

The Finance Act 2016 made some changes in section 44AB and 44AD let's discuss it in detail.

Section 44AB

Clause	AY 2016-17	AY 2017-18
a	(a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year; or	carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year ; or
b	(b) carrying on profession shall, if his gross receipts in profession exceed twenty-five lakh rupees in any previous year; or	carrying on profession shall, if his gross receipts in profession exceed 33[fifty] lakh rupees in any previous year; or
c	(c) carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or	carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AE or section 44BB or section 44BBB, as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any previous year; or
d	(d) carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under section 44AD and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his business and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,	carrying on the 34[profession] shall, if the profits and gains from the 34[profession] are deemed to be the profits and gains of such person under 35[section 44ADA] and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his 34[profession] and his income exceeds the maximum amount which is not chargeable to income-tax in any 36[previous year; or]
e	NA	carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,]

Section 44AD

Clause	AY 2016-17	AY 2017-18
1	Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case	Notwithstanding anything to the contrary contained in sections 28 to 43C, in the case of an eligible assessee engaged in an eligible business, a sum equal to eight per cent of the total turnover or gross receipts of the assessee in the previous year on account of such business or, as the case may be, a sum higher than the

	may be, a sum higher than the aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".	aforesaid sum claimed to have been earned by the eligible assessee, shall be deemed to be the profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession" : 41[Provided that this sub-section shall have effect as if for the words "eight per cent", the words "six per cent" had been substituted, in respect of the amount of total turnover or gross receipts which is received by an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account during the previous year or before the due date specified in sub-section (1) of section 139 in respect of that previous year.]
2	Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed :	Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of sub-section (1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.
3	The written down value of any asset of an eligible business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.	The written down value of any asset of an eligible business shall be deemed to have been calculated as if the eligible assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.
4	The provisions of Chapter XVII-C shall not apply to an eligible assessee in so far as they relate to the eligible business.	Where an eligible assessee declares profit for any previous year in accordance with the provisions of this section and he declares profit for any of the five assessment years relevant to the previous year succeeding such previous year not in accordance with the provisions of sub-section (1), he shall not be eligible to claim the benefit of the provisions of this section for five assessment years subsequent to the assessment year relevant to the previous year in which the profit has not been declared in accordance with the provisions of sub-section (1).
5	Notwithstanding anything contained in the foregoing provisions of this section, an eligible assessee who claims that his profits and gains from the eligible business are lower than the profits and gains specified in sub-section (1) and whose total income exceeds the maximum amount which is not	Notwithstanding anything contained in the foregoing provisions of this section, an eligible assessee to whom the provisions of sub-section (4) are applicable and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and

	chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under sub-section (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.	other documents as required under sub-section (2) of section 44AA and get them audited and furnish a report of such audit as required under section 44AB.]
6	The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to— (i) a person carrying on profession as referred to in sub-section (1) of section 44AA; (ii) a person earning income in the nature of commission or brokerage; or (iii) a person carrying on any agency business.	The provisions of this section, notwithstanding anything contained in the foregoing provisions, shall not apply to— (i) a person carrying on profession as referred to in sub-section (1) of section 44AA; (ii) a person earning income in the nature of commission or brokerage; or (iii) a person carrying on any agency business

Major Changes in section 44AD

- Turnover limit extended to Rs.2 crore.
- Interest and remuneration to partners (in case of partnership firm) will not be allowed as deduction.
- Provision of Advance Tax made applicable.
- Provision stating audit of person who is declaring profit below 8% were omitted.