AMENDMENT ON DIRECT TAX FOR NOV 17 (CA FINAL)

(This are the following Amendments that were not applicable for May 2017 Exams but are applicable for Nov 2017 Exams)

CHAPTER 1: BASIC CONCEPTS

- Age of 60 years/80 years for senior citizen will be seen on 1st april of the relevant Assessment year i.e Age on 1/4/17 for FY 16-17 & AY 17-18

CHAPTER 6: PROFITS AND GAINS OF BUSINESS OR PROFESSION

- Reduction in the existing rate of deemed profit under section 44AD the existing rate of deemed profit of 8% under section 44AD of the Act has been reduced to 6% in respect of the amount of total turnover or gross receipts received through banking channel/digital means i.e., by an A/c payee cheque/bank draft or use of ECS through a bank A/c during the previous year or before the due specified in section 139(1) in respect of that previous year.
  However, the existing rate of deemed profit of 8% referred to in section 44AD of the Act, shall continue to apply in respect of total turnover or gross receipts received in cash.
- Admissibility of expenditure incurred by a Firm on Keyman Insurance Policy in the case of a Partner
- Rent from Let Out Buildings or Space in SEZ shall be treated as Business Income and not as HP Income

CHAPTER 7: CAPITAL GAINS

- Period of holding of a capital asset declared under the Income Declaration Scheme, 2016 prescribed under Rule 8AA
  - being an immovable property, the period for which such property is held shall be reckoned from the date on which such property is acquired if the date of acquisition is evidenced by a deed registered with any authority of a State Government.
  - in any other case, the period for which such asset is held shall be reckoned from 1st June, 2016.

CHAPTER 11: DEDUCTIONS FROM GROSS TOTAL INCOME

- In order to claim deduction under 80JJAA, one of the conditions is that, employee must be employed for atleast 240 days. However, considering the seasonal nature of Apparel Businesses, this days limit has been changed to 150 days (For other businesses, 240 limit will continue to apply).

CHAPTER 13: ASSESSMENT OF VARIOUS ENTITIES

- Normal rate of depreciation restricted to a maximum of 40% that can be claimed as deduction under section 32, in case of a domestic company opting to pay tax @25% under section 115BA

CHAPTER 21: ASSESSMENT PROCEDURE

- Quoting of PAN is mandatory in respect of transaction of cash deposit in the banks/post offices of specified value during the period of demonetization (i.e., 9.11.2016 to 30.12.2016)

Nature of transaction	Value of transaction
Deposit with Bank & co-operative bank	Cash deposits exceeding Rs. 50,000 during any one day

Deposit with Post Office	Cash deposits aggregating to more than Rs. 2,50,000 during the period 09th November, 2016 to 30th December, 2016

- PAN and TAN shall now be applied with a Single Application Form (Earlier, two different forms to apply these).
- New Income-tax Return Forms (ITR forms) notified for A.Y. 2017-18 – Refer Page 121 to 123 (Chart) of RTP for November 2017
- Earlier, on any unexplained incomes (Black Money), the tax has to be paid at 30%. Now, this rate has been increased to 60% plus surcharge @25% of tax (Effective Rate 77.25% under Section 115BBE.
  For example, There is a credit in my Bank Account for Rs.10 Lakhs. IT Dept asked me to explain from where did the money has come from. I was unable to give a proper source. Now, i will have to pay tax at 60% on this 10 Lakhs.

Circumstance	**Rate of penalty**	
	For searches initiated between 1.7.2012 and 14.12.2016	**For searches initiated on or after 15.12.2016**
If undisclosed income is admitted during the course of search in the statement furnished under section 132(4), and the assessee explains the manner in which such income was derived, pays the tax, together with interest if any, in respect of the undisclosed income, and furnishes the return of income for the specified previous year declaring such undisclosed income, on or before the specified date (i.e., the due date of filing return of income or the date on which the period specified in the notice issued under section 153A expires, as the case may be).	10%	30%
If undisclosed income relating to the specified previous year is not admitted during the course of search in the statement furnished under section 132(4) but the same is disclosed in the return of income filed after the date of search and the tax along with the interest, if any, is paid on or before the specified date	20%	60%
In all other cases	60%	60%

CHAPTER 27: MISCELLANEOUS PROVISIONS

- Furnishing of statement of financial transaction in respect cash deposit made during the period of demonetization i.e AIR for Details refer page 127 to 130 of RTP for November 2017