are simpler and less time consuming. • Providing for appointment of public prosecutors Amount of tax, penalty or interest evaded **exceeds INR 25,00,000**, Assessee shall be punishable with _ rigorous imprisonment for a term **Min 6 months - Max 7 years**& with fine. For Net Tax Evasion up to INR 25,00,000 he shall be punishable with rigorous imprisonment for a term **Min 3 months - Max 2 years & with fine**
292CC	It shall not be necessary to issue an authorization u/s 132 or make a requisition u/s 132A“Separately in the name of Each Person” If an authorization u/s 132 or requisition u/s 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 authorization or requisition&such shall not be “Deemed to Construe” that it was issued in the name of an AOP or BOI consisting of such persons;
	Wealth Tax
45	Wealth-tax shall **not to be levied** on the net wealth of **RBI**
2(ea)	Wealth tax- Exemption for residential house, limit of ~~5 lakhs~~ 10 lakhs
17	Time limit for completion of **assessment and reassessment increased by 3 months** as mentioned in IT assessment procedures
17A	For **assets outside India,16 years’** time period for assessment

Kindly read the detailed amendments first and use it for last minute revision.

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