AMENDMENTS AT A GLANCE
FINANCE ACT 2014

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ACA, ACMA

NEW TAX RATES

Figures in ₹

MEN

RATE	INCOME
Nil	2.5 lakh
10%	2.5 lakh - 5 lakh
20%	5 lakh - 10 lakh
30%	Above 10 lakh

SENIORS (60-80)

RATE	INCOME
Nil	3 lakh
10%	3 lakh - 5 lakh
20%	5 lakh - 10 lakh
30%	Above 10 lakh

WOMEN

RATE	INCOME
Nil	2.5 lakh
10%	2.5 lakh - 5 lakh
20%	5 lakh - 10 lakh
30%	Above 10 lakh

VERY SENIORS (80 +)

RATE	INCOME
Nil	5 lakh
20%	5 lakh - 10 lakh
30%	Above 10 lakh

SEC 2(14): CAPITAL ASSET

- Any security held by foreign institutional investor which has invested in such security in accordance with the regulations made under the SEBI Act, 1992 would be treated as capital asset and would be in the nature of capital gains

SEC. 2(42A): SHORT TERM CAPITAL ASSET

- An unlisted security and a unit of a mutual fund (other than an equity oriented mutual fund) shall be a short-term capital asset if it is held for not more than thirty-six months. {Earlier – 12 months} in case transfer takes place after July 10, 2014.
- Illustration

Asset	Date of purchase	Date of transfer	Short /Long term	A.Y
Shares in X Ltd (unlisted)	June 26, 2013	June 28, 2014	Long- term	2015-16
Shares in X Ltd (unlisted)	June 26, 2013	July 28, 2014	Short term	2015-16
PNB Mutual fund unlisted units (equity oriented)	Aug 4, 2012	July 15, 2014	Long- term	2015-16
PNB mutual fund unlisted units (equity oriented)	Aug 4, 2012	July 10, 2014	Long- term	2015-16
TATA mutual fund unlisted units (debt oriented)	Aug 4, 2012	July 15, 2014	Short term	2015-16
TATA mutual fund unlisted units (debt oriented)	Aug 4, 2012	July 10, 2014	Long- term	2015-16

FOREIGN COMPANY FOR CLAIMING EXEMPTION UNDER SECTION 10(48)

Notification No. 64/2013, dated 19.08.2013

- Income received by a foreign company in India in Indian currency from sale of crude oil, any other goods or rendering of services, as may be notified by the Central Government in this behalf, to any person in India is exempt under section 10(48).
- The foreign company, as well as the arrangement or agreement, should be notified by the Central Government having regard to the national interest.
- The foreign company should not be engaged in any other activity in India, except receipt of income under such arrangement or agreement.

TAXABILITY OF AWARDS RECEIVED BY A SPORTSMAN

Circular No. 2/2014 dated 20.01.2014

- In terms of provisions of Sec 10(17A), tax exemption can be sought by eligible persons in respect of awards or rewards received from institutions approved by Central government from time to time.

INCREASE IN CEILING LIMIT FOR INVESTMENT IN PPF

Notification No. G.S.R. 588 (E), dated 13-8-2014

- Annual ceiling limit for deposit in PPF A/c has been increased by Government from ₹ 1 lakh to ₹ 1.50 lakhs

CLARIFICATION UNDER SECTION 14A

Circular No. 5/2014, dated 11.2.2014

- The expenses which are relatable to earning of exempt income have to be considered for disallowance, irrespective of the fact whether such income has been earned during the financial year or not.
- section 14A read along with Rule 8D provides for disallowance of expenditure even where the taxpayer has not earned any exempt income in a particular year.

TAXABILITY OF PARTNER'S SHARE

Circular No. 8/2014 dated 31.03.2014

- The income of a firm is to be taxed in the hands of the firm only and the same can under no circumstances be taxed in the hands of its partners.
- The entire profit credited to the partners' accounts in the firm would be exempt from tax in the hands of such partners, even if the income chargeable to tax becomes Nil in the hands of the firm on account of any exemption or deduction available under the provisions of the Act.

DEDUCTION U/S 10AA ON TRANSFER OF TECHNICAL MANPOWER IN SOFTWARE INDUSTRY

- *Circular No. 14/2014, dated 8-10-2014*
- Deduction under section 10AA would be allowed, if:
  - The transfer or re-deployment of technical manpower from existing unit to a new unit located in SEZ, in the first year of commencement of business, shall not be construed as splitting up or reconstruction of an existing business, provided the number of technical manpower so transferred as at the end of the financial year should not exceed 50% of the total technical manpower actually engaged in development of software or IT enabled products in the new unit. or
  - If the assessee-enterprise is able to demonstrate that the net addition of the new technical manpower in all units of the assessee-enterprise is at least equal to the number that represents 50% of the total technical manpower of the new SEZ unit during such previous year.

NO DEDUCTION U/S 35AD IF DEDUCTION CLAIMED U/S 10AA

- If deduction is claimed in respect of a specified business (as referred to in section 35AD(8)(c)) under section 10AA, no deduction in respect of that business will be available under section 35AD.

SEC 12A: REGISTRATION GRANTED TO TRUST OR INSTITUTION TO ALSO BE APPLICABLE TO EARLIER YEARS IN SPECIFIC CASES

- In case where a trust or institution has been granted registration under section 12AA, the benefit of sections 11 and 12 shall be available in respect of any income derived from property held under trust **in any assessment proceeding for an earlier assessment year which is pending before the Assessing Officer as on the date of such registration.**
- Reassessment proceedings not to be initated for earlier years due to reason of non-registration
- The above benefits would, however, not be available in case of any trust or institution which at any time had applied for registration and the same was denied or a registration granted to it was cancelled at any time under section 12AA.

SEC 12AA: POWER OF PRINCIPAL COMMISSIONER/ COMMISSIONER TO CANCEL REGISTRATION OF TRUST OR INSTITUTION EXPANDED

- Where a trust or an institution has been granted registration, and subsequently it is noticed that its activities are being carried out in such a manner that,—

  1. its income does not enure for the benefit of general public;
  2. it is for benefit of any particular religious community or caste;
  3. any income or property of the trust is applied for benefit of specified persons like author of trust, trustees etc.; or
  4. its funds are invested in prohibited modes,

  then, the Principal Commissioner or the Commissioner may cancel the registration of such trust or institution.

- However, if the trust or institution proves that there was a reasonable cause for the activities to be carried out in the above manner, the registration shall not be cancelled.

SEC 115BBC: TREATMENT OF ANONYMOUS DONATIONS

- The regular rate or applicable rate will apply on total income (**after deducting that portion of anonymous donations which is subject to 30% tax rate**).
- **No exceptions from taxability:** *Provisions sec. 11 & 12 will not operate to exclude anonymous donations from taxability.*

INCREASE IN DEDUCTION FOR INTEREST ON LOAN BORROWED

- The second proviso to clause (b) of section 24 has been amended to increase the maximum amount of deduction on account of interest on capital borrowed for acquisition and construction of self-occupied property to ₹ **2,00,000.**

DEPRECIATION ON WIND MILLS

Notification No. 43/2014, dated 16-9-2014

- The following renewable energy devices would be eligible for depreciation @80% from A.Y. 2015-16, if they are installed on or after 1st April 2014 –
  a. Wind mills and any specially designed devices which run on wind mills;
  b. Any special devices including electric generators and pumps running on wind energy

SEC 32AC(1A): ALLOWANCE TO MANUFACTURING COMPANIES INVESTING MORE THAN ₹ 25 CRORE IN P&M

- Investment allowance will be available if the aggregate amount of actual cost of new Plant & machinery acquired and installed by a manufacturing company during any previous year exceeds ₹ 25 Crores.
- The amount of investment allowance will be 15% of actual cost of new asset acquired or installed during the previous year.
- Deduction will be available from A.Y 2015-16 to 2017-18.
- No deduction will be available for A.Y 2015-16 u/s 32AC(1A) to a company which is eligible for deduction under section 32AC(1).

SEC 35AD: DEDUCTION OF CAPITAL EXPENDITURE OF SPECIFIED BUSINESS

- 100% of Deduction available to assessees carrying on specified business (two more business have been included) for the purposes of investment- linked deduction so as to promote investment in these sectors which are :
- Laying and operating a slurry pipeline for the transportation of iron ore
- Setting-up and operating a semi-conductors wafer fabrication manufacturing unit, if such unit is notified by the board in accordance with the prescribed guidelines
- Deduction available only if operation commence after 1 April, 2014
- **Capital asset in respect of which deduction under section 35AD has been claimed to be used for "specified business" for a period of eight years – 35AD(7A)**
- **If it is used for any purpose other than specified purpose within eight years, then the deduction claimed under section 35AD as reduced by depreciation allowable would be taxable – 35AD(7B). However, this provision would not apply to a sick company – 35AD(7C).**

SEC 37: DISALLOWANCE OF CSR EXPENDITURE

- Any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession from the assessment year 2015-16.
- Deduction may be claimed under any other section (if otherwise possible).

SECTION 40

- Remittance of TDS on payments to non-residents permitted to be made on or before the due date of filing of return of income for avoiding disallowance of related expenditure under section 40(a)(i) during the previous year
- Section 40(a)(ia) Any payments to resident, in case of TDS default, 30% of expenditure (not 100%) will be disallowed.

DISALLOWANCE OF ANY SUM PAID TO A RESIDENT WITHOUT TDS

Circular No.10/2013, dated 16.12.2013

- That the provisions of disallowance under section 40(a)(ia) apply only to the amount which remained payable at the end of the relevant financial year and would not be invoked to disallow the amount which had actually been paid during the previous year without deduction of tax at source.

SECTION 43(5)

- Eligible transaction in respect of trading in commodity derivatives carried out in a recognized association and chargeable to commodities transaction tax shall not be considered to be a speculative transaction

PRESUMPTIVE INCOME (SEC 44AE)

- Uniform amount of presumptive income from each goods carriage, whether heavy goods carriage or other than heavy goods carriage

	Upto A.Y. 2014-15	**w.e.f A.Y.2015-16**
Heavy Goods Vehicle (HGV)	₹5,000	₹7500
Other than HGV	₹4,500	₹7500

SEC 45(5): COMPULSORY ACQUISITION – CAPITAL GAIN

- Compensation received in pursuance of an interim order deemed as income chargeable to tax in the year of final order.

SEC 47: TRANSACTION NOT REGARDED AS TRANSFER

- Any transfer of a capital asset, -
  1. being a Government Security carrying a periodic payment of interest,
  2. made outside India through an intermediary dealing in settlement of securities,
  3. by a non-resident to another non-resident

  shall not be considered as transfer for the purpose of charging capital gains.

EXEMPTION U/S 54 & 54F

- The assessee can purchase only **one residential house in India** to get the benefit of exemption. If a person purchase /constructs more than one residential house, investment in only one house would be considered for the purpose of exemption under section 54. Likewise, investment in a property outside India will not be considered for the purpose of section 54.

SECTION 54EC

- Maximum investment in bonds of NHAI & RECL, out of capital gains arising from transfer of one or more capital assets during a financial year, restricted to ` 50 lakhs, irrespective of whether the investment is made in the same financial year or in the subsequent financial year or both

SECTION 56(2)

- New clause (ix) has been inserted to Section 56(2)
- Any sum of money received as an advance or otherwise in the course of negotiation for transfer of a capital asset will be taxable under the Head "Income from other sources" if the following two conditions are satisfied:

  i. the negotiation do not result in transfer of capital asset ; and

  ii. advance money is forfeited.

SEC 73: LOSSES IN SPECULATION BUSINESS

- It provides that losses incurred in respect of a speculation business cannot be set off or carried forward and set off except against the profits of any other speculation business.
- The business of purchase or sale of shares by a company whose principal business is the business of trading in shares, shall also **not** be a speculative business.

DEDUCTION UNDER CHAPTER VI A

Section	Amendment
80C	The aggregate of the eligible contributions allowed as deduction to the extent of ₹1,50,000/-
80CCD	Benefit of pension scheme extended to private sector employees without condition regarding date of joining being on or after 1st January, 2004
80CCE	Aggregate deduction under sections 80C, 80CCC & 80CCD(1) - ₹1,50,000/-
80-IA(4)(iv)]	Extension of sunset clause for tax holiday under section 80-IA for power-sector Undertakings Terminal date extended for further 3 years, i.e., upto 31 March, 2017

CONTRIBUTORY HEALTH SERVICE SCHEME OF THE DEPARTMENT OF SPACE

Notification No.6/2014 dated 15.01.2014

- Any contribution made by an individual towards the Contributory Health Service Scheme of the Department of Space would be eligible for deduction under section 80D, subject to the overall limit of ₹ 15,000 or ₹ 20,000, as the case may be.

SEC 115BBD: TAX ON DIVIDEND RECEIVED BY AN INDIAN COMPANY FROM FOREIGN COMPANIES

- The benefit of concessional rate of taxation@15% on gross dividend received by Indian companies from specified foreign companies without limiting it to a particular assessment year, in order to encourage Indian companies to repatriate foreign dividends into the country.

ALTERNATE MINIMUM TAX

- It provides that deduction claimed under section 35AD (as reduced by depreciation allowance under section 32) shall be also added to total income to arrive at adjusted total income. [Section 115JC]
- Credit for AMT to be available even in a year when the adjusted total income is not more than ₹ 20 lakh and there is no claim for deduction under section 10AA or Chapter VI-A or section 35AD. [Section 115JEE]

TAX LEVIABLE ON GROSS DIVIDEND / INCOME

- Dividend and income distribution tax leviable on gross dividend / income and not on the net dividend / income distributed to shareholders and unit holders [section 115-O & 115R]
- Dividend tax under section 115-O will be payable on amount distributed (after grossing up).
- New sub-section (2A) has been inserted in section 115R to provide that for the purposes of determining the additional income-tax payable in accordance with section 115R(2), the amount of distributed income shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in section 115R(2), be equal to the amount of income distributed by the Mutual Fund.

SCOPE OF ADDITIONAL INCOME-TAX ON DISTRIBUTED INCOME

Circular No. 6/2014, dated 11.2.2014

- Additional income-tax under section 115R(2) is to be levied on income distributed by way of dividend to unit-holders of mutual fund or specified companies.
- Further, it is specifically clarified that receipts from redemption/repurchase of units or allotment of additional units by way of bonus units would **not** be subject to levy of additional income-tax thereunder.

DOCUMENTS AND INFORMATION, TO BE FURNISHED BY THE ASSESSEE FOR CLAIMING TREATY BENEFITS

Notification No.57 / 2013 dated 01.08.2013

- For claiming treaty benefits, sections 90(4) and 90A(4) provide that a certificate issued by the Government of a foreign country would constitute proof of tax residency.
- In addition to that as per sections 90(5) and 90A(5) require **an assessee** to **provide such other documents and information, as may be prescribed in FORM No.10 F**, viz.

1. **Status** (individual, company, firm etc.) of the assessee;
2. **Nationality** (in case of an individual) or country or specified territory of incorporation or registration (in case of others);
3. **Assessee's tax identification number** in the country or specified territory of residence and in case there is no such number, then, a unique number on the basis of which the person is identified by the Government of the country or the specified territory of which the assessee claims to be a resident;
4. **Period for which the residential status**, as mentioned in the certificate referred to in section 90(4) or section 90A(4), is applicable; and
5. **Address of the** assessee in the country or specified territory outside India, during the period for which the certificate, as mentioned in (iv) above, is applicable

SEC 92B: DEEMED INTERNATIONAL TRANSACTION

- Section 92B has been amended to provide that where, in respect of a transaction entered into by an enterprise with a person other than an associated enterprise (hereinafter referred to as "other person")

  i. there exists a prior agreement in relation to the relevant transaction between the other person and the associated enterprise or,

  ii. where the terms of the relevant transaction are determined in substance between such other person and the associated enterprise; and

  iii. either the enterprise or the associated enterprise or both of them are non-residents,

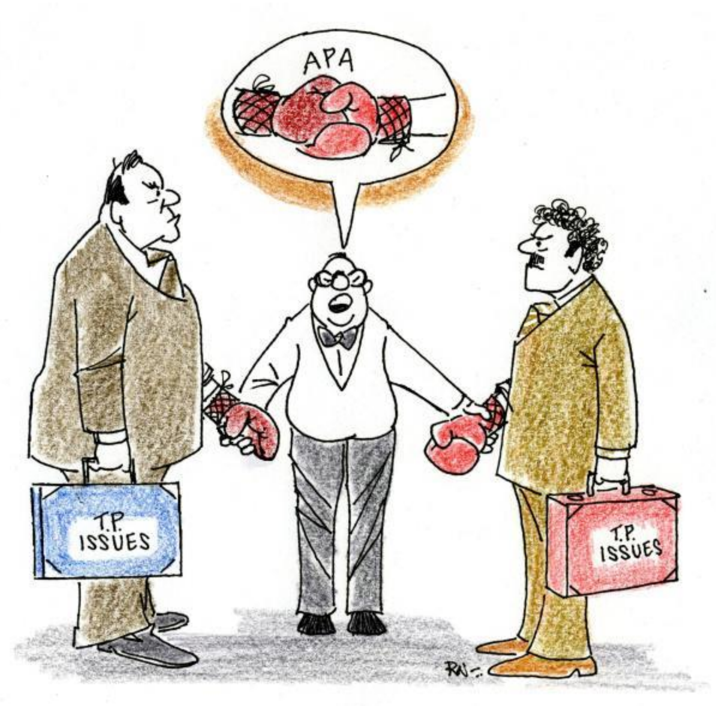
- Then such transaction entered into between the enterprise and the other person shall be deemed to be an international transaction entered into between two associated enterprises, whether or not such other person is a non-resident.

SEC 92C(2): INTRODUCTION OF "RANGE CONCEPT" FOR DETERMINATION OF ARM'S LENGTH PRICE

- In case of an international transaction or specified domestic transaction undertaken on or after 1.4.2014, where more than one price is determined by the most appropriate method, the ALP shall be computed in the prescribed manner (based on "range concept" to be specified by way of Rules) and the computation methodology given in the first and second proviso, based on arithmetic mean, shall be ignored.

SEC 92CC: PROVISION FOR ROLL BACK IN ADVANCE PRICING AGREEMENT (APA) SCHEME

- The APA, may subject to such prescribed conditions, procedure and manner provide for determining the arm's length price or for specifying the manner in which arm's length price is to be determined in relation to an international transaction entered into by a person during any period not exceeding four previous years preceding the first of the previous years for which the APA applies in respect of the international transaction to be undertaken in future.



SEC 194DA: TAX TO BE DEDUCTED ON NON-EXEMPT PAYMENTS MADE UNDER LIFE INSURANCE POLICY

- any person responsible for paying to a resident any sum under a life insurance policy (including bonus) shall deduct income-tax thereon at the rate of 2 per cent
- TDS is required if the amount payable during the financial year is **less than ₹ 1,00,000**.
- If exemption is available to the recipient under 10(10D), then the above TDS provisions are not applicable.
- A keyman insurance policy which has been assigned before maturity to keyman (or any other person) during its term, with or without consideration, shall continue to be treated as a keyman insurance policy and TDS provision under section 194 DA would be applicable.
- TDS provisions of section 194DA will be applicable whether payment is made at the time of maturity or otherwise i.e., loan etc

TIME AND MODE OF PAYMENT OF TAX DEDUCTED AT SOURCE UNDER SECTION 194-IA

Notification No. 39/2013 dated 31.05.2013

- Time and mode of payment of tax deducted at source under section 194-IA to the credit of Central Government, furnishing challan-cum-statement and TDS Certificate [Rules 30, 31A & 31]
- Such sum deducted under section 194-IA shall be paid to the credit of the Central Government within a period of seven days from the end of the month in which the deduction is made.
- The amount so deducted has to be deposited to the credit of the Central Government by electronic remittance within the above mentioned time limit.
- Every person responsible for deduction of tax under section 194-IA shall also furnish a challan-cum-statement in Form No.26QB electronically within seven days from the end of the month in which the deduction is made.
- Every person responsible for deduction of tax under section 194-IA shall furnish the TDS certificate in Form No.16B to the payee within 15 days from the due date for furnishing the challan-cum-statement in Form No.26QB

NON-DEDUCTION OF TAX AT SOURCE ON THE SERVICE TAX COMPONENT COMPRISED IN PAYMENTS MADE TO RESIDENTS

Circular No. 1/2014, dated 13.1.2014

- If in the terms of the agreement/contract between the payer and the payee, the service tax component comprised in the amount payable to a resident is indicated separately, tax shall be deducted at source under Chapter XVII-B on the amount paid/payable without including such service tax component.

SEC 201(3): REVISION OF TIME LIMIT FOR PASSING AN ORDER UNDER SECTION 201(1)

- An assessee shall not be deemed to be in default, by virtue of Sec. 201(3), for failure to deduct whole or any part of the tax, at any time after the expiry of 7 years (earlier 6 years) from the end of the financial year in which payment is made or credit given.

SEC 206AA: HIGHER RATE OF TDS WHERE PAN IS NOT PROVIDED

- Where the recipient does not furnish his PAN to the deductor, tax will be deducted at the normal rate or at the rate of 20%, whichever is higher. However, sub-section (7) provides an exception from applicablility of section 206AA in respect of payment of interest on long-term infrastructure bonds eligible for benfit under section194LC. The scope of exception under sub-section (7) has been extended (with effect from October 1, 2014) to payment of interest on any long-term bond referred to in section 194LC

INCOME TAX AUTHORITIES

- Principal Director General of Income-tax, Principal Chief Commissioner of Incometax, Principal Director of Income-tax and Principal Commissioner of Income-tax included under income-tax authorities specified under section 116
- CBDT empowered to issue orders for relaxation of fee leviable under section 234E for failure to deliver TDS/TCS statements within the prescribed time [section 119(2)(a)]
- Under section 131(3), an extended time limit of 15 days (exclusive of holidays) has been provided upto which an income-tax authority may retain in his custody, books of account or other documents impounded, without obtaining the approval of the higher authorities specified thereunder i.e., Principal Chief Commissioner or Chief Commissioner, Principal Director General or Director General etc.

CONTD...

- Scope of section 133A expanded to include exercising the power of survey to verify whether tax has been deducted or collected at source in accordance with the relevant provisions of the act [section 133A(2A)]
- Assessing Officer having jurisdiction in respect of other person to proceed under section 153A only if he is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in section 153A(1) [section 153C]

SEC 133C: PRESCRIBED INCOME-TAX AUTHORITIES EMPOWERED TO CALL FOR INFORMATION

- New section 133C has been inserted to enable the prescribed income-tax authority to verify the information in its possession relating to any person.
- Under this section, for the purposes of verification of information in its possession relating to any person, prescribed income-tax authority, may, - issue a notice to such person requiring him, on or before a date to be therein specified, to furnish information or documents, verified in the manner specified therein which may be useful for, or relevant to, any inquiry or proceeding under the Act.

EXPANSION OF SCOPE OF SECTION 142A

- The Assessing Officer may, for the purposes of assessment or reassessment, make a reference to a Valuation Officer to estimate the value, including fair market value, of any asset, property or investment and submit the report to him. Thus, the scope of section 142A has been widened by removing references to the specific sections for which reference can be made by the Assessing Officer to the Valuation Officer.
- New section 142A further clarifies that the Assessing Officer may make a reference to the Valuation Officer whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.

INCOME COMPUTATION AND DISCLOSURE STANDARDS TO BE NOTIFIED U/S 145

- Section 145(3) has been amended to provide that the Assessing Officer may make a best judgment assessment in the manner provided in section 144, if the income has not been computed in accordance with the standards notified under section 145(2) or where the method of accounting provided under section 145(1) has not been regularly followed by the assesse.

SETTLEMENT OF CASES

- Section 245A(b) defining a "case" in respect of which an assessee may make an application to the Settlement Commission, specifically excluded from its scope –
  1. a proceeding for assessment or reassessment or re computation under section 147;
  2. a proceeding for making fresh assessment in pursuance of an order under section 254 by the Appellate Tribunal or an order of revision under section 263 or section 264 by Commissioner, setting aside or cancelling an assessment.
- This exclusion has now been removed by the Finance (No.2) Act, 2014. Therefore, the proceedings mentioned in (1) and (2) above now fall within the definition of "case" in respect of which an assessee can make an application to the Settlement Commission under section 245C.

SECTION 245 N

- Advance ruling to include a determination by the AAR in relation to the tax liability of a resident applicant (falling within any such class or category of persons as the central government notifies) where he can approach advance ruling authority, arising out of a transaction which has been undertaken or is proposed to be undertaken by such applicant.

SEC 245-O: STRENGTHENING THE CONSTITUTION OF AAR

- Authority for Advance Ruling to consist of a Chairman and such number of Vice Chairman, revenue members and law members as the Central Government may by notification appoint.
- Qualifications for appointment:
  - Chairman – a person who has been a judge of the Supreme Court;
  - Vice Chairman – a person who has been a Judge of a High Court;
  - Revenue Member from The Indian Revenue Service – a person who is a Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General;
  - A law Member from the Indian legal service – a person who is an Additional Secretary to the Government of India

TRANSFER PRICING OFFICER INCLUDED AS COMPETENT AUTHORITY FOR LEVY OF PENALTY UNDER SECTION 271G

- This section provides that if any person who has entered into an international transaction or specified domestic transaction fails to furnish any such information or document as required by section 92D(3), then such person shall be liable to a penalty which may be levied by the Assessing Officer or the Commissioner (Appeals).
- As Arm's length price in several cases is determined by a Transfer Pricing Officer Therefore, section 271G has been amended to include TPO, as referred to in Section 92CA, as an authority competent to levy the penalty under section 271G in addition to the Assessing Officer and the Commissioner (Appeals).

SEC 271H: ASSESSING OFFICER SPECIFIED AS THE COMPETENT AUTHORITY TO LEVY PENALTY

- Section 271H provides for levy of penalty for failure to furnish TDS/TCS statements within the prescribed time or furnishing of incorrect information in TDS/TCS statements. however, do not specify the authority which would be competent to levy the penalty under the said section.
- Section 271H has been amended to provide that the penalty under section 271H shall be levied by the Assessing Officer.

FAILURE TO PRODUCE BOOKS

- The section 276D has been amended to provide that if a person willfully fails to produce accounts and documents as required in any notice issued under section 142(1) or willfully fails to comply with a direction issued to him under section 142(2A), he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine.

SECTION 269SS AND 269T

- In order to enable payment by way of internet banking facilities or by use of payment gateways, sections 269SS and 269T have been amended to provide that use of electronic clearing system through a bank account shall be a permissible mode of acceptance and repayment of any loan and deposit under the said sections if the other conditions regarding the quantum etc are satisfied.

SEC 271 FA & 271 FAA

- The existing provisions of section 271FA provide for penalty for failure to furnish an annual information return. It has been amended with effect from 1st April, 2015 so as to provide for penalty for failure to furnish statement of financial transaction or reportable account.
- Under Sec 271FAA: A penalty a sum of a sum of ₹ 50000 can be imposed by the prescribed income tax authority in the following cases.
  - If a person who is required to furnish a statement under that section provides inaccurate information in the statement and where the inaccuracy is due to failure to comply with the due diligence requirement prescribed or is deliberate on the part of that person.
  - If the above reporting financial institution knows of inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed income tax authority or such other authority.
  - If the above reporting financial institution discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within 10 days. (i.e., time specified under section 285BA)

WEALTH TAX (SECTION 22A)

- Provisions regulating settlement of cases under wealth tax act have been amended. After the amendment one can also have recourse to the commission for settlement in the following cases;
  - If assessment or reassessment proceedings are pending under section 17
  - If a proceeding for making fresh assessment in pursuance of an order under section 23A, 24, 25 setting aside or cancelling an assessment, is pending.

CASE LAWS

CIT V. KIRLOSKAR OIL ENGINES LTD (2014) 364 ITR 88 (BOM)

- If the object of the subsidy is to enable the assessee to run the business more profitably, then the receipt is on the revenue account. If the object was to enable the assessee to set up a new unit, then the receipt of subsidy is on capital account
- The subsidy received by the assessee-company for setting up a new unit is a capital receipt not chargeable to tax.

CIT V. TVS MOTORS LTD (2014) 364 ITR 1 (MAD)

- "Moulds & dies" are not independent of plant and machinery but are parts of plant and machinery. Once the dies are worn out, they had to be replaced so that the machine can produce the product according to business specifications. Thus, the expenditure incurred by the assessee towards replacement of parts of machinery to ensure its performance without bringing any new asset or advantage, is eligible for deduction as 'current repairs' under section 31.

CIT V. GUJARAT STATE ROAD TRANSPORT CORPN (2014) 366 ITR 170 (GUJ)

- Delayed employees contribution to Provident Fund and Employee's State Insurance **not to be allowed** as deduction where the assesssee-employer had not remitted the same on or before the "due date" under the relevant Act but remitted the same on or before the due date for filing of return of income under section 139(1)

CIT V. K AND CO. (2014) 364 ITR 93 (DEL)

- The margin money requirement was an essential element for obtaining the bank guarantee which was necessary for the contract between the State Government of Sikkim and the assessee. If the assessee had not furnished bank guarantee, it would not have got the contract for running the said lottery.
- The interest income received on funds kept as margin money for obtaining the bank guarantee would be taxable under the head "Profits and gains of business or profession".

CIT V. VIR VIKRAM VAID (2014) 367 ITR 365 (BOM)

- The repair and renovation expenses in respect of premises occupied by the company cannot be treated as deemed dividend in the hands of shareholder being the owner of the building.

CIT V. GOVINDBHAI MAMAIYA (2014) 367 ITR 498 (SC)

- Land inherited by three brothers is compulsorily acquired by the State Government, the resultant capital gain would be assessed in their individual status rather in the status of "Association of Persons" (AOP)

PETERPLAST SYNTHETICS P LTD V. ASSTT. CIT (2014) 364 ITR 16 (GUJ)

- The period of limitation for rectification under section 254(2),has to be reckoned from the date of receipt of order by the assessee and not from the date of order.

DR. MANOJ KABRA V. ITO (2014) 364 ITR 541 (ALL)

- If a bona fide purchaser purchase a property for adequate consideration and no notice of pendency of proceedings was to known him nor was it brought to his knowledge by the seller.
- The Assessing Officer has no jurisdiction under section 281 to *suo moto* declare the sale of such property as void.

INDUS TOWERS LTD V. CIT (2014) 364 ITR 114 (DEL)

- Payment made for use of passive infrastructure facility such as mobile towers subject to tax deduction under section 194-I, at the rate applicable for payment made for use of plant and machinery.

ALL THE VERY BEST FOR YOUR EXAMS.

WISH YOU ALL SUCCESSS.

FOR ANY FURTHER QUERIES,

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