AMENDMENTS
BY FINANCE ACT, 2012

FOR CA IPCC/INTER
FOR MAY & NOVEMBER 2013

by

CA. Pankaj Saraogi

Visiting faculty – ICAI

FCA, B. Com. (H) – SRCC, B. Ed.,

Licentiate ICSI, M. Com., DISA (ICAI)

<u>Contact:</u>

96546 24201, ipcctax@saraogi.co.in

For latest amendments, expected questions & revisionary notes

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PS

AOC
Academy of Commerce

INCOME-TAX

Relevant Assessment Year – AY 2013-14
Relevant Previous Year – PY 2012-13

Rates of Taxation

Individual, HUF, AOP, BOI, Artificial Juridical Person

Resident + age ≥ 60yrs.	***Resident + age ≥ 80yrs.***	***Any other***	***Tax rate***
Upto Rs. 2.5L	Upto Rs. 5L	Upto Rs. 2L	Nil
Rs. 2.5L – 5L	---	Rs. 2L – 5L	10%
Rs. 5L – 10L	Rs. 5L – 10L	Rs. 5L – 10L	20%
> Rs. 10L	> Rs. 10L	> Rs. 10L	30%

W.e.f. AY 2013-14, both male & female have been treated at par.

Tax rate for non-resident/foreign company in case of unlisted securities – Section 112

Assessee	–	Non-resident or foreign company
Nature of CG	–	LTCG
Capital Asset	–	Unlisted securities
Tax rate	–	Mandatorily 10% without indexation

Residential Status & Scope of Total Income

Offshore transactions

Section 9 (Income deemed to accrue or arise in India) – Following explanation has been added for transaction "income from the transfer of any capital asset situated in India"

A capital asset (being share in a company incorporated outside India) shall be deemed to be situated in India, if the share derives its value substantially from the assets located in India.

<u>Section 2(14) (Definition of Capital asset)</u> – Following explanation has been added

"Property" includes any rights in an Indian company, including rights of management or control.

<u>Section 2(47) (Definition of Transfer)</u> – Following explanation has been added

"Transfer" includes

- disposing of or parting with an asset or any interest therein,
- or creating any interest in any asset in any manner whatsoever,
- directly or indirectly, absolutely or conditionally, voluntarily or involuntarily,
- by way of an agreement (whether entered into in India or outside India) or otherwise,
- notwithstanding that such transfer of rights is dependent upon transfer of shares of a company incorporated outside India.

<u>Section 195 (TDS deduction in case of payment to non-resident)</u>

It has been clarified that u/s 195 TDS shall be deducted even if payment is being made by a non-resident, provided amount receivable by non-resident payee is taxable under Income-tax Act, 1961.

It shall not matter whether or not the non-resident person has -

(i) a residence or place of business or business connection in India; or

(ii) any other presence in any manner whatsoever in India.

Definition of Royalty clarified – Section 9

Following explanations added:

Transfer of rights in respect of any right, property or information includes transfer of right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred.

Royalty includes consideration in respect of any right, property or information, whether or not -
(a)the possession or control of such right, property or information is with the payer;
(b) such right, property or information is used directly by the payer;
(c)the location of such right, property or information is in India.

The expression "process" includes transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret.

Profits & Gains of Business or Profession

Additional Depreciation – Section 32(1)(iia)

Benefit of additional depreciation extended to power sector undertakings w.e.f. AY 2013-14 provided they are following block of assets method and not SLM method. Earlier additional depreciation was restricted to assessee engaged in business of manufacturing only.

For other amendments of Income-tax & Service-tax, visit:

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SCHEDULE OF AMENDMENT CLASSES FOR CA IPCC/INTER

VENUE

AOC Connaught Place

Arya Public School, Raja Bajar, Baba Kharak Singh Marg, Connaught Place, New Delhi – 110 001

Ph.: 2336 2250, 93138 30650

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DATE & TIME

February 19 to 21, 2013

3.00pm – 8.00pm

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