

Rates of Tax for Individuals (Men/women)

INCOME	TAX
Upto Rs. 2,50,000	Nil
Next Rs.2,50,000 i.e. Rs.2,50,001 to Rs.5,00,000	@ 10%
Next Rs.5,00,000 i.e. Rs.5,00,001 to Rs.10,00,000	@ 20%
Above Rs.10,00,000	@ 30%

Senior Citizen: However for resident individual who is at any time during the Previous Year is-

- i) **60 years or more but less than 80 years** of age- Income shall be exempted upto Rs.3,00,000. Thereafter the aforesaid slab is to be applied.
- ii) **80 years of age** – Income shall be exempted upto Rs.5,00,000. Thereafter, the aforesaid slab is to be applied.

Surcharge = 12%, If the total income exceeds Rs. 1crores.

Education Cess: 2% on Total Tax

Secondary Higher Education Cess: 1% on Total Tax.

ROUNDING OFF

Section 288A: Total Income shall be rounded off to nearest multiples of Rs.10

Section 288B: Tax Liability shall be rounded off to nearest multiples of Rs.10

REBATE [SECTION 87A]

Section 87A: Rebate of income-tax in case of certain individuals.:

- (1) **Allowed to resident Individual only**
- (2) **Whose total income does not exceed Rs. 5,00,000.**
- (3) **Amount of Rebate: (i) 100% of income tax payable or Rs. 2,000 ; lower**

MARGINAL RELIEF ON SURCHARGE

1) Marginal Relief w.r.t surcharge is available to all assessee where the total Income exceeds Rs. 1crores / Rs. 10 crores.

Quantum of Marginal relief = Additional Income tax payable along with surcharge on excess income over Rs. 1 Crores/ Rs. 10 crores (-) Amount of income exceeding Rs. 1 crores/ Rs. 10 crores.

TAX RATES PARTICULARLY SPECIFIED ON CERTAIN INCOMES

Section	Income	Income Tax Rate A.Y. 2016-17
111A	Short Term Capital gains on sale of Equity shares and units of Equity oriented Fund on which STT has been paid	15% subject to basic exemption limit for resident assessee.
112	<u>Long Term Capital Gains</u> <u>General Rate</u> 20% subject to basic exemption limit for resident assessee. For Non-resident assessee without basic exemption limit.	However, the benefit of 10% tax without indexation or 20% tax with indexation is available on (1) Listed Shares (2) Zero Coupon bonds In case of mutual fund the assessee shall have to pay 20% tax with indexation benefit.
115BB	Winnings from lotteries, crossword puzzles, or races including horse races or card games and other games of any sort or from gambling or betting of any from or nature whatsoever	30% without basic exemption limit

OTHER THAN INDIVIDUALS

ASSESSEE	RATE OF TAX	SURCHARGE	EDUCATION CESS
PARTNERSHIP FIRM	30% ON WHOLE OF TOTAL INCOME	12%, if total income > Rs. 1crores.	3%
LOCAL AUTHORITY	30% ON WHOLE OF TOTAL INCOME	12%, if total income > Rs. 1crores.	3%
CO-OPERATIVE SOCIETY	Upto Rs. 10,000 @ 10% 10,001 to 20,000 @20% If exceeds Rs. 20,000 @ 30%	12%, if total income > Rs. 1crores.	3%
DOMESTIC COMPANY	30% ON WHOLE OF TOTAL INCOME	7%, if Total Income > Rs. 1 crore but $\leq$ Rs. 10 crores. 12%, if Total Income > Rs. 10 crores.	3%

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FOREIGN COMPANY	50% ON ROYALTIES AND TECHNICAL SERVICES AND 40% ON THE BALANCE	SPECIFIED AND SERVICES ON THE	2%, if Total Income > Rs. 1 crores but ≤ Rs. 10 crores. 5%, if Total Income > Rs. 10 crores.	3%
HUF, AOP, BOI, ARTIFICIAL JURIDICAL PERSON	Upto Rs. 250000: NIL 250001 to 500000 @ 10% 500001 to 1000000 @ 20% Above 1000000 @ 30%		12%, if total income > Rs. 1crores.	3%

RATE OF TAX ON LONG-TERM CAPITAL GAINS [SECTION 112]

For Resident Assessee:

Assets	For A.Y 2016-17
Listed Shares <i>[if not exempt u/s. 10(38)]</i> , Listed Debentures, Listed Government securities or listed Bonds. Note- In any case indexation not allowed for Debentures.	<u>Option1</u> : 20% with indexation benefit ; or <u>Option 2</u> : 10% without indexation benefit
Units of mutual fund <i>[if not exempt u/s. 10(38)]</i> or UTI (whether listed or unlisted)	<u>Option1</u> : 20% with indexation benefit ; or <u>Option 2</u> : not available
Zero coupon bonds	<u>Option1</u> : 20% with indexation benefit ; or <u>Option 2</u> : 10% without indexation benefit
Any other assets Such as land, building, unlisted securities etc.	20% with indexation benefit

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APPLICABILITY OF SURCHARGE

<u>Assessee</u>	<u>Situation</u>	<u>Rate (%)</u>
Individual/HUF/AOP/BOI	Total income > Rs. 1crores	12%
Artificial Juridical Person	Total income > Rs. 1crores	12%
Firm	Total income > Rs. 1crores	12%
Domestic Company	Total Income > 1 crores but ≤ Rs. 10 crore	7%
	Total Income > Rs.10 crore	12%
Foreign Company	Total Income > 1 crores but ≤ Rs. 10 crore	2%
	Total Income > Rs.10 crore	5%
Co-operative society , Local Authority	Total income > Rs. 1crores	12%

► **ON MINIMUM ALTERNATE TAX (MAT)**

<u>Assessee</u>	<u>Situation</u>	<u>Rate (%)</u>
Domestic Company	Book Profit > 1 crores but ≤ Rs. 10 crore	7%
	Book Profit > Rs.10 crore	12%
Foreign Company	Book Profit > 1 crores but ≤ Rs. 10 crore	2%
	Book Profit > Rs.10 crore	5%

► **ON TDS**

i) **If the recipient is a foreign company** and the payment subject to TDS exceeds Rs. 1 Crore but less than 10 crores, then surcharge @ 2 %, in case amount exceeds Rs. 10 crores, then surcharge @ 5% will be applicable.

ii) **if the recipient is a non resident non-corporate** and the payment subject to TDS exceeds Rs. 1 crore, then surcharge @ 12% will be applicable.

iii) **Any other assessee: NIL**

► ON CORPORATE DIVIDEND TAX [Sec. 115-O]: 12%

► ON DISTRIBUTION TAX BY A MUTUAL FUND [SEC. 115R]: 12%

► ON DISTRIBUTION INCOME FOR BUY BACK OF SHARES [SEC. 115QA]: 12%

► ON DISTRIBUTED INCOME BY SECURITIZATION TRUST [SEC. 115TA]: 12%

► **Cost Inflation Index for the F.Y 2015-16 = 1081**

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AMENDMENTS UNDER HEADS OF INCOME

SALARY	Transport Allowance: Exemption upto Rs.1600 p.m. for commuting between place of his residence and place of his duty. But in case of an employee who is blind or deaf and dumb (inserted w.e.f 23.9.2015) or orthopedically handicapped with disability of the lower extremities of the body, to meet his expenditure for commuting between his residence and place of duty – Exemption upto Rs.3,200 per month.
BUSINESS PROFESSION	1) <u>Additional depreciation</u>: Subsequent year depreciation allowed for remaining portion if in the year of acquisition asset is used for less than 180 days. Further, Rate of additional depreciation 35% in notified backward area of WB/Bihar/Telangana/ Andhra Pradesh <u>Additional Depreciation in case of new factory plant and Machinery [Section 32]</u> Where assessee is engaged in the business of manufacture or production of article or thing or in generation or generation and distribution of power then he shall be allowed 20% additional depreciation on the actual cost of new plant and machinery, which has been acquired and installed during the year. <u>From A.Y 2016-17:</u> Additional depreciation shall be 35% instead of 20%, [In case of manufacturing unit is set up on or after 1.4.2015 in any notified backward area, in the State of Andhra Pradesh or Telangana or Bihar or West Bengal, and the assessee acquires and installs any new plant or machinery between 1.4.2015 to 31.3.2020] However if the asset is put to use for less than 180 days in the year of acquisition the rate of additional depreciation shall be 50% of the normal rate (i.e, 10%/17.5%) and in the immediately subsequent year balance 50% shall be allowed. Plants on which additional depreciation shall not be allowed: (i) Second Hand Plant & Machineries; or (ii) any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house; or (iii) any office appliances or road transport vehicles; or (iv) Ship or aircraft

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	(v) any machinery or plant for which 100% deduction/depreciation is allowed in the same year;
SECTION 35: EXPENDITURE ON SCIENTIFIC RESEARCH	<u>Section 35(2AA):</u> weighted deduction of 200% shall be allowed on donation made to National Laboratory; Indian Institute of technology (IIT) or university or approved specified person for approved scientific research programme. [Now, as per the amendments, such scientific research programme must be approved by prescribed authority in order to get weighted deduction of 200%] <u>Section 35(2AB):</u> Weighted deduction of 200% shall be allowed to a company assessee on in house scientific research subject to the following conditions - (i) such company should not be a company approved u/s. 35(1)(ia) [means don't take any donation from outside for scientific research] (ii) such company must engaged in Manufacturing any goods (including biotechnology product) other than goods of 11th Schedule (iii) make an agreement for co-operation with prescribed authority and (iv) fulfils such conditions with regard to maintenance and audit of accounts and also furnishing prescribed reports. [new compliance procedure. <u>Compliance and monitoring procedures tightened as per the recommendation of C&AG</u> The prescribed authority must satisfy itself about the feasibility of conducting scientific research before granting approval and required to submit its report to the Principal chief commissioner/ chief commissioner or principal Director General/Director General.
<u>Circular No. 17/2015:</u>	<u>Agricultural Land:</u> the distance between the municipal limit and the agricultural land is to be measured having regard to - (i) the shortest Aerial distance [applicable from A.Y 2014-15 and onwards] (ii) the shortest road distance [Applicable prior to A.Y 2014-15] [Based on decisions of Bombay High Court on 30.3.2015 in the case of Smt. Maltibai R Kadu]
RESIDENTIAL STATUS	<u>Calculation of NO. of days of stay in India for member of outgoing crew – CBDT prescribes rules:</u> In the case of an individual, being a citizen of India and a member

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	of the crew of a foreign bound ship leaving India, the period or periods of stay in India, in respect of eligible voyage, shall not include the period from the date of joining the ship to the date of signing off from the ship in respect of such voyage. [The date of joining and signing off are entered in the Continuous Discharge Certificate.] “eligible voyage” shall mean a voyage undertaken by a ship engaged in the carriage of passengers or freight in international traffic where- (i) for the voyage having originated from any port in India, has as its destination any port outside India; and (ii) for the voyage having originated from any port outside India, has as its destination any port in India.’ [A.Y 2016-17]. Residential Status of Company [Section 6(3)]:- Substituted w.e.f A.Y 2016-17 A company is said to be resident in India in any previous year, if— (i) it is an Indian company; or (ii) its place of effective management, in that year, is in India. <u>What is meant by Place of effective management ?(new concept introduced)</u> ‘place of effective management’ means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole, are in substance made.’. Note: Under the earlier provision foreign company was regarded as resident only when its control and management was wholly in India. So there was a scope that a foreign company can avoid of being resident of India by conducting only one board meeting outside India during the previous year even though it is mainly controlled and managed from India because of use of the words ‘controlled and managed wholly in India’ Now, after the use of concept ‘place of effective management’, the said practice would not help a foreign company to become non-resident of India if the control and management in substance is in India. Note: There is no concept of ordinarily or not ordinarily resident in the case of Company.
CHARITABLE TRUST	Section 2(15) defines Charitable purpose to include YOGA (newly inserted)

Exemption To Specific Assessee / General Exemption	➤ Income under Sukanya Samriddhi A/c is exempted under section 10(11A) : any Payment from an account, opened in accordance with the Sukanya Samriddhi Account Rules, 2014 made under the Government Savings Bank Act, 1873 shall be exempt; [w.r.e.f.A.Y 2015-16] ➤ Any income received by any person on behalf of the following is exempt- (i) The Swachh Bharat Kosh, set up by the Cent. Govt. (ii) The Clean Ganga Fund, set up by the Central Government. [w.r.e.f. A.Y 2015-16].
Deductions under Chapter VI A	
Section 80C:	Deduction allowed to the parents or legal guardian w.r.t any sum deposited (Subject to the total Limit U/s 80C) under Sukanya Samriddhi A/c Scheme in the name of self or girl child during the previous year. [w.r.e.f A.Y 2015-16]
80CCC(Individual)	Amount invested in annuity plan of LIC or any other insurer [Pension Fund] out of taxable income. Deduction allowed:- Amount invested or 1,50,000; whichever is lower

<u>Section 80CCD:</u>	Particulars	Deduction allowed
	1) Self employed [Section 80CCD(1)]	Lower of the following - (a) Amount contributed or (b) 10% of GTI or
	2) Employed:- (a) <u>Employee contribution [Sec 80CCD(1)]</u> To Pension fund of new pension trust	Lower of the following - (a) Amount contributed or (b) 10% of salary or
	(b) <u>Employer contribution [Sec. 80CCD(2)]</u> To Pension fund of new pension trust: First taxable under salary	Lower of the following - (a) Amount contributed or (b) 10% of Salary or [limit of 1,50,000 not applicable]
	1. Meaning of salary: Basic + D.A (if forming part) 2. The date of joining of service for Central Govt. employee should be on or after 1.1.2004. But for other employee date of joining is not relevant.	
<u>SECTION 80CCE</u>	SEC 80C + SEC80CCC + SEC 80CCD(1) (i.e,other than employer's contribution to Pension Fund of Section 80CCD) Maximum Limit Rs.1,50,000	
<u>Section 80CCD(1B)</u>	Amount contributed to NPS of Central Govt. [other than amount allowed in section 80CCD(1)], by any person being employed or not. [over and above the limit of section 80CCE]. Maximum Limit Rs. 50,000.	
<u>Section 80D</u>	Enhancement of the limit of deduction under section 80D and allowability of deduction for incurring medical expenditure in respect of very senior citizen. Effective from: A.Y. 2016-17 On account of the continuous rise in the cost of medical expenditure, the limit of deduction under section 80D has now been increased from Rs. 15,000 to Rs. 25,000. The limit of deduction in respect of amount paid to effect or keep in force an insurance of a person who is a senior citizen, being a resident individual of the age of 60 years or more, has also been raised from Rs. 20,000 to Rs. 30,000. As a welfare measure towards very senior citizens i.e. person of the age of 80 years or more and resident in India, who are unable to get health insurance coverage, section 80D has been amended to provide that deduction of upto Rs. 30,000 would be allowed in respect of any payment made on account of medical expenditure in respect of a very senior citizen,	

if no payment has been made to keep in force an insurance on the health of such person.

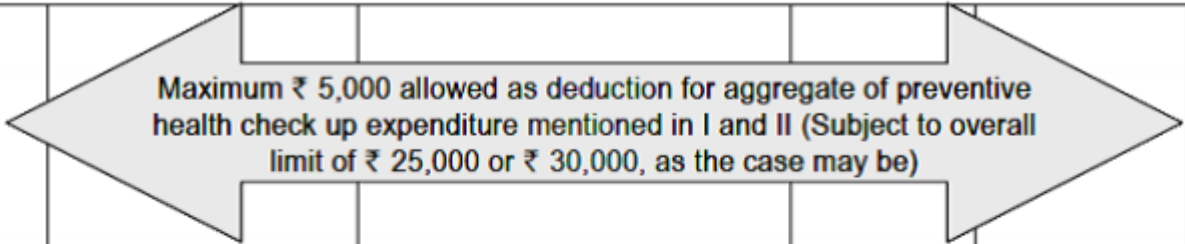
The aggregate deduction available to any individual in respect of health insurance premia and the medical expenditure incurred would, however, be limited to Rs. 30,000.

Similarly, aggregate deduction for health insurance premia and medical expenditure incurred in respect of parents would be limited to Rs. 30,000.

'Very senior citizen' to mean an individual resident in India who is of the age of eighty years or more at any time during the relevant previous year.

The following table summarizes the provisions of section 80D:

S. No.	Nature of payment/ expenditure	Expenditure on behalf of		Deduction for A.Y. 2015-16	Deduction for A.Y. 2016-17
I	(i) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health	In case of individual	Self, spouse and dependent children	₹ 15,000	₹ 25,000
	(ii) Contribution to Central Government Health Scheme (CGHS)	In case of HUF	Family member		
	(iii) Preventive health check up expenditure	In case any of the above persons is of the age of 60 years or more + resident in India		₹ 20,000	₹ 30,000
II	(i) Any premium paid, otherwise than by way of cash, to keep in force an insurance on the health	For Parents		₹ 15,000	₹ 25,000
	(ii) Preventive health check up	In case either or both the parents is of the age of 60 years or more + Resident in India		₹ 20,000	₹ 30,000

 Maximum ₹ 5,000 allowed as deduction for aggregate of preventive health check up expenditure mentioned in I and II (Subject to overall limit of ₹ 25,000 or ₹ 30,000, as the case may be)				
III	Amount paid on account of medical expenditure	For self/ spouse/ parents + who is of the age of 80 years or more + Resident in India + no payment has been made to keep in force an insurance on the health of such person	NA	₹ 30,000

Note:

In case the individual or any of his family members is a senior citizen or very senior citizen, the aggregate of deduction, in respect of payment of premium, contribution to CGHS and medical expenditure incurred, as specified in (I) & (III) above, cannot exceed Rs. 30,000. In case one of the parents is a senior citizen and another is a very senior citizen or both of them are very senior citizens, the aggregate of deduction, in respect of payment of medical insurance premium and medical expenditure incurred, as specified in (II) & (III) above, cannot exceed Rs. 30,000.

80G

Scope of section 80G expanded to allow 100% deduction in respect of donation to Swachh Bharat Kosh, Clean Ganga Fund and National Fund for Control of Drug Abuse [Section 80G] Related amendment in section: 10(23C)

Under section 80G, an assessee is allowed a deduction in respect of donations made by him to certain funds and charitable institutions from the gross total income.

The deduction is allowed at 100% of the amount of donations made to certain funds and institutions formed for a social purpose of national importance, like the Prime Ministers' National Relief Fund, National Foundation for Communal Harmony, National Children Fund etc.

The Finance Act, 2015 has extended the benefit of deduction under section 80G, at the rate 100% in respect of donations made to the National Fund for Control of Drug Abuse, Swachh Bharat Kosh and Clean Ganga Fund. Exemption of income of Swachh Bharat Fund & Clean Ganga Fund [Section 10(23C)] Section 10(23C) provides for exemption from tax in respect of the income of certain charitable funds or institutions like the Prime Minister's National Relief Fund, the Prime Minister's Fund (Promotion of Folk Art), the Prime Minister's Aid to Students Fund and the National Foundation for Communal Harmony.

Taking into consideration, the importance of Swachh Bharat Kosh and Clean Ganga Fund,

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	the scope of section 10(23C) has been expanded to exempt the income of Swachh Bharat Kosh and Clean Ganga Fund, set up by the Central Government, from income-tax. Effective from: A.Y.2015-16.
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80G	<u>Scope of section 80G expanded to allow 100% deduction in respect of donation to Swachh Bharat Kosh, Clean Ganga Fund and National Fund for Control of Drug Abuse [Section 80G] Related amendment in section: 10(23C)</u> The Finance Act, 2015 has extended the benefit of deduction under section 80G, at the rate 100% in respect of donations made to the National Fund for Control of Drug Abuse, Swachh Bharat Kosh and Clean Ganga Fund. Exemption of income of Swachh Bharat Fund & Clean Ganga Fund [Section 10(23C)] Section 10(23C) provides for exemption from tax in respect of the income of certain charitable funds or institutions like the Prime Minister's National Relief Fund, the Prime Minister's Fund (Promotion of Folk Art), the Prime Minister's Aid to Students Fund and the National Foundation for Communal Harmony. Taking into consideration, the importance of Swachh Bharat Kosh and Clean Ganga Fund, the scope of section 10(23C) has been expanded to exempt the income of Swachh Bharat Kosh and Clean Ganga Fund, set up by the Central Government, from income-tax. Effective from: A.Y.2015-16
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TAX DEDUCTION AT SOURCE

	(1) Employer responsible for obtaining evidence of exemption/deduction claimed by employee in computing salary u/s. 192 Premature withdrawal from RPF – liable for TDS u/s. 192A, if 30,000 or more (3) Section 194A: interest on recurring deposit subject to TDS, interest of all CBS branch of same bank is clubbed for the purpose of limit of 10,000, co-operative banks are liable to TDS on payment of interest to members subject to some exception, TDS at the time of payment on interest from Motor accident claim (if exceeds 50,000). (4) Section 194C: NO TDS on furnishing of PAN: benefit of exemption not allowed for transporter owning more than 10 goods carriage. (5) Section 194LD: period of concessional rate of TDS @ 5% extended to 31.3.2017 (6) Section 195: compliance procedures (7) Section 197A: benefit of no TDS extended to payment covered in Sec. 194DA. (8) Section 203A: Notified deductor not required to obtain TAN (9) Processing of return u/s. 200A: Also determine fine u/s. 234E
<u>Section 192(2D)</u>	1. The person responsible for making the payment shall, for the purposes of estimating income of the assessee or computing tax deductible, obtain from the assessee the evidence or proof or particulars of prescribed claims (including claim for set-off of loss) under the provisions of the Act in such form and manner as may be prescribed. [Section 192(2D) w.e.f A.Y 2016-17]

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Section	Nature of Payment	Monetary Limit	Rate of Tax	Notes
192A w.e.f 1 st June 2015	Payment of accumulated balance due to employee (on account of Premature withdrawal from RPF, if not exempted)	No TDS if the payment is less than 30,000	10%. If PAN is not furnished then maximum marginal rate.	(1) tax is deductible at the time of payment.

Notes:

(1) The trustees of the EPF, Scheme, 1952, or any person authorized under the scheme to make payment of accumulated balance due to employees, shall, in a case where the accumulated balance due to an employee participating in a recognized provident fund is includible in his total income owing to the provisions of rule 8 of Part A of the Fourth Schedule not being applicable.

(2) Rule 8 of Part A of the Fourth Schedule of the IT Act provides withdrawal of accumulated balance from RPF is exempt in certain cases. However, if the employee withdraw money before continuous service of 5 years (other than the case of termination of employment due to ill health or discontinues of business etc) and does not opt for transfer of accumulated balance to new employer then the withdrawal is taxable.

(1) Provisions of TDS where interest is paid/credited by a co-operative society:

Interest on term deposit paid/credited by a co-operative banks to its members are subjected to TDS u/s. 194A. [w.e.f 1.06.2015].

NO TDS in the following cases: However, the provisions of TDS shall not be attracted

(a) where interest is paid/credited by a co-operative society to its members.

(b) where interest is paid/credited by one co-operative society (including co-operative banks) to another co-operative society (including co-operative banks) on term deposit made by it.

(a) Where interest is paid/credited by a primary agricultural credit society/ primary credit society/ co-operative land mortgage bank or land development banks.

(2) w.e.f 1.6.2015 the definition of time/term deposit has been amended to include 'recurring deposit' hence the provisions of section 194A shall now be applicable on recurring deposit also subject to the ceiling limit.

(3) w.e.f 1.6.2015: The ceiling limit of Rs. 10,000/5,000 shall be computed with reference to aggregate of interest credited/ paid by all the branches of a banking company/ the co-operative society/ the public company, having facility of CBS (core banking solutions).

(4) w.e.f 1.6.2015: No TDS at the time of credit of interest on compensation amount awarded by the Motor Accidents Claims Tribunal . TDS is deductible at the time of payment

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only if the interest paid during the financial year exceeds Rs. 50,000. [earlier the provisions of TDS attracted on credit or payment, whichever is earlier]

Example 1: Mr. X has made one fixed deposits with Brach 1 of SBI and one recurring deposits with Brach 2 of SBI. On 30.6.2015 Interest on branch 1 is credited Rs. 9,000 and from branch 2 is Rs. 5,000. [The banks has adopted CBS]

Answer: TDS @ 10% shall be deductible by SBI on interest of Rs. 13,000.

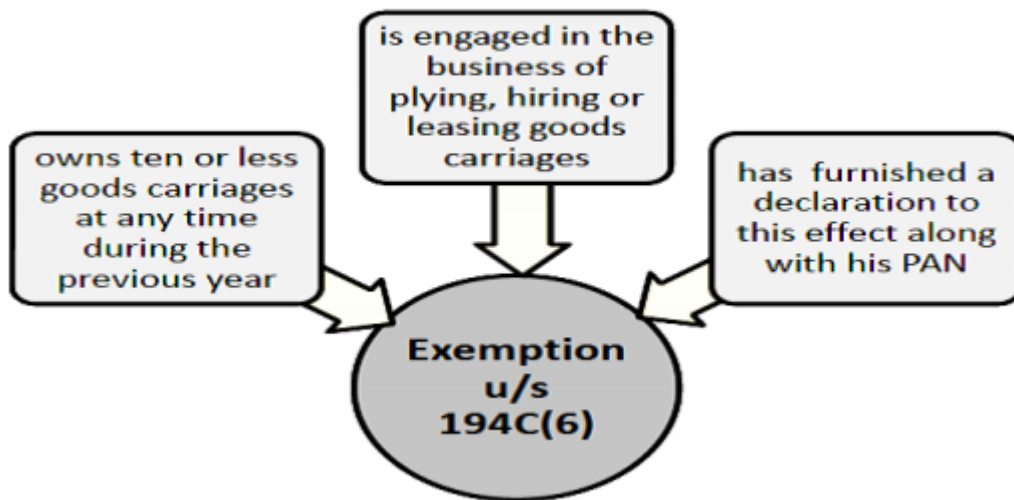
Example 2: X Ltd pays interest on loan to Mr. Y Rs. 6,000.

Answer: Tax is deducted at source 10% of Rs. 6000 i.e. Rs. 600. (For banks the limit is Rs. 10,000 and for the others the limit is Rs. 5000.)

(4) Section 194C: where the contractor is engaged in the business of plying, hiring, or leasing goods carriages, no tax shall be deductible on payment of transport charges if the following two condition is satisfied –

- (1) such contractor owns 10 or less goods carriages at any time during the previous year and**
- (2) furnished a declaration along with PAN to the payer.**

Note: Earlier the exemption is allowed to any transporter irrespective of number of goods carriage owned on furnishing of PAN.



(5) Section 194LD: TDS 5% on any amount paid to FII or QFI

Interest on rupee denominated bond of an Indian company and Government securities paid at approved rate between 1.6.2013 to 31.5.2015 30.06.2017 to FII (Foreign Institutional Investors) Or QFI (Qualified Foreign Investors).

(6) Section 195(6): The person responsible for paying to a non-resident/foreign company, any

sum, **whether or not chargeable** under the provisions of this Act, shall furnish the information relating to payment of such sum, in such form and manner, as may be prescribed. [w.e.f 1.6.2015]. **[In case of failure penalty may be levied upto Rs. 1 lakh u/s. 271-I]**

(7) Section 197A: In respect of interest income u/s. 193/194A, **premature withdrawal from RPF u/s. 192A and LIP maturity u/s. 194DA**, the assessee (other than a company or firm) can make an application to the payer not to deduct tax at source where tax on his total income is NIL. This application is not possible where the amount of interest exceeds maximum exemption limit. [amended w.e.f 1.6.2015]

(8) The person deducting tax at source must apply for Tax Deduction and Collection Account Number (TAN) [section 203A]

However, w.e.f 1.06.2015, obtaining and quoting of TAN shall not be required for such person as may be notified by the Central Government.

(9) Processing of statements of tax deducted at Source [Section 200A]

Amendments has been brought to enable calculation of fee payable u/s. 234E at the time of processing of TDS statement [w.e.f 1.6.2016]

Section 200A:

(1) The following adjustment can be made during the computerized processing of statements of tax deducted at source -i) any arithmetical error in the statement; or ii) an incorrect claim, apparent from any information in the statement.

(2) the interest, if any, shall be computed on the basis of the sums deductible as computed in the statement;

(3) the fee, if any, shall be computed in accordance with the provisions of section 234E;

(4) After making adjustments, tax, interest and fee would be calculated and sum payable by the deductor or refund due to the deductor will be determined. Accordingly an intimation shall be sent within 1 year from the end of the financial year in which the statement is filed to the deductor regarding amount payable or refundable and refund due shall be granted to the deductor.

(5) The processing of these statements can be done in Centralized processing centre.

Explanation: For this purpose “**an incorrect claim apparent from any information in the statement**” shall mean a claim, on the basis of an entry, in the statement –

- i) of an item, which is inconsistent with another entry of the same or some other item in such statement
- ii) in respect of rate of TDS, where such rate is not in accordance with the provisions of this Act.

(10) The provisions of TDS shall not attract: where income is exempted u/s. 10 unconditionally and who are not required to file its return u/s. 139. For example – payment made to corporation established for welfare of ex-service men covered u/s. 10(26BBB) [Circular No.4/2002 as amended by **circular No. 7/2015**]

(11) Notification No. 76/2015, dated 29.09.2015: Format and procedures for self-declaration in Form 15G and 15H for non-deduction of tax u/s. 197A is simplified as under w.e.f 1.10.2015 -

(i) it can be filed either in paper form or electronically.

(ii) the deductor will allot a UIN(Unique Identification Number) to all self declarations in Form 15G& 15H, as per the procedure prescribed by the Principal Director General of Income Tax(Systems).

(iii) In the TDS return, the deductor shall required to furnish the particulars of self-declarations along with UIN.

NO, the deductor is not required to furnish the physical copy of Form 15G and 15H to the Department. They have to preserve it for 7 years.

RESIDENT & ORDINARY RESIDENT OF INDIA MUST FILE ITS RETURN

[Fourth proviso to section 139(1) as substituted by the Finance Act, 2015 from A.Y 2016-17]

Resident and ordinary resident of India, who is not required to furnish a return u/s. 139(1), shall be required to furnish its return of loss or income on or before the due date of section 139(1) if any of the following conditions is satisfied, at any time during the previous year:

(a) holds any asset located outside India as beneficial owner or otherwise; or

(b) has signing authority in any account located outside India; or

(c) is a beneficiary of any asset located outside India; (However, where, income, arising from such asset is includible in the income of the person referred to in clause (a) & (b) above, as per the provisions of IT Act, then the beneficiary is not required to file its return as per fourth proviso).

Notes:

(1) Assets include any financial interest in any entity.

(2) “beneficial owner” in respect of an asset means an individual who has provided, directly or indirectly, consideration for the asset for the immediate or future benefit, direct or indirect, of himself or any other person.

(3) “beneficiary” in respect of an asset means an individual who derives benefit from the asset during the previous year and the consideration for such asset has been provided by any person other than such beneficiary.’;

(4) such person is required to furnish details of asset of prescribed nature and value in the prescribed return form. [Section 139(6)]

Determination of Substantial Value:

(i) Share of a foreign company shall deemed to be derive its value substantially from the asset (tangible/intangible) located in India, if, on the specified date, the value of such asset exceeds RS. 10 crore and represents at least 50% of the value of all the assets owned by the company/entity.

[Explanation 6 to section 9(1)(i) – w.e.f A.Y 2016-17]

Value of asset = FMV of such asset on the specified date, without reduction of liabilities on such asset, determined in such manner as may be prescribed;

Generally, "specified date" is the 31st March/such other day (end of the accounting period) preceding the date of transfer of share/interest. However, the specified date is the **date of transfer**, if the book value the assets of the company/ the entity on the date of transfer exceeds the book value of the assets as on preceding 31st March by 15%. .

Accounting period: Each period of 12 months ending with 31st March. In case of first year of incorporation then the accounting period should be from the date of incorporation till the date of 31st March.

If the company/ the entity ceases to exist before the end of accounting period, as aforesaid, then, the accounting period shall end immediately before the company/ the entity, ceases to exist

However, if a company/entity regularly follow accounting period ending other than 31st March as per the tax laws of country in which it is registered or for the purpose of reporting to persons holding the shares/interest, then the accounting period shall be period of 12 months ending with such other day.

Nothing taxable in the hands of transferor (foreign company): [Explanation 7 to section 9(1)(i) w.e.f A.Y 2016-17]

Dividend declared and Paid by a foreign company outside India which derives its value substantially from an asset in India shall not be deemed to be accrue or arise in India, since it does not involves transfer of shares as provided in Explanation 5 to section 9(1) [Circular No. 4/2015]

FUND MANAGERS IN INDIA NOT TO CONSTITUTE BUSINESS CONNECTION OF FUNDS REGISTERED OUTSIDE INDIA [SECTION 9A]

(1) The fund management activity carried out through an eligible fund manager acting on behalf of an **eligible investment fund** shall not constitute business connection in India. [This section overrides section 9(1)]

(2) an eligible investment fund shall not be said to be resident in India for the purpose of section 6 merely because the eligible fund manager, undertaking fund management activities on its behalf, is situated in India. [This provisions overrides section 6]

(3) Every eligible investment fund shall, in respect of its activities in a financial year, furnish within 90 days from the end of the financial year, a statement in the prescribed form, to the prescribed income-tax authority containing information relating to the fulfillment of the conditions specified in this section and also provide such other relevant information or documents as may be prescribed.

[Note: in case of failure penalty of RS. 5 lakh shall be levied u/s. 271FAB]

(4) Non-applicability of section 9A:

(a) Nothing contained in this section shall apply to exclude any income from the total income of the eligible investment fund, which would have been so included irrespective of whether the activity of the eligible fund manager constituted the business connection in India of such fund or not.

(b) Nothing contained in this section shall have any effect on the scope of total income or determination of total income in the case of the eligible fund manager.

(5) The provisions of this section shall be applied in accordance with such guidelines and in such manner as the Board may prescribe in this behalf.

MINIMUM ALTERNATE TAX

Applicability of Minimum Alternate Tax (MAT) on foreign companies having no PE in India [Press release, CBDT, MOF, Govt. of India dated 24th September, 2015]

After due consideration of the various aspects of the matter, the Government has decided that with effect from 01.04.2001 the provisions of section 115JB shall not be applicable to a foreign company if —

- the foreign company is a resident of a country having DTAA with India and such foreign company does not have a permanent establishment within the definition of the term in the relevant DTAA, or
- the foreign company is a resident of a country which does not have a DTAA with India and such foreign company is not required to seek registration under section 592 of the Companies Act 1956 or section 380 of the Companies Act 2013.

An appropriate amendment to the Income-tax Act in this regard will be carried out.

Applicability of MAT on income Exempted u/s. 86 being share of Income received by a company as a member from AOP.

MAT not applicable on share of income received by a member being a company from an AOP.

The Finance Act, 2015 has amended the provisions so as to deduct the said income from Net Profit in computing the Book Profit -

Explanation 1

Income covered u/s. 86 to be excluded

(iic) the amount of income, being the share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86, if any, such amount is credited to the profit and loss account; or

Expenditure in relation to said income to be added:

Clause *fa*) the amount or amounts of expenditure relatable to income, being share of the assessee in the income of an association of persons or body of individuals, on which no income-tax is payable in accordance with the provisions of section 86;

Provisions of MAT not applicable on notional gain/loss on exchange of shares in Special Purpose vehicle by sponsor for units of Business Trust as referred u/s. 47(xviii) [w.e.f A.Y 2016-17]

PENALTY PROCEEDINGS

EXPLANATION 4 TO SECTION 271: [substituted w.e.f A.Y 2016-17 by the Finance Act, 2015] - The purpose of amendments is to nullify various case laws where it was held that penalty u/s. 271(1)(c) shall not be levied in a situation where concealment is w.r.t income computed as per normal provisions but the assessee paid tax under MAT/AMT.

ADVANCE TAX & INTEREST

(1) Section 234B(3): Calculation of interest when tax liability is increased on reassessment u/s. 147 or recomputation u/s. 153A [substituted w.e.f 1.6.2015]

Where the total income is increased on reassessment or recomputation u/s. 147 or section 153A, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month comprised in the period commencing on the 1st day of April next following such financial year and ending on the date of the reassessment or recomputation under section 147 or section 153A, on the increased amount.

Increased amount = the tax on total income determined on the basis of the reassessment or recomputation (-) the tax on the total income determined u/s. 143(1) or on the basis of the regular assessment.

Prior to amendments: the interest was calculated from the date of determination of total income u/s. 143(1) or regular assessment till the date of reassessment.

(3) Section 234B(2A): newly inserted w.e.f 1.6.2015

Calculation of interest in case where application is filed to Settlement Commission

(a) Where an application u/s. 245C(1) for any assessment year has been made, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of making such application, on the additional amount of income-tax referred to in that sub-section.

(b) Where as a result of an order of the Settlement Commission u/s. 245D(4) for any assessment year, the amount of total income disclosed in the application u/s. 245C(1) is increased, the assessee shall be liable to pay simple interest at the rate of 1% for every month or part of a month comprised in the period commencing on the 1st day of April of such assessment year and ending on the date of

such order, on the increased amount.

Increased amount = the tax on the total income determined on the basis of order (-) the tax on the total income disclosed in the application filed u/s. 245C(1).

(c) where, as a result of an order u/s. 245D(6B) for rectification of mistake apparent from record, the amount on which interest was payable under clause (b) has been increased or reduced, as the case may be, the interest shall be increased or reduced accordingly.

TRANSFER PRICING

(1) Limit of specified domestic transaction increased from 5 crores to 20 crores. [Sec. 92BA]

(2) COMPARABILITY OF TRANSACTION [RULE 10B(2)(3)(4)(5)]

The comparability of an international transaction with an uncontrolled transaction shall be judged with reference to the following, namely:—

(a) the specific characteristics of the property transferred or services provided in either transaction;

(b) the functions performed, taking into account assets employed or to be employed and the risks assumed, by the respective parties to the transactions;

(c) the contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions;

(d) conditions prevailing in the markets in which the respective parties to the transactions operate, including the geographical location and size of the markets, the laws and Government orders in force, costs of labour and capital in the markets, overall economic development and level of competition and whether the markets are wholesale or retail.

When two transactions are deemed to be comparable

An uncontrolled transaction shall be comparable to an international transaction if—

(i) none of the differences, if any, between the transactions being compared, or between the enterprises entering into such transactions are likely to materially affect the price or cost charged or paid in, or the profit arising from, such transactions in the open market; or

(ii) reasonably accurate adjustments can be made to eliminate the material effects of such differences.

The data to be used in analyzing the comparability of an uncontrolled transaction with an international transaction shall be the data relating to the financial year (**hereafter in this rule and in rule 10CA referred to as the ‘current year’**) in which the international transaction has been entered into.

However, the data relating to a period not being more than 2 years prior to such financial year current year may also be considered if such data reveals facts which could have an influence on the determination of transfer prices in relation to the transactions being compared.

“Provided further that the first proviso shall not apply while analysing the comparability of an uncontrolled transaction with an international transaction or a specified domestic transaction, entered into on or after the 1st day of April, 2014.

(5) In a case where the most appropriate method for determination of the arm's length price of an international transaction or a specified domestic transaction, entered into on or after the 1st day of April, 2014, is the method specified in section 92C(1)(b) or (c) or (e) [i.e., resale price method, cost plus method, transitional net margin method] then, notwithstanding anything contained in sub-rule (4), the data to be used for analysing the comparability of an uncontrolled transaction with an international transaction or a specified domestic transaction shall be,-

(i) the data relating to the current year ; or

(ii) the data relating to the financial year immediately preceding the current year, if the data relating to the current year is not available at the time of furnishing the return of income by the assessee , for the assessment year relevant to the current year:

Provided that where the data relating to the current year is subsequently available at the time of determination of arm's length price of an international transaction or a specified domestic transaction during the course of any assessment proceeding for the assessment year relevant to the current year, then, such data shall be used for such determination irrespective of the fact that the data was not available at the time of furnishing the return of income of the relevant assessment year.

ALLOWABLE VARIATION FROM ALP AND INTRODUCTION OF RANGE CONCEPT

RULE 10.CA: COMPUTATION OF ARM'S LENGTH PRICE IN CERTAIN CASES

[Notification No. 83/2015, dated 19th October 2015]

(1) Where in respect of an international transaction or a specified domestic transaction, the application of the most appropriate method referred to in sub-section (1) of section 92 C results in determination of more than one price, then the arm's length price in respect of such international transaction or specified domestic transaction shall be computed in accordance with the provisions of this rule.

(2) A dataset shall be constructed by placing the prices referred to in sub-rule (1) in an

ascending order and the arm's length price shall be determined on the basis of the dataset so constructed:

Provided that in a case referred to in clause (i) of sub-rule (5) of rule 10B, where the comparable uncontrolled transaction has been identified on the basis of data relating to the current year and the enterprise undertaking the said uncontrolled transaction, [not being the enterprise undertaking the international transaction or the specified domestic transaction referred to in sub-rule (1)], has in either or both of the two financial years immediately preceding the current year undertaken the same or similar comparable uncontrolled transaction then,-

(i) the most appropriate method used to determine the price of the comparable uncontrolled transaction undertaken in the current year shall be applied in similar manner to the comparable uncontrolled transaction or transactions undertaken in the aforesaid period and the price in respect of such uncontrolled transactions shall be determined; and

(ii) the weighted average of the prices, computed in accordance with the manner provided in sub-rule (3) , of the comparable uncontrolled transactions undertaken in the current year and in the aforesaid period preceding it shall be included in the dataset instead of the price referred to in sub-rule (1) :

Provided further that in a case referred to in clause (ii) of sub-rule (5) of rule 10B, where the comparable uncontrolled transaction has been identified on the basis of the data relating to the financial year immediately preceding the current year and the enterprise undertaking the said uncontrolled transaction, [not being the enterprise undertaking the international transaction or the specified domestic transaction referred to in sub-rule (1)], has in the financial year immediately preceding the said financial year undertaken the same or similar comparable uncontrolled transaction then, -

(i) the price in respect of such uncontrolled transaction shall be determined by applying the most appropriate method in a similar manner as it was applied to determine the price of the comparable uncontrolled transaction undertaken in the financial year immediately preceding the current year; and

(ii) the weighted average of the prices, computed in accordance with the manner provided in sub-rule (3) , of the comparable uncontrolled transactions undertaken in the aforesaid period of two years shall be included in the dataset instead of the price referred to in sub-rule (1):

Provided also that where the use of data relating to the current year in terms of the proviso to sub-rule (5) of rule 10 B establishes that,-

(i) the enterprise has not undertaken same or similar uncontrolled transaction during the current year ; or

(ii) the uncontrolled transaction undertaken by an enterprise in the current year is not a comparable uncontrolled transaction, then, irrespective of the fact that such an enterprise had undertaken comparable uncontrolled transaction in the financial year immediately preceding the current year or the financial year immediately preceding such financial year, the price of comparable uncontrolled

transaction or the weighted average of the prices of the uncontrolled transactions, as the case may be, undertaken by such enterprise shall not be included in the dataset.

(3) Where an enterprise has undertaken comparable uncontrolled transactions in more than one financial year, then for the purposes of sub-rule (2) the weighted average of the prices of such transactions shall be computed in the following manner, namely:-

(i) where the prices have been determined using the method referred to in clause (b) of sub-rule (1) of rule 10 B , the weighted average of the prices shall be computed with weights being assigned to the quantum of sales which has been considered for arriving at the respective prices;

(ii) where the prices have been determined using the method referred to in clause (c) of sub-rule (1) of rule 10 B , the weighted average of the prices shall be computed with weights being assigned to the quantum of costs which has been considered for arriving at the respective prices ;

(iii) where the prices have been determined using the method referred to in clause (e) of sub-rule (1) of rule 10 B, the weighted average of the prices shall be computed with weights being assigned to the quantum of costs incurred or sales effected or assets employed or to be employed, or as the case may be, any other base which has been considered for arriving at the respective prices.

(4) Where the most appropriate method applied is a method other than the method referred to in clause (d) or clause (f) of sub-section (1) of section 92 C and the dataset constructed in accordance with sub-rule (2) consists of six or more entries, an arm's length range beginning from the thirty-fifth percentile of the dataset and ending on the sixty-fifth percentile of the dataset shall be constructed and the arm's length price shall be computed in accordance with sub-rule(5) and sub-rule (6).

(5) If the price at which the international transaction or the specified domestic transaction has actually been undertaken is within the range referred to in sub-rule (4), then, the price at which such international transaction or the specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price.

(6) If the price at which the international transaction or the specified domestic transaction has actually been undertaken is outside the arm's length range referred to in sub-rule (4), the arm's length price shall be taken to be the median of the dataset.

(7) In a case where the provisions of sub-rule (4) are not applicable, the arm's length price shall be the arithmetical mean of all the values included in the dataset:

Provided that, if the variation between the arm's length price so determined and price at which the international transaction or specified domestic transaction has actually been undertaken **does not exceed such percentage not exceeding three percent. of the latter, as may be notified by the Central Government in the Official Gazette in this behalf**, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price .

NOTIFICATION No. 86/2015

The Central Government hereby notifies that where the variation between the arm's length price determined under section 92C and the price at which the international transaction or specified domestic transaction has actually been undertaken **does not exceed 1% of the latter in respect of wholesale trading and 3% of the latter in all other cases**, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for **Assessment Year 2015-2016**.

Explanation.- For the purposes of this notification, "wholesale trading" means an international transaction or specified domestic transaction of trading in goods, which fulfils the following conditions,

namely:- (i) purchase cost of finished goods is eighty percent. or more of the total cost pertaining to such trading activities; and

(ii) average monthly closing inventory of such goods is ten percent. or less of sales pertaining to such trading activities.

(8) For the purposes of this rule,-

(a) "the thirty-fifth percentile" of a dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least thirty five percent. of the values included in the dataset are equal to or less than such value :

Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number , then the thirty-fifth percentile shall be the arithmetic mean of such value and the value immediately succeeding it in the dataset ;

(b) "the sixth-fifth percentile" of a dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least sixty five percent. of the values included in the dataset are equal to or less than such value:

Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number , then the sixty-fifth percentile shall be the arithmetic mean of such value and the value immediately succeeding it in the dataset;

(c) "the median" of the dataset, having values arranged in an ascending order, shall be the lowest value in the dataset such that at least fifty percent. of the values included in the dataset are equal to or less than such value :

Provided that, if the number of values that are equal to or less than the aforesaid value is a whole number , then the median shall be the arithmetic mean of such value and the value immediately succeeding it in the dataset.

INCOME COMPUTATION AND DISCLOSURE STANDARD (brief notes): CBDT has prescribed ICDS I to ICDS X, which are applicable for computation of income chargeable under the head "Profits and gains of business or profession" or "Income from other sources". These are not relevant for the purpose of maintenance of books of accounts. It is applicable for assessee following mercantile system of accounting.

Section 139A(5): Transactions in relation to which permanent account number is to be quoted :
W.e.f 1.1.2016, every person shall quote his permanent account number in all documents pertaining to the transactions specified in the Table below:

Sl.No.	Nature of transaction	Value of transaction (in ₹)
1.	Sale or purchase of a motor vehicle other than two wheeled vehicles.	Any amount
2	Opening an account [other than a time-deposit and a Basic Savings Bank Deposit Account]	Any amount
3	Making an application for issue of a credit or debit card.	Any amount
4	Opening of a demat account	Any amount
5	Cash payment to a hotel or restaurant against a bill or bills at any one time.	> 50,000
6	Cash payment in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time.	> 50,000
7	Payment to a Mutual Fund for purchase of its units.	> 50,000
8	Payment to a company or an institution for acquiring debentures or bonds issued by it.	> 50,000
9	Payment to the Reserve Bank of India, for acquiring bonds issued by it.	> 50,000
10	Cash deposit with a bank/ co-operative bank	> 50,000 during any one day.
11	Purchase of bank drafts or pay orders or banker's cheques in cash	> 50,000 during any one day.
12	A time deposit with, - (i) a banks/ co-operative bank; (ii) a Post Office; (iii) a Nidhi company; or (iv) registered NBFC.	> 50,000 or aggregating more than 5,00,000 during a financial year.
13	Payment in Cash/DD/pay order/banker's cheque for one or more pre-paid payment instruments, prescribed by RBI to a banks/ co-operative banks.	> 50,000 in a financial year.
14	Payment as life insurance premium to an insurer	> 50,000 in a financial year.
15	A contract for sale or purchase of securities (other than shares).	> 1,00,000 per transaction.
16	Sale or purchase, by any person, of shares of a company not listed in a recognised stock exchange.	> 1,00,000 per transaction.
17	Sale or purchase of any immovable property.	Actual consideration or value of SVA u/s. 50C > ₹ 10 lakh.
18	Sale or purchase, by any person, of goods or services of any nature other than those covered above (Sl. No. 1 to 17)	> 2,00,000 per transaction.

The Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015

(1) Applicable: w.e.f 1.7.2015.

(2) Normal Scheme:

- (i) Tax 30% and penalty 90% on the value of undisclosed assets held abroad by resident of India.
- (ii) rigorous imprisonment of 3 to 10 years for willful attempt to evade tax in relation to an undisclosed foreign income or asset.
- (iii) the value of the asset has to be determined as per Fair Market Value to be determined as per prescribed rules.

(3) One-time compliance Scheme:

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- (a) Section 59 to 72 of the Act provides for a one - time compliance window for a limited period.
- (b) Person availing it will have to make a declaration of undisclosed foreign asset and acquired from income chargeable to tax under the Income-tax Act for any assessment year prior to the assessment year 2016-17 for which he had, earlier failed to furnish a return u/s. 139 or failed to disclose such income in a return furnished before the date of commencement of the Act, or such income had escaped assessment by reason of the omission or failure on the part of such person.
- (c) Declaration to be made on or before 30.09.2015 in Form 6. Tax and penalty to be paid by 31.12.2015. in case of failure of to pay tax and penalty within the due date the declaration shall be invalid.
- (d) Declaration cannot be made for matter already pending before Income Tax authority, assessment pending for survey/search cases, information in respect of undisclosed asset received on or before 30.6.2015 under agreement of Sec. 90/90A**
- (e) If the declaration has been made by misrepresentation or suppression of facts or information then it shall be invalid.
- (f) Benefit of the scheme:**
- (i) Rate of tax and reduced penalty:** 30% tax and 30% penalty. [Total 60% of the value of the undisclosed asset declared]. No imprisonment.
- (ii) Assessment already completed cannot be reopened under Income Tax Act. Further, amount of undisclosed investment in the asset declared shall not be included in the total income the Income-tax Act for any assessment year.
- (iii) Value of asset declared shall not be chargeable to Wealth Tax.
- (iv) The contents of the declaration shall not be admissible as evidence in in any penalty or prosecution proceedings under the Income-tax Act, the Wealth Tax Act, the Foreign Exchange Management Act, the Companies Act or the Customs Act;
- (g) In case of invalid declaration** all the provisions of the Act, including penalties and prosecutions, shall apply and any tax or penalty paid in pursuance of the declaration shall not be refundable under any circumstances.

(1) Furnishing of specified Information by Indian Entity u/s. 285A: The Indian concern where the Indian assets are held by foreign company shall be required to furnish specified information as per section 285A. In case of failure, penalty shall be levied u/s. 271GA 2% of value or ₹ 5,00,000 as the case may be.

(1) SECTION 285A: Where any share of, or interest in, a company or an entity registered or incorporated outside India derives, directly or indirectly, its value substantially from the assets located in India, as referred to in *Explanation 5* to section 9(1)(i), and such company or entity, holds, directly or indirectly, such assets in India through, or in, an Indian concern, then, such Indian concern shall, for the purposes of determination of any income accruing or arising in India u/s. 9(1)(i), furnish within the prescribed period to the prescribed income-tax authority the information or documents, in such manner, as may be prescribed.

(2) Penalty:		
271GA	If any Indian concern, which is required to furnish any information or document under section 285A, fails to do so.	(i) a sum equal to 2% of the value of the transaction in respect of which such failure has taken place, if such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern; (ii) ₹ 5,00,000, in any other case."
SECTION 271FAB:		
	If any eligible investment fund which is required to furnish a statement or any information or document, as required u/s. 9A(5) fails to furnish such statement or information or document within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such fund shall pay, by way of penalty, a sum of Rs. 5,00,000.	
SECTION 115A:		
	Royalty and fees for technical services received under agreement entered on or after 31.03.1976 : RATE OF TAX REDUCED FROM 25% TO 10% FROM A.Y 2016-17.	
PENALTY PROCEEDINGS		
EXPLANATION 4 TO SECTION 271:		
	[substituted w.e.f A.Y 2016-17 by the Finance Act, 2015] - The purpose of amendments is to nullify various case laws where it was held that penalty u/s. 271(1)(c) shall not be levied in a situation where concealment is w.r.t income computed as per normal provisions but the assessee paid tax under MAT/AMT.	
271-I		
	If a person, who is required to furnish information under sub-section (6) of section 195, fails to furnish such information; or furnishes inaccurate information. Penalty may be levied upto - 1,00,000.	
(3) PENALTY FOR TAKING AND REPAYING LOAN OTHER THAN THROUGH A/C. PAYEE CHEQUE/DRAFT		
Where an assessee takes loan, advance, deposit or repays the same other than account payee cheque/DD/ECS of ₹ 20,000 or more then penalty of 100% of the loan, deposit, advance taken and repaid shall be imposed. However, penalty shall not be levied if the assessee prove that there was reasonable cause for doing so. Any penalty imposable in the above case shall be imposed by the Joint Commissioner.		
<u>SETTLEMENT COMMISSION</u>		
1. Section 245D(6B): Rectification of mistake apparent from the record		
The Settlement Commission may, with a view to rectifying any mistake apparent from the record, amend any order passed by it under sub-section (4)—		
(a) at any time within a period of six months from the end of the month in which the order was passed; or		
(b) at any time within the period of six months from the end of the month in which an application for rectification has been made by the Principal Commissioner or the Commissioner or the applicant, as the case may be;		

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Provided that no application for rectification shall be made by the Principal Commissioner or the Commissioner or the applicant after the expiry of six months from the end of the month in which an order under sub-section (4) is passed by the Settlement Commission:

2. Section 245H(1): Settlement commission must record reasons in writing while granting immunity to any person from prosecution. **[ALL OTHER PROVISIONS ARE SAME]**

3. BAR ON SUBSEQUENT APPLICATION FOR SETTLEMENT [SECTION 245K]

(1) Where a person has made an application which has been allowed to be proceeded with u/s 245D(1), then, such person ~~shall not be subsequently entitled~~ **or any related person shall not be subsequently entitled** to make an application u/s 245C.

APPEALS & REVISIONS

1. Section 253: Appeal can be filed before ITAT for order of the Commissioner (Exemption) against

refusal of exemption approval u/s.10(23C)(vi)/(via) [w.e.f 1.6.2015].

2. Section 255: Increase in limit for deciding matter by a single member bench of ITAT

The president or any of the member authorized by central Govt. may, sitting singly, dispose of any case which has been allotted to the bench of which he is a member and the total income of the assessee concerned as computed by the AO does not exceed ~~Rs.5,00,000~~ **Rs. 15,00,000**

(substituted

w.e.f. 1.6.15)

3. Section 263: Order deemed to erroneous and prejudicial to the interest of revenue for the purpose of section 263

It is hereby declared that an order passed by the Assessing Officer shall be deemed to be erroneous in

so far as it is prejudicial to the interests of the revenue, if, in the opinion of the Principal Commissioner or Commissioner,—

(a) the order is passed without making inquiries or verification which should have been made;

(b) the order is passed allowing any relief without inquiring into the claim;

(c) the order has not been made in accordance with any order, direction or instruction issued by the Board under section 119; or

(d) the order has not been passed in accordance with any decision which is prejudicial to the assessee,

rendered by the jurisdictional High Court or Supreme Court in the case of the assessee or any other person.” [w.e.f 1.6.2015 Explanation 2 to Section 263(1)]

Section 158AA: Procedure to be followed by Department when identical question of law is pending before Supreme Court [newly inserted w.e.f 1.6.2015]

(1) Notwithstanding anything contained in this Act, where the Commissioner or Principal Commissioner is of the opinion that any question of law arising in the case of an assessee for any assessment year is identical with a question of law arising in his case for another assessment year which is pending before the Supreme Court, in an appeal under section 261 or in a special leave

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petition under article 136 of the Constitution, against the order of the High Court in favour of the assessee, he may, instead of directing the Assessing Officer to appeal to the Appellate Tribunal u/s. 253(2) or (2A), direct the Assessing Officer to make an application to the Appellate Tribunal in the prescribed form within 60 days from the date of receipt of order of the Commissioner (Appeals) stating that an appeal on the question of law arising in the relevant case may be filed when the decision on the question of law becomes final in the other case.

(2) The Commissioner or Principal Commissioner shall direct the Assessing Officer to make an application only if an acceptance is received from the assessee to the effect that the question of law in the other case is identical to that arising in the relevant case; and in case no such acceptance is received, the Commissioner or Principal Commissioner shall proceed in accordance with the provisions contained in section 253(2) or (2A).

Where the order of the Commissioner (Appeals) is not in conformity with the final decision on the question of law in the other case, the Commissioner or Principal Commissioner may direct the Assessing Officer to appeal to the Appellate Tribunal against such order within 60 days from the date on which the order of the Supreme Court in the other case is communicated to the Commissioner or Principal Commissioner. Further, unless otherwise provided in this section all other provisions of Appeals to Tribunal i.e., part B of Chapter XX shall apply accordingly. [similar to section 158A]

What is the constitution of advance ruling authority?

Section 245-O: The Authority shall consist of a Chairman and such number of Vice-chairmen, revenue Members and law Members as the Central Government may, by notification, appoint.

(2) A person shall be qualified for appointment as—

- (a) Chairman, who has been a Judge of the Supreme Court;
- (b) Vice-chairman, who has been Judge of a High Court;
- (c) a revenue Member from the Indian Revenue Service, who is a Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General;
- ~~(d) a law Member from the Indian Legal Service, who is an Additional Secretary to the Government of India.~~
- (d) a law Member from the Indian Legal Service, who is, or is qualified to be, an Additional Secretary to the Government of India.**

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