AMENDMENTS BY FINANCE ACT 2009

FOR CA FINAL (DIRECT TAXES)

FOR MAY 2010 EXAM.

COMPILED BY

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Section	Effective Date	Explanation.
2(15)	1/4/2009	Clause (15) of section 2 defines the expression charitable purpose as relief of the poor, education, medical relief and the advancement of any other object of general public utility. Proviso to section 2(15) provides that the advancement of any other object of general public utility shall not be charitable purpose if it involves the carrying on of any activity in the nature of 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. Amended clause (15) now includes preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest along with relief of the poor education and medical relief in the definition of charitable purpose under section 2(15) so that the proviso to section 2(15) shall not apply to these activities also.
2(22AAA)	1/4/2010	Clause (22AAA) shall be inserted in section 2 to define an electoral trust to mean a trust so approved by the board in accordance with the scheme made in this regard by the central government.
2(23)	1/4/2010	Under clause (23) of section 2 the expression firm partner and partnership derives their meaning from the Indian partnership act, 1932 but the expression partner also includes any person who being a minor has been admitted to the benefits of partnership. Clause (23) shall be substituted to define the words firm partner and partnership in the context of an entity registered under the Limited Liability Partnership Act, 2008 and also to retain the definition of firm partner and partnership in the context of partnership formed under the Indian Partnership Act, 1932.
2(24)	1/4/2010	Sub-clause (iia) of clause (24) of section 2 provides voluntary contribution received by a trust or institution or association or university or educational institution or any hospital or other institution referred to therein will be regarded as income. Sub-clause (iia) shall be amended to include therein the voluntary contribution received by electoral trust within the definition of income. Reference to section 56(2)(xv) has been inserted in section 2(24)(xv). The amendment is consequential in nature.(w.e.f. 01.10.2009)
2(29BA)	1/4/2009	Clause (29BA) is inserted in section 2 to define the expression manufacture. The term **Manufacture** with its grammatical variation would mean a **change in a non living physical object or article or thing resulting in transformation of the object or article or thing into a new add distinct object or article or thing having a different name character and use, or bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure**.
2(48)	1/4/2009	Clause (48) of section 2 defines the expression zero coupon bond as a bond issued by any infrastructure capital company or infrastructure capital fund or public sector company on or after 1/7/2005, in respect of which no payment and benefit is receivable before maturity or redemption from such company or fund or public sector company and which the central government may, by notification in the official gazette, specify. The amended clause (48) of section 2 now includes scheduled bank also. An Explanation is inserted to define the expression scheduled bank as having the meaning assigned to it in clause (c) of clause (viia) of sub-section 1 of section 36.

10(10C)	1/4/2010	A new proviso shall be inserted in clause (10C) of section 10 to provide that where any relief has been allowed to an assessee under section 89 of any assessment year in respect of any amount receivable or his voluntary retirement or termination of services or voluntary separation no exemption under this clause shall be allowed to him in relation to such, or any other, assessment year.
10(23C)	1/4/2009	This fourteenth proviso to clause (23C) provides that in case the fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in the first proviso makes and application on or after 1/6/2006 for the propose of grant of exemption or continuance thereof, such application shall be made at any time during the financial year immediately preceding the assessment year from which the exemption is sought. The fourteenth proviso is amended to allow the filing of the application on or before the 30th September of the relevant assessment year.
10(23D)	1/4/2010	Clause (a) of Explanation to clause (23D) of section 10 provides for exemption of the income of mutual fund set up by a public sector bank or a public financial institution or authorized by the Reserve Bank of India. The explanation to clause (23D) inter alia, defines the expression public sector bank to mean the state bank of India constituted under the State Bank of India Act, 1955 a subsidiary bank as defined in the state bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under section 3 of the banking companies (Acquisition and transfer of undertaking) Act, 1980. Clause (a) of explanation to clause (23D) shall be amended to provided that a bank included in the category other public sector banks by the reserve bank of India would also be covered under the scope of clause (23D).
10(44)	1/4/2009	A new clause (44) is inserted in section 10 to provide that any income received by any person for by any person for or behalf of the new pension system trust established on 27/2/2008 under the provision of the Indian trust Act, 1882 will not be included in total income of such trust.
10A	1/4/2009	Section 10A provides that no deduction shall be allowed to any undertaking for the assessment year beginning on 1/4/2011 and subsequent years. The amendment now allows the deduction for the previous year 2010-11 relevant to assessment year 2011-12.
10AA	1/4/2010	Section 10AA (7) provides that the profits derived from the export of articles or things or services shall be the amount which bears to the profit of the business of the undertaking being the unit the same proportion as the export turnover in respect of such article or things or services bears to the total turnover of the business carried on by the assessee. Sub-section (7) shall be amended to substitute the reference to assessee by the word undertaking after the amendment deduction under section 10AA shall be computed with reference to the total turnover of the undertaking.
10B	1/4/2009	Section 10B provides that no deduction shall be allowed to any undertaking for the assessment year beginning on 1/4/2011 and subsequent years. The third proviso to sub-section (1) is now amended to allow the deduction for the previous year 2010-11 relevant to assessment year 2011-12.
13B	1/4/2010	The newly inserted section 13B provides that **any voluntary contribution received by an electoral trust** shall not be included in the total income of the previous year of such electoral trusts if : (a) such electoral trust distributes to any political party registered under section 29 of the representation of the people Act, 1951 during the said previous year ninety five per cent of the aggregate donations received by it during the said previous year along with the surplus if any brought forward from any, brought forward from any earlier previous year and

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		(b) Such electoral trust functions in accordance with the rules made in this regard by the central government.
17(2)	1/4/2010	Section 17(2)(vi) provides that perquisite include the value of any other fringe benefit or amenity which may be prescribed excluding those fringe benefits which are charitable to tax under chapter XII-H. Sub-clause (vi) of clause (2) shall be inserted so as inter alia to provide that perquisite include the value of any specified security or sweat equity shares allotted or transferred directly or indirectly by the employer or former employer free of cost or at concessional rate to the assessee. Sub-clause (vi) of clause (2) shall be inserted to provide that perquisite include the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee to the extent it exceeds one lakh rupees. Sub-clause (viii) shall be substituted to provide that perquisite include the value of any other fringe benefit or amenity as may be prescribed.
28(vii)	1/4/2010	A new clause (vii) shall be inserted in section 28 to provide that **any sum whether received or receivable in cash or kind by reason of any capital asset** (other than land or goodwill or financial instrument) **being demolished destroyed, discarded or transferred, shall be chargeable to income tax under the head profit and gains of business or profession if the whole of the expenditure on such capital assets has been allowed as a deduction under new section 35AD** which contains provision relating to deduction in respect of expenditure or specified business.
32	1/4/2010	Explanation 3 to sub-section (1) of section 32 defines assets and block of assets for the purpose of depreciation under sub-section (1) of section 32. Reference to block of assets is omitted from explanation 3 to sub-section (1) consequent to amendments the expression block of assets shall have the same meaning as assigned to it in clause (11) of section 2.
35(2AB)	1/4/2010	Section 35(2AB) provide for deduction of a sum equal to one and one half times of the expenditure so incurred to a company engaged in the business of biotechnology or in the business of manufacture or production of drugs pharmaceuticals, electronic equipments, computers, telecommunication equipments, chemicals or any other article or things notified by the board and which has incurred expenditure (except land and building) on in-house scientific research and development facility approved by the prescribed authority. Sub-section (2AB) shall be amended to extend the benefit of the said deduction to all businesses engaged in the manufacturing or production of article or thing except those specified in the eleventh schedule.
35AD	1/4/2010	Newly inserted section 35AD provides for **allowing any expenditure of capital nature incurred, wholly and exclusively, during the year for specified business.** The specified business has been defined to mean the --business of setting up and operating of cold chain facilities, --setting up and operating warehousing facility for storing agriculture produce, & --the business of laying and operating a cross country natural gas or crude or petroleum oil pipeline network for distribution including storage facilities being an integral part of such network. Section 35AD would inter alia **allow one hundred per cent deduction** in respect of any capital expenditure incurred other than expenditure incurred on the acquisition of any land or goodwill or financial instrument during the year by the specified business subject to the provision contained in that section.

36(1) (iiia)	1/4/2009	Explanation (i) to section 36(1)(iiia) provides for the definition of the expression discount as the difference between the amount received or receivable by the infrastructure capital company or infrastructure capital fund or public sector company issuing the bond and amount of payable by such company or fund or public sector company on maturity or redemption of such bond. Explanation (i) is amended to include schedule bank after public sector company. Clause (viii) of section 36(1) related to deduction in respect of any special reserve created and maintained by eligible business for an amount not exceeding twenty per cent of profit derived from eligible business activities, carried to such reserve. The explanation (viii) to section 36(1)(viii) defines the expression specified entity and eligible business for the purpose of availing deductions under the said section. Under sub-clause (i) of clause (b) to the said explanation the words housing development shall be substituted in place of the words construction or purchase of houses in India for residential purpose.(w.e.f.01.04.2010)
40(b)(v)	1/4/2010	Section 40(b)(v) inter alia provides that **in case of working partners, payments of salary, bonus commission or remuneration** by whatever name called will be allowed as a deduction subject to the specified limits. **Amended items (a) and (b) of section 40(b)(v) has revised the specified limits and provide uniform limits for both professional firms and non-professional firms as under:** **(a) On the first Rs.3,00,000 of the book-profit or in case of a loss : Rs. 1,50,000 or at the rate of 90 per cent of the book profit, whichever is more;** (b) **On the balance of the book-profit: at the rate of 60 per cent.**
40A(3A)	1/10/2009	Section 40A(3) provides that where the assessee incurs any expenditure in respect of which a payment or aggregate of payments made to a person in a day, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, exceeds twenty thousand rupees, no deduction shall be allowed in respect of such expenditure. Section 40A(3A) provides that where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year the assessee makes payments in respect thereof otherwise then by an account payee cheque drawn on a bank or account payee bank draft, the payee so made shall be deemed to be the profit and gains of business or profession and accordingly chargeable to income tax as income of the subsequent year if the payment or aggregate of payments made to person in a day exceeds twenty thousand rupees. **Second proviso is inserted in section 40A(3A) to provide that in case of payment made for paying, hiring or leasing goods carriages, the ceiling of twenty thousand rupees specified in sub-sections (3) and (3A) shall be enhanced to thirty-five thousand rupees.**
43(1)	1/4/2010	Section 43(1) provides that actual cost means the actual cost of the assets to the assessee reduced by the portion of the cost thereof if any as has been met directly or indirectly by any other person or authority. Explanation 13 shall be inserted to provide that the **actual cost of any capital assets on which deduction has been allowed or is allowable to the assessee under new section 35AD (relating to deduction in respect of expenditure on specified business), shall be treated as nil** (a) in the case of assessee and (b) in any other case if the capital assets is acquired or received (i) by way of gift or will or irrevocable trust, (ii) on any distribution on liquidation of the company and (iii) by such mode of transfer as is referred to in clause (iv) (v) (vi) (vib) (xiii) and (xiv) of section 47.

43(6)	1/4/2010	Section 43(6) defines written down value. Explanation 7 shall be inserted to clarify that where the income of an assessee is derived in part from agriculture and in part from business of the assessee chargeable to income tax under the head profit and gains of business and profession for computing the written down value of assets acquired before the previous year the total amount of depreciation shall be computed as if the entire income is derived from the business of the assessee under the head profit and gains of business of profession and the depreciation so computed shall be deemed to be the depreciation actually allowed during the previous year under the act.
44AA(2)	**1/4/2011**	Section 44AA deals with compulsory maintenance of account in certain cases. Amended section 44AA provides that in the case of an assessee who is covered under the new section 44AD the maintenance of books of account is required if he clime that the profit and gains from the business are lower than the profit and gains computed in accordance with the provision of sub-section (1) of section 44AD and if his income exceeds the maximum amount which is not chargeable to income tax.
44AB	**1/4/2011**	Under section 44AB it is inter alia obligatory for person carrying on business to get his account audited before the specified date by an accountant if the total sales turnover or gross receipt in business for the previous year or years exceeds forty lakh rupees. A person carrying on profession will also have to get his account audited before the said date if his gross receipts in profession for the previous year or years exceeds or exceed ten lakh rupees. Amended section 44AB provides that in the case of an assessee who is covered under the new section 44AD the audit of books of account is required if he clime that the profit and gains computed in accordance with the provision of sub-section (1) of section 44AD and if his income exceeds the maximum amount which is not chargeable to income tax.
44AD	**1/4/2011**	Section 44AD at present provided that notwithstanding anything to the contrary contained in section 28 to 43C in the case of an assessee engaged in the business of civil construction or supply of labor of civil construction. A sum equal to eight per cent of the gross receipt paid or payable to the assessee in the previous year on account of such business or as the case may be a sum higher than the aforesaid sum as declared by the assessee in his return of income, shall be deemed to be the profit and gains of such business chargeable to tax under the head profit and gains of business or profession. The newly inserted section 44AD provides for estimating income of assessee who is engaged in any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE at a sum equal to eight per cent of the total turnover or gross receipts in the previous year on account of such business, or, as the case may be a sum higher than the aforesaid sum claimed to be earned by the assessee The scheme will apply to such resident assessee who is an individual, Hindu undivided family and partnership firm but not limited liability partnership firm, whose total turnover does not exceed forty lakh rupees. It is further provided that the new scheme does not apply to an assessee who has claimed deduction under may of the section 10A 10AA 10B 10BA or deduction under any provision of chapter VIA under the heading C. Deduction in respect of certain incomes' in a previous year relevant to an assessee will be deemed to have been allowed the deduction under section 30 to 38 and clause (b) of section 40. Accordingly the written down value of any assets used for the purpose of the business of the assessee will be deemed to have been calculated as if the assessee had claimed and had actually been allowed the deduction in respect of depreciation for the assessment year. It is also provided that the provision of chapter XVII-C of the Income-Tax Act, relating to the payment of advance tax shall not apply to the assessee who opts for the above scheme in respect of such business. Under the new scheme the assessee will not be required to maintain books of account under section 44AA and gets the account audited under section 44AB in respect of such income unless the assessee claim that the profit and gains deemed to be his income under sub-section (1) 44AD and his income exceeds the maximum amount which is not chargeable to income-tax.

44AE	**1/4/2011**	Under section 44AE(1) in the case of an assessee, who owns not more than ten goods carriage and who is engaged in the business of plying. Hiring, leasing such goods carriages, the income of such business chargeable to tax under the head profit and gains of business or profession is deemed to be the aggregate of the profit and gains from all goods carriage owned by him in the previous year. Sub-section (2) inter alia provides that in the case of heavy goods vehicles the profit and gains from each such goods carriage shall be deemed to be an amount equal to three thousand five hundred rupees and three thousand one hundred and fifty rupees in the case of vehicle other than heavy goods vehicles for every month of part a month during which the vehicles are owned by the assessee are an amount higher than the aforesaid amounts as declared by him in his return of income. The aforesaid amounts of profit and gains enhanced from (a) three thousand five hundred rupees to five thousand rupees per month or part of a month or the amount claimed to be actually earned by the assessee whichever is higher in the case of heavy goods vehicles and (b) from three thousand one hundred and fifty rupees to four thousand five hundred rupees per month or part of a month or the amount claimed to be actually earned by the assessee whichever is higher in the case of vehicles other than heavy goods vehicles.
44AF	1/4/2009	Section 44AF provides that for estimating income of an assessee who is engaged in the business of retail trade in heavy goods and merchandise at a sum equal to five per cent of the total turnover in the previous year on account of such business or as the case may be a sum higher than the aforesaid sum as may be declared by the assessee in his return if income. Sub-section (6) is <u>inserted</u> to provide that the provision shall not apply to any assessment year beginning on or after 1/4/2011 in view of the substitution of section 44AD.
49	1/4/2010 1/10/2009	Section 49(2AA) provides that where the capital gain arises from the transfer of a share, debenture or warrant which has been taken into account while computing the value of perquisite under clause (2) of section 17 the cost of acquisition of such share, debenture or warrant shall be of value taken into account for computation of such perquisite under that sub-section. Sub-section (2AA) shall be substituted to provide that <u>where the capital gain arises from the transfer of the specified securities or sweat equity share referred to in sub-clause (vi) of clause (2) of section 17 the cost of acquisition of such security or share shall be the fair market value which has been taken into account</u> for the purpose of the said sub-clause. **Transfer of property to an individual/ HUF without consideration or for consideration which is less than stamp duty value (in the case of immovable property) is chargeable to tax with effect from 1/10/2009 in the hands of transferee under section 56(2)(vii) if certain condition are satisfied**. **Newly inserted sub-section (4) of section 49 provides that the cost of acquisition of such assets in the hands of transferee for capital gains purpose will be the value which has been taken into account for the purpose of section 56(2)(vii).**

50B	1/4/2010	Under section 50B any profit and gains arising from the slump sale effected in the previous year shall be chargeable to income tax act as capital gains arising from the transfer of long term capital assets and shall be deemed to be income of the previous year in which the transfer took place: further in relation to capital assets being an undertaking or division transferred by way of such sale the net worth of such undertaking or division shall be deemed to be the cost of acquisition and the cost of improvement for the purpose of the section 48 and 49 and no regard shall be given to the provision contained to the proviso to section 48. Net worth has been defined to be the aggregate value of the total assets of the undertaking of division as appearing in its books of account. Clause (b) of explanation 2 shall be substituted to provide that for computing the net worth, the aggregate value of total assets shall be, (a) in the case of depreciable assets the written down value of the block of assets determined in accordance with the provision contained in sub-item (c) of item (i) of sub-clause (c) of clause (6) of section 43; (b) in the case of capital assets in respect of which the whole of expenditure has been allowed or is allowable as the deduction under section 35AD (relating to deduction in respect of expenditure on specified business) nil and (c) in the case of other assets the book value of such assets.
50C	1/10/2009	Under section 50C where the consideration received or accruing as a result of the transfer by an assessee of a capital assets, being land or building or both is less than the value adopted or assessed by any authority of a state government for the purpose of payment of stamp duty in respect of such transfer the value so adopted or assessed shall for the purpose of section 48, be deemed to be the full value of consideration received or accruing as a result of such transfer. Section 50C is amended to substitute the words or assessed wherever they occur in the said section by the words or assessed or assessable. **An explanation is inserted after the existing explanation to define the expression assessable as the price which the stamp valuation authority would have adopted or assessed if it referred to such authority for the payment of stamp duty notwithstanding anything to the country contained in any other law for the time being in force**.
56(2)	1/10/2009 1/4/2010	Section 56(2)(vi) brings any sum of money the aggregate value of which exceeds fifty thousand rupees which is received without consideration by an individual and Hindu undivided family from person other than relative as defined under that section within the purview of income-tax. **Section 56(2) is now amended to tax specified properties, including the sum of money, received without consideration or for inadequate consideration.(w.e.f. 01.10.2009)** **Clause (viii) shall be inserted in section 56(2) to provide that income by way of interest received on compensation or on enhanced compensation referred to in sub-section (2) of section 145A shall be chargeable to income-tax under head income from other sources.**(w.e.f.01.04.2009)
57	1/4/2010	**Section 57 provides that the income chargeable under the head income from other sources shall be computed after making the deduction specified therein.** **Clause (iv) shall be inserted in section 57 to provide that in the case of income of the nature referred to in clause (viii) of sub-section (2) of section 56 a deduction of a sum equal to fifty per cent of such income shall be allowed; no further deduction shall be allowed under any other clause of section 57.**
73A	1/4/2010	Sub-section (1) of the newly inserted section 73A provides that any loss computed in respect of any specified business referred to in new section 35AD (relating to deduction in respect of expenditure on specified business) shall not be set off except against profit and gains if any of any other specified business, sub-section (2) of the new section provides that where for any assessment year any loss

		computed in respect of the specified business referred to in the sub-section (1) has not been wholly set off under section (1) so much of the loss as is not to set off or the whole loss where the assessee has no income from any other specified business shall subject to the other provision of this chapter be carried forward to the following assessment year and— (i) It shall be set off against the profit and gains if any of any specified business carried on by him assessable for that assessment year; and (ii) If the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on.
80A	1/4/2003 1/4/2009	Section 80A provides that in computing the total income of an assessee there shall be allowed from his gross total income the deduction specified in section 80C to 80U of the act. The said section further provides that the aggregate amount of deduction in computing the total income shall not in any case exceed the gross total income of the assessee. Sub-section (4) in <u>inserted</u> in section 80A to provide that notwithstanding anything to the contrary contained in section 10A or section 10AA or section 10BA or in provision of chapter VI-A under the heading C deduction in respect of certain income where in the case of an assessee any amount of profit and gains of an undertaking or unit or enterprise or eligible business is claimed as a deduction under any of those provision for any assessment year, deduction in respect of, and to the extent of such profits and gains shall not be allowed under any other provision of this act for such assessment year and shall in no case exceed the profit and gains of such undertaking or unit or enterprise or eligible business as the case may be. (w.e.f.01.04.2003) **Sub-section (5) is <u>inserted</u> to provides that where the assessee fails to make a clime in his return of income for any deduction under section 10A or section 10AA or section 10B or section 10BA or under any provision of chapter VI-A under the heading C – *<u>deduction in respect of certain income</u>* no deduction shall be allowed to him there under.** (w.e.f.01.04.2003) Sub-section (6) is <u>inserted</u> to provide that notwithstanding to the contrary contained in section 10A or section 10AA or section 10B or section 10BA or under any provision of chapter VI-A under the heading C – *<u>deduction in respect of certain income</u>*, where any goods and services held for the purpose of the undertaking of unit or enterprise or eligible business are transferred to any other business carried on by the assessee or where any goods or services held for the purpose of any other business carried on by the assessee are transferred to the undertaking or unit or enterprise or eligible business and the consideration if any for such transfer as recorded in the accounts of the undertaking or unit or enterprise or eligible business does not correspond to the market value of such goods or services as on the date of the transfer, then for the purpose of any deduction under this chapter the profits and gains of such undertaking or unit or enterprise or eligible business shall be computed as if the transfer in either case had been made at the market value of such goods or services as on that date. Explanation to above sub-section (6) provides that (i) in relation to any goods or services would fetch if these were sold by the undertaking or unit or enterprise or eligible business from the open market subject to statutory or regulatory restriction if any. The said explanation is clarificatory in nature. (w.e.f.01.04.2009)

80CCD	1/4/2009	Section 80CCD (1) provides that where an assessee being an individual employed by the central government or any other employers on or after 1/1/2004, who has paid or deposited any amount in his account a under pension scheme notified or as may be notified by the central government there shall be allowed a deduction in computation of his total income of the whole of the amount paid or deposited by him as does not exceed ten per cent of his salary in the previous year. **Amended section 80CCD (1) shall now allow deduction under the aforesaid section to any other assessee in addition to an assessee being an individual employed by the central government or any other employer on or after 1/1/2004**. **It is also provided that if contribution by a taxpayer (other than employee) exceeds 10 per cent of his gross total income, the excess shall not be taken into consideration for the purpose of section 80CCD.** **A new sub-section (5) is inserted to provide that the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.**
80DD	1/4/2010	Under section 80DD where an assessee being an individual or a Hindu undivided family has during the previous year incurred any expenditure for the medical treatment training and rehabilitation of dependant being a person with disability or has paid or deposited any amount under a scheme framed in this behalf by the life insurance corporation or any other insurer or administrator or the specified company approved in this behalf for the maintenance of a dependant, being a person with disability, the assessee shall be allowed subject to specified condition a deduction of a sum of fifty thousand rupees also where such dependant is a person with severe disability a deduction of seventy five thousand rupees is allowed. Proviso to sub-section (1) is **amended to enhance the present limit of seventy five thousand rupees to one hundred thousand rupees** for a dependant who is a person with severe disability.
80E(3)	1/4/2010	Under section 80E a deduction is allowed to an individual under the said section in respect of interest on loan taken from any financial institution or any approved charitable institution for the purpose of pursuing his higher education are that of his relative. As per clause (c) of sub-section (3) of said section higher education means full time studies for any graduate or postgraduate course in applied science or pure sciences including mathematics and statistics. Clause (c) shall be substituted to provide that higher education will mean any course of study pursued after passing the senior secondary examination or its equivalent from any school board of university recognized by the central government or state government or local authority. Clause (e) shall be substituted to enlarge the scope of the **expression relative to cover the student for whom the taxpayer is the legal guardian**.
80G(5)	1/10/2009 1/4/2009	Section 80G(5)(vi) provides that the approval granted by a commissioner to any institution or fund shall have the effect for such number of assessment year not exceeding five assessment years as may be specified in the approval. Proviso to clause (vi) of sub-section (5) is omitted to do away with the time limit specified in the aforesaid proviso.(w.e.f.01.10.2009) Section 80G provides that the deduction under sub-section (1) is available to donation made to any institution fund if it is established for charitable purpose and it fulfils such other condition as are specified. Clause (15) of section 2 defines charitable purpose to include relief of the poor, education medical relief of the income from any such activity. Newly inserted clause (vii) of section 80G(5) provides that if any institution or fund had been approved under clause (vi) of sub-section (5) of section 80G for the previous year beginning on 1/4/2007 and ending on 31/3/2008 such institution or fund shall, for the purpose of

		aforesaid section and notwithstanding anything contained in the proviso to clause (15) of section 2 be deemed to have been (a) established for charitable purpose for the previous year beginning on 1/4/2008 and ending on 31/3/2009 and (b) approved under clause (vi) of section 80G(5) for the previous year beginning on 1/4/2008 and ending on 31/3/2009. (w.e.f.01.04.2009)

80GGB	1/4/2010	Section 80GGB provides for deduction of any some contributed by an Indian Company to any political party in the previous year while computing the total income of such Indian Company. Section 80GGB shall be <u>amended to bring electoral trust</u> within the scope of the above said section to that contribution made by an Indian company to electoral trust would also be eligible for deduction under that section.
88GGC	1/4/2010	Section 80GGC provides for deduction of any some contributed by any person except local authority and every artificial juridical person wholly or partly funded by the Government to any political party in previous year while computing the Total Income of such Indian Company. Section 80GGC is <u>amended to being electoral trust</u> within the scope of the above said section so that contribution made by such person to electoral trust would also be eligible for deduction under that section. Under section 81-IA(4)(iii) an undertaking which develops and operator industrial park is eligible for 10-year tax benefit if a few condition are satisfied. For this purpose, the terminal date for commencing the activity has been extended from 31-3-2009 to 31-3-2011.
80IA	1/4/2010 1/4/2009	Under section 80-IA(4)(iv) a deduction is allowed to an undertaking which (a) is set up in any part of India for the generation or generation and distribution of power if it begins to generate power at any time during the period beginning on 1/4/1993 and ending on 31/3/2010; (b) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on 1/4/1999 and ending on 31/3/2010 (c) undertakes substantial renovation and modernization of the existing network of transmission or distribution lines at any time during the period beginning on 1/4/2004 and ending on 31/3/2010. Sub-clause (a) (b) and (c) of clause (vi) of sub section (4) are <u>amended to extend the time limit from 31/3/2010 to 31/3/2011</u>. Sub-clause (b) of clause(v) of sub-section (4) provides that an undertaking owned by an Indian company and set up for reconstruction or revival of a power generating plan if such under taking being to generate or transmit or distribute power before 31/3/2008 are eligible for deduction. Sub-clause (b) of clause (v) of sub-section (4) is amended to extend the date to begin generation transmission or distribution of power from 31/3/2008 to 31/3/2011. Clause (vi) of sub-section (4) provides for deduction to any undertaking carrying on the business of laying and operating to cross company natural gas distribution network, including pipeline and storage facility being an integral part of such network. Clause (vi) of sub-section (4) is now <u>omitted.</u> Under section 80-IA (4)(iii), an undertaking which develops and operators industrial park is eligible for 10years tax benefits. The terminal date for commencing the activity has been <u>extended from 31/3/2009 to 31/3/2011</u>. The Explanation to section 80-IA is <u>substituted</u> to clarify that nothing contained in the said section shall apply in relation to a business referred to in sub section (4) which is in the nature of a works contract awarded by an person (including certain or state government) and executed by the undertaking or enterprise referred to in sub-section (1) of section 80IA.

80-IB	Section 80-IB(9) provides for deduction in respect of profit and gains derived from commercial production or refining of mineral oil. In case of assessee in private sector, the benefits were available only if they began refining on or before 31/3/2009. The provision of sub-section (9) have been amended with effect from 1/4/2009, so as to allow such refineries a further periods of three years that is, up to 31/3/2012, to being refining of mineral oil and avail of the tax benefit. Further, with effect from 1/4/2010 the tax holiday under section 80-IB(9) has now been extended also to undertaking engaged in commercial production of natural gas from blocks which are licensed under: (a) The VIII round of bidding for award of exploration contract (hereafter referred to as NELP-VIII) under the new exploration licensing Policy announced by the government of India vide Resolution No. O-19018/22/95-ONG.DO.VL, dated 10/2/1999 and which being commercial production of natural gas on or after 1/4/2009. (b) The IV round of bidding for award of exploration contract for coal bed methane blocks and which is being commercial production of natural gas on or after 1/4/2009. Further the term undertaking in sub-section (9) has been amended with retrospective effect from assessment year 2000-01 by inserting an Explanation so as to clarify that for the purpose of claiming deduction under sub-section (9) all block licensed under a single contract which has been awarded under the new Exploration Licensing Policy announced by the Government of India vide resolution NO. O-19018/22/95-ONG.DO.VL, dated 10/2/1999 or has been awarded in pursuance of any law for the time being in force or has been awarded by central of state government in any other manner shall be treated as a single undertaking. This definition of undertaking will be applicable both in relation to mineral oil and natural gas. **Section 80-IB(10)** provides for 100% deduction of profits derived by an undertaking from developing and building housing projects. This benefits is available inter alia subject to condition that the built up area of each residential unit does not exceed 1000 sq. ft. in Delhi and Mumbai (including areas falling within 25km. of municipal limits of these cities) and 1500 sq. ft. in other places. Hitherto, the deduction was available to an undertaking developing and housing project approved before 31/3/2007. Section 80-IB(10) has been amended to substitute this date by 31/3/2008 in other words the deduction will now be available for projects approved till 31/3/2008. An explanation has been inserted in section 80-IB(10) with retrospective effect from assessment year 2001-02 so as to provide that the deduction in the said section shall not be available to any undertaking which executes the housing project as a work contract awarded by any other person (including central of state government) Further now clauses have been inserted in the said section with effect from assessment year 2010-11 to provided that the undertaking which develops and builds the housing project shall be eligible for a deduction under this sub-section only if__ (a) Not more than one residential unit in the housing project is allotted to the same person not being an individual and (b) Where the person is an individual no other residential unit in such housing project is allotted to any of the following person (i) Such individual or the spouse or minor children of such individual; or (ii) The Hindu undivided family in which such individual is the Karta. (iii) Any person representing such individual, the spouse or minor children of such individual or the Hindu undivided family in which such individual is the Karta. Section 80 IB(11A) of the act allows deduction in respect of profits and gains from the business of processing, preservation and packaging fruit or vegetable. The said deduction is now extended to the business of processing, preservation, and packaging of meat and meat products or poultry or marine products. A proviso is inserted below the sub-section (11A) to provide that the deduction would not be available to an undertaking engaged in the said business if it has begun to operate such business before 1/4/2009 in other

		words the deduction would be available to the business of processing preservation and packaging of meat and meat products and poultry or marine or dairy products if it begins the business operation from 1/4/2009 or thereafter.
80U	1/4/2010	Under section 80U deduction is available if a person is suffering a disability. The quantum of deduction of Rs. 50,000 A higher deduction of Rs. 75,000 is available to a person suffering from a severe disability. The limit of Rs. 75000 has been increased to Rs 1 lakh with effect from the assessment year 2010-11.
89	1/4/2010	Under section 89 an assessee is entitled to tax relief if salary etc. is paid in arrears or in advance. A proviso shall be inserted in section 89 to provide that no relief shall be granted in respect of any amount received or receivable by an assessee on his voluntary retirement or termination of his services in accordance with any scheme or schemes of voluntary retirement or in the case of public sector company referred to in sub-clause (i) of clause (10C) of section 10 a scheme of voluntary retirement or termination of his service or voluntary separation has been claimed by the assessee under clause (10c) of section 10 in respect of such, or any other assessment year.
90	1/10/2009	Under section 90 power has been conferred upon the Central Government to enter into agreement with the government of any country outside India for granting of relief in respect of income on which income tax has been paid both under the Indian income tax act and income tax in that foreign country. Section 90 is substituted to confer power upon the central government to inter into agreement with the government of any specified territory outside India in addition to entering into agreement with foreign countries has provided in the existing section 90. An explanation is inserted in the newly substituted section 90 to define specified territories which means any area outside India which may be notified as such by the central government for the purpose of said section.
92C	1/10/2009	Under section 92C (2) the most appropriate method shall be applied for determination of arm's length price in the manner prescribed. Proviso to sub-section (2) provides that where the most appropriate method result in more than one price the arithmetic mean of such or, at the option of the assessee a price which defers from the arithmetical mean of such or, at the option of the assessee a price with differs from the arithmetical mean by an amount not exceeding five per cent of such mean may be taken to be the arms length price in relation to the international transaction. Proviso is substituted to provide that **where more than one price is determined by the most appropriate method the arms length price shall be taken to be the arithmetical mean of such price**. It is further provided that the **variation between the arms length price so determined and price at which the international transaction has actually been undertaken shall be deemed to be the arms length price.**
92CB	1/4/2009	The newly inserted section provides that the determination of arm length price under section 92C or section 92CA shall be **subject to safe harbor rules** to be notified by the board. **Safe harbor is defined to mean circumstances in which the income tax authorities shall accept the transfer price declared by the assessee.**

115JA	1/4/1998	Section 115JA provides that in the case of an assessee, being a company, the total income computed in respect of any previous year relevant to the assessment year commencing on or after 1/4/1997 but before 1/4/2001 is less than thirty per cent of its book profits. The expression book profit has been defined in the explanation after second proviso which defines the books profits has the net profit as shown in the profit and loss account prepared in accordance with the provision of parts II and III of scheduled VI to the companies Act, 1956 as in creased or reduced by certain adjustment, as specified in the said section. Section 115JA(2) is amended to provide that any provision for diminution in the value of any assets will also be included in the computation of book profit.
115JAA	1/4/2010	Under section 115JAA (3A) the amount of tax credit determined under sub-section (2A) shall be carried forward and set-off in accordance with the provision of sub-section (4) and (5) but such carry forward shall not be allowed to carry forward beyond the seventh assessment year immediately succeeding the assessment year in which tax credit becomes allowable under sub-section (1A). Sub-section (3A) of section 115JAA is amended to provide that the amount of tax credit determined under section (2A) shall not be allowed to carry forward **beyond the tenth assessment year (instead of seventh assessment year)** immediately succeeding the assessment year which tax credit becomes allowable under sub-section (1A).
115JB	1/4/2010 1/4/2001	Under section 115JB, in case of a company if the tax payable on the total income as computed under the Income-Tax Act in respect of any previous year relevant to the assessment year commencing on or after 1/4/2007 is **less than ten per cent of its book profit**, such book profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be ten per cent of such book profit. Sub-section (1) of section 115JB is amended to provide that if Income-Tax payable on the total income as Computed under the Income Tax Act in respect of any previous year relevant to be assessment year commencing on or after 1/4/2010 is **less than fifteen per cent of its books profits**, such books profit shall be deemed to be the total income of the assessee and the tax payable for the relevant previous year shall be fifteen per cent of such book profit. A new clause (i) is inserted after clause (h) in the explanation 1 to sub-section (2) to provide **that any provision for diminution in the value of any assets will also be included in the computation of book profit.**
115-O	1/4/2009	Section 115-O (1) inter alia provides that any amount declared, distributed or paid by such company, by way of dividends shall be charges to addition income tax or tax on distributed profit at the rate of fifteen per cent. Sub-section 1(A) provides that the amount of dividends referred to a sub-section (1) shall be reduced by the amount of dividend if any received by an domestic company during the financial year if (a) such amount of dividend received from its subsidiary (b) the subsidiary has paid tax under this section on such dividend; and (c) the domestic company is not a subsidiary of any other company. The said sub-section also provides that the same amount of dividend shall not be reduced more than once. Sub-section (1A) is substituted to provide that the amount referred to sub-section (1) shall also be reduced by the amount of dividend, if any, paid to any person for, or on behalf of, the new pension system trust referred to in clause (44) of section 10.

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115WE	1/4/2009	Sub-section (1B) of section 115WE provides that the Central Government may, save as otherwise expressly provided for the purpose of giving effect to the scheme made under sub-section (1A) of the section by notification in the official Gazette, direct that any of the provision of this Act relating to processing of return shall not apply or shall apply with such exception, modification and adaptations as may be specified in that notification so however that no direction shall be issued after 31/3/2009. Sub-section (1B) is substituted to **extend the time limit from 31/3/2009 to 31/3/2010** so that no direction shall be issued after 31/3/2010.
115WM	1/4/2009	The newly Inserted section 115WM provides that **nothing contained in Chapter XII-H** shall apply in respect of any assessment year commencing on 1/4/2010 or any subsequent year.
131	1/10/2009	New section 144C is inserted to provide that the assessee shall file his objection among other to the Dispute resolution panel against the draft or the order of assessment of assessing officer. Sub-section (1) of section 131 is consequently amended to provide that dispute Resolution panel referred to in clause (a) of sub-section (15) of section 144C shall have the same power as are vested in a court under the code of civil Procedure, 1908.
132	1/6/1994- 1/10/1998	Section 132(1) provides that where the Director General or director or chief commissioner or commissioner or joint commissioner authorized by the board in this behalf on his satisfaction of certain condition may issue warrant of authorization for conducting search and seizure operation. Sub-section (1) of section 132 is amended (a) To clarify that additional director or additional commissioner had always the power to issue warrant of authorization for conducting search and seizure under the said section. (b) To provide that no authorization shall be issued by the Additional Director or additional commissioner or joint director or joint commissioner on or after 1/10/2009 unless he has been empowered by the board to do so and; (c) To clarify that Joint Director and joint commissioner had always the power to issue warrant of authorization for conducting search and seizure under the said section. Sub-section (1A) of section 132 is amended (a) To clarify that Additional Director or additional commissioner had always the power to issued warrant of authorization for conducting search and seizure under the said section. (b) To provide that joint director and joint commissioner had always the power to issued warrant of authorization for conducting search and seizure under the said section.
132A(1)	1/6/1994	Section 132(1) provides that the direct general or director or the chief commissioner or commissioner may authorize any joint director, joint commissioner, assistant director or deputy director, assistant commissioner, deputy commissioner or income tax officer. Sub-section (1) is amended to provide that additional director or additional commissioner may be authorized to exercise the power specified in the said section.
139A	1/10/2009	Section 139A(5B) provides that where any sum of income or amount has been paid after deducting tax under chapter XVIIB every person deducting tax under this chapter shall quote the permanent account number of person to whom such sum or income or amount has been paid by him in all quarterly statements prepared and delivered or caused to be delivered in accordance with the provision of sub-section (3) of section 200. Sub-section (5B) is amended to provide that every person deducting tax under this chapter **shall quote the permanent account number of the person of whom such sum or income or amount has been paid by him** in all statement prepared and delivered or caused to be delivered in accordance with the provision of section (3) of section 200. Sub-section (5D) is amended to provided that every person collecting tax in accordance with the provision of section 206C **shall quote the Permanent Account Number of every buyer or**

		licensee or lessee in all statement prepared and delivered or caused to be delivered in accordance with the provision of sub-section (3) of section 206C.
140	1/4/2010	Under section 140 the return shall be signed and verified by the concerned person as specified in the said section. New clause (cd) inserted in section 140 provides that in the case of **limited liability partnership, in return shall be signed and verified by the designated partner** and where for any unavoidable reason the designated partner, by any other partner.
143	1/4/2009	Sub-section (1B) of section 143 provides that the central government may, save as otherwise expressly provided for the purpose of giving effect to the scheme made under sub-section (1A) of the section by notification in the official Gazette direct that any of the provision of this act relating to processing of return shall not apply or shall apply with such exception modification and adaptations as may be specified in that notification so, however that no direction shall be issued after 31/3/2009. Sub-section (1B) is amended to extend the time limit from 31/3/2009 to 31/3/2010 so that no direction shall be issued after 31/3/2010.
144C	1/4/2009	The subject of transfer pricing audit and the taxation of foreign company are at nascent stage in India. Often the assessing officer and transfer pricing officers tend to take a conservative view. The correction of such view takes very long time with the existing appellate structure. With a view to provide speedy disposal the income tax act is amended to create an alternative disputes resolution mechanism within the income tax act department and accordingly section 144C is inserted to as an alternative dispute resolution panel as an alternative dispute resolution mechanism.
145A	1/4/2010	Section 145A provides that while computing the value of the inventory as on the 1st and the last day of the previous year the computation according to the method of accounting regularly employed by the assesses shall be adjusted to include the amount of any tax duty, cess or fees paid or liability incurred for the same under any law in force. Section 145A is amended to also incorporate a provision where under the interest received by an assessee on compensation or on enhanced compensation as the case may be shall be deemed to be the income of the year in which it is received.
147	**1/4/1989**	Explanation 3 is inserted to provide that for the purpose of assessment under this section **the assessing officer may assets or reassess in come in respect of any issue which has escaped assessment and such issue come to his notice subsequently in the course of the proceedings under this section notwithstanding that the reason for such issue have not been included in the reasons recorded** under sub-section (2) of section 148.
167C	1/4/2010	The newly inserted section 167C provides that where any tax is due from a limited liability partnership in respect from any income of any previous year or from any other person in respect of any income and any previous year during which such other person was a limited liability partnership cannot be recovered, then, every person who was a partner of the limited liability partnership at any time during the relevant previous year shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect misfeasance or breach of duty on his part in relation to the affairs of the limited liability partnership.
194A	1/4/2009	Section 194A (3) provides that the provision of sub-section (1) shall not apply in respect of certain income or receipt. Clause (x) of the said sub-section provides that provision of sub-section (1) shall not be applicable in respect of income paid or payable on zero coupon bond issued by an infrastructure capital company or infrastructure capital fund or public sector company on or after 1/6/2005. Clause (x) of sub section (3) of section 145A is amended to include 'Schedule Bank ' for above said purpose.

194C	1/10/2009	Under the existing provision if certain persons make payment for carrying out any work to a contractor then tax is deductible at source at the rate of one per cent in the case of payment for advertising contract and two per cent in the case of any other contract. Further tax is deductible at sources at the rate of one per cent when a contractor makes a payment to a sub contractor. The existing section further provides that no tax shall be deductible at source on payment or credit exceeds fifty thousand rupees in a year then tax is deductible at sources. The provision give exemption from tax deduction at sources on payment made to sub-contractor during the course of business of plying hiring or leasing goods carriages on fulfillment of certain conditions. **Section 194C is totally substituted to provide as under**: • Sub-section (1) provides that any person shall deduct shall deduct tax at sources at the rate of one per cent if the payee is an individual or a Hindu undivided family or at the rate of two per cent in the case of any other person on payment to resident contractor for carrying out any work. • Sub-section (2) provides that if the sum is credited to suspense account, etc then also tax at source needs to be deducted. • Sub-section (3) provides that where any sum is paid or credited for carrying out any work mentioned in sub-clause (e) of clauses (iv) of the explanation to section 194C tax shall be deducted at sources on the invoice value is mentioned separately in the invoice or on the whole of the invoice value if the value of material is not mentioned separately in the invoice. • Sub-section (4) is identical to the proviso to earlier sub-section (1) of section 194C. • Sub-section (5) is identical to clause (i) of sub-section (3) of the existing section 194C. • Sub-section (6) provides that no tax shall be deducted at source in case of payment for plying, hiring or leasing goods carriages provided that the contractor provides his permanent account number. • Sub-section (7) provides that the payer mentioned in sub-section (6) shall furnish to the prescribed income tax authority or the person authorized by it such particular as may be prescribed.
194-I	1/10/2009	Clauses (a) (b) and (c) of section 194-I provide for deduction of tax at source on income by way of rent it inter alia provides such deduction at the rate of ten per cent for the use of any machinery or plant or equipment. It further provides that such deduction at the rate of fifteen per cent for the use of any land or building (including factory building) or furniture or fittings where the payee is an individual or a Hindu undivided family and twenty per cent where such payee is a person other than an individual family. Clauses (a), (b) and (c) are substituted by new clauses (a) (b) to provide that deduction of tax at sources on an income by way of rent shall be at the rate of **(i) two per cent for the use of any machinery or plant or equipment,** **(ii) ten per cent for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings.**
197A	1/4/2009	Under section 197 no tax is deducted at source on certain incomes, if the deductee files a declaration in the prescribed form and in the case of an off shore banking unit on interest paid to non-resident or a person not ordinarily resident in India subject to fulfillment of certain conditions. A new sub-section (1E) is inserted to provide that no deduction of tax shall notwithstanding anything contained in this chapter be made from any payment to any person for, or on behalf of, the new pension for, or on behalf of, the new pension system trust.
200	1/10/2009	Amended sub-section (3) of section 200 provides that any person deducting any sum on or after 1/4/2005 in accordance with the provision of chapter XVII-B or as the case may be any person being an employer referred to in sub-section (1A) of section 192 shall after paying the tax deducted to the credit of the central government within the prescribed time, prepare such

		statement for such period as may be prescribed by income tax authority or the person authorized by such authority such statement for such period in such form and verify in such manner and setting forth such particulars and within such time as may be prescribed.
200A	1/4/2010	The newly inserted section 200A provides that the statements of tax deduction at source made under section 200 shall be processed and sums deductible under chapter XVII-B shall be computed after making adjustments of any arithmetical error or apparent incorrect claim in the statements and interest if any shall be charged on the sum so computed. The sum payable or refundable to the deductor shall be determined after adjusting the aforesaid computed sum against any amount paid under section 200 and section 201 and any amount paid otherwise by way or tax or interest. Intimation shall be sent to the deductor specifying the amount payable or refundable or the deductor. No intimation shall be sent after the expiry of one year from the end of the financial year in which the statement is filed. Clause (a) of the explanation provides that an incorrect claim apparent from any information in the statement shall mean (i) A claim on the basis of an entry in the statement of an item which is inconsistent with another entry of the same or some other item in the statement. (ii) In respect of rate of deduction of tax at source, where such rate is not in accordance with the provisions of the act. It is further provided that for the proceeding of statements the board may make a scheme for centralized processing of statements of tax deducted at sources to expeditiously determine the tax payable by, or the refund due to the deductor.
201	1/4/2010	New sub-section (3) and (4) are inserted to provide time limit for passing of order under sub-section (1) of section 201 in case of resident taxpayers. It provides that no order shall be made under sub-section (1) of section 201, deeming a person to be an assessee in default for failure to deduct the whole or any part of the tax in the case of a person resident in India **at any time after the expiry of two years from the end of the financial year in which the statements is filed in a case where the statements referred to in section 200 has been filed**. It further provides that in any other case such order shall not be made at any time after four years from the end of the financial year in which payments is made or credit is given. It further provides that such order for a financial year commencing on or before 1/4/2007 may be passed at any time on or before 31/3/2011. It is also provides that the provision of sub-clause (ii) of sub-section (3) of section 153 and of explanation 1 to section 153 shall, so far as may apply to the time limit prescribed in sub-section (3) of section 201.

206AA	1/4/2010	Sub-section (1) of the newly inserted section 206AA specifies that any person who is entitled to receive any sum or income or amount on which tax is deductible under chapter XVIIB (here in after referred to as the deductee) shall furnish his permanent account number to the person responsible for deducting such tax (hereinafter referred as the deductor) failing which tax shall be deducted at the rate mentioned in the relevant provision of the act or at the rate in force or at the rate of twenty per cent, whichever is higher. Sub-section (2) provides that the declaration filed under section 197A shall be valid unless the person filing the declaration furnishes his permanent account number in such declaration. Sub-section (3) provides that in case any declaration becomes invalid under sub-section (2), the deductor shall deduct the tax at source in accordance with the provision of sub-section (1). Sub-section (4) provides that no certificate under section 197 shall be granted unless it contains the permanent account number of the applicant. Sub-section (5) provides that the deductee shall furnish his permanent account number to the deductor and both shall indicate the same in all correspondence, bills, vouchers and other documents which are exchanged between them. Sub-section (6) provides that where the permanent account number provided by the deductee is invalid or it does not belong to the deductee then it shall be deemed that permanent account number has not been furnished to the deductor and tax shall be deducted under sub-section (1).
206C	1/10/2009	The amendments provides that any person collecting tax on or after 1/4/2005, after paying the tax collected to the credit of the central government within the prescribed time, prepare such statements for such period as may be prescribed in each financial year and deliver or cause to be delivered to the prescribed income tax authority such statements for such period in such from and verified in such manner and setting forth such particulars and within such time as may be prescribed.
208	1/4/2009	Section 208 specifies that **advance tax** shall be payable in every case where the amount of such tax payable by the assessee during the financial year is five thousand rupees or more. **The said limit is enhanced from five thousand rupees to ten thousand rupees.**
246A	1/10/2009	Any order passed under sub-section (3) of section 143 or section 147 in pursuance of direction of the dispute resolution panel is excluded as an appealable order before commissioner (Appeals).
253	1/10/2009	A new clause (d) is inserted after clause (c) of sub-section (1) to provide that an order passed by an assessing officer under sub-section (3) of section 143 or section 147 in pursuance of direction of the dispute resolution panel or an order passed under section 154 in respect of such order is appealable to the appellate tribunal.

271(1)	1/6/2007	Under explanation 5A to section 271(1) where in the course of a search initiated under section 132 on or after 1/6/2007 the assessee is found to be the owner of (i) any money, bullion, jewellery or other valuable article or thing (hereafter in this explanation referred to as assets) and the assessee claims that such assets have been acquired by him by utilizing (wholly or in part) his income from any previous year or (ii) any income based on any entry in any books of account or other documents or transaction and claims that such entry in the books of account or other documents his income (wholly or in part) for any previous year which has ended before the date of the search and the assessee has not filed the return, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purpose of imposition of a penalty under clause (c) of sub-section (1) be deemed to have concealed the particular of such income. <u>Explanation 5A of sub-section (1) is substituted</u> to clarify that where the return of income for such previous year has been furnished before the said date but such income has not been declared therein in such case the assessee shall, the purpose of imposition of a penalty under clause (c) of sub-section (1) be deemed to have concealed the particular of his income or furnished inaccurate particulars of such income.
281B	1/4/1988	Second proviso to section 281B(2) provides that where an application under section 245C is made to the settlement commissioner the time taken by the settlement commission in making an order under sub-section (1) of section 245D would be excluded for computing the period of limitation of the provisional attachment order under this section. <u>A third proviso is inserted in sub-section (2)</u> of section 281B to provide that the period during which the proceedings for assessment or re-assessment are stayed by an order or injunction from any court shall be excluded from the period of operation of the provisional attachments order specified in the first proviso of the aforesaid sub-section.
282	1/10/2009	Under section 282 a notice or requisition under the act may be served on the person therein named either by post or as if it were a summons issued by a court. <u>Section 182 is substituted</u> to provide that the services of notice or summon or requisition or order or any other communication may be made by delivering or transmitting a copy there of by post or courier service or in such manner as provided in the code of civil procedure 1908 for the purpose of services of summons or in the form of any electronic record as provided in chapter IV of the information Technology Act, 2000 or by any other means of transmission as may be provided by rules made by the board in this behalf. It is also provided that the board may make rules providing for the address (including the address for electronic mail or electronic mail massage) to which such communication may be delivered.
282B	**1/10/2010**	<u>Newly inserted section 282B</u> provides that every income tax authority shall allot a computer generated document identification number in respect of every notice, order, letter or any correspondence shall be treated as invalid and shall be treated as invalid and shall be deemed never to have been issued. It is also provided that every document letter of any correspondence, received by an income-tax authority shall be accepted only after allotting and quoting of a computer generated document identification number. It is also provided where the document letter or any correspondence received by any income tax authority or on behalf of such authority does not beer document Identification number such document letter or any correspondence shall be treated as in valid and shall be deemed never to have been received.
293C	1/10/2009	<u>Newly inserted section 293C</u> provides that the central government or board of income tax authority who has been conferred upon the power under any provision of this act to grant any approval to any assessee may withdraw such approval at the time although such provision to withdraw such approval has not been specifically provided for in such provision. However the central government or board or income tax authority shall give a reasonable

		opportunity of showing cause against the withdrawal to the concerned assessee and thereafter withdraw the approval and record the reasons for doing so.
Rule 5 of the First Schedule	1/4/2011	Under rule 5 of part A of first schedule profit and gains of non-life insurance business is taken to be profit disclosed by annual account as per insurance act 1938 subject to adjustment under clause (a) and clause(c) of said rule 5. Rule 5 is amended to provide that profits and gains of any business of insurance other than life insurance shall be taken to be the profit before tax and appropriations as disclosed in the profit and loss account prepared in accordance with the provision of the insurance Act 1938 or rule made there under or the insurance regulatory and development authority act 1999 or regulation made there under subject to the adjustment mentioned in clause (a) clause (c) of aforesaid rule 5 and the newly inserted clause (b) which provides that adjustment shall be made by way of deduction in respect of any amount either written off or provided in the account to meet diminution in or loss on realization of investments in scribed by insurance regulatory and development authority. Adjustment shall also be made by way of increase in respect of any amount taken credit for in the account on account of appreciation of or gains on realization of investments in accordance with the regulation prescribed by insurance regulatory and development authority.
Part A of the Fourth Schedule	1/4/2009	Rule 3 in part A of the Fourth schedule provides that the chief commissioner or commissioner may accord recognition to any provident fund which in his opinion satisfied the conditions specified under rule 4 in part A of the said fourth schedule and the conditions which the board may specify by rules the first proviso to sub-rule (1) of rile 3 provides that in a case where recognition has been accorded to any provident fund on or before 31/3/2006 and such provident fund does not satisfy the conditions set out in clause (ea) of said rule 4, and any other condition which the board may by rules specify in this behalf the recognition to such fund shall be withdrawn if such fund does not satisfy such condition on or before 31/3/2009. Proviso to sub-rule (1) is amended to extend the said time limit from 31/3/2009 to 31/3/2010.

WEALTH-TAX ACT, 1957

3(2)	**1/4/2010**		At present wealth-tax is charged in respect of the net wealth on the corresponding valuation date of every individual, Hindu individual family and company, at the rate of one per cent of the amount by which the net wealth **exceeds fifteen lakh rupees.** A proviso is inserted after sub-section (2) to section 3 to provide that for every assessment year commencing on and from 1/4/2010, wealth-tax will be charged in respect of the net wealth on the corresponding valuation date of every individual Hindu undivided family and company at the rate of one per cent of the amount by which the **net wealth exceeds thirty lakh rupees.**
44A	1/10/2009		Under section 44A power has been conferred upon the central government to enter into an agreement with the government of any reciprocating country outside India for granting of relief in respect of wealth tax payable under the Indian law and the corresponding law in force in that reciprocating foreign country. Explanation to section 44A is amended to confer power upon the central government of any territory outside India, which may be notified by the central government in addition to entering into agreement with foreign countries as provided in existing section 44A.

SECURITIES TRANSSACTION TAX

113A	1/10/2009		Newly inserted section 113A provides that the provisions of the said chapter shall not apply to taxable securities transaction entered into by any person for or on behalf of the new pension system trust.

*** *Please see the effective date of the amendments very carefully.*

Note: In case of any query, please feel free to contact me or mail your query to bikashbogi@yahoo.co.in.

Success is not the matter of being the BEST & WINNING the race: Success is a matter of HANDLING the WORST & FINISHING the Race.