TALDA LEARNING CENTRE

Building conceptions…..

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TAX LAWS & PRACTICE

CS EXECUTIVE
JUNE 2017
Finance Act, 2016

BY
CA. AMIT TALDA

About the Author:

- 1st Attempt Chartered Accountant at the age of 21.
- Teaching Experience of more than 3 years.
- AIR 48 in CA IPC
- Scored 93 in Accounts subjects of CA IPC.
- Scored 100/100 in XII Accounts
- Working Experience of more than 2 years.

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LIMITS (AMOUNT/TIMINGS)

Maximum Amount of Deduction of Interest in case of Self Occupied House Property in case Loan is for Construction/Purchase of House Property **on or after** 01.04.1999 (Construction Completed within 5 years)	Rs. 2,00,000
Maximum Amount of Deduction of Interest in case of Self Occupied House Property in case Loan is for Construction/Purchase of House Property **on or Before** 01.04.1999 (Construction Not Completed within 5 years)	Rs. 30,000
Maximum Amount of Deduction of Interest in case of Self Occupied House Property in case Loan is for **Repairs/Renovation** of House Property (Date of borrowing is irrelevant)	Rs. 30,000
Maximum Amount of Deduction of Interest in case of Let out Property	No Limit
Pre-Construction Interest on Self Occupied Property/Let out Property is allowed in how many years?	5 Years (1/5th in each year)
Compulsory Audit of Account of a **business** if turnover of PY exceeds?	Rs. 1,00,00,000/-
Compulsory Audit of Account of a **Profession** if turnover of PY exceeds?	Rs. 50,00,000/-
Compulsory Maintenance of **books of Account** of a **business** if Turnover/Net Profit exceeds?	Turnover>Rs. 10 Lakhs Net Profit> 1,20,000
Compulsory Maintenance of **books of Account** of a **Specified Profession** if Gross Proceeds exceeds?	Rs. 1,50,000/- in any one out of 3 PYs.
How much is the Presumptive Income of a Business u/s 44AD?	8% of Turnover
Presumptive Scheme is available to a business if its turnover is?	Less than or equal to **2** Crore
How much is the Presumptive Income of a Specified Profession u/s 44ADA?	50% of Turnover
Presumptive Scheme is available to a Specified Profession if its Gross Receipts is?	Less than or equal to **50** Lacs
How much is the Presumptive Income of a Business u/s 44AE?	**Rs. 7,500** per month per vehicle
Who is eligible for Presumptive scheme u/s 44AE?	Assessee carrying on Business of Plying, hiring or leasing goods carriage owning Vehicles not exceeding **10**.
Due date of filing return of income u/s 139(1) – Audit Assessee	30th September of AY
Due date of filing return of income u/s 139(1) – Non - Audit Assessee	31st July of AY
Due date of filing return of income u/s 139(1) – International	30th November of AY

Transaction or Specified Domestic Transaction u/s 92C	
Maximum Deduction of Entertainment Allowance to a Government Employee	Rs. 5,000
Advance tax is payable by the Assessee under income tax act if total tax payable after deducting TDS is?	Rs. 10,000 or more
Partial Integration of Agriculture Income happens when?	Non Agri Income Exceeds maximum amount not chargeable to tax **&** Agri Income Exceeds Rs. 5,000.
Exemption to the parent in whose income, Minor's income is clubbed	Rs. 1,500 per child p.a.
Exemption of Family Pension Received by Family Member	33.33% of Family Pension or Rs 15,000 whichever is less.
Exemption from Interest received on Compensation or Enhanced Compensation for Compulsory Acquisition under any Act	50% of interest received on account of Compensation or Enhanced Compensation
Exemptions from Anonymous Donations received by a charitable trust	5% of total donations or Rs. 1,00,000 whichever is higher
What is the relief available to **Resident Individual** u/s 87A	100% of tax or Rs. **5,000** whichever is less
Standard deduction from Net Annual Value u/h House Property	30%
Deduction of Capital Expenditure for promoting family planning	5 years (Equal Instalments)
Disallowance of expenditure if the amount paid otherwise than Account Payee Cheque and Amount exceeds:	Rs. 20,000 (Rs. 35,000 in case of Transporter)
Application for **Advance Ruling** can be withdrawn in how many days?	30 days
Application for **Settlement Commission** can be withdrawn in how many days?	Cannot be withdrawn
Authority for Advance Rulings shall pass the ruling with how much time?	6 Months
Application of Advance Ruling shall be made in how many copies?	4 Copies Fees: Rs. 10,000/-
Which Country Introduced the Concept of GAAR First?	Australia in 1981
Within how many days appeal has to be filed before CIT (A)	30 days
Within how many days appeal has to be filed before ITAT	60 Days
Within how many days appeal has to be filed before High Court	120 Days
Within how many days appeal has to be filed before Supreme Court	60 Days
ITAT can pass stay order of how many days?	180 days (ITAT Can extend

	but not more than 365 days from the beginning)
Who is the final fact finding authority?	ITAT
Free/Concessional Loan shall not be a perquisite if the amount does not exceed?	Rs. 20,000
What should be the Rate of Interest for chargeability of perquisite of Free or Concessional Loan in the hands of employees?	SBI Rate as on 1st April
Exemption from perquisite for free meal	Rs. 50 per meal
Exemption from perquisite of education of household members of employees	Rs. 1,000p.m.
Exemption from medical reimbursement in the hands of employees	Rs. 15,000 p.a.
Leave Travel Assistance for employees	2 Trips in a block of 4 Calendar years
What is limit for classification of transactions as Specified Domestic Transactions u/s 92BA	Rs. 20 Crores in PY
What is the Permissible variation between ALP and Transfer price?	3% of Actual Price
What is the time limit for rectification of mistakes apparent from record u/s 154?	4 Years
What is the Time available to Dispute Resolution Panel for issuing directions?	9 Months
What is the time limit available to Assessee for filing an application to Dispute Resolution Panel u/s 144C?	30 days of receipt of draft order
What is the time limit for issue of Intimation of tax or interest u/s 143(1)?	1 year from end of FY in ROI is filed
What is the time limit within which notice u/s 143(2) for Scrutiny Assessment can be issued?	6 Months from the end of FY in which ROI is filed
From where does the 1st Previous Year Starts from? Date of Set up or Date of Commencement?	Date of Set up

FULL FORMS

GAAR	General Anti Avoidance Rules
SAAR	Specific Anti Avoidance Rules
DTAA	Double Taxation Avoidance Agreement
AAR	Authority for Advance Rulings
ALP	Arm's Length Price
CUP	Comparable Uncontrolled Price
SLP	Special Leave Petition
ITAT	Income Tax Appellate Tribunal
CFC	Controlled Foreign Corporation
TIEA	Tax Information Exchange Agreement

IMPORTANT SECTION NUMBERS

90	Agreements with foreign countries or specified territories
90A	CG power to enter into agreement with any specified association in specified territory outside India
91	Relief when no bilateral agreement between the countries
144	Best Judgment Assessment
143(1)	Intimation of Assessment
143(3)	Regular Assessment
147	Re-Assessment or Income escaping Assessment
148	Notice of Re-Assessment
154	Rectification of Mistakes apparent from record
263 & 264	Revision by Commission of Income Tax
249	Appeal to CIT (A)
260A	Appeal to High Court
261	Appeal to Supreme Court

IMPORTANT FORM NUMBERS

15G	Application by an Resident Individual/HUF who is of age less than 60 years to receive the income without deduction of TDS
15H	Application by an Resident Individual who is of age 60 years or more to receive the income without deduction of TDS
34B	Application for Settlement of Cases (5 Copies) Rs. 500/-
34C	Application for Advance Ruling by a Non Resident (4 Copies i.e. Quadruplicate)
34D	Application for Advance Ruling by a Non Resident (for transaction with a Resident)
34E	Application for Advance Ruling by Notified Residents
34EA	Resident/non-resident who seeks advance ruling in respect of impermissible avoidance arrangement
35	Appeal to CIT (A)
36	Appeal to ITAT
49A	Application for allotment of PAN
49B	Application for allotment of TAN
3CA	Audit Report where accounts are audited under any other law
3CB	Audit Report where accounts are not audited under any other law
3CD	Statement of Particulars to be annexed with Audit Report u/s 44AB
24Q	TDS Return for Salary

27Q	TDS Return for Income other than Salary for Non Residents
26Q	TDS Return for Income other than Salary
16	TDS Certificate of Salary
16A	TDS Certificate other than Salary
16B	TDS Certificate for TDS Deducted u/s 194IA for purchase of Immovable Property

INCOME WHICH DO NOT FORM PART OF TOTAL INCOME (EXEMPT INCOMES)(SECTION 10)

10(1)	Agricultural Income
10(2)	Sum received by an Individual as an member of HUF
10(2A)	Share of profits received by Partner of a Firm
10(7)	any allowances or perquisites paid or allowed as such outside India by the Government to a citizen of India for rendering service outside India ;
10(10B)	Any compensation received by Employee under Industrial Disputes Act, 1947
10(10BB)	Any payment made under **Bhopal Gas Leak Disaster**
10(10BC)	Any amount received from CG or SG or LA by an Individual or his Legal Heir by way of Compensation on account of any Disaster.
10(11)	Receipt of Provident Fund as per Provident Funds Act
10(13A)	House Rent Allowance received as per Limits
10(16)	Scholarships granted to meet the cost of education
10(17)	any income by way of— (i) daily allowance received by any person by reason of his membership of Parliament or of any State Legislature or of any Committee thereof; [(ii) any allowance received by any person by reason of his membership of Parliament under the Members of Parliament (Constituency Allowance) Rules, 1986; [(iii) ***any constituency allowance*** received by any person by reason of his membership of any State Legislature under any Act or rules made by that State Legislature;]]]
10(18)	any income by way of— (i) pension received by an individual who has been in the service of the Central Government or State Government and has been awarded "Param Vir Chakra" or "Maha Vir Chakra" or "Vir Chakra" or such other gallantry award as the Central Government may, by notification29 in the Official Gazette, specify in this behalf; (ii) ***family pension received*** by any member of the family of an individual referred to in sub-clause (i).
10(19)	***family pension*** received by the widow or children or nominated heirs, as the case may be, of a member of the ***armed forces*** (including para-military forces) of the Union, where the death of such member has occurred in the course of operational duties,
10(20)	Income of Local Authority chargeable under the head: (i) House Property (ii) Capital Gains (iii) Income from other sources (iv) Trade or Business of supply of a commodity or service (not being water or electricity)
10(22B)	Income of such news agency set up in India solely for collection and distribution of news as CG may notify.
10(23D)	Income of **Registered Mutual Fund** registered with SEBI; Such other Mutual fund set up by a Public Sector bank or Public Financial Institution or Authorized by RBI
10(23DA)	Any income of **Securitization trust** from the activity of Securitization
10(23FC)	any income of a ***business trust*** by way of interest received or receivable from a special purpose vehicle.
10(24)	***Registered Trade Union:*** Income from House Property Income from Other sources
10(26AAB)	any income of an ***agricultural produce market committee*** or board constituted under any

	law for the time being in force for the purpose of regulating the marketing of agricultural produce
10(34)	Dividends received on which DDT has been charged (Domestic Company)
10(35)	Any Income received in respects of units of Registered Mutual Funds
10(37)	In the case of an assessee, being an individual or a Hindu undivided family, any income chargeable under the head "Capital gains" arising from the transfer of agricultural land, where— (i) such land is situate in any area referred to in item (a) or item (b) of sub-clause (iii) of clause (14) of section 2; (ii) such land, during the period of two years immediately preceding the date of transfer, was being used for agricultural purposes by such Hindu undivided family or individual or a parent of his; (iii) such transfer is by way of compulsory acquisition under any law, or a transfer the consideration for which is determined or approved by the Central Government or the Reserve Bank of India; (iv) such income has arisen from the compensation or consideration for such transfer received by such assessee on or after the 1st day of April, 2004.
10(38)	Any income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund [or a unit of a business trust] on which STT is paid.
10(43)	any amount received by an individual as a loan, either in lump sum or in instalment, in a transaction of ***reverse mortgage***
10(47)	Any income of an ***infrastructure debt fund***

RATE OF TAXES

Maximum Amount which is not chargeable to tax i.e. Maximum Exemption Limit:
In case of certain assessee, there is no income tax on income earned during the previous year upto a certain limit.

In case of Individual (Male or Female), being Resident of India, who is of age of 80 years or more at any time during the Previous Year	₹ 5,00,000
In case of Individual (Male or Female), being Resident of India, who is of age of 60 years and above but less than 80 Years at any time during the Previous Year	₹ 3,00,000
Any other Individual, being Resident of India who is less than 60 Years of age or Individual who is a Non Resident irrespective of whether his age is less than or more than 60 Years.	₹ 2,50,000
HUF	₹ 2,50,000
AOP/BOI other than Co-operative Society	₹ 2,50,000
Artificial Juridical Person other than Company	₹ 2,50,000
Firm, Company, LA and Co-operative Society	NIL

RATE OF INCOME TAX FOR AY 2016-17:

INDIVIDUALS:

For an Individual (Male or Female), Resident in India who is of age of 80 years or more:

Upto 5,00,000	NIL
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

For an Individual (Male or Female) resident in India who is of age of 60 years or more but less than 80 years

Upto 3,00,000	NIL
3,00,001 to 5,00,000	10%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

For an Individual(Male or Female) resident in India age less than 60 years or Nonresident (any age)

Upto 2,50,000	NIL
2,50,001 to 5,00,000	10%
5,00,001 to 10,00,000	20%
Above 10,00,000	30%

Education Cess at the rate 2% on income tax shall be levied. And Secondary and higher education cess (SHEC) at the rate of 1% on income tax shall also be levied.

FIRM/LLP/Local Authority: (No Basic Exemption)

Rate of Tax is 30% Flat. Education Cess at the rate 2% on income tax shall be levied. And Secondary and higher education cess (SHEC) at the rate of 1% on income tax shall also be levied.

CO-OPERATIVE SOCIETY:

Where the total income does not exceed ₹ 10,000	10% of total income
Where the total income exceeds ` 10,000 but does not exceed ` 20,000	₹ 1,000 plus 20% of the amount that exceeds ₹ 10,000
Where the total income exceeds ₹ 20,000	₹ 3,000 plus 30% of the income that exceeds ₹ 20,000.

DOMESTIC COMPANY:

	Rate of Tax
(i) Where the total turnover or Gross receipts in the **P.Y. 2014-2015** does not exceeds Rs 5 Crore	29% of total Income for A.Y 2017-18
(ii) in case of other Domestic Companies	30% of Total Income

Amendment by F.A. 2016

FOREIGN COMPANY:

Rate of tax is 40% Flat of total income.

SURCHARGE ON DIFFERENT PERSONS (TAX ON TAX) (JYADA KAMAANE KI SAZZA):

Assessee	Rate of Tax	Applicable Surcharge			Rate of EC+SHEC
		TI< 1 Crore	TI>₹1 Crore, but TI ≤ ₹10 Crore	TI >₹10 Crore	
1. Domestic Companies	30%	-	7%	12%	3%
2. Foreign Companies	40%	-	2%	5%	3%
3. Firms and LLP	30%	-	12%	12%	3%
4. Local Authorities	30%	-	12%	12%	3%
5. Co- operative Societies	Slabs	-	12%	12%	3%
6. Individuals/HUF/AOP/ BOI/ AJP	Slabs	-	**15%**	**15%**	3%

SPECIAL RATES OF TAX

Short Term Capital Gain on Listed Equity Shares on which STT has been Charged u/s 111A	15%
Long term capital gain u/s 112	20%
Casual incomes like lottery	30%
Dividend Distribution Tax (+SC+EC+SHEC extra)	15%*
Voluntary Contributions to Charitable trust (Anonymous Donation)	30%
Alternative Minimum Tax (AMT) or Minimum Alternative Tax (MAT) (+SC+EC+SHEC extra)	**18.5%**

***Effective Tax Rate is 17.304% (inclusive of SC+EC+SHEC)**

HEADS OF INCOME VIS-À-VIS METHOD OF ACCOUNTING:

Heads of Income	Relevance of Method of Accounting
Salaries	Taxable on the DUE BASIS OR RECEIPT BASIS; whichever is earlier (Method of Accounting is irrelevant)
House Property	Income from House Property is taxable only on ACCRUAL BASIS. (Method of Accounting is irrelevant)
Business Income	Assessee may employ either Cash or Mercantile System of Accounting regularly. (Hybrid System not allowed) (Exception Section 43B)
Capital Gain	Taxable during the Previous Year in which capital asset is transferred. (i.e year of Accrual) (Method of Accounting is irrelevant)
Income From Other Sources	Assessee may employ either Cash or Mercantile System of Accounting regularly. (Hybrid System not allowed) (Exception Interest Receipt on Initial Compensation or Enhanced Compensation on compulsory acquisition under any Law)

TAX INCIDENCE VS. RESIDENTIAL STATUS

Where tax incidence arises in case of	ROR	RNOR	NR
Income Received in India (whether accrued in or outside India)	YES	YES	YES
Income deemed to be received in India (whether accrued in or outside India)	YES	YES	YES
Income accrued or arising in India (whether received in India or Outside)	YES	YES	YES
Income deemed to accrued or arising in India (whether received in India or Outside)	YES	YES	YES
Income received and accrued outside India from a business controlled or a profession set **in India**	YES	YES	NO
Income received and accrued outside India from a business controlled or a profession set **outside India**	YES	NO	NO
Income earned and received outside India but later on remitted to India	NO	NO	NO
Past untaxed profits	NO	NO	NO

INCOME UNDER THE HEAD SALARY

ALLOWANCES PARTLY EXEMPT [SEC. 10(14) & RULE 2BB]

1. **Children Education Allowance**: It is a Cash Allowance given to an Employee for meeting the cost of education of his children.
Children Education Allowance received
Less: Exempt u/s 10(14) = **Rs 100 p.m. per Child, restricted to two children**

2. **Children Hostel Expenditure Allowance**: This Allowance is given to meet the Hostel Expenditure of the Employee's Children.
Children Hostel Expenditure Allowance received
Less: Exempt u/s 10(14) = **Rs 300 p.m. per Child, restricted to two children**

3. **Running Allowance**: This is given to employees working in the Transport Sector for meeting personal expenditure incurred during transport from one place to another.
Running Allowance received
Less: Exempt u/s 10(14) = **Least** of the following
(a) **70%** of the amount received xxx
(b) **Rs 10,000**xxx

4. Transport Allowance: It is given to meet the Employee's expenditure for travelling from his residence to office and back.
Transport Allowance received
Less: Exempt u/s 10(14) **Rs 1,600 p.m. (if Employee is blind/handicapped/*deaf*, Rs 3200 p.m.)**

5. **Mining/ Underground Allowance**: It is a Special Allowance paid to individuals employed in underground mines.
Mining/ Underground Allowance received
Less: Exempt u/s 10(14) **Rs 800 p.m.**

6. **Tribal Area Allowance**: It is given to Individuals employed in Tribal Areas in Notified States.
Tribal Area Allowance received
Less: Exempt u/s 10(14) **Rs 200 p.m.**

7. **Field Area Allowance:** It is a Compensatory Allowance paid to Employees in certain notified places. An Employee cannot claim exemption of Border Area Allowance, if he is in receipt of his allowance.
Field Area Allowance received
Less: Exempt u/s 10(14) **Rs 2600 p.m.**

Special Allowances which are exempt to the extent of actual amount received or the amount spent for the performance of duties of an office, Whichever is Less:

1. Travelling Allowance
2. Daily Allowance
3. Conveyance Allowance
4. Helper Allowance
5. Academic Allowance
6. Uniform Allowance

HOUSE RENT ALLOWANCE [SECTION 10(13A) AND RULE 2A]

HRA is exempt under section 10(13A) to the extent of the **minimum** of the following three amounts:

(a) **Actual HRA received** by the employee.

(b) Rent Paid **Less** 10% of Salary for the 'relevant period'.

(c) **50%** of the salary where the residential house is situated ai and **40%** of the salary where the house is situated at any other place, for the relevant period.

> **Salary for the purpose of HRA**
> BASIC SALARY + DA (forming part of retirement benefits) + Commission (fixed %)

> **Relevant period'** means the period during which the said accommodation was occupied by the assessee during the previous year.

GRATUITY [SEC 10(10)]:

Gratuity

- **Government Employees**
  - **Fully Exempt**
- **Non- Government Employees**
  - Employee covered by Gratuity Act,
    - **Least** of following is **exempt**
      - Actual Gratuity received,
      - 15/26 × last drawn salary × no. of years of Completed Service or part thereof in excess of six months
      - **Rs 10,00,000.**
  - Other Employees
    - **Least** of following is **exempt**
      - Actual Gratuity received,
      - 1/2 × Average salary for 10 months preceding the month of retirement × no. of fully Completed years of Service
      - **Rs 10,00,000.**

> **Last drawn Salary** means Last completed month of Salary
> **Salary** means: Basic + D.A
> For purpose of calculating **completed year of service, more than 6 months** shall be taken as a completed year. A period of 6 months or less than 6 months shall be ignored.

> **Salary means:**
> Basic + DA + Commission forming part of salary as fixed percentage of Turnover
> **Completed years of service**: **:** In calculating the number of years of service only completed years are to be taken into account and part of the year whether more or less than 6 months, will be ignored.

TREATMENT OF PENSION [SECTION 17(1)(II)]:

Pension is a payment made by the employer after the retirement/death of the employees as a reward for past service.

Pension

- Uncommuted Pension
  - Fully Taxable
- Commutation of Pension
  - Government Employee
    - Fully Exempt
  - Other Employee
    - If in receipt of Gratuity
      - 1/3 × Full Value of Pension is Exempt
    - If in not receipt of Gratuity
      - 1/3 × Full Value of Pension is Exempt

PROVIDENT FUNDS

Particulars	Recognized PF	Unrecognized PF	Statutory PF	Public PF
Employer's Contribution yearly	Amount in excess of 12% of salary is taxable	Not taxable at the time of contribution	Fully exempt	N.A.
Employee's Contribution	Eligible for deduction u/s 80C	No Income Tax Benefit	Eligible for deduction u/s 80C	Eligible for deduction u/s 80C
Interest Credited	Amount in excess of 9.5% p.a. is taxable	Interest on **Employee's Contribution is taxable** under "Other Sources". Interest on **Employer's Contribution is not taxable** at the time of credit.	Fully exempt	Fully exempt
Amount received on retirement, etc.	**Exempt** from tax if employee served a Continuous period of **5 years or more** or retires before rendering 5 years of service because of reason beyond the control of the employee. In **other case**, it will be **taxable.**	**Employer's** contribution and **interest** thereon is **taxable as salary. Employee's** contribution is **not taxable**. **Interest** on **employee's contribution** is taxable under income from **other source**.	Fully exempt u/s 10(11)	Fully exempt u/s 10(11)

Salary for the purpose of PF = Basic + D.A. (considered for retirement Benefits) + Commission as a fixed percentage of Turnover.

RENT FREE ACCOMODATION

<table>
<tr><th>S.no.</th><th>Category of Employee</th><th>Unfurnished Accommodation
(a)</th><th>Furnished Accommodation
(b)</th></tr>
<tr><td>1.</td><td>Government employee</td><td>License fee determined by the Government
Less: Rent recovered from Employee</td><td>Value of Unfurnished Accommodation as determined in (a)
Add: Value of Furniture
- If owned by Employer, 10% P.A. of Original Cost of such Furniture
- If hired from Third Party, then Actual Hire Charges
Less: Any charges paid or payable by the Employee</td></tr>
<tr><td rowspan="3">2.</td><td rowspan="3">Non-Government Employee</td><td>WHERE ACCOMMODATION IS OWNED BY EMPLOYER
<table>
<tr><th>Location</th><th>Perquisite value</th></tr>
<tr><td>In cities having a population >25 lacs as per 2001 census.</td><td>15% of salary
Less: Rent actually paid by Employee</td></tr>
<tr><td>In cities having a population > 10 lacs ≤ 25 lacs as per 2001 census.</td><td>10% of salary
Less: Rent actually paid by Employee</td></tr>
<tr><td>In other areas</td><td>7.5% of salary
Less: Rent actually paid by Employee</td></tr>
</table>
</td><td>Same as Above</td></tr>
<tr><td>WHERE THE ACCOMMODATION ISTAKEN ON LEASE OR RENT BY EMPLOYER
Rent Paid by Employer
Or
15% of Salary } whichever is Lower
Less: Rent recovered from Employee</td><td>Same as Above</td></tr>
<tr><td>WHERE THE ACCOMMODATION IS IN HOTEL
24% of Salary paid or payable
Or
Actual Charges paid/ payable } W/L
Less: Amount paid or payable by the Employee</td><td>Same as Above</td></tr>
</table>

Accommodation in a Hotel will **not be taxable perquisite** if-

- The period of such accommodation does not exceed 15 Days,
- Such accommodation has been provided on the transfer of the Employee from one place to another.

VALUATION OF MOTOR CAR/OTHER VEHICLES [RULE 3(2)]

<table>
<tr><th>S.no</th><th>Car owned/ hired by</th><th>Expenses met by</th><th>Wholly official use</th><th>Wholly personal use</th><th>Partly personal use</th></tr>
<tr><td>1.</td><td>Employer</td><td>Employer</td><td>Not a perquisite</td><td>Running and maintenance expenses, wear</td><td>
<table>
<tr><th>cc of engine</th><th>Perquisite value</th></tr>
<tr><td>upto 1.6litres</td><td>Rs 1,800 p.m.</td></tr>
</table>
</td></tr>
</table>

				and tear or hire charges, driver salary less amount charged from the employee for such use.	above 1.6 litres — Rs 2,400 p.m. If chauffeur is also provided, Rs 900 p.m. should be added to the above value.
2.	Employee	Employer	Not a perquisite	Actual amount of expenditure incurred.	Actual amount of expenditure incurred by the employer as reduced by the perquisite value arrived at in (2) above.
3.	Employer	Employee	Not a perquisite	Wear and tear or hire charges, driver salary.	**cc of engine** — **Perquisite value** upto 1.6 litres — Rs 600 p.m. above 1.6 litres — Rs 900 p.m. If chauffeur is also provided, Rs 900 p.m. should be added to the above value.

PARTICULARS	MAXIMUM EXEMPTION LIMIT
Leave Salary	Rs. 3,00,000
Voluntary Retirement	Rs. 5,00,000
Retrenchment Compensation	Rs. 5,00,000
Gratuity	Rs. 10,00,000
Entertainment Allowance	Rs. 5,000

COMPUTATION OF INCOME FROM HOUSE PROPERTY

Particulars	SOP or SOP kept Vacant u/s 23(2)	Let-out for full year	Let-out property kept vacant for whole year	Let-out property kept vacant for part of the year	More than one property self-occupied	SOP for part of the year and let out for part of the year
	(1)	(2)	(3)	(4)	(5)	(6)
Annual Value	NIL	u/s 23(1)(a)(b) [refer above]	u/s 23(1)(c) [refer above]	u/s 23(1)(c) [refer above]	One property like Column 1 Other Properties like Column 2	For whole year u/s 23(1)(a)/(b) [refer above]
Less: Municipal Taxes	NIL	Municipal Tax paid	Municipal Tax paid	Municipal Tax paid		Municipal Tax paid for whole year
Balance	NIL	NAV	(NAV)	NAV		NAV
Less: Deduction u/s 24						
Standard Deduction @ 30%	NIL	30% of NAV	NIL	30% of NAV		30% of NAV
Interest on borrowed capital	Loan taken after 1.4.99 for acqu./ const. of house & the same was completed within 5 yrs from the end of F.Y in which loan is taken- max ded. Rs 2,00,00 (including apportioned pre- const. period int.) In any other case max. deduction Rs 30,000	Actual No ceiling Limit	No Limit	Actual No ceiling Limit		Actual No ceiling Limit

INCOME UNDER THE PGBP
DEPRECIATION CHART

(a) Buildings		
Block 1	Buildings which are used mainly for residential purpose *except hotel and boarding houses*	5%
Block 2	Buildings other than those used mainly for residential purposes and not covered by sub item (1) above.	10%
Block 3	Purely temporary erections such as wooden structures.	100%
(b) Furniture and Fittings		
Block 1	Furniture and Fittings including Electrical Fittings	10%
© Machinery and Plant		
Block 1	Motor cars, other than those used in the business of running them on hire	15%
Block 2	Machinery & Plant	15%
Block 3	Motor buses, motor lorries and motor taxi used in the business of running them on hire	30%
Block 4	Computers including computer software's	60%
Block 5	Books (other than annual publications and books owned by assessee carrying on business in running libraries)	60%
Block 6	Books owned by assessee carrying on profession being annual publications	100%
Block 7	Books owned by assessee carrying on business in running lending libraries	100%
Block 8	Aeroplanes - Aeroengines	40%
Block 9	New commercial vehicle which is acquired & put to use on or before 30.09.2009	50%
Block 10	Moulds used in Rubber and Plastic Goods Factories	30%
Block 11	Lifesaving Medical Equipment	40%
Block 12	Containers made of Glass or Plastic used as re-fills.	50%
Block 13	Ships and Other Water Vessels	20%
Block 14	***Renewable energy devices** 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	**80%**
(d) Intangible Assets		
Block 1	Know How, Patents, Copyrights, trademarks, Licenses, Franchises, etc.	25%

POWER UNDER CONSTITUTION FOR LEVY OF TAX

Entry 82 List 1	**Tax on Income other than Agricultural Income**
Entry 92A List 1	**CST**
Entry 97 List 1	**Service tax**

INCOME DECLARATION SCHEME, 2016

An opportunity to be provided to persons who have not paid full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty totalling in all to 45% (tax @30%, Krishi Kalyan Cess @7.5% and penalty@7.5%) of such undisclosed income declared. The scheme is Effective from 1 June 2016 for a period of 4 months (i.e. till 30 September 2016) for declaration of undisclosed income.

TEA/COFFEE/RUBBER

Rule	Nature of Business	Agl Inc.	Non-Agl. Inc.
7A	Sale of Centrifuged Latex or Cenex manufactured from Rubber	65%	35%
7B	(a) Sale of grown and cured Coffee by the Seller in India (b) Sale of grown, cured, roasted and grounded Coffee by the Seller in India	75% 60%	25% 40%
8	Growing and Manufacturing Tea	60%	40%

INVESTMENT IN NEW PLANT OR MACHINERY (SEC 32AC)

Section	~~**32AC(1)**~~	**32AC(1A)**	**32AD**
Effective Date	~~1.4.2014~~	1.4.2015	1.4.2016
Eligible Assessee	~~Company~~	Company	All Assessees
Period of Acquisition & Installation	~~During the period from **01.04.2013 to 31.03.2015**~~	During **any P.Y.**	During the period from **01.4.2015 to 31.3.2020**
Condition	~~Aggregate amount of Actual Cost of such new Asset exceeds Rs 100 Crores.~~	(a) Aggregate Amount of Actual Cost of New Asset exceeds Rs 25 Crores. (b) If deduction is allowable u/s 32AC(1), i.e. for investment **upto 31.03.2015,** then no deduction is allowed u/s 32AC(1A), for **A.Y. 2015-2016.**	(a) **Commencement:** Assessee should set up an Undertaking or Enterprise on or after 01.04.2015. (b) **Location:** in any notified **Backward Area** in the state of Andhra Pradesh or Bihar or Telangana or West Bengal.
Deduction for that A.Y.	~~**(See note)**~~	**15%** of the Actual Cost of such New Assets.	**15%** of the Actual Cost of such New Assets.
Last Year of Deduction	~~A.Y. 2015-2016~~	A.Y. 2017-2018	A.Y. 2020-2021

Note:

AY	**Deduction u/s 32AC(1)**
2014-2015	15% of Cost of New Asset acquired and installed between 01.04.2013 to 31.03.2014, if Aggregate Amount of Actual Cost of such New Asset exceeds Rs 100 Crores.
2015-2016	15% of Cost of New Asset acquired and installed between 01.04.2013 to 31.03.2015, **(Less)** Amount already allowed as deduction in AY 2014-2015 as above.

PRESUMPTIVE INCOME

Sec.	Nature of Business	Profit on Turnover
44AD	All Resident Assessee except business of plying, hiring or leasing goods carriage	8% of Turnover

44ADA	Specified Professions	50% of Gross Receipts
44AE	Business of Plying, hiring or leasing goods carriage	Rs. 7,500 per month per vehicle
44B	Shipping Business	7.5% of Gross Turnover
44BB	business of providing services or facilities in connection with, or supplying plant and machinery on hire, for extraction or production of, mineral oils	10% of Gross Turnover
44BBA	Operation of Aircraft	10% of Gross Turnover
44D	Royalty or Technical fees derived by a Foreign Company from Government of Indian Concern **(Sec.115)**	Rate of Tax 20%

CONTRIBUTIONS MADE TO OUTSIDE RESEARCH ASSOCIATIONS/COMPANY

Sec.35	**Payment made to**	**Conditions**	**Eligible Deduction**
(1)(ii)	(a) Any research Association, or (b) Any University, College or Other Institution, to be used for SR.	(a) Object of Research Association should be the undertaking of SR. (b) The Association/ University/ College/ Other Institution should be approved in accordance with the Guidelines, and should be notified by CG.	**175%** of sum paid.
(1)(iia)	Company	(a) Company should be registered in India. (b) Its main object for SR & Development. (c) The Company should be approved by Prescribed Authority and should fulfill other prescribed Conditions.	**125%** of sum paid
1(iii)	(a) Any Research Association, or (b) Any University, College or Other Institution	(a) Object of Research Association should be the undertaking of Research in Social Science or Statistical Research. (b) If paid to University/ College/ Other Institution, it should be used for research in Social Science or Statistical Research.	**125%** of sum paid
(2AA)	National Laboratory or University or IIT or Specified Person	Payment should be made with a Specific direction that the said sum shall be used for SR undertaken under a Programme approved by Prescribed Authority.	**200%** of sum paid

DISALLOWANCES IN CASE OF PARTNERSHIP FIRM [Section 40(b)]

INTEREST ON PARTNER'S CAPITAL:	Interest on capital of the partners is allowed as deduction only when the payment of interest is **mentioned in the partnership deed**. Further the amount of interest allowed as deduction shall be either the **amount mentioned** in the partnership deed or **12% p.a.** whichever is **less.** **<u>Deduction</u>= Rate of Interest mentioned in deed** **or Whichever is Less** **12% Simple Interest;** **Note:** Interest given on **Current Account** of a Partner will **not** be **allowable as deduction**.

REMUNERATION:

Any salary, bonus, commission or any other remuneration is an allowable deduction only when-

- it is prescribed in the partnership deed and
- only when it is **paid to a working partner**.
  Salary paid to non working partner shall not be eligible for any deduction.

Further, the **quantum of deduction** payable to all working partner shall be **minimum** of the following two limits:
(a) Amount paid or payable to working partners as authorised in Partnership Deed.
(b) Maximum amount specified u/s 40(b).

Maximum amount specified u/s 40(b):

On first Rs 3,00,000 of book profit or in case of a loss	90% of the book profit or whichever is more
On the balance book profit	60% of the book profit

Computation of Book Profits for the purpose of Sec 40(b):

Step 1	Find out the Net Profit of the firm as per Profit & Loss Account
Step 2	Make adjustment for admissible and inadmissible deduction of expe compute taxable income before deduction towards Interest and Rem Partners
Step 3	If Interest & Remuneration already debited then ADD BACK
Step 4	Deduct Interest allowable u/s 40(b)
Step 5	Book Profit = Step 1 – Step 2 + Step 3 – Step 4

Taxability in the hands of Partners:

i) **Interest:** Interest received from the firm is **taxable** to the extent, it was allowed as expenditure in the hands of Firm u/s 40(b). (Interest paid above 12% is already taxed in the hands of Firm)

ii) **Remuneration:** Remuneration received from firm is **taxable** to the extent it is allowed as expenditure in the hands of firm u/s 40(b). (Remuneration paid above the limit prescribed u/s 40(b) is already taxed in the hands of firm)

iii) **Share Income from Firm:** Share of profit received from the firm is **exempt** in the hands of partners as the same has been taxed in the hands of firm.

INCOME UNDER THE HEAD CAPITAL GAIN

EXEMPTIONS UNDER CAPITAL GAIN

S.no.	Particulars	Section 54	Section 54B	Section 54EC	Section 54D	Section 54G	Section 54F
1	**Eligible Assessee**	Individual / HUF"s	Individual / HUF"s	Any assessee	Any assessee	Any assessee	Individual / HUF"s
2	**Asset transferred**	Residential House	Urban Agricultural Land	Any Asset	L&B forming part of an industrial undertaking	Land, Building Machinery or Plant or any right in land or building used for business of Industrial Undertaking	Any asset other than Residential House.
3	**Period of holding of the asset transferred**	Long-term capital asset	At least 2 years immediately preceding the date of transfer	Long-term capital asset (including a depreciable asset held for more than 36 months)	At least 2 years immediately preceding the date of transfer.	Long-term/ Short-term capital asset	Long-term capital asset
4	**Other Conditions**	Income from such house should be chargeable under the head "Income from house property"	Land should be used for agricultural purposes by assessee or his parents or a HUF for two years	-	The transfer should be by way of compulsory Acquisition of the industrial undertaking	Shifting the Industrial Undertaking from Urban Area to Rural Area	Assessee should not own more than one residential house on the date of transfer
5	**Qualifying asset i.e., asset in which capital gains has to be invested**	One Residential House situated in India	Agricultural Land (Urban/ Rural)	Long Term Specified Asset – Bonds of NHAI or RECL (Redeemable after 3 years)	Land or Building	Land, Building New P&M and expenses on shifting the Industrial Undertaking	One Residential House situated in India
6	**Time limit for purchase/ constructio**	Purchase within 1 year before or 2	Purchase within 2 years from the date of	Purchase within 6 months from the date of	Purchase/ construct within 3 years after transfer,	Purchase/ construct within 1 year before	Purchase within 1 year before or 2

S.no.	Particulars	Section 54	Section 54B	Section 54EC	Section 54D	Section 54G	Section 54F
	n	years after the date of transfer or construct within 3 years after the date of transfer	transfer	transfer	for shifting or re-establishing the existing undertaking or setting up a new industrial undertaking.	or 3 years after the transfer.	years after the date of transfer or Construct within 3 years after the date of transfer
7	**Amount of Exemption**	Cost of new Residential House or Capital Gain, whichever is lower, is exempt	Cost of new Agricultural Land or Capital Gain, whichever is lower, is exempt	Capital Gain or amount invested in specified bonds, whichever is lower. Maximum permissible investment in such bonds out of capital gains arising in any financial year is Rs 50 lakhs.	Cost of new asset or Capital Gain, whichever is lower.	Cost of new assets plus expenses incurred or Capital Gains, whichever is lower, is exempt.	Cost of new Residential House ≥ Net sale consideration of original asset, entire Capital gain is exempt. Cost of new Residential House < Net sale consideration of original asset, proportionate capital gain is exempt.
8.	**Sale of New Asset**	If sold within 3 yrs. from date of purchase/ construction, for computing STCG on new asset, cost of new asset shall be reduced by amount of CG exempt.	Same as Section 54	If sold within 3 yrs., exempted CG will be deemed to be LTCG of the assessee in the year of sale of new asset.	Same as Section 54	Same as Section 54	If sold within 3 yrs., (a) Capital gain/loss on transfer of new house which will always be short-term capital gain/ loss; (b) Capital gain exempt earlier under this Section i.e. 54F shall be treated as LTCG of the P.Y. in which the new asset is transferred.

CAPITAL GAINS - EXEMPTIONS UNDER SECTION 10

Section	Particulars
10(33)	Any income arising from the transfer of a capital asset being a unit of UTI
10(37)	Where any individual or HUF owns urban agricultural land which has been used for agricultural purposes for a period of two years immediately preceding the date of transfer by such individual or a parent of his or by such HUF and the same is compulsorily acquired under any law or the consideration for such transfer is determined or approved by the Central Government or the RBI, resultant capital gain will be exempt provided the compensation or consideration for such transfer is received on or after 1.4.2004.
10(38)	Any income arising from the transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund shall be exempt, if such transaction is chargeable to securities transaction tax.

SET OFF SET ON CHART

Head of Income under which Loss is incurred	Set Off in the year of loss		Carry Forward & Set off in subsequent previous years		Time limit for c/fwd. and set off of losses	Return u/s 139(1) Apply (Sec. 80)
	Under same head (Sec.70)	**Under other head (Sec.71)**	**Under same head**	**Under other head**		
Income from House Property	Yes	Yes	Yes	No	8 A. Y.	No
Profits and gains from business or profession :						
• Non-Speculation Business	Yes	Yes **(Note)**	Yes	No	8 A. Y.	Yes
• Speculation Business **(Note)**	Yes	No	Yes	No	4 A. Y.	Yes
• Specified Business **(Note)**	Yes	No	Yes	No	No Limit	**Yes** (Note)
• Unabsorbed Depreciation	Yes	Yes	Yes	Yes	No Limit	No
Capital Gains :						
• Short Term	Yes	No	Yes	No	8 A. Y.	Yes
• Long Term **(Note)**	Yes	No	Yes	No	8 A. Y.	Yes
Income from Other Sources						
• Lotteries, Crossword, Puzzles, Card Games, Gambling etc.	Profit from similar activities	No	No	No	N. A.	Yes
• Loss from activity of owning and maintaining Race Horses	Yes	No	Yes	No	4. A. Y.	Yes
• Other Income	Yes	Yes	No	No	8 A. Y.	Yes.

DEDUCTIONS UNDER CHAPTER VIA

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
80C	Individual/ HUF	**Eligible Investments**	Maximum Amount along with deduction u/s 80CCC &80CCD(1) or independently u/s 80C, is restricted to **Rs 1,50,000**. **[Sec.80CCE]**	1. Investment or Contribution should be made in **approved** investment schemes. 2. Deduction should be allowed on **Payment basis** not on accrual basis.
80CCC	All Individuals, irrespective of Residential Status and Citizenship	Amount paid or deposited by the Individual, in an **Annuity Plan** of LIC or any other Insurer, for receiving **Pension.**	**Amount Deposited** **Or which** **Rs 1,50,000**ver is **lower**	1. Amount Deposited **excludes** Interest or Bonus accrued or credited to Assessees account.
80CCD	Individual employed by C.G. or any other Employer or Any other Individual	Employees Contribution to Approved Pension Scheme of the C.G. or Employers Contribution to Pension Scheme.	**1. Contribution made by Assessee [Sec.80CCD(1)]:** • **Employee:** Amount paid or 10% of Salary, whichever is **less.** • **Any Other Assessee:** Amount Paid or 10% of GTI, whichever is **less.** **Note**: the deduction on account of employee/assessee contribution shall **not exceed Rs 1,50,000.** **2. Contribution made by CG/Employer [Sec.80CCD(2)]:** Amount paid or 10% of Salary, whichever is **less.** **3.**New Sub Section **(1B)** is inserted to provide an **additional** deduction of Rs. 50,000 in respect of amount contributed to NPS by an Individual or Employee. **Note:** This is an additional deduction & shall not be included in the overall ceiling limit of Rs 1,50,000 u/s 80CCE.	1. Amount received by the Individual from such Scheme on: • Account Closure; • Opting out for such Pension Scheme; • as pension from the Annuity Plan purchased or taken on such closure or opting out. Will be chargeable to tax in the P.Y. in which it was received.
80CCG	Resident Individual	Acquisition of Listed Equity Shares or Listed Units of an Equity Oriented Fund, in accordance with a Scheme notified by C.G.	50% of the amount Invested **Or** whichever Rs 25,000 is **less**	**Condition**: GTI shall **not exceed Rs 12,00,000.**

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
			Deduction Period: 3 Consecutive AY beginning with the AY relevant to the P.Y. in which the listed equity shares or listed units of equity oriented fund were **first acquired**.	
80D	Individual, HUF whether Resident or Non-Resident.	a) **Medical Insurance**; b) **Health Scheme** Contribution approved by **C.G**. (only Individual whether R or NR); c) **Expenditure on Preventive Health Checkup**. (only Individual whether R or NR) d) Medical Expenditure for **very Senior Citizen**	1. **Individual :** Aggregate of the amounts in a, b, c- • **Individual or his family** (Spouse or Dependent Child)- Aggregate of amounts or Rs**25,000** whichever is **less.** • Parents (Whether **Dependent or not)-** Aggregate of amounts or Rs **25,000** whichever is **less.** 2. **HUF** – Policy in the name of any Member- Aggregate premium Paid or Rs **25,000** whichever is **less.** 3. Amount paid on account of **medical expenditure**: for self/ spouse/ parents + who is of the age 80years or more + Resident in India than deduction allowed is amount paid or Rs **30,000**whichever is **less.**	1. Where the premium paid for a **Senior Citizen**, then deduction is **aggregate premium paid or Rs 30,000,** whichever is **lower**. Here, Senior Citizen means an Individual Resident in India, who is of the age of **60 years or more** at any time during the relevant P.Y. 2. Expenditure for **Preventive Health Checkup** of the Assessee or his family is included in the total deduction of Rs. 25,000/30,000, subject to **maximum of Rs 5,000**. 3. **Payment** of Premium should be of **any mode other than Cash**. **Except** amount paid for **preventive health checkup** can be **any mode including Cash.**
80DD	Individual or HUF Resident in India.	a) **Expenditure incurred for** medical treatment, nursing, training and rehabilitation of **dependent being a person with disability**, b) Amount deposited in Approved Scheme of LIC/UTI or other Approved Insurer, which provides for payment of recurring or lump sum amount for the benefit of the dependent after the demise of the Assessee.	1. **General:** A fixed deduction of Rs **75,000** is allowed, irrespective of expenditure incurred/amount paid. 2. **Special**: if the Dependent person with "**severe disability'**, the deduction is Rs. **1,25,000**. **Note: Severe Disability means** a Person with **80% or more** of one **Amended by F.A 15**	1. The Assessee shall furnish a copy of the Certificate issued by the Medical Authority along with ROI u/s 139. 2. Dependent means- • Individual – Spouse, Children, Parents, Brothers & Sisters of the Individual, or any of them • HUF – Any Member of HUF.
80DD	Individual or	Expenditure incurred for	**1.General:**Rs 40,000or	1. **Dependent** means-

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
B	HUF Resident in India.	medical treatment of **specified diseases** If the Assessee is- • **Individual**- medical treatment of **himself or Dependent.** • **HUF**- Medical Treatment of **any Member** of HUF. **Note:** Specified Diseases includes: a) Neurological Diseases, b) Cancer c) AIDS etc. **Inserted by F.A. 15**	amount actually paid, whichever is **lower**. **2.Expenditure incurred for Senior Citizen:** Rs 60,000 or amount actually paid, whichever is **lower**. 3. **Expenditure incurred for very Senior Citizen:** Rs 80,000 or amount actually paid, whichever is **lower**. **Note:Senior Citizen** means an Individual Resident in India, who is of the age of **60 years or more** at any time during the relevant P.Y. **Very Senior Citizen** means an Individual Resident in India, who is of the age of **80 years or more** at any time during the relevant P.Y.	• **Individual** – Spouse, Children, Parents, Brothers & Sisters of the Individual, or any of them • **HUF** – Any Member of HUF. 2. Deduction shall be reduced by the amount received from the Insurer or reimbursement by the Employer, against any insurance for the Medical Treatment.
80E	Individual	Payment of **Interest on Educational Loan** taken from Financial Institution or Charitable Institution for the purpose of pursuing Higher Education for himself or for his Relative, i.e. Spouse and Children of the Individual.	• **Any amount of interest** paid is eligible for deduction. **Principal Repayment is not eligible** for deduction. • **Period of Deduction:** Deduction is available for a maximum period of **8 A.Y.** including first year of repayment or until the Interest is fully repaid, whichever is earlier.	**Meaning of Higher Education:** means any course (including Vocational Studies) pursued after passing the SSE, conducted by any recognized Board or university
80EE	Individual	Payment of **Interest on Loan** taken by Individual Assessee from any FI for the purpose of **acquisition of Residential HP.**	• **Maximum Amount:** Interest payable amount shall not exceed **Rs1,00,000.** • **Period:** Deduction is available for AY 2014-15. If the interest payable for the AY 2014-15 is less than Rs 1,00,000 the balance amount shall be allowed in AY 2015-16	**Conditions for claiming Deduction:** • **Loan Sanction Date:** beginning on 1st April 2013 and ending on 31st March 2014. • **Maximum Loan: Rs 25Lakhs.** • **Property Value:** value of Residential HP **should not exceed Rs 40 Lakhs.** • **No Other House:** The Assessee should **not** own any Residential HP on the date of sanction

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
				of the Loan. • **No Double Deduction:** Where Deduction u/s 80EE is allowed, deduction shall not be allowed in respect of such interest under any other provisions of this act.
80G	All Assessees	**Contribution or Donation to Approved Funds and Charitable Institutions.**	**Categories of Deduction**: The deduction u/s 80G is available in the following Categories: A. 100% Deduction, with no Ceiling Limit/ Restriction on amount of Donation. [See note 2] B. 50% Deduction, with no Ceiling Limit/ Restriction on amount of Donation. [See note 2] C. 100% Donation, with Qualifying Amount = 10% of Adjusted GTI. [See note 2] D. 50% Donation, with Qualifying Amount = 10% of Adjusted GTI. [See note 2]	1. Donation should be made in sum of **money** and **not in Kind**. 2. The Assessee should **produce Proof of Payment** along with ROI. 3. No deduction shall be allowed in respect of donation of any sum **exceeding Rs 10,000**, unless such sum is paid by **any mode other than cash.**
80GG	Individual	**Payment of Rent** for his Residential Accommodation, whether furnished or not.	**Amount of Deduction:** • Rent paid less 10% Of Adjusted TI, or • Rs 2,000 p.m., or • 25% of Adjusted TI. Whichever is less **Note: Adjusted Total Income:** GTI **Less:** LTCG[Sec. 112(2)] STCG [Sec. 111A] All other deductions under Chapter VI-A except 80GG **Adjusted Total Income**	**Conditions for claiming Deduction:** • **No HRA**: Assessee should not be in receipt of HRA. • **No Residential House** at the **place of Business** • The accommodation should be occupied by the Assessee for the purpose of his **own Residence.**
80GG B	**Indian Company**	Amount contributed during the P.Y. to- a) A **Political Party**; b) An **Electoral Trust**.	**100% of** Contribution.	**No Deduction** shall be allowed in respect of any sum **contributed** by way of **Cash**
80GG	**Any Person**	Amount contributed	**100% of** Contribution.	**No Deduction** shall be

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
C	**N.A. to**: • L.A • AJP wholly or partly funded by Government.	during the P.Y. to- a) A **Political Party**; or b) An **Electoral Trust**.		allowed in respect of any sum **contributed** by way of **Cash**
80QQB	Resident Individual being an **Author**	**Source of Income:** Any **lumpsum consideration** for the assignment or grant of any interests in the **copyright of any Book**, being a work of literary, artistic or scientific nature, or for **Royalty or copyright Fees** (in lumpsum or otherwise) **Note:** Books does not include Brochures, Diaries, Guides, Journals, Magazines, Newspapers, Pamphlets, Textbooks for Schools, and other publications of similar nature.	Whole of such income; Or Rs3,00,000 whichever is **less**	1. **If income earned outside India:** It should be **remitted within 6 months from the end of the relevant P.Y,** or within such time extended by RBI. **2.No Deduction** shall be allowed under any other provisions of this act in respect of such Income. **3. Royalty not received in Lumpsum:** amount in **excess of 15% of the value of such books** sold during the P.Y shall be **ignored.**
80RRB	Resident Individual being a **Patentee**	**Source of Income:** **a)** GTI of the Patentee includes **"Royalty"** in respect of the Patent, i.e. Consideration for- • Transfer of all or any rights in respect of a patent; or • Imparting of any information concerning the working of, or the use of, a patent , or • Use of any Patent; or • Rendering of any services in connection with the activities referred to in above sub clauses. b) The above Royalty shall **not** include any consideration- (i) being income chargeable u/h CG, or ii) for sale of product manufactured with the use of patented process	Whole of such income; Or Rs3,00,000 whichever is **less**	1. **If income earned outside India:**It should be **remitted within 6 months from the end of the relevant P.Y,** or within such time extended by RBI. **2.No Deduction** shall be allowed under any other provisions of this act in respect of such Income.

Sec.	Applicability	Nature of Payment/ Receipt	Amount of Deduction	Special Points
		or patented article for commercial use.		
80TTA	Individual/ HUF	**Nature of Income:** Interest on Deposits in a Saving Account (not being Time Deposits) with- • A Banking Company. • A Co-Operative Society engaged in the business of banking. • Post Office.	Interest Income; Or Rs 10,000 whichever is **less**	Deposit held by Firm, AOP or BOI: Where Saving Account is held in the name of a Firm, AOP, BOI, no deduction shall be allowed u/s 80TTA in respect of such income in computing the T.I of any Partner of the Firm or Member of AOP/BOI.
80U	Resident Individual, being a person with disability.	**Resident Individual** Suffering from **disability**, (i.e. Permanent Physical Disability or Mental Retardation including Blindness, loss of Voice, Autism, etc.	1. **General:** A fixed deduction of Rs **75,000** is allowed. 2. **Special**: if the person have "**severe disability'**, the deduction is Rs. **1,25,000.** **Note: Severe Disability means** a Person with **80% or more** of one or more disabilities.	1. The Assessee shall furnish a copy of the Certificate issued by the Medical Authority along with ROI u/s 139. **Amended by F.A. 15**

INCOME TAX RETURN FORM NUMBERS

S. NO.	FORM DESCRIPTION	FORM NAME
1.	For individuals having Income from Salary/Pension/ Income from One House Property (excluding loss brought forward from previous year)/Income from Other Sources (Excluding Winning from Lottery and Income from Race Horses) ITR-I not applicable to a person being an Individual, who is resident and has: (i) Assets (including financial interest in any entity) located outside India; or (ii) Signing authority in any account located outside India	ITR-1 SAHAJ
2.	For an individual (not covered under Sl. No. 1) and HUF not having Income from Business or Profession	ITR-2
3.	For Individual/HUF who is a partner in a firm and where income chargeable to income-tax under the head "Profits or gains of business or profession" does not include any income except the income by way of any interest, salary, bonus, commission or remuneration, by whatever name called, due to, or received by him from such firm.	ITR-3
4.	For presumptive business income covered under section 44AD and 44AE (Applicable in case of an individual or HUF) ITR-4S not applicable to a person being an Individual, who is resident and has: (i) Assets (including financial interest in any entity) located outside India; or (ii) Signing authority in any account located outside India	ITR-4S SUGAM
5.	For an Individual & HUF other than those covered under (1) or (2) or (3) or (4) above and having income from a proprietary business or profession	ITR-4
6.	For any person other than individual or HUF or a company or a person covered under Sl. No. 7 below	ITR-5
8.	For a Company other than a company claiming exemption under section 11	ITR-6
9.	For a person including a company whether or not registered under section 25 of the Companies Act, 1956 required to furnish return under section 139(4A) or section 139(4B) or section 139(4C) or section 139(4D)	ITR-7
10.	INDIAN INCOME TAX RETURN VERIFICATION FORM This form is to be used where the data of the Return of Income in Form ITR-1, ITR-2, ITR-3, ITR-4, ITR-4S and ITR-5 transmitted electronically without digital signature	ITR-V

ADVANCE TAX INSTALLMENTS

Due date of instalment in the relevant P.Y (Sec.211)	Amount Payable by Corporate Assessee & Non – Corporate Assessee (uniform Slabs)	~~Amount payable by Non-Corporate Assessee~~
1. On or before the 15^{th} June	15% of Advance Tax payable	~~N.A~~
2. On or before the 15^{th} September.	45% of advance tax payable	~~30% of advance tax payable~~
3. On or before the 15^{th} December	75% of advance tax payable	~~60% of advance tax payable~~
4. On or before the 15^{th} March	100% of advance tax payable	~~100% of advance tax payable~~

INTEREST PAYABLE UNDER INCOME TAX ACT

<table>
<tr><td>Section 234A:
Late filing of ROI</td><td>Rate: 1% per month
Tenure: Starts from due date of filing ROI till actual date of filing ROI
Amount: tax not paid</td></tr>
<tr><td>Section 234B:
Deferment of Advance Tax</td><td>Rate: 1% per month
Tenure:
<table>
<tr><th>Installment</th><th>Corporate</th><th><s>Non Corporate</s></th></tr>
<tr><td>1st 15th June</td><td>3 Months</td><td>–</td></tr>
<tr><td>2nd 15th Sept</td><td>3 Months</td><td><s>3 Months</s></td></tr>
<tr><td>3rd 15th Dec</td><td>3 Months</td><td><s>3 Months</s></td></tr>
<tr><td>4th 15th Mar</td><td>1 Month</td><td><s>1 Month</s></td></tr>
</table>
Amount: Deficit in each installment</td></tr>
<tr><td>Section 234C:
Default in Payment of Advance Tax</td><td>Rate: 1% per month
Tenure: From 1st April till the actual date of payment
Amount: Advance Tax not paid</td></tr>
</table>

Time for payment of TDS: (monthly)

April to Feb = 7^{th} of the succeeding month

March = 30^{th} April

DUE DATE OF FILING QUARTERLY STATEMENT:

Sl. No.	Date of ending of the quarter of the financial year	Due date in the case Of other Deductors
1.	30^{th} June	31^{st} July of the financial year
2.	30^{th} September	31^{st} October of the financial year
	31^{st} December	31^{st} January of the financial year
3.	31^{st} March	31^{st} May of the financial year immediately following the financial year in which deduction is made

Due date for Filing Form 26QB for TDS Deducted u/s 194IA is 30 days from the end of the month in which TDS is deducted.

TDS CHART

Sec No.	Particulars	Rate	Exemption
192A	Accumulated balance of Provident Fund	10%	**Rs. 50,000**
193	Interest on Securities	10%	Rs. 5,000
194	Dividends	20%	Rs. 2,500
194A	Interest other than interest on securities	10%	Rs. 10,000 (in case of Banks) Rs. 5,000 (others)
194B	Winnings from Lotteries, Cross Word Puzzles, etc	30%	Rs. 10,000
194BB	Winning from Horse Race	30%	**Rs. 10,000**
194C	Payment to Contractors/Sub Contractors	1%: Payee is Ind/HUF 2%: Other Payee	Single Payment: Rs. 30,000 Annual: Rs. **1,00,000**
194D	Insurance Commission	**5%**	Rs. 15,000
194DA	Payment under Life Insurance Policy	**1%**	Rs. 1,00,000
194E	Non – Resident Sportsman (including Athlete) or a Non Resident Entertainer Or Non Resident Sports Association	**20% + Sur. +EC + SHEC**	NIL
194EE	National Savings Scheme	**10%**	Rs. 2,500
194G	Commission on Sale of Lottery Tickets	**5%**	**Rs. 15,000**
194H	Commission or Brokerage	**5%**	Rs. 15,000
194I	Rent	2%: P or M 10%: L or B, F or F	Rs. 1,80,000
194IA	Payment for acquisition of Immovable Property other than Agri Land	1%	Rs. 50,00,000
194J	Sum paid for: a) Professional Service b) technical Services c) Royalty d) payment to director (No Exemption) e) Non-Compete Fees	10%	Rs. 30,000 (Except Payment to Director)
194LA	Compensation on Compulsory Acquisition of any Immovable Property other than Agricultural Land	10%	**Rs. 2,50,000**

TIME LIMIT FOR ISSUE OF CERTIFICATE

S. No.	Form No.	Periodicity	Due date
1.	16	Annual	By **31st day of May** of the financial year immediately following the financial year in which the income was paid and tax deducted.

<table>
<tr><td>2.</td><td>16A</td><td>Quarterly</td><td>Within 15 days from the due date for furnishing the statement of tax deducted at source under rule 31A. In other words, certificate in Form No. 16A should be issued within the time limit specified as under:
<table>
<tr><th>Quarter ending</th><th>In other cases</th></tr>
<tr><td>30th June</td><td>14th August</td></tr>
<tr><td>30th September</td><td>15th November</td></tr>
<tr><td>31st December</td><td>15th Feb</td></tr>
<tr><td>31st March</td><td>15th June</td></tr>
</table>
</td></tr>
<tr><td>3.</td><td>16B</td><td>One Time</td><td>Within 15days from the due date for furnishing Challan cum Statement in Form 26QB</td></tr>
</table>

IMPORTANT PENALTIES

Default	Section No.	Penalty
Failure to comply with the Notice u/s 142 (1)/(2A)/143(2)	271(1)(b)	Rs. 10,000 for each failure
Concealment of Income	271(1)(c)	Minimum: 100% Maximum: 300% Of amount of concealment of tax
Failure to keep & maintain books of accounts u/s 44AA	271A	Rs. 25,000
Failure to keep and maintain information and documents relating to International Transaction or Specified Domestic Transaction	271AA	2% of value of transaction
Failure to get the accounts audited or furnish a report as required u/s 44AB	271B	½ % of total sales or Rs. 1,50,000 whichever is Less
Penalty for failure to furnish report from an Chartered Accountant as required under section 92E. (International transaction)	271BA	Rs. 1 Lakh
Failure to deduct TDS or Failure to pay DDT u/s 115O	271C	An amount equal to TDS not deducted or DDT not paid
Taking loans or deposits in contravention of Section 269SS	271D	An amount equal to loan or deposit
Repayment of loan or deposits in contravention of Section 269T	271E	An amount equal to loan or deposit repaid
Failure to file return of income before the end of Assessment year	271F	Rs. 5,000
Penalty for failure to furnish information or document u/s 92D	271G	2% of value of International Transaction or Specified Domestic Transaction
Failure to file TDS return	271H	Not less than 10,000 and upto 1,00,000

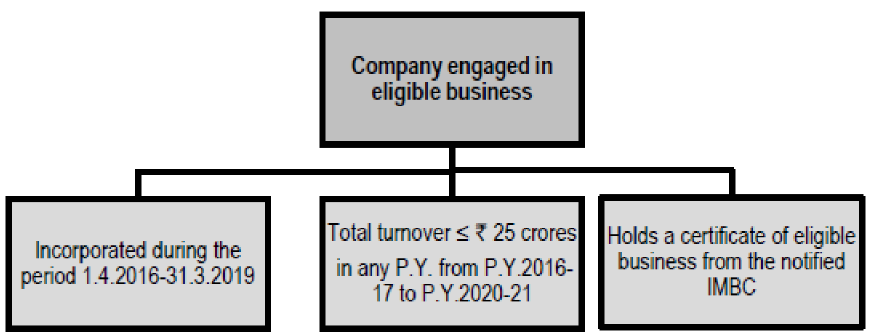
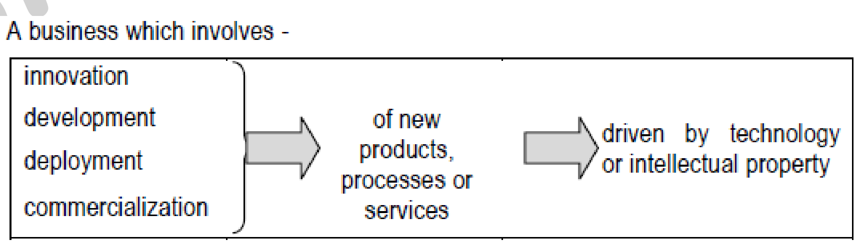
Failure to comply with the provisions of PAN	272B	Rs. 10,000
Failure to comply with provisions of TAN	272BB	Rs. 10,000

TIME LIMIT FOR COMPLETION OF ASSESSMENTS AND REASSESEMENTS (SECTION 153)

Section	Proceeding	Time Limit for Completion of Assessment or Reassessment
153 (1)	Regular assessment u/s 143/ Best judgment assessment u/s 144	**2 Years** from the end of the AY in which income was first assessable
153 (2)	Order of assessment or Reassessment u/s 147.	**1 Year** from the end of the financial year in which notice for assessment reassessment is served
153 (3)	Fresh Assessment U/s 143/144/147 where the original assessment has been set aside, cancelled and referred back to AO by an order u/s 254/263/264	**1 Year** from the end of the financial year in which such order is received by prescribed authorities

IMPORTANT AMENDMENTS BY FINANCE ACT , 2016

Exemption of Long Term Capital Gains on Investment in Notified Units of Specified fund (NEW Section 54EE)(Effective AY2017-18)	**OBJECTIVE**	For incentivizing the startup ecosystem in India, the “Startup India Action Plan” envisages establishment of a Fund of Funds which intends to raise Rs. 2,500 Crores Annually for Four years to finance the startups.
	EXEMPTION	In order to achieve this objective, New Section 54EE has been inserted to provide exemption from CG if LTCG proceeds are invested by an Assessee in units issued before 1st April 2019 of such fund, as may be notified by CG.
	QUANTUM OF EXEMPTION	The lower of the Capital Gains or the amount so invested would be exempted under this Section.
	TIME LIMIT FOR INVESTMENT	6 Months after the date of transfer
	CEILING LIMIT FOR INVESTMENT	The Maximum investment in units of the specified fund in any FY is Rs. 50 Lakhs. Further, the investment made by an Assessee in the units of specified fund out of CG arising from the transfer of one or more Capital Assets, cannot exceed Rs. 50 Lakhs, whether the investment is made in the same FY or Subsequent FY or partly in the same FY and partly in the subsequent FY.
	CONSEQUENCE OF TRANSFER BEFORE 3 YEARS	Where the units are transferred at any time within a period of 3 years from its acquisition, the capital gains, to the extent exempt earlier, would be chargeable as CG in the year of acquisition.
	DEEMED TRANSFER	Further, if the assessee takes any loan or advance on the security of such units, he shall be deemed to have transferred such units on the date on which such loan or advance is taken.

EXEMPTION U/S 54GB EXTENDED	In order to encourage individuals/HUF to setup a start-up company by selling a residential property and investing in the shares of such company, section 54GB has been amended to provide that long term capital gains arising on account of transfer of a residential property shall not be charged to tax, if: (1) the net consideration is invested in subscription of equity shares of a company which qualifies to be an eligible start-up on or before the due date of filing return of income under section 139(1); (2) the individual or HUF holds more than 50% shares of the company or 50% voting rights after the subscription in shares by such individual or HUF; and (3) such company utilises the amount invested in shares to purchase new plant and machinery within one year from the date of subscription in equity shares. **Purchase of computers or computer software out of amount invested in shares of an technology driven start-up permitted** In case of an eligible start-up, being a technology driven start-up so certified by the notified Inter-Ministerial Board of Certification (IMBC), the company can also utilize the amount invested in shares to purchase computers or computer software. This is because computers or computer software form the core asset base of such technology driven start-ups. **<u>Meaning of Eligible Start Up Company:</u>**  **<u>Meaning of Eligible Business:</u>** 
ADDITIONAL DEDUCTION FOR INTEREST ON LOAN BORROWED FOR	**<u>Quantum of Deduction:</u>** The Maximum Deduction allowable is Rs. 50,000/-. **<u>Tenure of Deduction:</u>** Benefit of deduction under this section would be available till the repayment of loan continues.

ACQUISITION OF SELF-OCCUPIED HP BY AN INDIVIDUAL (SECTION 80EE)

Condition:
1. Loan should be sanctioned during PY 2016-17.
2. Loan Sanctioned ≤ Rs. 35 Lakhs
3. Value of House ≤ Rs. 50 Lakhs
4. Assessee should not own any RHP on date of sanction of loan
5. Loan taken by Financial Institution or Housing Finance Company

REVISION IN THRESHOLD LIMITS FOR TDS

Revision in threshold limits for deduction of tax at source from certain payments:

	Section	Nature of payment	Threshold limit (₹)	
			Upto 31.5.2016	From 1.6.2016
(1)	192A	Payment of accumulated balance due to an employee participating in recognized provident fund	30,000	50,000
(2)	194BB	Winnings from horse race	5,000	10,000
(3)	194C	Payment to contractors (revision of threshold of aggregate payment in a year)	75,000	1,00,000
(4)	194D	Insurance commission	20,000	15,000[3]
(5)	194G	Commission on sale of lottery tickets	1,000	15,000
(6)	194H	Commission or brokerage	5,000	15,000
(7)	194LA	Payment of compensation or enhanced compensation on compulsory acquisition of immovable property	2,00,000	2,50,000

REDUCTION IN RATE OF TDS

Reduction in rate of tax to be deducted at source in respect of certain payments:

	Section	Nature of payment	Rate of TDS	
			Upto 31.5.2016	From 1.6.2016
(1)	194DA	Payment in respect of life insurance policy	2%	1%
(2)	194EE	Payments in respect of deposits under National Savings Scheme	20%	10%
(3)	194G	Commission on sale of lottery tickets	10%	5%
(4)	194H	Commission or brokerage	10%	5%

In addition, the rate of TDS under section 194D in respect of insurance commission has been reduced from 10% to 5%[4].

TIME LIMIT FOR FILING BELATED RETURN U/S 139(4)

A person who has not furnished a return within the time allowed to him under section 139(1), or **within the time allowed under a notice issued under section 142(1)**, may furnish the return for any previous year at any time before the **end of the relevant assessment year** or before the completion of the assessment, whichever is earlier.

BELATED RETURN CAN BE REVISED U/S 139(5)

If any person, having furnished a return under section 139(1) **or belated return under section 139(4)**, discovers any omission or any wrong statement therein, he may furnish a revised return at any time before the expiry of one year from the end of the relevant assessment year or before the completion of the

	assessment, whichever is earlier.
RETURN NOT DEEMED TO BE DEFECTIVE IF SELF-ASSESSMENT TAX IS NOT PAID BEFORE FURNISHING THE RETURN	A return which is otherwise valid would not be treated defective merely because self-assessment tax and interest payable in accordance with the provisions of section 140A has not been paid on or before the date of furnishing of the return.

MONETARY LIMITS FOR FURNISHING PAN (W.E.F 01.01.2016)

Nature of Transaction	Value of Transaction
Sale or Purchase of a motor vehicle which requires registration by a registration authority other than 2 wheelers.	All Such Transactions
Opening of an Account (other than Fixed Deposit and a Basic Saving Bank Deposit Account) with a Banking Company or a Co-operative Bank	All Such Transactions
Making an Application to any banking company or a Co-operative Bank or to any other company or institution, for issue of a credit or debit card	All such transactions
Opening of a Demat Account with a Depository, participant, Custodian of securities or any other person registered u/s 12(1A) of SEBI Act, 1992	All Such Transactions
Payment to a Hotel or restaurant against a bill or bills at any one time	Payment in cash exceeding Rs. 50,000
Payment in connection with travel to any foreign country or payment for purchase of any foreign currency at any one time	Payment in cash exceeding Rs. 50,000
Payment to a Mutual Fund for purchase of its units	Amount Exceeding Rs. 50,000
Payment to a company or an institution for acquiring debenture or bonds issued by it	Amount exceeding Rs. 50,000
Payment to RBI for acquiring bonds issued by it	Amount exceeding Rs. 50,000
Deposit with a banking company or a Co-operative Bank	Deposits in cash exceeding Rs. 50,000 during one day
Purchase of bank drafts or pay order or bankers cheque from banking company or co-operative bank	Payment in cash exceeding Rs. 50,000 during one day
A Time Deposit with: a) Banking Company or a Co-operative Bank b) Post office c) Nidhi Company d) NBFC(Deposit NBFC)	Amount exceeding Rs. 50,000 or aggregating to more than Rs. 5 Lakhs during a financial year.
Payment of Life Insurance Payment	Amount aggregating to more than Rs. 50,000 in a financial year
A contract for sale or purchase of Securities other than Shares	Amount exceeding Rs. 1 Lakhs per

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<tr><td></td><td>transaction</td></tr>
<tr><td>Sale or purchase by any person of Shares of a company not listed in RSE</td><td>Amount Exceeding Rs. 1 Lakh per transaction</td></tr>
<tr><td>Sale or purchase of any immovable property</td><td>Amount exceeding Rs. 10 Lakhs or valued by Stamp Valuation authority at an amount exceeding Rs. 10 Lakhs</td></tr>
<tr><td>Sale or Purchase by any person, of Goods or services other than above (including Jewellary)</td><td>Amount exceeding Rs. 2 Lakh per transaction</td></tr>
</table>
</td>
</tr>
<tr>
<td>DEDUCTION IN RESPECT OF EMPLOYMENT OF NEW EMOPLOYEES (NEW SECTION 80JJAA)</td>
<td>
1. <u>Increase in Scope</u>: In old section, benefit was allowed only to Assessee whose GTI includes any profit and gains derived from manufacture of goods in a factory. Now, it has been substituted to increase the scope and cover all sectors.
2. <u>Quantum of Deduction</u>: Assessee to whom Section 44AB applies, whose GTI includes any profits and gains derived from business, a deduction of an amount equal to 30% of additional employee cost incurred in course of business in PY, would be allowed for 3 AY including the AY relevant to PY in which such employment is provided.
3. <u>Conditions</u>:
a. Business should not be formed by splitting up, or the reconstruction, of an existing business;
b. Business is not acquired by assessee by way of transfer from any other person or as a result of any business reorganization
c. Report of Accountant, giving prescribed particulars, has to be furnished along with ROI
4. <u>Additional Employee</u>: Employee who has been employed during the PY and whose employment has the effect of increasing the total number of employees employed by employer as on the last day of preceding year.
<u>Exclusions from Definition</u>:
<u>(a)</u> An employee whose total emoluments are more than 25,000 p.m. or
<u>(b)</u> Employee for whom entire contribution is paid by Government under Employee Pension scheme;
<u>(c)</u> Employee employed for a period of less than 240 days during PY;
<u>(d)</u> An Employee who does not participate in the recognized Provident Fund
5. <u>Emoluments</u>: Any sum paid or payable to an employee in lieu of his employment by whatever name called <u>Except</u>: (a) Any contribution paid or payable by employer to any pension fund or provident fund or any other fund; (b) Any lump sum payment paid or payable to an employee at the time of termination or superannuation or voluntary retirement such as gratuity, leave encashment, commutation of pension, etc.
</td>
</tr>
<tr>
<td>MISC TOPICS</td>
<td>
1. Transfer of units by unit holders on consolidation of plans within a mutual fund scheme not be regarded as Transfer.
2. Period of holding of unlisted shares to qualify as a long term capital asset to be reduced from More than 36 months to More than 24 months.
3. Redemption of an individual of Sovereign gold bonds issued by RBI not to constitute transfer for the purpose of levy of Capital gains Tax.
4. Long term capital gains on shares of private companies to be subject to concessional rate of tax @ 10% in the hands of non-corporate non-residents
</td>
</tr>
</table>

	and foreign companies.

SERVICE TAX, VAT & CST

IMPORTANT LIMITS/ POINTS

Constitutional Power to charge Service Tax	Entry 97 of List 1
Service Tax is levied by?	Finance Act, 1994
Finance Act, 1994 applies to?	Whole of India except J & K
Rate of Service Tax as per charging section	14.00% inclusive of EC & SHEC
Effective Rate of Service Tax	15.00% inclusive of EC & SHEC, KKC, SBC
Date of Commencement of Finance Act, 1994 or Service Tax law?	1st July 1994
How many services were first time taxed?	3 Services @ 5%
Service tax was imposed on the recommendation of which committee?	Dr. Raja Chelliah Committee
Service tax is administered by which department?	CBEC through Central Excise Department (Separate Cell known as Service Tax Cell)
Application for registration of service tax within how many days?	30 days
Application for registration to whom?	Superintendent of Central Excise
Exemption to Small Service Providers	Rs. 10,00,00
When should service provider apply for registration, when the turnover crosses?	Rs. 9,00,000
Registration Certificate should be issued by Authority within how many days?	2 Working Days
How to Apply for Registration?	Online in Form ST 1
Mechanism in which service tax is payable by Service Receiver	Reverse Charge
Mechanism in which part service tax is payable by Service Provider and part by Service Receiver	Partial Reverse Charge
Roundoff of Service Tax?	Nearest Rupee
Name of the portal for online Registration under Service Tax Law?	ACES (Automation of Central Excise & Service Tax)

FORM NUMBERS

ST 1	Application for Registration of Service Tax
ST 2	Certificate of Registration
ST 3	Service Tax Return (Original + Revised)
ST 3A	Provisional payment of Service Tax
GAR 7	Challan for payment of Service Tax

DUE DATES OF PAYMENT OF SERVICE TAX

S. No	Mode of Payment	Status of Service Provider	Last date for making Payment of Service Tax
1.	Electricity through Internet banking	Any person **other than** an individual or	6th day of the month immediately following the **calendar MONTH** in which the service is deemed to

	i.e. on-line Payment	proprietary firm or partnership firm	have been provided as per POTR, 2011**.** However, for the **month of March,** Service Tax has to be deposited by 31^{st} March.
2.	Electricity through internet banking i..e. on-line payment	An individual or proprietary firm or partnership firm	6^{th} day of the month immediately following the **QUARTER** in which the service is deemed to have been provided as per POTR, 2011. However, for the **month of March,** Service Tax has to be deposited by 31^{st} March.

INTEREST ON DELAYED PAYMENT OF SERVICE TAX

Non SSP	15% p.a. However, in case assessee has collected service tax and has not deposited with the Government, then Rate of Interest shall be 24% p.a. w.e.f 14.05.2016
SSP (Whose value of taxable service <= 60 Lacs during PFY)	12% p.a. (3% Less from Non SSP)

PENALTY FOR FAILURE TO MAKE PAYMENT OF SERVICE TAX ON DUE DATE

When Penalty u/s 76 is leviable & Quantum of Penalty	No Fraud or Collusion or willful misstatement or suppression of facts or contravention of any of chapter or rules: **<u>Penalty not exceeding 10% of amount of service tax.</u>** Fraud or Collusion or willful misstatement or suppression of facts or contravention of any of chapter or rules: **<u>Penalty shall be equal to 100% of amount of service tax</u>**. **Provided that** where service tax and interest is paid within a period of 30 days of: i) The date of service of notice u/s 73(1), **<u>No penalty</u>** shall be payable and proceedings shall be deemed to be concluded. ii) the date of receipt of order of central excise officer determining the amount of service tax u/s 73(2), penalty shall be **<u>25% of penalty</u>** imposed in that order, only if the reduced penalty is also paid within such period;
Period for which penalty is to be levied	Beginning with the first day after the due date and ending with the date of actual payment

SERVICE TAX RETURNS

PERIODICITY	Half Yearly, 'Half year' means 1^{st} April to 30^{th} September and 1^{st} October to 31^{st} March of financial year.
NATURE	Mandatory. Even a NIL return has to be filed if the assessee has not rendered any taxable service during a particular half year.
APPLICABILITY	The person liable to pay service tax to government are liable to file Service Tax Returns. They are: a. Service Provider i.e person providing taxable services b. Specific Persons u/r 2(1)(d) of Service Tax Rules, 1994.
DUE DATE	25^{th} October for Half Year 1^{st} April to 30^{th} September

	25th April for Half Year 1st October to 31st March If due date is a public holiday, the next working day will be the due date.
E – FILLING	w.e.f. 01.10.2011, All Assessees have to file returns electronically. [Notification No. 43/2011-ST, Dated 25.08.2011]
REVISION OF RETURN [RULE 7B]	An assessee may submit a revised return, in Form ST-3, to correct a mistake or omission, within a period of 90 days from the date of submission of the original return.
MULTIPLE SERVICES RENDERED	A single service tax return should be filed in Form ST-3 in respect of all taxable services provided by the assessee. Detailed instructions for filing the return are given in the return from itself.
FIRST RETURN	At the time of filing the First Return, every assessee should furnish a list of the following: a. Records prepared/maintained for: - Provision of Services (both taxable and exempted) - Receipt or Procurement of Input Services - Payment for such Input Services - Receipt, Purchase, Manufacture, Storage, etc of Inputs and Capital Goods - Records for other activities such as manufacture and sale of goods b. Financial Records maintained in the normal course of business.
PENALTY FOR DELAY IN FURNISHING RETURN OF SERVICE TAX	(see table below)

Period of delay from due date	Late Fee to be paid
Upto 15 days	₹500
16 to 30 days	₹1,000
After 30 days	₹1,000+100 per day in excess of 30 days. However, total amount of additional fee shall not exceed **₹20,000**.

PENALTIES

Any person who is liable to pay service tax, or required to take registration, fails to take registration	An amount which may extend to Rs.5000 or Rs.200 for every day during which such failure continues, whichever is higher.
Any person who fails to keep, maintain or retain books of account and other documents	Amount upto Rs. 10,000/-
Any person who is required to pay tax electronically, through internet banking, fails to pay the tax electronically	Amount upto Rs. 10,000/-
Any person who issues invoice with incorrect or incomplete details or fails to account for an invoice in his books of account	Amount upto Rs. 10,000/-
Any person, who contravenes any of the provisions or any rules for which no penalty is separately provided	**Amount upto Rs. 10,000/-**
Any person who fails to – (i) furnish information called by an (ii) produce documents called for by a Central Excise Officer (iii) appear before the Central Excise Officer, when issued with a summon for appearance to give evidence	– ten thousand rupees or – two hundred rupees for every day during which such failure continues, whichever is higher, starting with the first day after

or to produce a document in an inquiry	the due date, till the date of actual compliance.

REVERSE CHARGE & PARTIAL REVERSE CHARGE

Full Reverse Charge	Partial Reverse Charge
Service provided or agreed to be provided by an **Insurance Agent** to any person carrying on Insurance Business	Services provided or to be provided by way of Works Contract 50% by Service Provider 50% by Service Receiver
Service provided or agreed to be provided by a **Goods Transport Agency** in respect of transportation of goods by road	
Services provided or agreed to be provided by way of **Sponsorship**	
Services provided or agreed to be provided by an **Arbitral Tribunal**	Services provided or agreed to be provided by way of renting of motor vehicle designed to carry passengers on **abated value** by Individual, HUF, Firm or AOP to Body Corporate 50% by Service Provider 50% by Service Receiver
Services provided or agreed to be provided by an **Individual Advocate or a firm of advocates** by way of legal services	
Service provided or agreed to be provided by a **Director of a company or body corporate**	
Any taxable services provided or agreed to be provided by any person who is located in **non-taxable territory** to a person resident in taxable territory	
Services provided by **Government to business entity**	
Services provided by **Aggregator**	
Services provided by way of **Supply of Manpower including Security Services** by Individual, HUF, Firm or AOP to Body Corporate	
Services provided or agreed to be provided by way of renting of motor vehicle designed to carry passengers on **abated value** by Individual, HUF, Firm or AOP to Body Corporate	
Services provided by Recovery Agent to a banking company or a financial institution or NBFC	
Services provided by Mutual fund agent or distributor to a Mutual fund or AMC	
Services provided by a Selling or marketing agent of lottery tickets to a Lottery Distributor or Selling Agent.	

COMPOUNDED RATES OF SERVICE TAX

Rule	Service	New Rate
6(7)	**Air Travel Agent's** Service (Domestic Bookings)	0.7% of Basic Fare
	Air Travel Agent's Service (International Bookings)	1.4% of Basic Fare
6(7A)	**Life Insurance Service** (First Year)	3.5% of the Premium Charged
	Life Insurance Service (Subsequent Year)	1.75% of the Premium Charged
	Single Premium Policies: 1.4% of Single Premium Charged	
6(7B)	**Money Changing Service**	

	Upto Rs. 1,00,000	0.14% of the Gross Amount of Currency exchanged OR Rs. 35 whichever is higher.
	Exceeding Rs. 1,00,000 and upto Rs. 10,00,000.	Rs. 140 + 0.07% of the [Gross Amount of Currency Exchanged – Rs. 1,00,000]
	Exceeding Rs. 10,00,000	Rs. 770 + 0.014% of the [Gross Amount of Currency Exchanged – Rs. 10,00,000] OR Rs. 7,000 whichever is Lower
6(7C)	**Lottery Distributor** and Selling Agent's Service	
	Where the guaranteed lottery prize payout is > 80%	Rs. 8,200 on every Rs. 10 Lakh (or part of Rs. 10 Lakh) of aggregate face value of lottery tickets printed by the organizing state for a draw
	Where the guaranteed lottery prize payout is < 80%	Rs. 12,800 on every Rs. 10 Lakh (or part of Rs. 10 Lakh) of aggregate face value of lottery tickets printed by organizing state for a draw

NEGATIVE LIST

(a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere— (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government; (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; (iii) transport of goods or passengers; or (iv) support services, other than services covered under clauses (i) to (iii) above, provided to business entities;
(b) services by the Reserve Bank of India;
(c) services by a foreign diplomatic mission located in India;
(d) services relating to agriculture or agricultural produce by way of— (i) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing; (ii) supply of farm labour; (iii) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (iv) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (v) loading, unloading, packing, storage or warehousing of agricultural produce; (vi) agricultural extension services; (vii) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;
(e) trading of goods;
(f) services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption;

(g) selling of space for advertisements in print media;
(h) service by way of access to a road or a bridge on payment of toll charges;
(i) betting, gambling or lottery; Explanation – For the purpose of this clause, the expression 'betting, gambling or lottery' shall not include the activity specified in Explanation 2 to section 65B(44).
(k) transmission or distribution of electricity by an electricity transmission or distribution utility;
(l) services by way of— (i) pre-school education and education up to higher secondary school or equivalent; (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (iii) education as a part of an approved vocational education course;
(m) services by way of renting of residential dwelling for use as residence;
(n) services by way of— (i) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount; (ii) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers;
(o) service of transportation of passengers, with or without accompanied belongings, by— (i) a stage carriage; (ii) railways in a class other than— (A) first class; or (B) an airconditioned coach; (iii) metro, monorail or tramway; (iv) inland waterways; (v) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and (vi) metered cabs or auto rickshaws;
(p) services by way of transportation of goods— (i) by road except the services of— (A) a goods transportation agency; or (B) a courier agency; (ii) by an aircraft or a vessel from a place outside India up to the customs station of clearance in India; or (iii) by inland waterways;
(q) funeral, burial, crematorium or mortuary services including transportation of the deceased.

MEGA EXEMPTIONS

1.	Services provided to the United Nations or a specified international organization;
2.	(*i*) Health care services by a clinical establishment, an authorised medical practitioner or para-medics; (*ii*) Services provided by way of transportation of a patient in an ambulance, other than those specified in (i) above;
2A.	Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation;
2B.	Services provided by operators of the Common Bio-medical Waste Treatment Facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto;

3.	Services by a veterinary clinic in relation to health care of animals or birds;
4.	Services by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) by way of charitable activities;
5.	Services by a person by way of— (*a*) renting of precincts of a religious place meant for general public, owned or managed by an entity registered as a charitable or religious trust under section 12AA of the Income-tax Act, 1961(hereinafter referred to as the Income-tax Act), or a trust or an institution registered under sub clause (v) of clause (23C) of section 10 of the Income-tax Act or a body or an authority covered under clause (23BBA) of section 10 of the Income-tax Act; or (*b*) conduct of any religious ceremony;
5A.	Services by a specified organisation in respect of a religious pilgrimage facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement;
6.	Services provided by— (*a*) an arbitral tribunal to— (*i*) any person other than a business entity; or (*ii*) a business entity with a turnover up to rupees ten lakh in the preceding financial year; (b) *a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to—* (i) *an advocate or partnership firm of advocates providing legal services;* (ii) *any person other than a business entity; or* (iii) *a business entity with a turnover up to rupees ten lakh in the preceding financial year; or* (c) a senior advocate by way of legal services to a person other than a person ordinarily carrying out any activity relating to industry, commerce or any other business or profession;
7.	[***]
8.	Services by way of training or coaching in recreational activities relating to arts, culture or sports;
9.	Services provided,— (*a*) by an educational institution to its students, faculty and staff; (*b*) to an educational institution, by way of,— (*i*) transportation of students, faculty and staff; (*ii*) catering, including any mid-day meals scheme sponsored by the Government; (*iii*) security or cleaning or house-keeping services performed in such educational institution; (*iv*) services relating to admission to, or conduct of examination by, such institution;]
9A.	Any services provided by,— (*i*) the National Skill Development Corporation set up by the Government of India; (*ii*) a Sector Skill Council approved by the National Skill Development Corporation; (*iii*) an assessment agency approved by the Sector Skill Council or the National Skill Development Corporation; (*iv*) a training partner approved by the National Skill Development Corporation or the Sector Skill Council, in relation to (*a*) the National Skill Development Programme implemented by the National

	Skill Development Corporation; or (*b*) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or (*c*) any other Scheme implemented by the National Skill Development Corporation.
9B.	*Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme,—* (a) *two year full time residential Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management;* (b) *fellow programme in Management;* (c) *five year integrated programme in Management.*
9C.	*Services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under Skill Development Initiative (SDI) Scheme.*
9D.	*Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development by way of offering skill or vocational training courses certified by National Council For Vocational Training.*
10.	Services provided to a recognised sports body by— (*a*) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body; (*b*) another recognised sports body;
11.	Services by way of sponsorship of sporting events organised,— (*a*) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any [district, State, zone or Country]; (*b*) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat; (*c*) by Central Civil Services Cultural and Sports Board; (*d*) as part of national games, by Indian Olympic Association; or (*e*) under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme;
12.	Services provided to the Government, a local authority or a governmental authority by way of construction**,** erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of— (*a*) [***]; (*b*) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958); (*c*) [***]; (*d*) canal, dam or other irrigation works;

	(*e*) pipeline, conduit or plant for (*i*) water supply (*ii*) water treatment, or (*iii*) sewerage treatment or disposal; or (*f*) [***];
12A.	*Services provided to the Government, a local authority or a governmental authority by way of construction*, *erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of—* *(*a*)a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;* *(*b*)a structure meant predominantly for use as (*i*) an educational, (*ii*) a clinical, or (*iii*) an art or cultural establishment; or* *(*c*)a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the* Explanation 1 *to clause (*44*) of section 65B of the said Act; under a contract which had been entered into prior to the 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:* **Provided** *that nothing contained in this entry shall apply on or after the 1st April, 2020;*
13.	Services provided by way of construction**,** erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,— (*a*) a road, bridge, tunnel, or terminal for road transportation for use by general public; (*b*) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana; *(*ba*) a civil structure or any other original works pertaining to the 'In-situ rehabilitation of existing slum dwellers using land as a resource through private participation' under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers.* *(*bb*) a civil structure or any other original works pertaining to the Beneficiary-led individual house construction/enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;* (*c*) a building owned by an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961)and meant predominantly for religious use by general public; (*d*) a pollution control or effluent treatment plant, except located as a part of a factory; or (e) a structure meant for funeral, burial or cremation of deceased;
14.	Services by way of construction, erection, commissioning, or installation of original works pertaining to,— (a) *railways, excluding monorail and metro.* Explanation.—*The services by way of construction, erection, commissioning or installation of original works pertaining to monorail or metro, where contracts were entered into before 1st March, 2016, on which appropriate stamp duty, was paid, shall remain exempt;* (*b*) a single residential unit otherwise than as a part of a residential complex; (*c*) low-cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in

	Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India; *(ca) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under:* *(i) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/ Pradhan Mantri Awas Yojana;* *(ii) any housing scheme of a State Government.* (*d*) post-harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or (*e*) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;
14A.	*Services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port provided under a contract which had been entered into prior to 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:* **Provided** *that Ministry of Civil Aviation or the Ministry of Shipping in the Government of India, as the case may be, certifies that the contract had been entered into before the 1st March, 2015:* **Provided further** *that nothing contained in this entry shall apply on or after the 1st April, 2020;*
15.	Services provided by way of temporary transfer or permitting the use or enjoyment of a copyright,— (*a*) covered under clause (*a*) of sub-section (1) of section 13 of the Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical or artistic works; or (*b*) of cinematograph films for exhibition in a cinema hall or cinema theatre;
16.	Services by an artist by way of a performance in folk or classical art forms of (*i*) music, or (*ii*) dance, or (*iii*) theatre, if the consideration charged for such performance is not more than *one lakh and fifty thousand rupees*: **Provided** that the exemption shall not apply to service provided by such artist as a brand ambassador.
17.	Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;
18.	Services by a hotel, inn, guest house, club or campsite, by whatever name called, for residential or lodging purposes, having declared tariff of a unit of accommodation below one thousand rupees per day or equivalent;
19.	Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year;
19A.	Services provided in relation to serving of food or beverages by a canteen maintained in a

	factory covered under the Factories Act, 1948 (63 of 1948), having the facility of air-conditioning or central air-heating at any time during the year;
20.	Services by way of transportation by rail or a vessel from one place in India to another of the following goods— (*a*) [***] (*b*) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; (*c*) defense or military equipments; (*d*) [***] (*e*) [***] (*f*) newspaper or magazines registered with the Registrar of Newspapers; (*g*) railway equipments or materials; (*h*) agricultural produce; [(*i*) milk, salt and food grain including flours, pulses and rice; (*j*) chemical fertilizer, organic manure and oil cakes; (*k*) cotton, ginned or baled.
21.	Services provided by a goods transport agency, by way of transport in a goods carriage of,— (*a*) agricultural produce; (*b*) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees; (*c*) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty; (*d*) milk, salt and food grain including flours, pulses and rice; (*e*) chemical fertilizer, organic manure and oil cakes; (*f*) newspaper or magazines registered with the Registrar of Newspapers; (*g*) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (*h*) defence or military equipments; (*i*) cotton, ginned or baled.
22.	Services by way of giving on hire— (*a*) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or (*b*) to a goods transport agency, a means of transportation of goods;
23.	Transport of passengers, with or without accompanied belongings, by— (*a*) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; [(*b*) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or (bb*) stage carriage other than air-conditioned stage carriage;* (*c*) **[*******]**;
24.	[***]
25.	Services provided to Government, a local authority or a governmental authority by way of— (*a*) water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation; or

	(*b*) repair or maintenance of a vessel;
26.	Services of general insurance business provided under following schemes— (*a*) Hut Insurance Scheme; (*b*) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme); (*c*) Scheme for Insurance of Tribals; (*d*) Janata Personal Accident Policy and Gramin Accident Policy; (*e*) Group Personal Accident Policy for Self-Employed Women; (*f*) Agricultural Pumpset and Failed Well Insurance; (*g*) premia collected on export credit insurance; (*h*) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture; (*i*) Jan Arogya Bima Policy; (*j*) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana); (*k*) Pilot Scheme on Seed Crop Insurance; (*l*) Central Sector Scheme on Cattle Insurance; (*m*) Universal Health Insurance Scheme; (*n*) Rashtriya Swasthya Bima Yojana; or (*o*) Coconut Palm Insurance Scheme; (*p*) Pradhan Mantri Suraksha Bima Yojana;] *(q)'Niramaya' Health Insurance Scheme implemented by Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999).*

26A.	Services of life insurance business provided under following schemes— (a) Janashree Bima Yojana (JBY); or (b) Aam Aadmi Bima Yojana (AABY);] (c) life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of fifty thousand rupees. (d) Varishtha Pension Bima Yojana;] (e) Pradhan Mantri Jeevan Jyoti Bima Yojana; (f) Pradhan Mantri Jan Dhan Yojana;]
26B.	Services by way of collection of contribution under Atal Pension Yojana (APY).
26C.	Services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory and Development Authority Act, 2013 (23 of 2013);
27.	Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:— (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and (b) a period of three years has not been elapsed from the date of entering into an agreement as an incubatee;
28.	Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution— (a) as a trade union; (b) for the provision of carrying out any activity which is exempt from the levy of service tax; or (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
29.	Services by the following persons in respective capacities— (a) sub-broker or an authorised person to a stock broker; (b) authorised person to a member of a commodity exchange; (c) [***]; (d) [***]; (e) [***]; (f) selling agent or a distributor of SIM cards or recharge coupon vouchers; (g) business facilitator or a business correspondent to a banking company with respect to Basic Savings Bank Deposit Account covered by Pradhan Mantri Jan Dhan Yojana in the banking company's rural area branch, by way of account opening, cash deposits, cash withdrawals, obtaining e-life certificate, Aadhar seeding; (ga) any person as an intermediary to a business facilitator or a business correspondent with respect to services mentioned in clause (g);

	(gb) business facilitator or a business correspondent to an insurance company in a rural area; or] (h) sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;
30.	Carrying out an intermediate production process as job work in relation to— (a) agriculture, printing or textile processing; (b) cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985 (5 of 1986); (c) any goods excluding alcoholic liquors for human consumption,] on which appropriate duty is payable by the principal manufacturer; or (d) processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;
31.	Services by an organiser to any person in respect of a business exhibition held outside India;
32.	[***];
33.	Services by way of slaughtering of [***] animals;
34.	Services received from a provider of service located in a non-taxable territory by— (a) Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession; (b) an entity registered under section 12AA of the Income-tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or (c) a person located in a non-taxable territory;
35.	Services of public libraries by way of lending of books, publications or any other knowledge- enhancing content or material;
36.	Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);
37.	Services by way of transfer of a going concern, as a whole or an independent part thereof;
38.	Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;
39.	Services by Government, a Local Authority or a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243W of the Constitution;
40.	Services by way of loading, unloading, packing, storage or warehousing of rice, cotton, ginned or baled;

41.	Services received by the Reserve Bank of India, from outside India in relation to management of foreign exchange reserves;
42.	Services provided by a tour operator to a foreign tourist in relation to a tour conducted wholly outside India;]
43.	Services by operator of Common Effluent Treatment Plant by way of treatment of effluent;
44.	Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;
45.	Services by way of admission to a museum, national park, wild life sanctuary, tiger reserve or zoo;
46.	Service provided by way of exhibition of movie by an exhibitor to the distributor or an association of persons consisting of the exhibitor as one of its members.
47.	Services by way of right to admission to,— (i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet; (ii) recognised sporting event; (iii) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission is not more than Rs. 500 per person.
48.	Services provided by Government or a local authority to a business entity with a turnover up to rupees ten lakh in the preceding financial year. Explanation.- For the purposes of this entry, it is hereby clarified that the provisions of this entry shall not be applicable to the following services, namely:- (a) services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994; (b) services by way of renting of immovable property.
49.	Services provided by Employees' Provident Fund Organisation (EPFO) to persons governed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952);
50.	Services provided by Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999);
51.	Services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market;
52.	Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination;
53.	Services by way of transportation of goods by an aircraft from a place outside India upto

	the customs station of clearance in India.
54.	Services provided by Government or a local authority to another Government or local authority: Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i),(ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994;
55.	Services provided by Government or a local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate;
56.	Services provided by Government or a local authority where the gross amount charged for such services does not exceed Rs. 5000/- : Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994: Provided further that in case where continuous supply of service, as defined in clause (c) of rule 2 of the Point of Taxation Rules, 2011, is provided by the Government or a local authority, the exemption shall apply only where the gross amount charged for such service does not exceed Rs. 5000/- in a financial year;
57.	Services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority under such contract;
58.	Services provided by Government or a local authority by way of- (a) registration required under any law for the time being in force; (b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under any law for the time being in force;
59.	Services provided by Government or a local authority by way of assignment of right to use natural resources to an individual farmer for the purposes of agriculture;
60.	Services by Government, a local authority or a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution;
61.	Services provided by Government or a local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Government or the local authority before the 1stApril, 2016: Provided that the exemption shall apply only to service tax payable on one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource;
62.	Services provided by Government or a local authority by way of allowing a business entity to operate as a telecom service provider or use radio frequency spectrum during the period prior to 1st April, 2016 on payment of licence fee or spectrum user charges, as the case may be;
63.	Services provided by Government by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges (MOT).

DECLARED SERVICES

Section 66E specify 10 activities or transactions which are declared to be covered as 'service'. Such activities include:–

(a) renting of immovable property
(b) construction of a complex.
(c) temporary transfer or permitting the use or enjoyment of any intellectual property right
(d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software
(e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act
(f) transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods
(g) activities in relation to delivery of goods on hire purchase or any system of payment by instalments
(h) service portion in the execution of a works contract
(i) service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity
(j) Assignment by the Govt. of the right to use the radio frequency spectrum and subsequent transfers thereof.

ABATEMENT:

Description of taxable service	% Abatement
Transport of Goods by Rail	70
Transport of Goods in containers by Rail by any person other than Indian Railways	60
Transport of passengers, with or without belonging by Rail	70
Transport of passengers by Air, with or without accompanied belongings in: (i) Economy Class (ii) Other than Economy Class	 60 40
Transport of passengers, with or without accompanied belongings by: (i) a Contract Carriage other than motor cab (ii) a Radio Taxi	 60
Transport of Goods in a Vessel	70
Renting of hotels, Inns, guest house, clubs or other commercial places for residential or lodging purpose	40
Service of GTA in relation to transportation of goods other than used Household Goods	70
Services of GTA in relation to transportation of used household goods	60
Services in relation to Chit	30
Renting of any motor vehicle designed to carry passengers	60
Services by a tour operator in relation to: a. A tour, if the tour operator is providing services solely of arranging or booking accommodation for any person in relation to a tour b. Any service other than (a)	 90 70
Construction of Complex, Building, Civil Structure	70

POINT OF TAXATION RULES, 2011

Determination of Point of Taxation [Rule 3 of POT Rules, 2011]	(a) Where the invoice is raised within 30/451 days, as the case may be, of completion of service: The liability to pay service tax will arise on the date of: (i) issue of invoice for the service provided or agreed to be provided, or (ii) the receipt of payment, Whichever is earlier. (b) Where the invoice is not raised within 30/45 days, as the case may be, of completion of service: The liability to pay service tax will arise on the date of; (i) completion of provision of the service, or (ii) the receipt of payment, Whichever is earlier.
Date of completion of service in case of continuous supply of service [Proviso (i) to rule 3 of POT Rules, 2011]	In case of continuous supply of service where the provision of the whole or part of the service is determined periodically on the completion of an event (can also be called a milestone) in terms of a contract, which requires the receiver of service to make any payment to service provider, the date of completion of each such event (i.e. **milestone**) as specified in the contract shall be deemed to be the date of completion of provision of service. In case of continuous supply of service, every person providing such taxable service shall issue an invoice, bill or challan, as the case may be, within 30 days of the date when each event (i.e. milestone) specified in the contract, which requires the service receiver to make any payment to service provider, is completed. Example: In the case of construction services if the payment are linked to stage by stage completion of construction, the provision of service shall be deemed to be completed in part when each such stage of construction is completed and the invoice shall be raised within 30 days of such completion. 45 days period is applicable in case of a banking company or a financial institution including a non-banking financial company.
Point of taxation of amount up to `1000 received in excess of invoice amount [Proviso (ii) to rule 3]	Wherever the provider of taxable service receives a payment up to rupees one thousand in excess of the amount indicated in the invoice, the point of taxation to the extent of such excess amount, at the option of the provider of taxable service, shall be determined on the basis of Invoice issued or completion of service instead of date of receipt of payment. Where such option is exercised, no invoice is required to be issued to such extent.
What will happen if the effective rate of service tax changes	When there is a change in effective rate of service tax in respect of a service, the point of taxation shall be determined in the following manner. Case 1: Where a taxable service has been provided before the change in effective rate of tax

<table>
<tr>
<td>before or after rendering of a service [Rule 4]</td>
<td>
<table>
<tr><th></th><th>Situation</th><th>Point of Taxation</th><th>Rate of service tax</th></tr>
<tr><td>1.</td><td>Invoice issued after change in rate & Payment received after change in rate</td><td>Date of payment or the date on which the invoice has been issued, whichever is earlier</td><td>New rate</td></tr>
<tr><td>2.</td><td>Invoice issued prior to change in rate & Payment received after the change in rate</td><td>Date on which invoice has been issued.</td><td>Old rate</td></tr>
<tr><td>3.</td><td>Payment received before the change in rate & Invoice issued after the change in rate</td><td>Date when the payment has been received</td><td>Old rate</td></tr>
</table>
Case 2: Where a taxable service is provided after the change in effective rate of tax
<table>
<tr><th></th><th>Situation</th><th>Point of Taxation</th><th>Rate of service tax</th></tr>
<tr><td>1.</td><td>Payment received after the change in rate Invoice issued prior to the change in rate</td><td>Date of payment even though the payment is subsequent to date of invoice</td><td>New rate</td></tr>
<tr><td>2.</td><td>Invoice issued before the change in rate Payment received before the change in rate</td><td>Date when invoice was issued or the payment was received, whichever is earlier</td><td>Old rate</td></tr>
<tr><td>3.</td><td>Invoice issued after change in rate Payment received before the change in rate</td><td>Date on which invoice is issued even though the payment is received before the date of invoice</td><td>New rate</td></tr>
</table>
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<tr>
<td>Payment of tax in case a new service is taxed for the first time [Rule 5]</td>
<td>
In case of new service which was hitherto not covered due to negative list or any exemption notification and is taxed for the first time then,-
(a) No tax shall be payable to the extent the invoice has been issued and the payment received against such invoice before such service became taxable.
The word “and” is very important and signifies that mere issuance of invoice is not sufficient; the payment should also have been received before the service became taxable. In other words, all payments realized after the service became taxable shall suffer tax even though invoice has been issued prior to the date when the service was brought within the tax net.
(b) no tax shall be payable if the payment has been received before the service becomes taxable and invoice for the said payment has been issued within 14 days of the date when the service is taxed for the first time.
</td>
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<tr>
<td>Determination of point of taxation in case of specified person(s) [Rule 7]</td>
<td>
Notwithstanding anything contained in these rules, the point of taxation, in respect of the persons required to pay tax as recipients of service under the rules made in this regard in respect of services notified under section 68(2) of the Finance Act, 1994, shall be the date on which payment is made.
However, where the payment is not made within a period of 3 months of the date of invoice, the point of taxation shall be determined as per rule 3 discussed
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</table>

[REVERSE CHARGE]	above. (AMENDMENT) (On or after 01.10.2014) Transitional Provisions: In respect of services for which point of taxation is determinable under Rule 7 has been issued before 01.10.2014, but payment has not been made as on the said date, the point of taxation shall: (i) If payment is made within the period of 6 months of the date of invoice, be the date on which payment is made; (ii) If payment is not made within a period of 6 months of the date of invoice, be determined as if rule 7 and this rule does not exists i.e according to rule 3. Further, in case of "associated enterprises", where the person providing the service is located outside India, the point of taxation shall be- (i) the date of debit in the books of account of the person receiving the service or (ii) date of making the payment Whichever is earlier.
Determination of point of taxation in case of copyrights, etc. [Rule 8]	In respect of royalties and payments pertaining to copyrights, trademarks, designs or patents, where the whole amount of the consideration for the provision of service is not ascertainable at the time when service was performed, and subsequently the use or the benefit of these services by a person other than the provider gives rise to any payment of consideration, the service shall be treated as having been provided each time when a payment in respect of such use or the benefit is received by the provider in respect thereof, or an invoice is issued by the provider, whichever is earlier.
Determination of point of taxation in other cases [Rule 8A]	Where the point of taxation cannot be determined as per the above rules as the date of invoices or the date of payment or both are not available, the Central Excise officer, may, require the concerned person to produce such accounts, documents or other evidence as he may deem necessary and after taking into account such material and the effective rate of tax prevalent at different point of time, shall, by an order in writing, after giving an opportunity of being heard, determine the point of taxation to the best of his judgment.

VAT & CST

First State to implement VAT w.e.f. 1st April 2003	Haryana
White paper had how many parts?	3 Parts 1. Justification 2. Design 3. Other Issues
Exemption to Small Dealers from VAT in White Paper	Turnover Not exceeding Rs. 5 Lacs. However, states were allowed to increase the limit to Rs. 10 Lacs
Methods of Computation of VAT	Addition Method Subtraction Method Tax Credit Method
Rates of VAT	0% (Exempted: unprocessed Agri goods, goods of social importance) 1% (Precious & Semi Precious metals) 4% (Inputs & Capital goods) 20% (Luxury Goods) 12.5% (All not covered Above)
Within how many days dealer has to apply for registration	30 days
Refunds should be granted by what time?	End of financial year
Advantages of VAT	- Elimination of tax evasion - No Cascading Effect - Better administration - Better tax compliance
+What are Declared goods?	Goods which are of special importance in interstate trade or commerce. Examples: Cotton, Coal, Cereals, Pulses, Sugar,etc.
Central Sales Tax is applicable to?	Whole of India
VAT is levied by?	State Government
CST is levied by?	Central Government
Exemption from CST to Dealers	No Exemption
Rate of CST?	2%
Input Credit in case of Stock Transfers outside the state	Input Credit is allowed in excess of 2% (that means 2% credit is not allowed)
First Country to Implement VAT	France in 1954.
Which states recognise CS in practice eligible for VAT Audit	Jharkhand Karnataka Gujarat
VAT is a?	Multi Stage Tax
C Form	Form to be issued by Purchasing dealer to the Seller for availing concessional rate of tax @ 2%
F Form	Branch Transfer of goods
H Form	Form to be submitted in case of Exports

GOODS & SERVICE TAX (GST)

DRAFT MODEL GST LAW	Recently, on June 14, 2016, the Government has put the Draft Model GST Law on public domain after getting in-principle nod from the Empowered Committee of State Finance Ministers, in a way, indicating that the GST might mark its advent from April 1, 2017. The Draft Model GST Law is a model, which the Central Government and each of the State Governments would use to draft their respective Central and State GST Acts. Further, a Draft of the Integrated GST (IGST) Act, 2016, which will govern levy of GST on inter-State supplies by the Central Government, is also issued. The Draft Model GST Law provides an insight on the governing provisions regarding levy and collection of GST. It also states that the Act shall be referred as the Central/ State Goods and Services Tax Act, 2016. The Draft Model GST Law consists of 162 clauses divided into 25 Chapters along with 4 Schedules and Rules as to Valuation under GST. Further, the Draft IGST Act consists of 33 clauses divided into 11 Chapters.
LEVY OF GST	❖ **Levy and collection of Central GST ("CGST")/ State GST ("SGST")and Integrated GST ("IGST")** 1. On Intra-State supplies of goods and/ or services: CGST & SGST shall be levied by the Central and State Government respectively, at the rate to be prescribed; 2. On Inter-State supplies of goods and/ or services: IGST shall be levied by the Central Government at the rate to be prescribed. ❖ **Reverse charge basis**: Notification may be issued for providing specific categories of supply of goods and/or services, on which, GST is payable by the person receiving such goods and/ or services, on reverse charge basis. ❖ **Composition levy**: A registered taxable person, whose aggregate turnover in a financial year does not exceed Rs. 50 lakhs, shall be provided an option to pay, in lieu of the tax payable by him, an amount calculated at such rate as may be prescribed, but not less than 1% of the turnover during the year, subject to certain conditions.
TAXABLE PERSON	❖ A person is liable to pay tax if his aggregate turnover in a financial year exceeds Rs. 10 lakhs. However, a person conducting business in any of the North Eastern States including Sikkim, is required to pay tax if his aggregate turnover exceeds Rs. 5 lakhs. ❖ The Central Government, a State Government or any Local Authority shall be regarded as a taxable person in respect of activities or transactions in which they are engaged as public authorities other than the activities or transactions as specified in Schedule IV to this Act, like activities of issuance of passport, visa, birth certificate etc.
REGISTRATION	❖ **Threshold limit**: A supplier is required to get registered under the GST if his aggregate turnover in a Financial Year exceeds Rs. 9 lakhs and Rs. 4 Lakhs where business is conducted in any of the North Eastern States including Sikkim. No threshold exemption for persons making Inter-State

	supply and those who are required to pay GST under reverse charge mechanism. ❖ **<u>Place of registration</u>**: A supplier has to take registration in the State from where taxable goods and/or services are supplied.
TAXABLE EVENT	The taxable event under the GST regime shall be **<u>supply of goods and/ or services</u>**. Thus, meaning of the term 'supply' plays a crucial role since under GST, tax would be levied on supply of goods & services and the present concepts of manufacture/ rendering of services/ sale would lose its relevance.
MEANING & SCOPE OF SUPPLY	'Supply' includes: ❖ All forms of supply of goods and/or services such as sale, transfer, barter, exchange, license, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business. ❖ Importation of service, whether or not for a consideration and whether or not in the course or furtherance of business. ❖ A supply specified in Schedule I, made or agreed to be made without a consideration. Schedule I covers matter to be treated as supply like permanent transfer/disposal of business assets, supply of goods and/ or services by a taxable person to another taxable or non-taxable person in the course or furtherance of business etc.
POINT OF TAXATION	❖ **<u>Time of supply of goods</u>**: CGST/SGST shall be payable at the earliest of the following: a) Date on which the goods are removed for supply to the recipient (in case of movable goods); or b) Date on which the goods are made available to the recipient (in case of immovable goods); or c) Date of issuing invoice by supplier; or d) Date of receipt of payment by supplier, or e) Date on which recipient shows the receipt of the goods in his books of account. ❖ **<u>Time of supply of services</u>** The time of supply of services shall be as under: o The date of issue of invoice or the date of receipt of payment, whichever is earlier, if the invoice is issued within the prescribed period; or o The date of completion of the provision of service or the date of receipt of payment, whichever is earlier, if the invoice is not issued within the prescribed period; or o The date on which the recipient shows the receipt of services in his books of account, in a case where the provisions of (i) or (ii) do not apply.
PLACE OF SUPPLY OF GOODS AND/OR SERVICES	Since, the proposed GST framework will work on the principle of destination based consumption tax, place of supply rules plays an important role to build up a mechanism to determine taxable jurisdictions for the smooth implementation of GST. It becomes more important in case of Inter-State transactions and e-commerce transactions. Thus, the relevant provisions have been prescribed for determining the place of supply of goods and/ or services under Chapter IV of the Draft IGST Act.

DETERMINATION OF VALUE OF SUPPLY OF GOODS AND/OR SERVICES	In this regard, Draft GST Valuation (Determination of the Value of Supply of Goods and Services) Rules, 2016, has been prescribed, which shall apply to the supply of goods and/or services under the IGST/CGST/SGST Act. Methods prescribed for determination of value of supply are as follows: a) ***Transaction Value Method***: The value of goods and/or services shall be the transaction value i.e. the value determined in monetary terms. b) ***Comparison Method***: Where value of supply cannot be determined under the Transaction Value Method, the value shall be determined on the basis of transaction value of goods and/or services of like kind and quality supplied at or about the same time to customers. c) ***Computed Value Method***: Where value cannot be determined under the Comparison method, it shall be based on a computed value which shall include cost of production, manufacture or processing of the goods or, the cost of the provision of services, the charges, if any, for design & brand and amount towards profit & general expenses equal to that usually reflected in supply of goods and/or services of the same class or kind as the goods and/or services being valued which are made by other suppliers. d) ***Residual Method***: Where the value cannot be determined under the Computed Value method, the value shall be determined using reasonable means consistent with the principles and general provisions of the Valuation Rules. e) ***Valuation in certain cases*: Provisions** prescribed in relation to the valuation in the case of Pure Agent (such as exclusion of the expenditure or costs incurred by the service provider as a pure agent of the recipient of service subject to the fulfilment of the conditions); Money Changer (such as for a currency, when exchanged from, or to, Indian Rupees (INR), the value shall be equal to the difference in the buying rate or the selling rate, as the case may be, and the Reserve Bank of India (RBI) reference rate for that currency at that time, multiplied by the total units of currency, etc.) are also prescribed under the Draft Valuation Rules.
POINT OF TAX, INTEREST, PENALTY & OTHER AMOUNTS	Every deposit towards tax, interest, penalty, fee or any other amount by a taxable person shall be made by: • Internet banking or • by using credit/debit cards or • National Electronic Fund Transfer (NEFT) or • Real Time Gross Settlement (RTGS) or • by any other mode. The amount shall be credited to the electronic cash ledger of such person to be maintained in the manner as may be prescribed.
RETURNS	Every registered taxable person shall be required to furnish the following returns: ✓ ***Monthly Return***: Every registered taxable person shall have to file a monthly return, electronically, of inward and outward supplies of goods

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and/or services, input tax credit availed, tax payable, tax paid and other particulars as may be prescribed within 20 days after the end of such month.

✓ <u>Return for Composition Scheme</u>: A registered taxable person paying tax under composition scheme shall have to furnish a return for each quarter or part thereof, electronically, within 18 days after the end of such quarter.

✓ <u>TDS Return</u>: Every registered taxable person who is required to deduct tax at source shall furnish a return, electronically, within 10 days after the end of month in which deduction is made.

✓ <u>Return for Input Service Distributor</u>: Every Input Service Distributor shall file return for every calendar month or part thereof, electronically, within 13 days after the end of such month.

✓ <u>First Return</u>: Every registered taxable person shall have to furnish the first return from the date on which he became liable to registration till the end of the month in which the registration has been granted.

✓ <u>Annual return</u>: Every registered taxable person except certain specified person shall have to furnish an annual return for every financial year electronically on or before the 31st day of December following the end of such financial year.

✓ <u>Final return</u>: Every registered taxable person who applies for cancellation of registration shall have to furnish a final return within three months of the date of cancellation or date of cancellation order, whichever is later, in a prescribed form.
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<tr>
<td>UTILIZATION OF INPUT TAX CREDIT</td>
<td>
<table>
<tr><th>Credit available of</th><th>To be utilised against only</th></tr>
<tr><td>CGST</td><td>1st preference: CGST
2nd preference: IGST</td></tr>
<tr><td>SGST</td><td>1st preference: SGST
2nd preference: IGST</td></tr>
<tr><td>IGST</td><td>1st preference: IGST
2nd preference: CGST
3rd preference: SGST</td></tr>
</table>
It is to be noted that input tax credit on account of CGST shall not be available for payment of SGST and vice versa.
</td>
</tr>
<tr>
<td>REFUND</td>
<td>Any person claiming refund of any tax and interest, if any, paid on such tax or any other amount paid by him, may make an application in that regard to the proper officer of IGST/CGST/SGST before the expiry of two years from the relevant date in such form and in such manner as may be prescribed. However, the limitation of two years shall not apply where such tax or interest or the amount referred to above has been paid under protest. A taxable person may also claim refund of any unutilized input tax credit at the end of any tax period subject to the conditions specified.</td>
</tr>
<tr>
<td>E-COMMERCE</td>
<td>Every E-commerce operator who is directly or indirectly, owns, operates or</td>
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</table>

TAX AT SOURCE TO BE DEDUCTED ON ONLINE SALES OF GOODS AND/ OR SERVES	manages an electronic platform that is engaged in facilitating the supply of any goods and/or services or in providing any information or any other services incidental to or in connection therewith (like Amazon, Flipkart etc.), but shall not include persons engaged in supply of such goods and/or services on their own behalf, shall, at the time of credit of any amount to the account of the supplier of goods and/or services or at the time of payment of any amount in cash or by any other mode, whichever is earlier, collect an amount, out of the amount payable or paid to the supplier, representing consideration towards the supply of goods and/or services made through it, calculated at such rate as may be notified.
TAX DEDUCTION AT SOURCE	The Central or a State Government may mandate certain Departments, Local Authority, Governmental agencies, etc., to deduct tax at the rate of 1% on the notified goods and/or services, where the total value of such supply, under a contract, exceeds Rs. 10 lakhs.
GST COMPLIANCE RATING SCORE	Every taxable person shall be assigned a GST compliance rating score based on his record of compliance with the provisions of the GST Act. The GST compliance rating score shall be updated at periodic intervals and intimated to the taxable person and also placed in the public domain, which in return, shall enhance the **reputation** of the taxable person.
ISSUANCE OF NOTIFICATION FROM RETROSPECTIVE EFFECT	The Central/ State Government may, on the recommendation of the Council, make rules, including rules conferring the power to issue notifications with retrospective effect under those rules, to carry into effect the purposes of this Act.
TRANSITIONAL PROVISIONS	The transitional provisions have also been provided in respect of various matters which, inter alia, includes: ✓ Migration of existing taxpayers to GST ✓ Treatment of carried forward Cenvat credit and unavailed Cenvat credit ✓ Issue of supplementary invoices, debit or credit notes where price is revised in pursuance of a contract ✓ Pending refund claims to be disposed of under earlier law ✓ Treatment of long term construction/ works contracts, etc.

GST MCQs

1) The Taxable Event under GST Regime shall be ______________:
a) Sale of Goods and/or Supply of Services
b) Sale of Goods &/or Services
c) Supply of Goods and/or Services
d) All of above

2) Every Registered taxable person (Except Composition Scheme) shall have to file return________:
a) Quarterly
b) Half Yearly
c) Monthly
d) Annually

3) Every taxable person option for Composition Scheme shall have to file return __________:
a) Quarterly
b) Half Yearly
c) Monthly
d) Annually

4) Every Registered taxable person (Except Composition Scheme) has to file return within _________Days:
a) 15 days
b) 20 days
c) 30 days
d) 45 days

5) Every taxable person option for Composition Scheme shall have to file return within _____days:
a) 15 days
b) 20 days
c) 18 days
d) 16 days

6) Every Taxable person registered as Input Service Distributor has to file return within ____Days:
a) 15 days
b) 13 days
c) 18 days
d) 16 days

7) Every Registered Taxable Person has to furnish an annual return every financial year on or before _____following the end of such financial year.
a) 31st July

b) 30^{th} September
c) 31^{st} December
d) 30^{th} November

8) A supplier has to get registered under GST if his aggregate turnover in a financial year exceeds ______except north eastern states.
a) 4 Lacs
b) 9 Lacs
c) 14 Lacs
d) 1 Lac

9) A supplier of North Eastern State including Sikkim has to get registered under GST if his aggregate turnover in a financial year exceeds ______.
a) 4 Lacs
b) 9 Lacs
c) 14 Lacs
d) 1 Lac

10) ________________will govern levy of GST on interstate supplies by the Central Government:
a) Central/State Goods & Service Tax Act, 2016
b) Integrated GST (IGST) Act, 2016
c) Both of above
d) None of above

11) GST might become applicable from___________:
a) 1^{st} June 2017
b) 1^{st} April 2017
c) 1^{st} July 2017
d) 1^{st} April 2018

12) On Inter State Supplies of Goods & Services, ________Shall be levied:
a) CGST
b) SGST
c) IGST
d) All of above

13) On Intra State Supplies of Goods & Services, _______Shall be levied:
a) CGST & SGST
b) CGST & IGST
c) SGST & IGST
d) Only SGST

14) A registered taxable person shall be eligible for composition scheme if aggregate turnover does not exceed____________:
a) 10 Lacs
b) 20 Lacs
c) 50 Lacs
d) 150 Lacs

15) A person is liable to pay tax under GST if his aggregate turnover in a financial year exceeds ____.
a) 5 Lacs
b) 10 Lacs
c) 9 Lacs
d) 50 Lacs

16) A person conducting business in north eastern states including sikkim is liable to pay tax under GST if his aggregate turnover in a financial year exceeds ____.
a) 5 Lacs
b) 10 Lacs
c) 9 Lacs
d) 50 Lacs

17) A supplier has to get registered in the state from where the goods and/ or services are_____:
a) Provided
b) Supplied
c) Rendered
d) Arranged

18) Any person claiming refund of any tax and interest may make an application before the expiry of ___:
a) 1 Year
b) 2 Years
c) 3 Years
d) 60 Days

19) Input tax credit of IGST is available from___________:
a) IGST
b) CGST
c) SGST
d) All of above

20) Input tax credit of CGST is available from_______:
a) CGST
b) IGST
c) SGST

d) A & B

21) Input tax credit of SGST is available from_______:

a) SGST
b) IGST
c) CGST
d) A & B

22) Input Tax Credit of CGST is not available from______:

a) SGST
b) CGST
c) IGST
d) All of above

23) The Central government or State Government may mandate certain Department, Local Authority, Government Agencies, to deduct tax at the rate of ______on notified goods and/ or services:

a) 5%
b) 10%
c) 1%
d) 2%

24) The Central government or State Government may mandate certain Department, Local Authority, Government Agencies, to deduct tax at the rate of ______on notified goods and/ or services where the total value of supply exceeds_______:

a) 5%, 5 Lacs
b) 1%, 10 Lacs
c) 1%, 5 Lacs
d) 2%, 10 Lacs

25) Every registered taxable person who applies for cancellation of registration have to furnish a final return within_______Months from date of cancellation or date of cancellation order, whichever is later.

a) 1 month
b) 2 Months
c) 3 Months
d) 6 Months

26) Every deposit towards tax, interest, penalty, fee or any other amount by a taxable person shall be made by:

a) Internet Banking
b) Debit/ Credit Cards
c) RTGS/NEFT
d) Any of above

27) Which of the following is a method of valuation of goods and/or services under GST Law:
a) Transaction Value Method
b) Comparison Method
c) Computed Value Method
d) All of above

28) Which of the following has to register under GST Law mandatorily without any exemption Limit:
a) Service Provider
b) Persons under Reverse Charge
c) Person Making Inter State Supply
d) B & C Both

29) The Central Government, State Government or Local Authority shall be regarded as _______under GST:
a) Taxable Person
b) Non Taxable Person
c) Taxable person only in transaction in which they are engaged as public authorities
d) Taxable person only in transaction in which they are engaged as public authorities except transaction specified in Schedule IV of GST Act, 2016

30) Draft Model GST Law has _____Clauses:
a) 182
b) 162
c) 152
d) 202

31) Draft Model IGST Law has _____Clauses:
a) 33
b) 23
c) 44
d) 13

ANSWERS

1) C	2) C	3) A	4) B	5) C	6) B
7) C	8) B	9) A	10)B	11)B	12)C
13)A	14)C	15)B	16)A	17)B	18)B
19)D	20)D	21)D	22)A	23)C	24)B
25)C	26)D	27)D	28)D	29)D	30)A
31)A					