

AMENDMENT BY LOK SABHA TO FINANCE BILL, 2013

Lok Sabha passed the Finance Bill, 2013 on 30.04.2013 with various key amendments. They are depicted in the following table:

<i>Existing Position</i>	<i>Position as amended by the Lok Sabha</i>
Scope of Sec. 10(48) widened to include other prescribed income also and not just income arising from sale of crude oil	
The Finance Act 2012 inserted a new clause (48) in Section 10 to provide for exemption in respect of any income received in India in Indian currency by a foreign company on account of sale of crude oil in any period in India, if a few conditions are satisfied.	The Finance Bill, 2013 as passed by the Lok Sabha (herein after referred to as 'the Finance Bill, 2013') enlarges the scope of Section 10(48). With effect from the assessment year 2014-15, the exemption will also be available in respect of income arising on account of sale of any other goods or rendering of services as notified by the Central Government.
Trading in commodity derivatives no more a speculative transaction	
Proviso to Section 43(5) provides a list of transactions which shall not be deemed to be 'speculative' transactions.	A new clause (e) is inserted in proviso to Section 43(5) wef assessment year 2014-15 to provide that trading in commodity derivatives carried out in a recognised association shall not be treated as 'speculative' transaction. For this purpose, an eligible transaction means: (a) Any transaction carried out electronically on screen-based system through a member registered for trading in commodity derivatives under the FCRA; (b) Transaction is supported by a time stamped note issued by such member; (c) The contract note should indicate unique client identity number, unique trade number and PAN.
TRC – Can be a conclusive evidence but has to be supported by prescribed documents	
(1) The Finance Act, 2012 imposed a mandatory condition to furnish Tax Residency Certificate ('TRC') for availing of benefits under the DTAA's. The TRC helps in establishing the country of residence of a non-resident taxpayer. (2) However, the Finance Bill, 2013 had amended section 90 to provide that submission of TRC was a necessary but not a sufficient condition for claiming benefits under DTAA. This amendment was proposed to be introduced retrospectively wef AY 2013-14. (3) This proposed amendments raised apprehensions among the taxpayers that it would give powers to the tax collectors to disregard the TRC and view the transaction independently.	Considering these apprehensions of the taxpayers, the provision proposed by the Finance Bill, 2013 that TRC was a necessary but not a sufficient condition for claiming benefit under DTAA has been removed. As per the amended version, apart from the submission of a TRC (which is a necessary condition), the assessee shall also provide such other documents and information as may be prescribed for claiming benefits under the DTAA's.

Time-limit for completion of an assessment when reference is made to the TPO	
Sections 153 and 153B, <i>inter-alia</i> , provide the time-limit for completion of an assessment and re-assessment. These time-limits get extended if a reference is made under Section 92CA to the TPO. These time-limits were extended by Finance Act, 2012 by 3 months wef July 1, 2012.	The Finance Bill, 2013 provides that the revised time-limit will be applicable regardless of the fact whether: (a) A reference to TPO is made before, on or after July 1, 2012; or (b) The order of TPO is passed before, on or after July 1, 2012.
TAN not required to deduct tax from payment made for purchasing an immovable property	
A new section 194-IA is inserted by the Finance Bill, 2013 to provide that transferee is liable to deduct tax at source at 1% from payment being made to a resident-transferor in respect of purchase of an immovable property.	The Finance Bill, 2013 approved of the provisions of Section 194-IA. However, it provided an exemption to the transferee from obtaining a TAN, which is otherwise a mandatory requirement for deduction of tax at source.
Concessional withholding rates on certain rupee denominated long-term infrastructure bonds is withdrawn	
The Finance Bill, 2013 proposed to introduce a provision wherein even Indian Rupee loan given by non-resident through the route of Long-term Infrastructure Bonds would also enjoy the concessional rate of tax deduction at source.	This amendment has been withdrawn in the Finance Bill, 2013. However, a new provision is inserted in Section 194LD which provides as under: (1) Tax under this section shall be deducted in respect of interest on a rupee denominated bond of an India company or Government security which is payable after May 31, 2013 but before June 1, 2015; (2) Tax at concessional rate shall be deducted if payment is made to a FII or a qualified foreign investor; (3) Tax to be deducted at 5%; (4) If tax is deducted under Sec. 194LD, provisions of Sections 195 and 196D will not be applicable.
Non-resident referred to in Section 194LC will not be penalised for not having a PAN	
By virtue of Section 206AA, if PAN of the recipient is not available, tax is deductible either at the normal rate or at the rate of 20%, whichever is higher.	Under the amended provisions of Section 206AA, in respect of payment of interest on long-term infrastructure bonds to a non-resident (as referred to in Section 194LC), tax will be deducted at the normal rate of 5%, even if the non-resident-recipient does not have PAN.
Even gold coins weighing less than 10 gms will be subject to TCS	
Sale of bullion/jewellery is subject to TCS provisions in following cases: (1) If the sale consideration of bullion (excluding any coin/article weighing 10 grams or less) exceeds Rs. 2,00,000; or (2) If the sale consideration of jewellery exceeds Rs. 5,00,000 and out of sale consideration any amount is received in cash.	With effect from June 1, 2013, consideration of any coin or any other article weighing 10 grams or less shall not be excluded while calculating the monetary limit of Rs. 2,00,000.
No wealth-tax on agriculture land	
The urban land is not chargeable to wealth-tax if it is a land: (1) On which construction of a building is not permissible under any law for the time being in force in the area in	Land classified as agricultural land in the records of the Government and used for agricultural purposes, will not be treated as an 'asset' under Section 2(ea) with

which such land is situated; or (2) occupied by any building which has been constructed with the approval of the appropriate authority; or (3) being an unused land held by the assessee for industrial purposes for a period of two years from the date of its acquisition by him; or (4) held by the assessee as stock-in-trade for a period of 10 years from the date of its acquisition by him.	retrospective effect from the AY 1993-94. Consequently, such land will not be chargeable to wealth-tax, even if such land is situated in an urban area. As per the amended provision, following lands will not be chargeable to wealth-tax: (1) Land classified as agricultural land in the records of the Government and used for agricultural purposes; or (2) Land on which construction of a building is not permissible under any law for the time being in force in the area in which such land is situated; or (3) Land occupied by any building which has been constructed with the approval of the appropriate authority; or (4) An unused land held by the assessee for industrial purposes for a period of two years from the date of its acquisition by him; or (5) Land held by the assessee as stock-in-trade for a period of 10 years from the date of its acquisition by him.
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