# AMENDMENTS

| Section | Amendment | Consequence |
|---|---|---|
| 2(14) | Definition of Capital asset to exclude Deposit certificate issued under Gold Monetization Scheme 2015 | Such certificates will not be charged to tax |

| Section | Amendment | Consequence |
|---|---|---|
| 2(24) | Income includes<br>Assistance in the form of subsidy/ grant/ cash incentive etc. by CG/ SG/ LA/ body/ agency in cash or kind to assessee but not such amount received to be deducted from cost u/s 43(1) | Grant- taxable in hands of entity<br>Exempt –<br>1. Grant by CG to trust established by LA<br>2. Grant by SG to trust established by SG or LA |

| Section | Amendment | Consequence |
|---|---|---|
| Section 2(42A) | POH for LTCA related to unlisted shares reduced to 24 months | Sold after 24months of holding considered as LTCG |

| Section | Amendment | Consequence |
|---|---|---|
| 6(3) | Company to be considered resident in India if<br>1. It is an Indian company<br>2. Place of effective management is in India | POEM means place where Key management and commercial decisions in substance are made |

| Section | Amendment | Consequence |
|---|---|---|
| 9(1)(i) | Foreign company engaged in business of mining of diamonds, no income to accrue or arise in India through activities like display of uncut and unasserted diamonds in Special Zone | Display of uncut diamonds in India will not lead to creation of business connection in India |

| Section | Amendment |
|---|---|
| 10(12A)/(13) | Payment from NPS on closure of account or opting out of pension scheme shall not be taxed to the extent of 40% at the time of closure<br>Payment from approved superannuation fund under NPs is exempt from tax |
| 10(15) | Interest from deposit certificates issued under gold monetization scheme shall be exempt from tax |
| 10(23DA) | Income of securitization trust is exempt |
| 10(23FC)/(23FD) | Income of business trust/ unit holder of business trust by way of dividend referred u/s 115-O(7) received from SPV/ business trust shall not be included in income of trust/ unit holder |
| 10(38) | Income from transaction in foreign currency in RSE located in IFSC is exempt from tax EVEN IF STT NOT PAID |

| Section | Amendment | Consequence |
|---|---|---|
| 10(34) | Income by way of dividend in excess of Rs.10 lakhs shall NOT BE EXEMPT from tax<br>Assessee: R individual/ HUF or firm | Such person shall be chargeable to tax @ 10% +SC+ EC+ SHEC |
| 10(35A) | Income of investor from securitization trust shall NOT BE EXEMPT from tax | Income received from securitization trust will be taxable in the hands of investor |

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| Section 10(48A) | Income | Storage of crude oil in India and sale of crude oil there from |
| | Sale to | Person resident in Income |
| | Arising to | Foreign National Oil companies or MNC |
| | Condition | 1. Storage and sale is in pursuant to agreement with CG or approved by CG<br>2. Agreement are notified by CG |

| Section | Amendment | Consequence |
|---|---|---|
| 17 | • Employers contribution<br>• To approved superannuation fund<br>• In excess of Rs.150000 | Taxable as perquisite |

| Section | Amendment | Consequence |
|---|---|---|
| 24(b) | Interest on capital to finance construction of self occupied property is allowed as deduction if<br>Construction is completed within 5yrs | If construction not completed within 5yrs, interest allowed as deduction will be chargeable to tax |

| Section | Amendment | Consequence |
|---|---|---|
| 25A | Rent received in arrears/ unrealized rent are chargeable to tax in the year of recovery whether assessee in owner of the property or not | 30% deduction on such rent can be claimed by assessee |

| Section | Amendment |
|---|---|
| 28(va) | Non compete fees in relation to not carrying out any profession is chargeable to tax as business income |

| Section | Amendment | Consequence |
|---|---|---|
| 32(1)(iia) | Assessee engaged in business of transmission of power<br>Allowed additional depreciation | 20% of cost of new P&M acquired and installed in PY |
| 32AC | Investment allowance @15% on investment in new P&M if new plant installed on or before 31.3.2017 | Deduction will be given in the year of installation |

<table>
<tr><th colspan="3">Phase out plan of deduction u/s 35</th></tr>
<tr><th>Section</th><th>Deduction currently available</th><th>Future deduction</th></tr>
<tr><td>35(1)(ii): contribution to approved research association, university, college or other institution for conducting scientific research</td><td>175% of actual contribution</td><td rowspan="3">150% from AY 2018-19 to 2020-21<br>100% from 2021-22</td></tr>
<tr><td>35(2AA): contribution to an approved National Laboratory, university, IIT, specified person</td><td>200% of actual contribution</td></tr>
<tr><td>35(2AB): Expense on an in-house research unit</td><td>200% of actual contribution</td></tr>
<tr><td>35(1)(iia): Contribution to an approved Indian scientific research company</td><td>125% of actual contribution</td><td rowspan="2">100% of actual contribution from AY 2018-19</td></tr>
<tr><td>35(1)(iii): Contribution to an approved research institution, university, college or other institution for conducting research in social science/ statistical research</td><td></td></tr>
</table>

<table>
<tr><td rowspan="3">Section 35ABA</td><td colspan="2">Expenditure for obtaining right to use spectrum for telecommunication services</td></tr>
<tr><td>Nature of expenditure</td><td>Capital exp. On acquisition of right to use spectrum for telecommunication services by paying spectrum</td></tr>
<tr><td>Deduction</td><td>Equal installments till contract comes to an end</td></tr>
</table>

<table>
<tr><td rowspan="2">Section 35AD</td><td>Only 100% deduction will be available from AY 2018-19</td><td>1. Setting up and operating cold chain facility<br>2. Warehousing facility for storage of agricultural produce<br>3. Building and operating hospital<br>4. Developing housing project under affordable housing scheme<br>5. Production of fertilizer</td></tr>
<tr><td>New</td><td>Developing, operating and maintaining or developing,</td></tr>
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| | | |
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| | deduction | operating and maintaining an infrastructure facility<br>1. Road including toll road, bridge or rail system<br>2. Highway project building housing or other activities being an integral part of the highway project<br>3. Water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system<br>4. Port, airport, inland waterway, inland port or navigational channel in the sea |

| Section | Activity | Current deduction | Proposed deduction | From AY |
|---|---|---|---|---|
| **Section 35CCC** | Notified agricultural extension project | 150% | 100% | 2021-22 |
| **Section 35CCD** | Notified skill development project | 150% | 100% | 2021-22 |

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| **Section 36(1)(viia)** | PDD upto 5% of GTI to PFI | NBFC can also claim the deduction |

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| **Section 40(a)(ib)** | Default pertaining to non-deduction/ non deposit of equalization levy | |
| | Consequence | Deduction shall be permitted in the year in which it is deducted/ deposited |
| **Section 43B** | Payment made to railway | Deductible in the year the payment is made or before due date of filing the return for purchase of railway assets |

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| **Section 44AA** | Following assessee shall also maintain books of accounts | Declares income less than 8% u/s 44AD and income exceeds maximum amount not chargeable to tax |
| **Section 44AB** | Threshold limit of audit for professionals increased to Rs.50 lakhs<br>Compulsory tax audit for person covered u/s 44AD(4) and 44ADA | |
| **Section 44AD(4)** | Threshold limit for deemed income increased to Rs.2 crore<br>If lower income declared, he shall not be eligible to claim benefit of 44AD for 5 subsequent AY | |
| **Section** | 1. Resident assessee engaged in profession whose gross receipt does not | |

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| **44ADA** | exceed Rs.50 lakhs; he can calculate his income @ 50% of gross receipt.<br>2. If lower income declared, will have to maintain books of accounts and get his books audited u/s 44AB |

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| **Section 47** | **Following points inserted not to be considered as transfer** | |
| | Redemption of sovereign gold bond issued by RBI under Sovereign Gold Bond scheme 2015 | |
| | Company converted into LLP | Value of total assets in books of accounts in any of the 3PY preceding the PY in which conversion took place does not exceed Rs.5 crore |
| | Transfer by unit holder of units held in consolidating plan of mutual fund scheme made in consideration of allotment to him of units in consolidating plan of mutual fund scheme | |

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| **Fourth proviso to Section 48** | • Any rupee denominated bonds<br>• of Indian corporate,<br>• purchased by nonresident investor<br>• any capital gain arising from appreciation of rupee between date of issue and redemption<br>• shall be exempt from tax |

**Sovereign gold bond/ Gold monetization scheme**

| | Sovereign Gold Bonds 2015 | | Gold monetization scheme 2015 |
|---|---|---|---|
| | Owned by an individual | Owned by any other person | |
| Interest | Taxable | Taxable | Exempt |
| Is it a capital asset | YES | YES | NO |
| CG arising at the time of redemption | Exempt | Taxable | Exempt |
| CG arising at the time of transfer by any other mode | Taxable | Taxable | exempt |

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| **Section 50C** | When date of agreement and date | Stamp duty value shall be |

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| | of registration for transfer are different | considered for date of agreement |

| **Section 54EE:** *CG not to be charged on investment in units of specified funds* | |
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| When | Assessee has transferred LTCA |
| What to do | Invest in LT specified asset notified by CG to finance startups |
| Time limit | Within 6 months from the date of transfer of original asset |
| Investment | Not to exceed Rs.50 lakh in same and subsequent financial year |
| Exemption | Amount of CG or investment wel |
| Condition | Investment not to be transferred within 3yrs from date of acquisition |

| **Section 54GB:** **Investment in shares from receipt on transfer of residential property** | |
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| **When** | LTCG arising on transfer of residential property |
| **What to do** | Invest in shares of eligible startup company |
| **Assessee** | Individual or HUF |
| **Investment** | More than 50% shares of the company to be held |
| **Condition** | 1. Such company utilizes the amount invested in shares to purchase new asset before due date of filing the return of investor<br>2. Turnover should not exceed Rs.25 crore in any PY during 1.4.2016 to 31.3.2021 |
| **Asset** | Includes computer or computer software in case of technology driven start up |
| **Eligibility of exemption** | Incorporated during 1.4.2016 to 3.3.2019 |

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| **Section 55** | CG arising on transfer of right to carry on any profession<br>COA and COI to be taken as NIL |

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| **Section 56(2)(vii)** | • Shares received<br>• By individual or HUF<br>• As a consequence of demerger or amalgamation<br>• Of a company or co operative bank<br>• Shall not to be chargeable to tax |

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| | • Even if consideration is in excess of Rs.50,000 |

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| **Section 80** | • Carry forward of loss<br>• Of specified business u/s 35AD<br>• Cannot be taken unless<br>• Return has been files in accordance with section 139(3) | |
| **Section 80CCD** | • Any amount received<br>• By the nominee<br>• From NPS<br>• On death of assessee<br>• Shall be exempt from tax | |
| **Section 80EE** | **Assessee** | Individual or HUF |
| | **When** | Taken loan for acquisition of residential house property |
| | **From** | Bank to which Banking Regulation Act applies or housing finance company |
| | **Time limit** | Loan sanctioned during 1.4.2016 to 31.3.2017 |
| | **Limit** | Loan sanctioned does not exceed Rs.35 lakhs |
| | **Condition** | Value of residential house property does not exceed Rs.50 lakhs<br>Assessee does not own any residential house property on date of sanction of loan |
| | **Deduction** | Interest payable or Rs.50,000 wel |
| | Double deduction not permissible | |
| **Section 80GG** | • Individual does not receive HRA<br>• Can claim deduction of rent paid<br>• The amount of deduction cannot exceed<br>  ○ **Rs.5000pm**<br>  ○ 25% of total income<br>  ○ Excess of rent paid over 10% of total income<br>wel | |

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| **Section** | **Assessee** | LLP or company |
| | **Eligible business** | Which involves innovation, development, deployment or commercialization of new products, processes or services driven |

<table>
<tr><td rowspan="4">80IAC</td><td></td><td colspan="4">by technology or intellectual property</td></tr>
<tr><td>Time limit</td><td colspan="4">Incorporates between 1.4.2016 to 31.3.2019</td></tr>
<tr><td>Condition</td><td colspan="4">1. Turnover does not exceed Rs.25 crore in any of 5PY beginning 1.4.2016<br>2. Holds certificate from inter ministerial board of certification<br>3. Not formed by splitting up or reconstruction<br>4. Books of accounts should be audited<br>5. Will have to claim the deduction in the return filed</td></tr>
<tr><td>Deduction</td><td colspan="4">100% of profits for 3 consecutive AY out of 5 beginning from the year in which it is incorporated</td></tr>
<tr><td rowspan="8">Section 80IBA</td><td>Assessee</td><td colspan="4">Any person</td></tr>
<tr><td>Business</td><td colspan="4">Developing and building housing project consisting [predominantly residential units with such other facility and amenities as specified</td></tr>
<tr><td>Time limit</td><td colspan="4">Project approved between 1.6.2016 to 31.3.2019</td></tr>
<tr><td>Condition</td><td colspan="4">1. Project completed within 3yrs from the date of first approval<br>2. Built up area of shops does not exceed 3% of aggregate built up area<br>3. Only housing project on such plot of land<br>4. One unit per individual or spouse or minor children</td></tr>
<tr><td rowspan="3">Size</td><td>Location</td><td>Plot area</td><td>Unit area</td><td>Floor area ratio</td></tr>
<tr><td>Chennai, Delhi, Kolkata or Mumbai or within 25kms from municipal limits</td><td>1000sq mt</td><td>30sq mt</td><td>90% or more</td></tr>
<tr><td>Others</td><td>2000sq mt</td><td>60 sq mt</td><td>80% or more</td></tr>
<tr><td>Deduction</td><td colspan="4">• 100% deduction of profits from such project</td></tr>
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| | | • MAT/AMT applicable even if deduction claimed |
| **Section 80JJAA** | 1. Assessee has income from business<br>2. Subject to tax audit u/s 44AB<br>3. Not formed by splitting up or reconstruction of existing business<br>4. Not acquired by transfer<br>5. 30% deduction of additional employee cost for 3AY including the AY relevant to PY in which such employment is provided<br>6. Deduction to be claimed in return of income<br>7. Emoluments paid by cheque or ECS or draft<br>8. Does not include employee whose emoluments are more than 25000pm or employed for less than 240 days during PY | |

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| **Section 92CA(3A)** | **Extension of time limit to TPO** | • Assessment proceeding is stayed by court<br>• Time available to TPO is less than 60 days<br>• Remaining time period shall be extended to 60 days |

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| **Section 111A** | **STCG from transaction undertaken in foreign currency** | • On RSE<br>• Located in IFSC<br>• Even if STT not applicable<br>• Taxable at 15% + SC+ EC + SHEC |
| **Section 112** | **LTCG arising from transfer of unlisted shares** | Chargeable to tax @ 10% + SC + EC + SHEC |

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|---|---|---|
| **Section 115BA** | **Assessee** | Domestic company |
| | **Business** | Engaged in business of manufacture or production of any article or thing and research in relation to such article or thing |
| | **Time limit** | Setup and registered on or after 1.3.2016 |
| | **condition** | 1.Income is computed without claiming additional depreciation and deduction u/s 10AA, 32AC, 32AD, 33AB, 33ABA, 35AC, 35AD, 35CCC, 35CCD, 80H, 80TT<br>2.Adjustment of brought forward loss of earlier years not |

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| | | made<br>3.No carry forward of loss allowed |
| | **Deduction** | • 25% + SC + EC + SHEC other than capital gain<br>• Option to be exercised on or before the due date of filing the return<br>• Ones exercised option cannot be withdrawn |
| **Section 115BBDA** | **Assessee** | Resident individual or HUF or firm or LLP |
| | **Income** | Dividend income exceeding Rs.10 lakhs<br>Distributed or paid by domestic company |
| | **Tax** | 10% + SC + EC + SHEC above Rs.10 lakhs |
| **Section 115BBF** | **Assessee** | Resident individual who is a patentee |
| | **Income** | Gross amount of royalty from patent without any deduction of expenditure |
| | **Tax rate** | 10% + SC + EC + SHEC |
| | **Condition** | • If assessee who opts for such scheme<br>• and later in subsequent 5 AY does not opt for the same<br>• shall not be eligible to opt for the scheme in next 5AY |
| | **MAT** | Not applicable if opted for the scheme |

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| **Section 115O** | No DDT if<br>1. dividend distributed by SPV to business trust out of profits<br>2. dividend distributed out of profits by unit located in IFSC deriving income in convertible foreign exchange |

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| **Section 115TD to 115TF** | **Income of trust or institution shall be taxable on** | 1. conversion into a form not eligible for registration u/s 12AA<br>2. merger into entity not having similar objects and registration u/s 12AA<br>3. distribution of assets to non charitable institution or non distribution within 12 months from dissolution |
| | **Income** | Aggregate of Total assets less liability |
| | **Exclusion** | Asset acquired out of agricultural income or asset acquired before registration u/s 12AA |

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| | Tax liability | 35.535% for AY 2017-18 – MMR |
| | Due date of payment | 14 days from date of dissolution or period of filing appeal expires as per relevant case |

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| **Section 139** | Time limit for filing belated return | Can be filed before the end of relevant AY |
| **143(1)** | Following adjustments also included<br>1. disallowance of loss claimed, if return of PY for which setoff of loss is claimed is furnished beyond due date<br>2. disallowance of expenditure indicated in audit report<br>3. disallowance of deduction claimed u/s 10AA, 80IA, 80IAB, 80IB, 80IC, 80ID or 80IE if furnished beyond due date<br>4. addition of income appearing in 26AS | |
| | Assessee shall be given opportunity to explain and rectify within 30 days of issuance of such intimation | |

**Section 153:** time limit for completion of assessment and re computation application wef 1.6.2016

| Order | Time limit for completion |
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| 143/ 144 | 21months from the end of AY in which income was first assessable |
| 147 | 9 months from the end of FY in which notice was served |
| Making order of fresh assessment u/s 254/ 263/ 264 | 9 months from the end of FY in which order is received |
| Giving effect to order u/s 250/ 254/ 260/ 262/ 263/ 264 by AO | 3 months from the end of the month in which order is received |
| Making order of assessment as per finding u/s 250/ 254/ 260/ 262/ 263/ 264 | 12 months from the end of the month in which order is received |
| Making order on partner of the firm in | 12 months from the end of the month |

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| consequence of assessment on firm u/s 147 | in which assessment order is passed in case of a firm |
| 153A | 21months from the end of the FY last authorization for search/ requisition was executed |

| Revision of threshold limit for TDS and rates for deduction of tax | | | |
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| Section | Head | Limit | TDS rate |
| **192A** | Payment of accumulated balance due to employee | 50,000 | No change |
| **194BB** | Winning from race horse | 10,000 | No change |
| **194C** | Payment to contractor | 1,00,000 | No change |
| **194D** | Insurance commission to domestic company | 15,000 | 10% |
| | Insurance commission to domestic company | 15,000 | 5% |
| **194DA** | Payment in respect of LIP | No change | 1% wef 1.6.2016 |
| **194EE** | Payment in respect of NSS deposit | No change | 10% wef 1.6.2016 |
| **194G** | Commission on sale of lottery tickets | 15,000 | 5% wef 1.6.2016 |
| **194H** | Commission or brokerage | 15,000 | |
| **194LA** | Payment of compensation on acquisition of certain immovable property | 2,50,000 | No change |
| **194LBB** | Income in respect of units of investment fund when recipient is non resident | | 30% wef 1.6.2016 |
| | Income in respect of units of investment fund when recipient is foreign company | | 40% wef 1.6.2016 |

| **Section** | Activity | TDS rate |
|---|---|---|
| **194LBC** | Income is payable in respect of income in a securitization trust | Individual/ HUF – 25%<br>Foreign company – 40% + SC + EC + SHEC<br>NR other than FC – 30% + SC + EC + SHEC<br>Others – 30% |

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| **Section 197** | Deduction of TDS at lower rate can be allowed by AO for 194LBB and LBC |
| **Section 206AA** | If PAN not submitted, tax to be deducted at relevant rate or 20% weh is not applicable to NR/ Foreign company |

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| **Section 206C** | TCS<br>1. consideration received on sale of motor car exceeding Rs.10 lakhs shall collect tax @ 1%<br>2. sale of any goods/ provision of services exceeding Rs.2 lakhs if consideration received in cash. |

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| **Section 211 & 234C** | All assessee will have to pay advance tax in 4 installments except eligible assessee u/s 44AD. Interest leviable in same manner as company |

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| **Section 244A** | **Interest on refund** | |
| | Return out of TDS/ TCS/ Advance tax if return submitted before due date | 0.5% pm or part thereof from first day of AY to date of refund |
| | Return out of TDS/ TCS/ Advance tax if return submitted after due date | 0.5% pm or part thereof from date if furnishing the return to date of refund |
| | Refund out of self assessment tax | 0.5% pm or part thereof from the date of furnishing the return to the date of refund |
| | Refund arises out of appeal affect | Additional interest @ 3% pa from the date from expiry of 3 months from end of month in which appellate order is received by CIT to date of refund |