AMENDMENTS MADE BY F'ACT 2013

1. Income Tax Rates for Domestic Co. for FY 2013-14:-

Particulars	IT	SC	CESS	Total
If Net Income does not exceed Rs. 1 Cr.	30%	NIL	3%	30.90%
If Net Income in the range of Rs. 1 Cr. – Rs. 10 Cr.	30%	5%	3%	32.445%
If Net Income > Rs. 10 Cr.	30%	10%	3%	33.99%

TAX RATE FOR FOREIGN COMPANY = 40%
SC @2% IF TOTAL INCOME IS BETWEEN 1CR – 10CR
SC @5% IF TOTAL INCOME > 10CR.

Note: Marginal Relief shall be allowed in order to ensure that Tax payable on Total Income exceeding Rs. 1Crore/ 10 Crore, on account of surcharge, is not more than the increase in Total Income from Rs. 1 crore / 10 Crore.

2. Section 115-O :- Dividend Distribution Tax (DDT) rate applicable for Domestic co.:

IT	SC	Cess	Total
15%	10%	3%	16.995%

3. Income Tax Rates applicable for Individual / HUF /AOP/BOI/AJP etc:

Particulars	Exemption Limit	Tax Rate @10%	Tax Rate @20%	Tax Rate @30%
Resident / NR Individual , HUF, AOP/BOI (Other	Upto Rs.2,00,000	Rs.2,00,001 to Rs.5,00,000	Rs.5,00,001 to Rs.10,00,000	Rs. 10,00,001 and above

than a Coop society)/AJP etc.				
Senior Citizen aged 60 years and above (But below 80 years) (i.e.born during 01.04.1934 to 31.03.1954)	Upto Rs.2,50,000	Rs.2,50,001 to Rs.5,00,000	Rs.5,00,001 to Rs.10,00,000	Rs. 10,00,001 and above
Senior Citizen aged above 80 years (i.e. born on or before 31.03.1934)	Upto Rs.5,00,000	---	Rs.5,00,001 to Rs.10,00,000	Rs. 10,00,001 and above

Tax Rate in case of Partnership Firm (Incl LLP) = 30%

- Surcharge @ 10% is applicable if Total income of the Individual / HUF / AOP/BOI/AJP / Pt Firm etc. exceeds Rs. 1 Crore.

  Note: Marginal Relief shall be allowed in order to ensure that Tax payable on Total Income exceeding Rs. 1Crore, on account of surcharge, is not more than the increase in Total Income from Rs. 1 crore.

- ***Individual, whose net income is upto Rs. 5,00,000/-, is entitled for a rebate u/s 87A for***
  - ***100% Income tax***

    or
  - ***Rs. 2,000/-, whichever is less.***

4. <u>Section 10(34A) :- Income of a shareholder on account of buy back of shares of unlisted company :-</u>

The consideration paid by the company for purchase of its own unlisted shares which is in excess of the sum received by the company at the time of issue of such shares (i.e distributed income) will be charged to income tax. The company shall be liable to pay additional income tax @20% on such distributed income paid to the shareholders.

The additional income tax paid by the company shall be the final tax on similar lines s CDT. So, the Income arising to the shareholder in respect of such buy back of unlisted shares, will be exempt from tax u/s 10(34A) from the A.Y.2014-15.

Comment: From this amendment, revenue curbs the practice of unlisted company to distribute the reserves & surplus of the company through the buyback of shares without paying the CDT u/s 115-O.

5. **Section 80EE: - Deduction in respect of interest on loan taken for Self occupied Residential house property:-**

- The deduction under this section is available to the assessee where the housing loan has been availed between 01.04.2013 – 31.03.2014.
- Loan sanctioned ≤Rs. 25L and the value of residential house property is ≤ Rs. 40L.
- Assessee does not own any house property on the date of sanction of loan.
- Deduction is available in respect of interest payable on the above loan or Rs. 1L, whichever is less.

6. **Section 194 IA :- TDS on purchase of immovable property:-**

This section is inserted w.e.f. June 1, 2013.
Any person
- responsible for paying to a resident transferor,
- any sum by way of consideration for transfer of any immovable property (other than agriculture land in rural area)
- is liable to deduct TDS @1%
- if the consideration is ≥ Rs. 50L.

7. Return of Income filed without payment of Self Assessment Tax to be treated as Defective Return (w.e.f. 01.06.2013).

Analysis: Revenue has been noticed that a large number of assesses are filing their ROI Without payment of Self Assessment Tax. Now, revenue has power to issue notice u/s 144 of Best Judgment Assessment and levy penalty for non filing return of income u/s 271F upto Rs. 5,000/-.

8. Deduction u/s 80CCG shall be restricted to assesses having GTI≤ 12L (earlier it was 10L).

9. The donation to National Children Fund shall be eligible for 100% deduction u/s 80G now (earlier it was 50%).

10. Deduction of Political donation made u/s 80GGB and 80GGC not allowed if **paid in Cash.**

11. **Sec. 43CA:** Computation of income u/h "PGBP" for transfer of immovable property inn certain cases:-
Currently, when an immovable property is transferred for a consideration less than its Stamp duty value (i.e. Circle rate), then such stamp duty value is taken as sale consideration u/s 50C of Capital Gains. These provisions, however, do not apply to transfer of immovable property, held by the transferor as Stock in trade.

Now, new section 43CA is inserted to provide that where the consideration for the transfer of an immovable asset (other than capital asset), is less than the Stamp duty value, then, such Stamp duty value shall be the full value of consideration for computing the income u/h "PGBP".

Taxability of Immovable property received for *inadequate consideration* [Sec 56(2)] (Topic of Gift)

Current Provision: When an immovable property is received by an individual/HUF for inadequate consideration, then, such instance is currently not taxable under gift provisions.

Provision after amendment: Now where an immovable property is received for a consideration which is less than the stamp duty value of the property, by an amount exceeding 50,000, then, the stamp duty value of such property as exceeds such consideration, shall be chargeable to tax in the hands of individual/HUF. Such amended provision shall create double taxation in the hands of transferor and transferee.

Note: Stamp duty value on the date of agreement is considered if the date of agreement and date of registration is not same.

12. **Amendment in the definition of capital asset**:
Rural Agricultural Land in India: Only Rural agricultural lands in India are excluded from the purview of the term "Capital Asset". Hence, urban agricultural lands constitute capital asset.

The below agricultural lands, described in (a) and (b) below, being land situated within the specified urban limits, would fall within the definition of "Capital Asset" and transfer of such land would attract capital gains tax –

(a) Agricultural land situated in any area within the jurisdiction of a municipality or cantonment board haing population $\geq$ 10,000 or

(b) agricultural land situated in any area within below distances having mentioned population:

	Shortest aerial distance from the local limits of a municipality or cantonment board referred to in item (a) above	Population according to last census
(i)	**$\leq$ 2 kilometers**	**$10{,}000 < P \leq 1{,}00{,}000$**
(ii)	**$\leq$ 6 kilometers**	**$1{,}00{,}000 < P \leq 10{,}00{,}000$**
(iii)	**$\leq$ 8 kilometers**	**$10{,}00{,}000 < P$**

Example

SN	Area	Shortest aerial distance from the local limits of a municipality or cantonment board referred to in item (a) above	Population according to last census	Is Land Capital Asset?
1	A	1 Km	9,000	No
2	**B**	**1.5 Km**	**12,000**	Yes

3	**C**	**2 Km**	**11,00,000**	Yes
4	D	3 Km	80,000	No
5	**E**	**4 Km**	**3,00,000**	Yes
6	**F**	**5 Km**	**12,00,000**	Yes
7	G	6 Km	8,000	NO
8	H	7 Km	4,00,000	NO
9	**I**	**8 Km**	**10,50,000**	Yes
10	J	9 Km	15,00,000	No

Comment: Now, Revenue increases the range of capital assets for the purpose of taxation of capital gains.

13. By inserting new sections 14A and 14B in the Wealth Tax Act, now wealth tax return shall be files online (w.e.f. 1st June 2013.)

Comment: With the help of this amendment, revenue shall be able to track the persons, who are liable to pay wealth tax, but they are not doing so.

ALL THE BEST FOR YOUR EXAMS

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