DIRECT TAX AMENDMENTS FOR 2018 MAY & NOVEMBER EXAMS

AMENDMENTS AS PER FINANCE ACT,2017

BASIC CONCEPTS IN INCOME TAX LAW

1. Tax rates

A. **INCOME TAX RATES APPLICABLE FOR INDIVIDUAL ASSESSEE:**

Particulars	Exemption Limit	Tax Rate @ 5%	Tax Rate @20%	Tax Rate @30%
Resident Women & Any other Resident Individual	Upto ₹2,50,000	₹2,50,001 to ₹5,00,000	₹5,00,001 to ₹10,00,000	₹10,00,001 and above
Senior Citizen aged above 60 years and below 80 years	Upto ₹3,00,000	₹3,00,001 to ₹5,00,000	₹5,00,001 to ₹10,00,000	₹10,00,001 and above
Senior Citizen aged above 80 year	Upto ₹5,00,000	NIL	₹5,00,001 to ₹10,00,000	₹10,00,001 and above

B. **Surcharge for individuals, HUF, AOP, BOI, AJP is 10% if total income exceeds Rs. 50 lakhs, [15% if total income exceeds Rs. 100 lakhs]**

C. **Sec 87A:- Rebate of maximum ₹2,500 for RESIDENT INDIVIDUALS having total income upto₹ 3.5 lakhs**

Conditions-

- The assessee is an Individual. [*Other than SUPER SENIOR CITIZEN.]*
- He is ***resident*** in India.
- His total income does not exceed ₹3,50,000.

  Quantum of Rebate-

  Least of the following-

  a. the amount of income tax payable on the total income for the Assessment year or

  b. ₹2,500.

NOTE- Rebate U/S 87A shall be calculated BEFORE LEVY OF EDUCATION CESS.

D. COMPAiNY TAX RATES-

Particulars		Rates of tax
In case of Domestic company	Where turnover or gross receipts does not exceed ₹. 50 crores in the previous year 2015-16 (i.e., AY 2016-17)	25%
	Domestic companies which satisfies the conditions of Sec. 115BA	25%
	Company other than the above	30%
In case of company other than domestic company (i.e., Foreign Company)		40%

E. Surcharge on Income tax

Surcharge shall be calculated on the tax on total income and added to the Income tax computed.

Education cess of 3% shall be calculated on the aggregate of Income tax and surcharge. Surcharge for the AY 2018-19 is as follows:

Surcharge as a percentage of Income-tax	If total income is more than ₹. 1crore but not more than ₹. 10 crores	If the total income is above ₹.10 crores
Individuals/HUF/AOP/BOI/AJP*	15%	15%
Firm	12%	12%
Co-operative Society	12%	12%
Local Authority	12%	12%
Domestic Company	7%	12%
Foreign Company	2%	5%

- In case of individuals/HUF/AOP/BOI/AJP if the total income exceed ₹. 50 Lakhs but does not exceed ₹. 1 Crore, surcharge shall be 10%.
- No surcharge shall be levied if the Total income of
- Individuals/HUF/AOP/BOIIAJP is less than or equal to ₹. 50 Lakhs.
- Also, if total income of the assessee other than Individuals/HUF/AOP/BOI/AJP is less than or equal to ₹. 1 Crore, then no surcharge shall be leviable.

F. INCOME TAX RATES APPLICABLE FOR ASSESSEE [OTHER THAN INDIVIDUALS]:

FOR OTHER ASSESSEES/ PERSONS

ASSESSEE	RATE OF TAX	TI < 1 CRORES	TI > 1 CRORE, BUT TI >10 CRORES	TI > 10 CRORES	RATE OF EC AND SHEC
DOMESTIC COMPANIES	**30%**	**-**	**7%**	**12%**	**3%**
FOREIGN COMPANIES	**40%**	**-**	**2%**	**5%**	**3%**

FIRMS AND LLP	30%	-	12%	12%	3%
LOCA AUTHORITIES	30%	-	12%	12%	3%
CO-OPERATIVE SOIETIES					
FIRST ₹10,000	10%	-	-	-	3%
NEXT ₹10,000	20%	-	-	-	3%
FOR THE BALANCE	30%	-	12%	12%	3%

G. Dividend Distribution Tax — Sec. 115-O & 115R

The rate of Dividend Distribution Tax (DDT) for domestic companies u/s. 115-O remains unchanged at 15%. Surcharge on dividend distribution tax is retained at 12% of such tax irrespective of the quantum of dividend distributed by a company (Sec. 115-O). Education cess at 3% shall be applicable on the aggregate of tax payable and surcharge. The effective rate shall be 20.358% as shown below.

S.NO	Particulars	Amount (Rs.)
1.	Dividend distributed	100.000
2.	Grossing up of dividend distributed [(100/85) x 1001	117.647
3.	Dividend distribution tax @ 15% on Rs. 117.647	17.647
4.	Add: Surcharge @ 12%	2.118
5.	Add: Education Cess @ 3% on Rs. 19.765	0.593
6.	Amount payable as DDT	20.358

Similarly, the effective tax rate u/s. 115R is summarized as below:

Section	Category	Effective rate*
Sec. 115R	**A.** DDT — Money market mutual fund or a liquid fund or any other fund: a. Individuals and HUF b. Others	 38.45% 49.44%
	B. DDT - Infrastructure debt fund to a non- resident (not being a company) or a foreign company	6.072%

***Effective rate is arrived after grossing up including SC & EC.**

Tax on distributed income for buy-back of shares & Tax on distributed income by securitization Trust Sec. 115QA

Tax rates applicable on distribution u/s. 1 I5QA during the AY 2018-19 are as follows:

Section	Distribution tax	Surcharge	Education & Higher education cess	Total tax rate (as a % of amount distributed)
115QA	20%	12%	3%	23,072%

AS PER FINANCE ACT, 2016

H. **ASSISTANCE IN THE FORM OF A SUBSIDY OR GRANT OR DUTY DRAW BACK OR WAIVER OR CONCESSION OR REIMBURSEMENT WILL BE TAXABLE AS INCOME. [A.Y-2016-17]**

AMENDMENTS [A.Y-2016-17]

Note- It will be taxable regardless of the fact whether subsidy or grant is received from central government or state government or any authority or body or agency. Further it will be taxable whether it is received in cash or kind. However, subsidy or grant or reimbursement which taken into consideration for determination of ACTUAL COST within the parameters of explanation 10 to section 43(1), shall not be considered as income.

- **Subsidies are no longer capital receipts**

GOVERNMENT GRANTS RELATES

- **DEPRECIABLE ASSETS-REDUCED FROM COST OF ASSET**
- **NON DEPRECIABLE ASSETS- TAXABLE AS INCOME**

- Government Grants receivable as compensation for expenses or losses incurred in a previous financial year or for the purpose of giving immediate financial support to the person with no further related costs to be recognized as income of the period in which it is receivable.
- All other grants have to be recognized as income over the periods necessary to match them with the related costs which they are intended to compensate.
- The income is said to be received when it actually reaches the assessee. But when the right to receive the income is vested in the assessee, it is said to accrue or arise.
- A revenue receipt is taxable as income, unless it is expressly exempt under the Act. On the other hand, a capital receipt is generally exempt, unless it is expressly taxable.

AMENDMENTS [A.Y-2017-18]

SUBSIDY OR GRANT BY THE CENTRAL GOVERNMENT FOR THE PURPOSE OF THE CORPUS OF A TRUST OR INSTITUTION ESTABLISHED BY THE CENTRAL GOVERNMENT OR STATE GOVERNMENT, AS THE CASE MAY BE, SHALL BE ALSO NOT FORM PART OF INCOME.

RESIDENTIAL STATUS

Sec. 9: Sec. 9 of the Act deals with cases where income shall be deemed to accrue or arise in India. Sec. 9(1)(i) provides that all income accruing or arising, whether directly or indirectly, or through or from any business connection, property, asset or source of income in India; or through the transfer of a capital asset situated in India shall be deemed to accrue or arise in India. The Finance Act, 2012, has inserted Explanation 5 to Sec. 9(1)(i) which clarifies that an asset or capital asset, being any share or interest jn a company or entity registered or incorporated outside India shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

First and Second Proviso have been inserted to provide that Explanation 5 as briefed above shall not apply where investment is made by a non resident in the following:

A) Foreign Institution Investors (as referred to in Sec. 115AD) if the following conditions are satisfied—

(a) The asset or capital asset is the one referred to in Explanation 5 above;

(b) Such asset or capital asset is held by a non-resident;

(c) The non-resident holds the asset or capital asset as investment;

(d) The investment is held directly or indirectly by such non-resident;

(e) Investment is held for assessment years 2012-13 to 2014-15 - First proviso to Explanation 5.

B) Foreign portfolio investors if the following conditions are satisfied -

(a) The asset or capital asset is the one referred to in Explanation 5 above;

(b) Such asset or capital asset is held by a non-resident;

(c) The non-resident holds the asset or capital asset as investment;

(d) Such portfolio investor is registered as Category-I or Category-il portfolio investor under the

Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014- Second proviso to Explanation 5. This is with retrospective effect from 01.04.2015.

Sec. 9A: This section provides that in the case of an eligible investment fund, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute business connection in India of the said fund. There are certain conditions to be fulfilled by the eligible investment fund in order to avail benefit provided under this section. One of the condition is that monthly average of corpus of the fund shall not be less than ₹.100 Crores. This provision has been amended to provide that the requirement of monthly average shall not apply where fund has been wound up in the previous year.

As per Finanance Act, 2016

Amendments relating to income deemed to accrue or arise in India

1. Certain activities related to diamond trading in "Special Notified zone" will not create a business connection in India [Clause (e) inserted in Explanation 1 to section 9(1)(i)] [W.r.e.f. A.Y. 2016-17]

- A "Special Notified Zone" (SNZ) had been created to facilitate shifting of operations by foreign mining companies (FMC) to India and to permit the trading of rough diamonds in India by the leading diamond mining companies of the world. The activity of FMC of mere display of rough diamonds even with no actual sale taking place in India **may lead to creation of business connection in India of the FMC.** This potential tax exposure has been an area of concern for the mining companies willing to undertake these activities in India.

- In order to facilitate the FMCs to undertake activity of display of uncut diamond (without any sorting or sale) in the special notified zone, the Finance Act has inserted the following clause (e) in Explanation I to section 9(1)(i) –

  (e) in the case of a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India to it through or from the activities which are confined to display of uncut and unassorted diamond in any Special Zone notified by the Central Government in the Official Gazette in this behalf.

2. Modification in the conditions to be fulfilled for being an eligible investment funds [Section 9A] [W.e.f. A.Y. 2017-18]

In order to rationalize the regime and to address the concerns of the industry, the Finance Act has modified the conditions to provide that the eligible investment fund for purposes of section 9A, shall also mean a fund established or incorporated or registered outside India in a country or a specified territory notified by the Central Government in this behalf.

It has also provided that the condition of fund not controlling and managing any **business in India** or **from India** shall be restricted only in the context of activities **in India.**

INCOMES EXEMPTED FROM TAX

1. Sec. 10(48B): [as per finance Act, 2016] Any income accruing or arising to a foreign company on ACCOUNT OF STORAGE OF CRUDE OIL in a facility in India and sale of crude oil therefrom to any person resident in India shall be exempt, if the said storage and sale is pursuant to an agreement or an arrangement entered into by the Central Government.

[as per finance Act, 2016] Any income accruing or arising to a foreign company on ACCOUNT OF SALE OF LEFTOVER STOCK OF CRUDE OIL, if any, from the facility in India after the expiry of the agreement or the arrangement referred to in clause (48A) shall be exempt subject to such conditions as may be notified by the Central Government in this behalf.

2. Sec. 10AA: Under the existing provisions of Sec. 10AA, deduction is allowed from the total income of an assessee, in respect of profits and gains from the unit operating in SEZ, subject to fulfillment of certain conditions. A new explanation is inserted to clarify that, for the purpose of computation of deduction u/s. 10AA, TOTAL INCOME COMPUTED AFTER SET-OFF OF LOSSES SHALL BE CONSIDERED AND NOT THE PROFITS AND GAINS OF THE BUSINESS of the undertaking. Therefore, deduction u/s. 10AA IN NO CASE SHALL EXCEED THE TOTAL INCOME of the assessee.

3. Sec. 13A: Exemption for political party.

A political party is eligible for exemption in respect of Income from House Property; Income from Other Sources; Income by way of Voluntary Contributions and Capital Gains. The exemption is available only on fulfilling certain conditions.

(a) Donation exceeding ₹. 2,000 shall not be received otherwise than by an ACCOUNT PAYEE CHEQUE OR BANK DRAFT OR USE OF ECS through a bank or electoral board;

(b) It shall furnish return of income u/s.139(4B) for the previous year on or before 30th September.

Further, when the donations are received by way of electoral bonds, maintenance of records is not necessary. 'Electoral bond' means bond referred to in Explanation to 31(3) of the RBI, Act.

As per Finanance Act, 2016

1. Amount payable at the time of closure or opting out of National Pension Scheme to be exempt to the extent of 40% of the total amount payable [Section 10(12A) inserted] [W.e.f. A.Y. 2017-18]
2. **Entire amount standing to the credit of approved superannuation fund to be exempt if it is transferred to National Pension Scheme [Sub-clause (v) inserted in section 10(13)] [W.e.f. A.Y. 2017-18]**
3. **Exemption in respect of interest on deposit certificates under Gold Monetization Scheme, 2015 [Section 10(15)(vi)] [W.r.e.f. A.Y. 2016-17]**
4. **Exemption of dividend received by a business trust from specified domestic company referred to in section 115-O(7) [Section 10(23FC)] [W.e.f. A.Y. 2017-18]**
5. **Distributed income which is of the same nature as dividend referred to in section 115-O(7) received from the business trust by the unit holder shall be exempt [Section 10(23FD)] [W.e.f. A.Y. 2017-18]**
6. **Dividend received not to be exempt in case it is chargeable to tax in accordance with the provisions of section 115BBDA [Proviso inserted under section 10(34)] [W.e.f. A.Y. 2017-18]**

7. **Distributed income referred to in section 115TA received by the investor from securitisation trust not to be exempt [Proviso to section 10(35A)] [W.e.f. 1-6-2016]**
8. **Tax Incentives to International Financial Services Centre [Section 10(38)] [Wei A.Y. 2017-18]**

Under the existing provisions of section 10(38), income by way of long term capital gains arising from equity shares or units of an equity oriented fund or business trust is exempt where securities transaction tax is paid.

9. **Exemption of income of Foreign company from storage and sale of crude oil stored as part of strategic reserves [Section 10(48A)] [W.r.e.f. A.Y. 2016-17]**
10. **Exemption in respect of income arising from providing specified services on which equalisation levy is chargeable [Section 10(50)] [W.e.f. 1-6-2016]**

    Any income arising from any specified service provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016 come into force **and** chargeable to **equalisation levy** under that Chapter shall be exempt.
11. **Phasing out of deduction available in respect of units established in SEZ [Section I0AA] [W.e.f. A.Y. 2017-18]**

The deduction under section I0AA shall be available only to those units which are established in a Special Economic Zone (SEZ) and begin to manufacture or produce articles or things or provide any service before 1-4-2020. In other words, any unit established in a Special Economic Zone on or after 1-4-2020 shall not be eligible for deduction under section I0AA.

INCOME FROM SALARIES (Sec 15 - 17)

1. Sec. 10(12B): Partial withdrawal from National Pension System: Payment from NPS trust to an employee on partial withdrawal shall be exempt up to the extent it does not exceed 25% of the contributions made by him.

As per Finanance Act, 2016

2. Raising the exemption in respect of employer's contribution to approved superannuation fund [Section 17(2)(vii)] [W.e.f. A.Y. 2017-18]

   Under section 17(2)(vii), perquisite includes the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds ₹ 1,50,000. **IN OTHER WORDS, EMPLOYER'S CONTRIBUTION TO THE APPROVED SUPERANNUATION FUND SHALL BE A TAX FREE PERQUISITE UP TO ₹ 1,50,000.**
3. Sec. 10(42): The accumulated balance due and becoming payable to an employee participating in a Recognized Provident Fund shall be exempt in case entire balance standing to credit of employee is transferred to account of the employee under a pension scheme referred to in Sec.80CCD and notified by the CentralGovernment.

4. **Sec.10(12A):** Any payment from the National Pension Systems Trust to an employee on closure of account or his opting out of the pension scheme referred to in Sec.80CCD shall be exempt to the extent of 40%. However, on death of the assessee, any sum received by the nominee shall be fully exempt from tax.

INCOME UNDER THE HEAD "HOUSE PROPERTY"

A. **Sec. 23:** Sub-section 5 has been inserted to this section to provide that, the annual value of the property comprising of building or land appurtenant thereto shall be taken as 'NIL' if the following conditions are satisfied:

i) The property has been held as **STOCK-IN-TRADE**; and

ii) It has **NOT BEEN LET OUT** for whole or part of the year.

This benefit of 'NIL' annual value shall be applicable for the financial year in which the certificate of completion of construction is obtained from the Competent Authority and for the subsequent financial year.

As per Finanance Act, 2016

B. Increase in time period for acquisition or construction of self-occupied house property for claiming deduction of interest [Second proviso to section 24(b)] [W.e.f. A.Y. 2017-18]

Deduction of an amount of ₹ 2,00,000 shall be allowed where a house property referred to in section 23(2) (self-occupied house property) has been acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed within ~~3 years~~ **FIVE YEARS** from the end of the financial year in which capital was borrowed.

C. Simplification and rationalisation of provisions relating to taxation of unrealised rent and arrears of rent [Section 25A] [W.e.f. A.Y. 2017-18]

The Act has simplified these provisions and merged [~~sections 25A. 25AA and 25B~~] them under a single new section 25A to bring uniformity in tax treatment of arrears of rent and unrealised rent.

Provision for arrears of rent and unrealised rent received subsequently [Section 25A]

- Arrears of rent or unrealized rent received subsequently to be taxed under the head "Income from House Property [Section 25A(1)]:
- The amount of arrears of rent received from a tenant or the unrealised rent realised subsequently from a tenant, as the case may be, by an assessee shall be deemed to be the income from house property in respect of the financial year in which such rent is received or realised, and

shall be included in the total income of the assessee under the head "Income from house property", whether the assessee is the owner of the property or not in that financial year.

- **STANDARD DEDUCTION @ 30% TO BE ALLOWED** from such arrears of rent or unrealized rent [Section 25A(2)]: A sum equal to 30% of the arrears of rent or the unrealised rent referred to in section 25A(1) shall be allowed as deduction.

PROFITS AND GAINS FROM BUSINESS OR PROFESSION

1. **Sec. 35:** This Section provided for weighted deduction in respect of contribution made to specified institutions. This **WEIGHTED DEDUCTION** is modified from AY 2018-19 as follows:

Contribution made to	To be used for	Weighted Deduction	
		Earlier	For A.Y.2018-19
Research association – Sec. 35(1)(ii)	Scientific research	175	**150**
Company – Sec. 35(1)(iia)	Scientific research	125	**100**
Research association – Sec. 35(1)(iii)	Social science or statistical research	125	**100**
National laboratory, university or Indian Institute of Technology or a specified person – Sec. 35(2AA)	Scientific research under a programme approved by the prescribed authority	200	**150**
Engaged in business of bio-technology - Sec. 35(2AB)	Scientific research	200	**150**

2. **Sec. 35AD:** Under the existing provisions of Sec. 35AD, deduction in respect of expenditure of capital nature incurred, wholly or exclusively, during the year for a specified business is allowed. Sub-section (1A) of Sec. 35AD provides that weighted deduction of 150% is available for certain specified businesses. This weighted deduction of **150% UNDER SUB-SECTION (IA) IS WITHDRAWN** by Finance Act, 2016, w.e.f. 01.04.2018. Also, Finance Act, 2016 has extended. the benefit u/s. 35AD to infrastructure facility business, if it is owned by company, consortium of companies, authority, board, corporation or any other body established under the Central or State Act, and has an agreement with Central Government or State Government or Statutory Body.

3. **Sec. 35AD:** Under the existing provisions of the Act, revenue expenditure incurred in **CASH EXCEEDING CERTAIN MONETARY THRESHOLD IS NOT ALLOWABLE AS PER SEC. 40A(3)** of the Act except in specified circumstances as referred to in Rule 6DD of the Income-tax Rules, 1962. In order to provide for disallowance of capital expenditure necessary amendments have been made in the Act.

4. **Sec. 35AD** provides for deduction of capital expenditure incurred by an assessee in relation to an undertaking engaged in specified business. The existing provisions of Sec. 35AD are amended to provide that no deduction shall be allowed in respect of the capital expenditure for which the payment or aggregate of payments made to a person in a **DAY, OTHERWISE THAN BY AN ACCOUNT PAYEE CHEQUE OR AN ACCOUNT PAYEE BANK DRAFT OR USE OF ELECTRONIC CLEARING SYSTEM AND SUCH PAYMENT EXCEEDS TEN THOUSAND RUPEES**.

5. **Sec. 36(1)(viia):** The existing provisions of Sec. 36(1)(viia) provides for deduction in respect of provision for bad and doubtful debts, to the eligible assessees engaged in banking business. The amount of such deduction is limited to 7.5% of the gross total income (computed before making any deduction under this clause and Chapter VI-A) and an amount not exceeding 10% of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner at the end of the previous year.

   The existing provisions are amended to increase the deduction in respect of provision for bad and doubtful debts from ~~7.5%~~ of total income to **8.5%** of total income.

6. **Sec. 40A(2):** Sec. 40A(2) provides for disallowance of excess or unreasonable payments made to specified persons. The existing provisions are amended to provide that no disallowance shall be made in respect of any Assessment Year commencing on or before 01.04.2016, if such transaction falls under the purview of specified domestic transaction u/s. 92BA and is at arm's length price. Consequently henceforth **PROVISIONS OF SECTION 40A(2) SHALL APPLY INSTEAD OF SEC. 92BA**. The amendment is made consequent to removal of transaction specified under this section from the purview of Specified domestic transactions u/s. 92BA.

7. **Sec. 40A(3):** Under the existing provisions of the Act, expenditure incurred in cash exceeding monetary threshold of ₹. 20,000 is not allowable as per sec. 40A(3) except in specified circumstances as referred to in Rule 6DD of the Income-tax Rules, 1962. The existing provisions are amended to reduce the threshold of cash payment from ~~₹. 20,000~~ to ₹. 10,000. Further, **ELECTRONIC CLEARING SYSTEM** through a bank account is also included as an accepted mode of payment under the section.

8. **Sec. 43(1):** Sec. 43(1) defines **ACTUAL COST OF AN ASSET FOR THE PURPOSE OF CLAIMING DEPRECIATION**. The existing provisions are amended to exclude, a payment or aggregate of payments made to a person, in a day in excess of ₹. 10,000, by a mode otherwise than by an account payee cheque or an account payee bank draft or use of **ELECTRONIC CLEARING SYSTEM**, from the actual cost of the asset acquired.

9. **Sec. 43(1):** The existing provisions of sec. 35AD of the Act, provides for investment linked deduction on amount of capital expenditure incurred for a specified business. Further, sec. 35AD(7B) provides that where any asset on which benefit of sec. 35AD is claimed and allowed, is used for a purpose other than specified business, the benefit of deduction already granted as reduced by the amount of depreciation allowable u/s. 32 shall be deemed to be the income of the previous year in which the asset is so used.

The provisions of sec. 43(1) are amended to provide that asset in respect of which deduction or part deduction uls 35AD is deemed to be the INCOME OF THE ASSESSEE, THE ACTUAL COST of it shall be, THE COST AS REDUCED BY THE AMOUNT OF DEPRECIATION CALCULATED AT THE RATE IN FORCE, HAD THE ASSET BEEN USED FOR THE PURPOSE OF BUSINESS SINCE THE DATE OF ACQUISITION.

10. **Sec. 43B**: Sec. 43B of the act provides for disallowance of certain expenses which are otherwise deductible unless payment is actually made on or before the due date for filing the return of income- interest payments, on any loan or advances, made to A CO-OPERATIVE BANK (OTHER THAN A PRIMARY AGRICULTURAL CREDIT SOCIETY OR A PRIMARY CO-OPERATIVE AGRICULTURAL AND RURAL DEVELOPMENT BANK).

11. **Sec. 43D**: interest income in relation to certain categories of bad or doubtful debts received by certain institutions or banks or corporations or companies, shall be chargeable to tax in the previous year in which it IS CREDITED TO ITS PROFIT AND LOSS ACCOUNT FOR THAT YEAR OR ACTUALLY RECEIVED, WHICHEVER IS EARLIER. The existing provisions are amended to extend the benefit under this section to co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank.

12. **Sec. 44AA**: The existing provisions of sec. 44AA(2) of the Act cast an obligation on every person carrying on business or profession other than those mentioned in sec. 44AA(1) (specified profession) to maintain books of account. The existing provisions are amended to increase the monetary limits of income and total sales or turn over or gross receipts, etc., specified in said clauses for maintenance of books of accounts from ₹. 1,20,000 to ₹. 2,50,000 and from ₹. 10,00,000to ₹. 25,00,000, respectively. The new monetary limits are applicable in the case OF INDIVIDUALS AND HINDU UNDIVIDED FAMILY CARRYING ON BUSINESS OR PROFESSION.

13. **Sec. 44AB**: Sec. 44AB provides for audit of accounts of the assessee by an accountant in certain cas es. The existing provisions are amended to provide that in case of an assessee declaring profits and gains for the previous year in accordance with the provisions of Sec. 44AD(1) need not comply with provision of Sec. 44AB if the total sales, total turnover or gross receipts does not exceed ₹. 2 CRORES.

14. **Sec. 44AD**: Sec. 44AD provides for presumptive income scheme in case of an eligible assesses carrying out eligible businesses. Under presumptive scheme a sum equal to 8% of the total turnover or gross receipts is deemed to be the profits and gains of such business.

The existing provisions are amended to reduce the existing rate of deemed total income from 8% TO 6% in respect of the amount of total turnover or gross receipts received by **an account payee cheque or account payee bank draft or use of electronic clearing system** during the previous year and received on or before the due date specified in Sec. 139(1).

15. **Sec. 115BBG**: CARBON CREDITS IS AN INCENTIVE given to an industrial undertaking for reduction of the emission of GHGs (Green House gases), including carbon dioxide, which is done through several ways such as by switching over to wind and solar energy, forest regeneration, installation of energy-efficient machinery, landfill methane capture, etc. A reduction in emissions entitles the entity to a credit in the form of a Certified Emission Reduction (CER) certificate. The CER is tradable and its holder can transfer it to an entity which needs Carbon Credits.

A new provision sec. 115BBG has been inserted to provide that where the total income of the assessee includes any income from transfer of carbon credit, such income shall be taxable at the concessional rate of 10% (plus applicable surcharge and cess) on the gross amount of such income. Further, no expenditure or allowance in respect of such income shall be allowed under the Act.

As per Finanance Act, 2016

16.Taxation of Non-compete fees and exclusivity rights in case of Profession [Section 28(va)] [W.e.f. A.Y. 2017-18]

- Any sum received or receivable in cash or in kind under an agreement for not carrying out activity in relation to **any business or ANY PROFESSION,**; or not to share any know how, patent, copyright, trade mark, licence, franchise or any other business or commercial right of similar nature or information or technique likely to assist in the manufacture or processing of goods or provision for services and is chargeable to tax as business income.
- Further, the provisions clarify that receipts for transfer of right to manufacture, produce or process any article or thing or right to carry on any business, which are chargeable to tax under the head "Capital gains", would not be taxable as profits and gains of business or profession.
- Further, the Act has also amended the proviso given under the above clause (va) to clarify that receipts for transfer of **RIGHT TO CARRY ON ANY PROFESSION**, which are chargeable to tax under the head "Capital gains", would not be taxable as profits and gains of business or profession.

17.Extending the benefit of additional depreciation for power sector [Section 32(1)(iia)] [W.e.f. A.Y. 2017-18]

- An assessee engaged in the business of **generation or transmission or distribution of power** shall be allowed additional depreciation at the rate of 20% of actual cost of new machinery or plant acquired and installed in a previous year.

18. Rationalisation of scope of investment allowance [Section 32AC] [W.r.e.f. A.Y. 2016-17]

- Investment allowance at the rate of 15% on investment made in new assets (plant and machinery) exceeding ₹ 25 crore in a previous year by a company engaged in manufacturing or production of any article or thing subject to the condition that the acquisition ~~AND~~ installation has to be done in the same previous year. This tax incentive is available up to 31.03.2017.

- The Act has amended section 32AC(1A) so as to provide that the acquisition of the plant & machinery of exceeding ₹ 25 crore has to be made in the previous year. However, installation may be made by 31.03.2017 in order to avail the benefit of investment allowance of 15%.

- Further, a following new proviso first has been inserted after sub-section 32AC(1A):

"Provided that where the installation of the new assets are **in a year other than the year of acquisition,** the deduction under this sub-section shall be allowed in the **year in which the new assets are installed."**

19. Amortisation of spectrum fee for purchase of spectrum [Section 35ABA] [W.e.f. A.Y. 2017-18]

Amortisation of capital expenditure incurred for acquiring any right to use spectrum for telecommunication services [Section 35ABA(1)]

Where any capital expenditure is incurred by the assessee for acquiring any right to use spectrum for telecommunication services either before the commencement of the business or thereafter at any time during any previous year and for which payment has actually been made to obtain a right to use spectrum, there shall, subject to and in accordance with the provisions of this section, be allowed for each of the relevant previous years, a deduction equal to the appropriate fraction of the amount of such expenditure.

(2) Sub-sections (2) to (8) of section 35ABB also to apply to section 35ABA [Section 35ABA(2)]

20.

Deduction shall be computed = expenditure incurred for acquiring right to use spectrum/ number of relevant previous years.

21. Deduction in respect of provision for bad and doubtful debt in the case of Non-Banking Financial companies [Section 36] [W.e.f. A.Y. 2017-18]

Section 36(1)(viia) of the Act, in computing the profits of a public financial institutions, State financial corporations and State industrial investment corporations or NON-BANKING FINANCIAL COMPANIES (NBFCS) a deduction, limited to an amount not exceeding 5% of the gross total income, computed, before making any deduction under the aforesaid clause and Chapter VI-A, is allowed in respect of any provision for bad and doubtful debt.

In other words, Non Banking Finance Companies (NBFCs) shall also be allowed a deduction from total income (computed before making any deduction under this clause and Chapter-VIA) on account of provision for bad and doubtful debts to the extent of 5% of the total income.

22. Expenses incurred by the assessee towards specified services shall be disallowed if the equalization levy has not been deducted and paid [Section 40(a)(ib)] [W .e.f. 1- 6-2016]

"Any consideration paid or payable to a non-resident for a specified service on which equalisation levy is deductible under the provisions of Chapter VIII of the Finance Act, 2016 shall not be allowed as deduction if such levy has not been deducted or after deduction, has not been paid on or before the due date specified in section 139(1).

However, where in respect of any such consideration, the equalisation levy has been deducted in any subsequent year or has been deducted during the previous year but paid after the due date specified in section 139(1), such sum shall be allowed as a deduction in computing the income of the previous year in which such levy has been paid."

23. Extension of scope of section 43B to include certain payments made to Railways [Section 43B] [W.e.f. A.Y. 2017-18]

Section 43B of the Act, inter alia, provide that any sum payable by the assessee by way of tax, cess, duty or fee, employer contribution to Provident Fund, ANY SUM PAYABLE BY THE ASSESSEE TO THE INDIAN RAILWAYS FOR USE OF RAILWAY ASSETS etc., is allowable as deduction of the previous year in which the liability to pay such sum was incurred (relevant previous year) if the same is actually paid on or before the due date of furnishing of the return of income under section 139(1) irrespective of method of accounting followed by a person. [With a view to ensure the prompt payment of dues to Railways for use of the Railway assets]

24. Maintenance of accounts by certain persons [Section 44AA(2)(iv)] [W.e.f. A.Y. 2017-18]

The assessee shall **have to maintain accounts where the provisions of section 44AD(4) are applicable in his case and his income exceeds** [basic exemption limit] the maximum amount which is not chargeable to income-tax in any previous year. [~~Claiming lower income than the income prescribed u/s 44AD & during the year income BEL~~]

25. Audit of accounts of certain persons [Section 44AB] [W.e.f. A.Y. 2017-18]

In order to reduce the compliance burden, the Act has increased the threshold limit of total gross receipts, specified under section 44AB for getting accounts audited, from ~~₹ 25,00,000~~ to ₹ 50,00,000 in the case of persons carrying on profession.

Further, the following persons persons shall mandatorily get his books of accounts of account audited, the income exceeds the basic exemption limit.

i. Covered under the newly inserted sec 44ADA, who declares his income from such profession lower than the deemed income [50% of gross receipt.]

ii. Covered u/s 44AD and his income exceeds the basic exemption limit shall mandatorily get his books of account audited.

26. Amendments in section 44AD relating to presumptive taxation scheme for persons having income from business [Section 44AD] [W.e.f. A.Y. 2017-18]

- Section 44AD provide for a presumptive taxation scheme for an eligible business. Where in case of an eligible assessee engaged in eligible business having total turnover or gross receipts not exceeding ~~₹ 1 crore~~ ₹ 2 CRORE., a sum equal to 8% of the total turnover or gross receipts, or as the case may be, a sum higher than the aforesaid sum shall be deemed to be profits and gains of such business chargeable to tax under the head "Profits and gains of business or profession".
- **Salary, remuneration, interest etc. paid to the partner as per clause (b) of section 40 not to be allowed as a deduction while computing presumptive income in case of a firm [Proviso to section 44AD(2) deleted]:** The Act has omitted the proviso to section 44AD(2) and as such the expenditure in the nature of salary, remuneration, interest etc. paid to the partner as per clause (b) of section 40 shall not be deductible while computing the income under section 44AD as the said section 40 does not mandate for allowance of any expenditure but puts restriction on deduction of amounts, otherwise allowable under section 30 to 38.

- AS PER SECTION 44AD(4), WHERE AN ELIGIBLE ASSESSEE DECLARES PROFIT FOR ANY PREVIOUS YEAR IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION AND HE DECLARES PROFIT FOR ANY OF THE FIVE CONSECUTIVE ASSESSMENT YEARS RELEVANT TO THE PREVIOUS YEAR SUCCEEDING SUCH PREVIOUS YEAR NOT IN ACCORDANCE WITH THE PROVISIONS OF SECTION 44AD(1), HE SHALL NOT BE ELIGIBLE TO CLAIM THE BENEFIT OF THE PROVISIONS OF THIS SECTION FOR FIVE ASSESSMENT YEARS SUBSEQUENT TO THE ASSESSMENT YEAR RELEVANT TO THE PREVIOUS YEAR IN WHICH THE PROFIT HAS NOT BEEN DECLARED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 44AD(1).
- For example, an eligible assessee claims to be taxed on presumptive basis under section 44AD for Assessment Year 2017-18 and offers income of ₹ 8 lakh on the turnover of ₹ 1 crore. For Assessment Year 2018-19 and Assessment Year 2019-20 also he offers income in accordance with the provisions of section 44AD. However, for Assessment Year 2020-21, he offers income of ₹ 4 lakh on turnover of ₹ 1 crore. In this case since he has not offered income in accordance with the provisions of section 44AD for five consecutive assessment years, after Assessment Year 2017-18, he will not be eligible to claim the benefit of section 44AD for next five assessment years i.e. from Assessment Year 2021-22 to 2025-26.
- As per section 44AD(5), notwithstanding anything contained in the foregoing provisions of this section, an eligible assessee to whom the provisions of section 44AD(4) are applicable and whose total income exceeds the maximum amount which is not chargeable to income-tax , shall be required to keep and maintain such books of account and other documents as required under section 44AA(2) and get them audited and furnish a report of such audit as required under section 44AB.
- **An assessee covered under section 44AD will now be required to pay advance tax in one instalment:** An eligible assessee in respect of an eligible business referred to in section 44AD shall be required to pay the advance tax, TO THE EXTENT OF THE WHOLE AMOUNT OF SUCH ADVANCE TAX DURING EACH FINANCIAL YEAR ON OR BEFORE THE 15TH MARCH: Provided that any amount paid by way of advance tax on or before the 31st day of March shall also be treated as advance tax paid during the financial year ending on that day for all the purposes of this Act.

27. Presumptive taxation scheme for persons having income from profession [Section 44ADA] [W.e.f. A.Y. 2017-18]

i. **applicability- Resident assessee engaged in the profession referred to in section 44AA(1) can opt for presumptive income in certain cases [Section 44ADA(1)]** and whose total gross receipts do not exceed ₹ 50,00,000 in a previous year, a sum equal to 50% of the total gross receipts of the assessee in the previous year on account of such profession or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee, shall be deemed to be the profits and gains of such profession chargeable to tax under the head "Profits and gains of business or profession".

ii. **Profession referred to In section 44AA(1):** Legal, medical, engineering or architectural profession, or profession of accountancy or technical consultancy or interior decoration or any other profession as Is notified by the Board in the Official Gazette. [Authorised representatives, film artists, company secretaries and profession of Information Technology have been notified for this purpose]

Consequences if the assessee opts for presumptive income scheme:

(a) Deduction under sections 30 to 38 shall be deemed to have been allowed [Section 44ADA(2)]: Any deduction allowable under the provisions of sections 30 to 38 shall, for the purposes of section 44ADA(1), be deemed to have been already given full effect to and no further deduction under those sections shall be allowed.

(b) Written down value of any asset for the succeeding year shall be computed as if the assessee has claimed deduction [Section 44ADA(3)]: The written down value of any asset used for the purposes of profession shall be deemed to have been calculated as if the assessee had claimed and had been actually allowed the deduction in respect of the depreciation for each of the relevant assessment years.

(c) Assessee to maintain accounts and get them audited if he claims profits to be less than 50% of the gross receipts [Section 44ADA(4)]: Notwithstan-ding anything contained in the foregoing provisions of this section, an assessee who claims that his profits and gains from the profession are lower than the profits and gains specified in section 44ADA(1) and whose total income exceeds the maximum amount which is not chargeable to income-tax, shall be required to keep and maintain such books of account and other documents as required under section 44AA(1) and get them audited and furnish a report of such audit as required under section 44AB.

INCOME FROM THE HEAD "CAPITAL GAINS"

1. Sec. 2(42A): Period of Holding for Immovable Property: the period of holding, in case of UNLISTED SHARES to qualify as Long-term Capital Asset shall be "24 MONTHS" instead of "~~36 months~~". "IMMOVABLE PROPERTY, being land or building or both" also shall be treated as Long term Capital asset where it is held for MORE THAN 24 MONTHS.

2. Sec. 2(42A), Sec. 47 & Sec. 49: Conversion of preference shares to equity shares: Sec. 47 provide that the conversion of preference share of a company into equity share of that company shall not be regarded as transfer.
   - The period of holding of such equity shares shall be reckoned from the date of acquisition of such preference shares by the assessee.
   - Sec. 49-cost of acquisition of such equity shares shall be that part of cost of the preference shares relating to which the equity shares were acquired.

3. Sec. 2(42A) & Sec. 49: Consolidation of plans within a scheme of mutual Fund: Sec. 47 to provide that, the transfer of units in a consolidating plan of mutual fund scheme made in consideration of the allotment of units in the consolidated plan of that scheme of the mutual fund shall not be regarded as transfer.

   Finance Act, 2017- sec. 2(42A), to provide that the PERIOD OF HOLDING for the units of consolidated plan of mutual fund scheme shall include period for WHICH THE UNITS IN THE CONSOLIDATING PLAN WERE HELD BY THE ASSESSEE.

Sec. 49-The **COST OF ACQUISITION** of units of consolidated plan shall be the deemed to be the **COST INCURRED BY THE ASSESSEE FOR ACQUISITION** of units in consolidating plan.

4. **Sec. 10(38):** According to Sec. 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 shall be exempt. For availing this exemption, the transaction shall fulfill the following conditions:

i) The transaction should take place through a recognized Stock Exchange; and

ii) The transaction shall be chargeable to securities transaction tax (STT); or it is undertaken in foreign currency on a recognized stock exchange located in an International Financial Service Centre.

It may be noted that exemption u/s. 10(38) shall not apply to income arising from transfer of equity share, acquired on or after 1st October, 2004 and such transaction were not subject to STT. In this regard, the Central Government has issued notification S.O. 1789(E) dated 5th June, 2017, which provides that all transactions of acquisition of equity shares (acquired on or after 1st October, 2004 and are not subject to STT) are eligible for exemption u/s. 10(38) except in the following cases;

(A) ACQUISITION OF EXISTING LISTED EQUITY SHARE IN A COMPANY WHOSE EQUITY SHARES ARE NOT FREQUENTLY TRADED IN A RECOGNISED STOCK EXCHANGE OF INDIA IS MADE THROUGH A PREFERENTIAL ISSUE ACQUISITION OF LISTED SHARES IN PREFERENTIAL ISSUE OF A COMPANY WHOSE SHARES ARE NOT FREQUENTLY TRADED IN A RECOGNIZED STOCK EXCHANGE;

However, this clause shall not apply to acquisition of listed equity shares in a company:—

(i) which has been approved by the Supreme Court, High Court, National Company Law Tribunal, SEBI or RBI in this behalf;

(ii) by any non-resident in accordance with FDI guidelines issued by the Government of India;

(iii) by an investment fund referred to in clause (a) of Explanation 1 of to sec. 115UB(1) of the Act or a venture capital fund u/s. 10(23FB) or a Qualified Institutional Buyer;

(iv) through preferential issue to which the provisions of chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.does not apply.

(B) ACQUISITION OF EXISTING LISTED EQUITY SHARE IN A COMPANY NOT ENTERED THROUGH A RECOGNIZED STOCK EXCHANGE;

However, this clause shall not apply to acquisition of listed equity shares in a company made in accordance with the provisions of SCRA, 1956, if applicable:—

(i) acquisition through an issue of share by a company other than the issue referred to in clause (a) above;

(ii) acquisition by scheduled banks, reconstruction or securitisation companies or public financial institutions during their ordinary course of business;

(iii) acquisition which has been approved by the Supreme Court, High Courts, National Company Law, Tribunal, SEBI or RBI;

(iv) acquisition under ESOP or employee stock purchase scheme framed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999;

(v) acquisition by any non-resident in accordance with foreign direct investment guidelines of the Government of India;

(vi) where acquisition of shares of company is made under SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;

(vii) acquisition from the Government acquisition by an investment fund referred to in clause (a) to Explanation 1 to sec. 115UB(a) or a venture capital fund u/s. 10(23FB) or a Qualified Institutional Buyer;

(viii) acquisition by mode of transfer u/s. 47 or Sec.50B, if the previous owner of such shares has not acquired them by any mode referred to in clause (a) or clause and (b) mentioned above (other than transaction excluded therein from its ambit) or clause (c) mentioned below.

[other than the transactions referred to in the proviso to clause (a) or clause (b)].

(c) acquisition of equity share of a company during the period beginning from the date on which the company is delisted from a recognised stock exchange and ending on the date immediately preceding the date on which the company is again listed on a recognised stock exchange in accordance with the SCRA, 1956 read with SEBT Act, 1992 and the rules made thereunder.

5. **Sec. 47(viiaa):** Section 47- not be regarded as transfer. A new clause (viiaa) has been inserted to provide that any transfer of capital asset made **OUTSIDE INDIA, BY ONE NON-RESIDENT TO ANOTHER NON-RESIDENT IN THE NATURE OF RUPEE DENOMINATED BOND OF INDIAN COMPANY ISSUED OUTSIDE INDIA**, shall not be regarded as transfer

6. **Sec. 48:** A proviso to Sec. 48 stating that the **GAINS ARISING ON ACCOUNT OF APPRECIATION OF RUPEE AGAINST A FOREIGN CURRENCY AT THE TIME OF REDEMPTION OF RUPEE DENOMINATED BOND OF AN INDIAN COMPANY SUBSCRIBED BY SUCH NON-RESIDENT**, shall be ignored for the purpose of computation of full value of consideration for computing capital gains. The said proviso has been amended to extend such benefit to subsequent holders also, thereby gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company held by such non-resident, shall be ignored for purposes of computing full value of consideration.

7. Section 45 (5A) :Capital gain in case of **JOINT DEVELOPMENT AGREEMENT (JDA)** normally Capital gain is taxable in the year of transfer but in case of JDA capital gain will be applicable in the year which the **CERTIFICATE OF COMPLINIATION** (CC) for the whole or part of the project is issued by the completed authority Section 45 (5A) has been inserted with effect from assessment year 2018 -19 to provide for a special provision for computation of capital gain in case of an assesse transferring a capital asset pursuant to a joint development agreement section 45(5A) applies if all the following cindiyions are fulfilled
(a) The assesse is an individual or an HUF

(b) Capital gains arise to the assesse from transfer of land or building or both

(c) The transfer is made under a specified agreement

(d) The consideration for the assesse includes or consists of a share in the land or bulding or both in the project

(e) The assesse has not transferred his share in the project on or before the date of issue of the CC for the whole or part of the project as issued by the competent authority

-if the aforesaid conditions are satisfied, then

(a) The full value of the consideration shall be equal to

(i) The stamp duty value of the share in land or building or both on the date of issue of the competition certificates: plus

(ii) Confederation received in case, if any

(b) The capital gains shall be chargeable to income tax as income of the previous year in which the certificate of completion is issued by the competent authority

#if the assesse has transferred his share on or before the date of issue of the CC then, capital gains shall be deemed to be the income of the previous year in which such transfer takes place

specified agreement '' means a registered agreement in which a person owning land or building or both ,agrees to allow another person to develop a real estate project on such land or building or both, in consideration of a share , being land or building or both in such project, whether with or without payment of part of the consideration in case

Example:

Suppose A, an individual enters into a JDA with a developer B in May 2018 under the agreement, A is to receive from B Rs. 5 Crores and 20000 sq.ft.of developed area. Suppose, the certificate of completion of the project is issued in 2021-22 and the stamp duty value of the developed area as on the date of issue of completion certificate is Rs 60 crores. In such a case

(a)the full value consideration received or accruing as a result of transfer would be Rs 65 crores (Rs. 60 crores + Rs. 5 crores),

(b) Capital gains shall be chargeable to tax in AY 2022-23 corresponding to the PY 2021-22

8. SECTION 49 (7): COST OF ACQUISITION,

Where the capital gains arises from the transfer of a capital asset, being share in the project, in the form of lands or building or both, referred to in section 45(5A), the **COST OF ACQUISITION** of such asset, shall be the amount which is deemed as **FULL VALUE OF CONSIDERATION IN THAT SUB -SECTION**

9. The Cost Inflation Index (CII) factors as notified for each Financial Year (FY) with **2001-02 AS THE BASE YEAR** are as under:

FY	CII	FY	CII	FY	CII	FY	CII
2001- 02	100	2005-06	117	2009-10	148	2013-14	220

2002-03	105	2006-07	122	2010-11	167	2014-15	240
2003-04	109	2007-08	129	2011-12	184	2015-16	254
2004-05	113	2008-09	137	2012-13	200	2016-17	264
FY2017-18 - 272							

10. **SEC. 54EC:** Sec. 54EC provides that capital gain arising from the transfer of a long-term capital asset shall be exempt to the extent of Rs. 50 lakhs, if the assessee invests the whole or any part of capital gains in long term specified asset or any other bond as notified by the Central Government [**BONDS ISSUED BY POWER FINANCE CORPORATION LTD AND INDIA RAILWAY FINANCE CORPORATION LTD**], within the specified time period.
11. **SEC. 50CA:** A new sec. 50CA has been inserted to provide that, for the purpose of **COMPUTATION OF CAPITAL GAINS ON TRANSFER OF UNQUOTED SHARES**, the full value of consideration shall be **HIGHER** of the fo1loiing:

(a) Actual consideration received or accruing; or

(b) Fair market value of shares as per the valuation rules prescribed by the CBDT.

For the purpose of the above mentioned section, quoted shares means the share quoted on any recognized stock exchange with regularity from time to time, where the quotation of such share Is based on current transaction made in the ordinary course of business.

12. **SECTION 10(37A)**-Exemption to **SPECIFIED PEOPLE OF ANDHRA PRADESH**

In case of individual or HUF, Capital Grain on transfer of followings Specified Assets shall be exempt from tax-

a. land or building or both owned by the assese as on 2 June,2014, and has transferred the same under the land pooling scheme,

b. Land Polling Ownership Certificates (LPOCs) received by the said assesses in lieu of land transferred under the scheme,

c. Reconstituted plot or land received by said assesses under the scheme, if the same was transferred within **TWO YEARS** from the end of the financial year in which the possession of such plot or land was handed over to the assesse

The above amendment effective retrospectively from April,2015 (A.Y.2015-2016)

13. **SEC. 49(6):** Where the capital gain arises from the transfer of a specified capital asset received under the Andhra Pradesh Capital City Land Pooling Scheme referred to in clause (c) of the Explanation to clause (37A) of sec. 10, which has been transferred after the expiry of two years from the end of the financial year in which the possession of such asset was handed over to the assessee, **THE COST OF ACQUISITION OF SUCH SPECIFIED CAPITAL ASSET** shall be **DEEMED TO BE ITS STAMP DUTY VALUE AS ON THE LAST DAY OF THE SECOND FINANCIAL YEAR AFTER THE END OF THE FINANCIAL YEAR IN WHICH THE POSSESSION OF THE SAID SPECIFIED CAPITAL ASSET WAS HANDED OVER TO THE ASSESSEE.**

INCOME FROM THE HEAD OTHER SOURCES

1. **Sec. 56(2)(x) & Sec. 49:** Individual or HUF and firm or company in certain cases. A new clause (x) has been inserted in Sec. 56(2) to provide that receipt of the sum of money or the property by any person from any persons or persons without consideration or for inadequate consideration the

aggregate fair market value of the property of which exceeds ₹. 50,000 shall be chargeable to tax in the hands of the recipient under the head "Income from other sources".

Consequential amendment has been made to Sec. 49 to provide that the value adopted u/s. 56(2)(x) shall be deemed to be the cost of acquisition for computation of capital gains in the hands of recipient at the time of subsequent transfer of such property.

2. Sec. 58:.Sec. 58 are amended to **INCLUDE THE DISALLOWANCE FOR NON-COMPLIANCE OF TDS PROVISIONS AS REFERRED TO IN SEC. 40(A)(IA) WHILE COMPUTING THE INCOME UNDER THE HEAD "INCOME FROM OTHER SOURCES"**.

3. **Sec. 115BBDA & Sec. 10(34):** Under the existing provisions of sec. 115BBDA, income by way of dividend in excess of ₹. 10 lakhs is chargeable to tax at the rate of 10% on gross basis in case of a resident individual, Hindu undivided family or firm. The existing provisions are amended to make the provisions of this section applicable to **ALL ASSESSEES EXCEPT: (I) DOMESTIC COMPANY; (II) CERTAIN FUNDS, TRUSTS, INSTITUTIONS, UNIVERSITY OR OTHER EDUCATIONAL INSTITUTION, OR A HOSPITAL OR OTHER MEDICAL INSTITUTIONS** as referred to under sub-clauses (iv), (v), (vi) or (via) of Sec. 10(23C) or (iii) a trust or institution registered u/s. 12A or 12AA

4. **Rationalization of section 56 of the Income-tax Act [Section 56(2)(vii)] [W.e.f. A.Y. 2017.18]**

Any shares received by an individual or HUF as a consequence of demerger or amalgamation of a company shall not attract the provisions of section 56(2)(vii).

SET OFF OR CARRY FORWARD OF LOSS

1. **Sec. 71:** This section relates to set-off of loss from one head against income from another. Sub-section 3A has been inserted to Sec. 71 to provide that set-off of loss under the head "Income from House Property" against any other head of income shall be restricted to **TWO LAKH RUPEES** for any assessment year. The portion of unabsorbed losses, if any, shall be carried forward to subsequent years for set off.

2. **Sec. 79:** The existing provisions of Sec. 79 of the Act, provide that where a change in shareholding has taken place in a previous year in the case of a company, not being a company in which the public are substantially interested, no loss is incurred in any year prior to the previous year, it shall be carried forward and set off against the income of the previous year unless on the last day of the previous year the shares of the company carrying not less than 51% of the voting power were held by person who beneficially held shares of the company carrying not less than 51% of the voting power on the last day of the year or years in which the loss was incurred.

To existing provisions of sec. 79, sec. 79(b) has been inserted to provide that in the case of an eligible startup company, the original shareholders of an eligible startup company continue to hold their interest in the shareholding but issue additional shares in order to raise funds for the business requirements. In such circumstances, there could be a situation where, the shareholding of the original shareholders may breach the prescribed percentage as provided u/s. 79 mentioned above for carry forward and set off of losses.

In order to facilitate ease of doing business and to promote startup India, sec. 79(b) permits such deviation in shareholding for carry forward and set off of unabsorbed business losses subject to the satisfaction of the following conditions:

(i) there is a change in the shareholding in a company; and

(ii) such company is a closely held company; and

(iii) such company is a eligible startup as referred to u/s. 80-IAC. If the above conditions are fulfilled, the loss incurred in any previous year shall not allowed to be carried forward and set off against the income of the subsequent year unless:

a) all the shareholders of the company who held shares carrying voting power on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is sought to be carried forward and set off against the income of the said year;

b) such loss has been incurred during the period of 7 years beginning from the year of incorporation of such company.

AS PER FINANCE ACT, 2016

1. Carry forward and set off of loss under section 73A of the Income-tax Act to be allowed only if the return of such loss is filed as per section 139(3) before the due date specified under section 139(1) [Section 80] [W.r.e.f. A.Y. 2016.17]

In accordance with the scheme of the Act, any specified business referred to in section 35AD to be allowed if the return is filed within the specified time i.e. by the due date of filing of the return of the income as provided in section 80 for other losses determined under the Act.

2. Sec 115BBE- Income relating to sec 68 to 69D is taxable at the rate of 60% [SURCHARGE- 25%, EDU CESS-3%]and further provides that no dedution is allowed. **SET OFF OF ANY LOSS SHALL NOT BE ALLOWABLE IN RESPECT OF INCOME U/S 68 TO 69D.**

DEDUCTIONS FROM GROSS TOTAL INCOME (80A to 80U)

1. **Sec. 80CCD:** The existing provisions of Sec. 80CCD provides that employee or other individuals (self-employed) shall be allowed a deduction for amount deposited in National Pension System (NPS) trust to the extent of 10% of salary in case of an employee or ~~10% of gross total income in case of other individuals~~ **TWENTY PER CENT IN CASE OF INDIVIDUAL OTHER THAN EMPLOYEE (SELF-EMPLOYED)**.
2. **Sec. 80CCG:** deduction under this section shall **NOT BE ALLOWED** in respect of any contribution made for and from the AY 2018-19. However, an assessee who has claimed deduction for AY 2016-17 or 2017-18 may continue to claim the deduction for the balance period, subject to actual investment made.
3. **Sec. 80G:** deduction is not allowed in respect of donation made in cash of any sum exceeding ~~RS. 10,000~~ **RS. 2,000**.
4. **Sec. 80-IAC:** The provisions of this section, provide that an eligible start-up engaged in eligible business shall be allowed a deduction equal to 100% of the profits and gains derived from eligible business for **THREE CONSECUTIVE ASSESSMENT YEARS OF 7 YEARS** [3/7] beginning from the year in which the eligible start-up is incorporated.

5. Sec. 80-IBA: The existing provisions of this section, provides for 100% deduction in respect of the profits and gains derived from developing and building housing projects subject to specified conditions. In order to promote the development of affordable housing sector following amendments are made to this section:

   a. The size of residential unit shall be measured by taking into account the "CARPET AREA" and not the "~~built up area~~";

   B. The condition of period of completion of project for claiming deduction under this section has been increased from existing ~~three years~~ to FIVE YEARS.

ASSESSMENT OF TRUST

Sec. 12A: The provisions of SEC. 12AA of the Act provides for REGISTRATION of the trust or institution for claiming the benefit of sections 11 and 12. The existing provision was amended to provide that any trust or institution which has been granted registration u/s. 12AA and subsequently it has ADOPTED OR UNDERTAKEN MODIFICATIONS OF THE OBJECTS which do not conform to the conditions of registration exemptions u/s. 11 shall not be available, it shall be required to OBTAIN FRESH REGISTRATION by making an application WITHIN A PERIOD OF THIRTY DAYS from the date of such adoption or modifications of the objects in the prescribed form and manner. Further the existing provision was amended to clarify that the return of income to be filed u/s. 139(4A) BY THE TRUST REGISTERED U/S. 12AA SHALL BE FILED WITHIN THE TIME ALLOWED U/S. 139.

ASSESSMENT OF COMPANIES

a. **Sec. 115JAA: T**ax credit determined under this section can be carried forward up to 15 ASSESSMENT YEAR immediately succeeding the assessment year in which such tax credit becomes allowable.

b. **Where a company is entitled to Foreign Tax Credit (FTC) u/s. 90/90A/91 and it is allowed against tax payable u/s. 115JB then, if such FTC exceeds FTC admissible against tax payable under the normal provisions of the Act, such excess FTC shall be ignored in computing the amount of MAT credit available for the company.**

c. **Sec. 115JB: Special provisions for IND AS COMPLIANT COMPANIES:**

For a company whose financial statements are drawn up in compliance to the md AS specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015, the book profit as computed in accordance with Explanation ito Sec. 115JB(2) shall be further:

a) Increased/decreased by all amounts credited/debited to other comprehensive income in the statement of profit and loss under the head **"Items that will not be re-classified to profit or loss";**

b) Increased/decreased by amounts or aggregate of the amounts debited/credited to the statement of profit and loss on distribution of non-cash assets to shareholders in a demerger in accordance with Appendix A of the Ind AS 10;

Note: The amount reflecting under the head "Items that will not be re-classified to profit or loss" in respect of the following shall not be increased or decreased from the book profit:

a) revaluation surplus for assets in accordance with the Ind AS 16 and Ind AS 38;

b) gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the Ind AS 109;

Further it is provided that the book profit of the previous year in which the asset or investment referred to above is retired, disposed, realised or otherwise transferred shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to above for the previous year or any of the preceding previous years and relatable to such asset or investment - Sec. 115JB(2A).

i) In a demerger, in the case of a resulting company, where the property and the liabilities of the undertaking received by it are recorded at values different from values appearing in the books of account of the demerged company immediately before the deinerger, any change in such value shall be ignored for the purpose of computation of book profit of the resulting company — Sec. 115JB(2B).

ii) The book profit of the year of convergence and each of the following four previous years, shall be further increased or decreased, as the case may be, by one-fifth of the transition amount.

"Transition amount" means the amount or the aggregate of the amounts adjusted in the other equity (excluding equity component of compound financial instruments, capital reserve, and securities premium reserve) on the convergence date but not including the following, -

A. Amount or aggregate of the amounts adjusted in the other comprehensive income on the convergence date which shall be subsequently re-classified to the profit or loss;

B. Revaluation surplus for assets in accordance with the md AS 16 and md AS 38 adjusted on the convergence date;

C. Gains or losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with the md AS 109 adjusted on the convergence date;

D. Adjustments relating to items of property, plant and equipment and intangible assets recorded at fair value as deemed cost in accordance with paragraphs D5 and D7 of the md AS 101 on the convergence date;

E. Adjustments relating to investments in subsidiaries, joint ventures and associates recorded at fair value as deemed cost in accordance with paragraph D15 of the md AS 101 on the convergence date; and

F. Adjustments relating to cumulative translation differences of a foreign operation in accordance with paragraph D13 of the Ind AS 101 on the convergence date.

However, the book profit of the previous year in which the asset or investment referred to in sub-clauses (B) to (E) above is retired, disposed, realised or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relatable to such asset or investment. The book profit of the previous year in which the foreign operation referred to in sub-clause (F) is disposed or otherwise transferred, shall be increased or decreased, as the case may be, by the amount or the aggregate of the amounts referred to in the said sub-clause relatable to such foreign operations.

"Convergence date" means the first day of the first md AS reporting period as defined in the Ind AS 101. **"year of convergence"** means the previous year within which the convergence date falls.

Sec. 115JD: Section 115JD contains provisions regarding carrying forward and set off of tax credit in respect of Alternate Minimum Tax (AMT) paid by a non-corporate assessee u/s. 115JC. The tax credit can be carried forward upto **10 assessment years.** The existing provisions are amended to provide that the tax credit determined under this section can be carried forward up to 15 assessment year immediately succeeding the assessment year in which such tax credit becomes allowable.

Further the provisions are amended to provide that where an assessee other than a company is entitled to Foreign Tax Credit (FTC) u/s. 90/90A/ 91 and it is allowed against tax payable uJs. 115JC then, if such FTC exceeds FTC admissible against tax payable under the normal provisions of the Act, such excess FTC shall be ignored in computing the amount of AMT credit available for the assessee other than company.

TAX DEDUCTED AT SOURCE

1. **Sec. 194-IB:** any person, being **AN INDIVIDUAL OR A HINDU UNDIVIDED FAMILY (OTHER THAN THOSE REFERRED TO IN THE SEC. 194-I**), responsible for paying to a resident any income by way of rent exceeding fifty thousand rupees for a month or part of a month during the previous year, shall be liable to deduct tax **@ 5%.** Such tax shall be deducted at the earliest of the following: i) Credit of rent to the account of landlord for the last month of the previous year i.e March; or ii) Credit of rent to the account of landlord for the last month of tenancy, if property is vacated during the year; or iii) Payment of rent for the last month of the previous year or for the last month of tenancy (in the nature of advance) in cash or by cheque or by draft or by any other mode.

   It may be noted that the payer is **NOT REQUIRED TO OBTAIN TAN** as per Sec. 203A and in case where the tax is **REQUIRED TO BE DEDUCTED U/S 206AA**, for non-availability of PAN of the payee, TDS shall not exceed the amount of rent payable for the last month of the previous year or last month of the tenancy, as the case may be.

   For the purposes of this section, "rent" means any payment, by whatever name called, under any lease, sub-lease, tenancy or any other agreement or arrangement for the use of any land or building or both.

2. **Sec. 194-IC:** Finance Act, 2017 inserted a new section **45(5A)** which provides that in case of an assessee being **INDIVIDUAL OR HINDU UNDIVIDED FAMILY**, who enters into a specified agreement for development of a project, the capital gains shall be chargeable to income-tax as income of the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.

   Consequently, Sec. 194-IC has been inserted to provide that person responsible for paying to resident any consideration (not being consideration in kind) under specified agreement, shall deduct tax @10% at the time of credit or payment, whichever is earlier. However, where the payee has not furnished PAN, tax shall be deducted @20%.

3. **Sec. 194J: Deduction of tax at source on payment made to assessee engaged in business of call centre:** Sec. 194J provides for deduction of tax at source on fee for professional services or fee for technical services if such sum paid/payable or aggregate of sum paid/payable exceeds **THIRTY THOUSAND RUPEES** to a person in a financial year. The existing provisions are amended to provide that where the payee is engaged only in the business of operation of Call Center, tax shall be deducted at a rate of 2%. This is effective from 01.06.2017.

4. **Sec. 194LA:** Non-deduction of tax on compensation or enhanced compensation in certain cases: The existing provision of Sec. 194LA of the Act, provides that any person paying any compensation or enhanced compensation or consideration on account of compulsory acquisition of any immovable property (other than agricultural land) under any law for the time being in force, shall deduct tax at source at the rate of 10%.

   A proviso has been inserted to provide that, tax need not be deducted at source where the payment is made in respect of any award or agreement which has been exempted u/s. 96 of Rights to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, (RFCTLARR Act').

   The provision of Sec. 194LA has been amended to provide that no deduction shall be made under this section where such payment is made in respect of any award or agreement which has been exempted from levy of income-tax u/s. 96 of 'RFCTLARR Act'.

5. **Sec. 194LC:** The existing provisions of sec. 194LC of the Act provide that the interest payable to a nonresident or a foreign company by a specified company on borrowings made by it in foreign currency from sources outside India under a loan agreement or by way of issue of any long-term bond including long- term infrastructure bond shall be eligible for concessional TDS of five per cent. The concessional rate of tax shall be in respect of the monies borrowed pursuant to an agreement entered within a specified date.The existing provisions are amended to extend the date of borrowal which are eligible for concessional rate of tax to 1st July, 2020.Therefore, borrowings covered u/s. 194LC shall be as follows:

Nature of monies borrowed	Period of borrowal
Loan agreement	on or after 01.07.2012 but before 01,07.2020
Long-term infrastructure bonds	on or after 01.07.2012 but before 01.10.2014
Any long-term bond including long-term infrastructure bond	on or after 01.10.2014 but before 01.07.2020

Further the existing provisions are amended include a new clause to Sec. 194LC to enable deduction of tax at concessional rate of 5% on the interest payable in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond before the 1st July, 2020.

6. **Sec. 194LD:** The existing provisions of Sec. 194LD of the Act, provides for lower TDS at the rate of 5% in the case of interest payable at any time on or after 1st June, 2013 but before the 1st July, 2017 to FITs and QFIs on their investments in Government securities and rupee denominated bond of Indian company provided that the rate of interest does not exceed the rate notified by the Central Government in this behalf. The existing provisions are amended to provide that the concessional rate of deduction of 5% on such interest will be available on interest payable before 01.07.2020.

7. **Sec. 197A:** The provision of this section is amended to enable the Individuals and Hindu Undivided Family to file self declaration in Form 15G/15H for non-deduction of tax at source in respect insurance commission received referred to in sec. 194D.

8. **Sec. 204:** This section defines 'person responsible for paying'. This section has been amended to clarify the payer himself, or, if the payer is a company, the company itself including the principal officer thereof shall be deemed to be person responsible for paying in case of furnishing of information u/s. 195(6) relating to payment to a non-resident or to a foreign company.

9. **Sec. 206C: TCS on sale of Jewellery, bullion, etc:** The existing provisions of sec. 206C(ID) provides for collection of tax at source with respect to receipt of cash for sales of bullion, jewellery or any other goods or providing any service. The provisions of sec. 206C(1D) are amended to omit the receipt of cash for sales of bullion, jewellery or any other goods or providing any service from the ambit of TCS. This is in connection with insertion of sec. 269ST which prohibits cash transaction exceeding Rs. 2,00,000.

10. **Sec. 206C(1F): Exemption from collection of tax in case of specified buyers:** The existing provision of sec. 206C(1F) of the Act, provides that the seller who receives consideration for sale of a motor vehicle exceeding Rs.10,00,000, shall collect TCS at the rate 1% of the sale consideration from the buyer.

Explanation has been inserted to exempt the following class of buyers from the applicability of the provision of sec. 206C(1F) of the Act:

i) the Central Government;

ii) a State Government;

iii) an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State;

iv) local authority as defined in explanation to clause (20) of sec. 10; or

v) a public sector company which is engaged in the business of carrying passengers.

11. **Sec. 206CC:** Sec. 206AA provides for deduction of tax at higher rate of 20% or applicable rate in case of non- quoting of Permanent Account Number (PAN) by the payee to the deductor.

In order to strengthen the PAN mechanism similar provisions were introduced to provide for collection of tax at higher rate for failure to quote PAN, by way of insertion of new sec. 206CC which provides as follows:

i) Any person paying any sum or amount, on which tax is collectible at source under Chapter XVIT-BB shall furnish his PAN. In case of failure to do so tax shall be collected at higher of the following rates—

  a) **at twice the rate specified** in the relevant provision of this Act; or

  b) at the rate of **five per cent**.

ii) Any declaration u/s. 206C(1A), stating that the goods which are subject matter of the transaction shall be utilized for the purpose of: (a) manufacturing, processing or producing articles or things and not for trading purposes; or (b) generation of power for non-deduction of tax at source, shall be invalid unless the person furnishes his PAN in such declaration. In case any declaration becomes invalid for non-furnishing of PAN, then tax shall be collected at rates specified in accordance with (i) above.

iii) No certificate for collection of tax at lower rate shall be issued by the assessing officer u/s. 206C(9) unless the application made contains the PAN of the applicant.

iv) The collectee shall furnish his PAN to the collector and both shall indicate the same in all the correspondence, bills, vouchers and other documents which are sent to each other. Where the PAN provided to the collector is invalid or does not belong to the collectee, it shall be deemed that the collectee has not furnished his Permanent Account Number to the collector and tax shall be collected at the higher rates mentioned above.

v) The provisions of this section shall not apply to a non-resident who does not have permanent establishment in India.

AS PER FINANCE ACT, 2016

1. Rationalization of provisions relating to tax deduction at source (TDS) [W.e.f. 1- 6-2016]

Under the scheme of deduction of tax at source as provided in the Act, every person responsible for payment of any specified sum to any person is required to deduct tax at source at the prescribed rate and deposit it with the Central Government within specified time. However, no deduction is required to be made if the payments do not exceed prescribed threshold limit.

Table A

Increase/decrease in threshold limit of deduction of tax at source on various payments mentioned in the relevant sections of the Act

Present Section	Heads	Existing Threshold Limit (₹)	New Threshold Limit w.e.f. 1-6-2016 (₹)
192A	Payment of accumulated balance due to an employee	30,000	50,000
194BB	Winnings from Horse Race	5,000	10,000
194C	Payments to Contractors	Aggregate annual limit of 75,000	Aggregate annual value of 1,00,000
194LA	Payment of Compensation on acquisition of certain Immovable Property	2,00,000	2,50,000
194D	Insurance commission	20,000	15,000
194G	Commission on sale of lottery tickets	1,000	15,000
194H	Commission or brokerage	5,000	15,000

Table B

Revision in rates of deduction of tax at source on various payments mentioned in the relevant sections of the Act

Present Section	Heads	Existing Rate of TDS	New Rate of TDS w.e.f. 1-6-2016
194DA	Payment in respect of Life Insurance Policy	2%	1%
194EE	Payments in respect of NSS Deposits	20%	10%
194D	Insurance commission	Rate in force i.e. 10%	5%
194G	Commission on sale of lottery tickets	10%	5%
194H	Commission or brokerage	10%	5%

14. Amendment in section 194LBB relating to deduction of tax at source on income in respect of units of investment fund [W.e.f. 1-6-2016]

PAYEE	UP TO 31-05-2016	W.E.F 01-06-2016
RESIDENT	10% for all unit holders	10% [where the payee has not furnished PAN, tax @ 20% shall be deducted]
NON RESIDENT NOT BEING A FOREIGN COMPANY	10% for all unit holders	30% [plus surcharge & education cess]
FOREIGN COMPANY	10% for all unit holders	30% [plus surcharge & education cess]

15. TDS from income in respect of investment in securitisation trust [Section 194LBC]

Where any income is payable to an investor in respect of an investment in a securitisation trust [Section 115TCA], the person responsible for making the payment shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon, at the rate of —

PAYEE	RATE OF TDS
Resident individual or HUF	25%
Resident individual or HUF	30%
Non resident, not being a foreign company	30% [plus surcharge & education cess]
Foreign company	40% [plus surcharge & education cess]

16. Amendment of section 197 relating to obtaining of certificate for deduction of tax at lower rate of nil rate [Section 197] [W.e.f. 1-6-2016]

The assessee shall also be eligible to OBTAIN CERTIFICATE FOR DEDUCTION AT LOWER RATE OR NIL RATE IN CASE OF SECTION 194LBB AND SECTION 194LBC. [Like other sections specified under section 197]

17. Enabling of Filing of Form 15G/15H for rental payments [sec 194 I] also [Section 197A] [1-6-2016]

In order to reduce compliance burden in case of rental payment, the Act has amended the provisions of section 197A for making the recipients of payments referred to in SECTION 194-I (RELATING TO RENT) also eligible for filing self-declaration in Form no 15G/15H for non-deduction of tax at source in accordance with the provisions of section 197A.

18. Exemption from requirement of furnishing PAN under section 206AA to certain non-resident [Section 206AA] [W.e.f. 1-6-2016]

In order to reduce compliance burden of furnishing PAN, the Act has inserted sub-section (7) in section 206AA to provide as under:

"The provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of—

(i) payment of interest on long-term bonds as referred to in section 194LC; and

(ii) any other payment subject to such conditions as may be prescribed.

Note- furnishing of PAN is not manadatory in respect of payment of interest to non-resident [other than company] or foreign company on long term bonds as referred to in sec 194LC and other payments subject to such conditions as may be prescribed.

1. Tax to be collected at source (TCS) in case of sale in cash of any goods (other than bullion and jewellery) or providing of service exceeding ₹2,00,000 [Section 206C(1D) [W.e.f. 1-6-2016]

The seller who receives any amount in cash in consideration for sale of any other goods (other than bullion and jewellery) or any service shall at the time of receipt of such amount in cash, collect from the buyer a sum equal to 1% of sale consideration if such consideration for any goods (other than bullion and jewellery), or any service, exceeds ₹ 2,00,000.

2. Tax to be collected at source (TCS) in case of motor vehicle, value exceeding ₹10,00,000 [section 206C] [W.e.f. 1-6-2016]

Every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ₹ 10,00,000, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax.

Note- **Tax Collection at Source (TCS) on sale of vehicles; goods or services [Section 206C]**

- The existing provision of section 206C of the Act, inter alia, provides that the seller shall collect tax at source at specified rate from the buyer at the time of sale of specified items such as alcoholic liquor for human consumption, tendu leaves, scrap, mineral being coal or lignite or iron ore, bullion etc. in cash exceeding ₹ 2,00,000.
- In order to reduce the quantum of cash transaction in sale of any goods and services and for curbing the flow of unaccounted money in the trading system and to bring high value transactions within the tax net, the Act has made the following amendments in section 206C:

ASSESSMENT PROCEDURES

Sec. 139(4C): The provisions of sub-section (4C) of sec. 139 mandate filing of return by certain entities which are exempt from the levy of income-tax.

The existing provisions are amended to mandate the filing of return of income by the following entities claiming exemption from payment of tax:

i) Person on behalf of funds referred to in sec. 10(23AAA);

ii) Investor Protection Fund referred to in sec. 10(23EC) or 10(23ED);

iii) Core Settlement Guarantee Fund referred to in sec. 10(23EE);

iv) Board or Authority referred to in sec. 10(29A),

Sec. 139(5): The provisions of sec. 139(5) are amended to provide that the return filed u/s. 139(1) / 139(4) can be revised on or before the end of the relevant assessment year or before completion of assessment, whichever is earlier.

Sec. 139AA: A new sec. 139AA has been inserted which mandates every person who is eligible to obtain Aadhaar number to quote Aadhaar number in an application form for allotment of PAN and every return of income filed.

However, where a person does not possess the Aadhaar Number, the Enrolment ID (28-digit Enrolment Identification Number) of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or, as the case may be, in the return of income furnished by him.

Every person who has been allotted permanent account number, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to such authority in such form and manner as inay be prescribed, on or before a date to be notified by the Central Government in the Official Gazette.

In a case where there is a failure to intimate the Aadhaar number, the permanent account number allotted to the person shall be deemed to be invalid and accordingly, the consequences of non-quoting shall apply, as if the person had not applied for allotment of permanent account number.

However, provisions of quoting Aadhaar shall not apply in the following cases: (i) Individuals residing in the States of Assam, Jammu and Kashmir and Meghalaya; (ii) Non-resident as defined in Sec. 2(30); (iii) Individuals of the age of 80 years or more at any time during the previous year; iv) Not a citizen of India.

Sec. 234F - Fee for delayed filing of return: A new section has been inserted to provide for levy of fee on delayed filing of return thereby, any person who is required to furnish a return of income, fails to do so within the time prescribed u/s. 139(1), shall pay fee as follows:

(i) where the return is furnished on or before 31st December of the relevant assessment year — Rs. 5,000; or

(ii) in any other case — Rs. 10,000.

However, if the total income of the person does not exceed Rs. 5,00,000, the fees payable u/s. 234F shall not exceed Rs.1000. Also, the fee leviable u/s. 234F is in addition to the interest chargeable u/s. 234A for delay default in furnishing of return of income.

Consequential amendment has been made to sec. 140A to provide for adjustment of fee u/s. 234F from the self assessment tax payable. The provisions of Sec. 143(1) are also amended to provide that in computation of amount payable or refund due, as the case may be, on account of processing of return, the fee payable u/s. 234F shall also be taken into account.

Sec.153: Sec. 153 specifies time limit for completion of assessment, reassessment and re-computation in the cases mentioned therein. The time limit specified in Sec. 153 is amended as follows:

1. **Order of assessment u/s. 143 or 144**

Sec.	Description	Existing	For orders relating to AY 2018-19	For orders relating to AY 2018-19
153(1)	Passing assessment order u/s. 143 or 144	Within 21 months from the end of the assessment year in which the income was first assessable	Within 18 months from the end of the assessment year in which the income was first assessable	Within 12 months from the end of the assessment year in which the income was first assessable

2. **Order of reassessment u/s. 147**

Sec.	Description	Existing	Notice u/s. 148 served on or after 01.04.2019
153(2)	Making assessment! reassessment re-computation u/s. 147	Within 9 months from the end of the financial year in which notice u/s. 148 is served.	Within 12 months from the end of the financial year in which notice u/s. 148 is served.

3. **Order of fresh assessment:**

Sec.	Description	Existing	Fresh assessment pursuant to an order passed or received on or after 01.04.2019
153(3)	Making an order of fresh assessment in pursuance of the order u/s. 254, 263 or 264 setting aside or cancelling the assessment	Within 9 months from the end of the financial year in which: **a)** order u/s. 254 is received by Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner; or **b)** order u/s. 263, 264 is passed by the Principal Commissioner or Commissioner.	Within 12 months from the end of the financial year in which: **a)** order u/s. 254 is received by Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner; or **b)** order u/s. 263, 264 is passed by the Principal Commissioner or Commissioner.

4. **Sec. 153(5) provides time limit for passing an order in pursuance of orders u/s. 250, 254, 260, 262, 263, 264 by an AO wholly or partly, otherwise than by making a fresh assessment or reassessment.**

a) where (i) verification of issue by submission of any document by assessee 01' any other person; or (ii) opportunity of being heard is to be provided to the assessee, the time limit is as follows:

Pursuant to an order received or passed before 01.04.2019	Pursuant to an order received or passed on or after 01.04.2019
Within **9 months** from the end of the financial year in which: **a)** order u/s. 250, 254, 260, 262 is received by PCCIT or CCIT or Pr.CIT or CIT; or **b)** order u/s. 263, 264 is passed by the Pr.CIT or CIT.	Within **12 months** from the end of the financial year in which: **a)** order u/s. 250, 254, 260, 262 is received PCCIT or CCIT or Pr.CIT or CIT; or **b)** order u/s. 263, 264 is passed by the Pr.CIT. or CIT

b) in any other case (not covered by situations given in 4(a) above, the time limit is as follows:

Within 3 months from the end of the month in which: **a)** Order u/s. 250, 254, 260, 262 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner; or **b)** Order u/s. 263, 264 is passed by the Principal Commissioner or Commissioner (Refer Note 1)

The provisions of sec. 153(9) are amended to provide that where a notice u/s. 142(1) or u/S. 143(2) or u/s. 148 has been issued prior to the 1st June, 2016 and the assessment or reassessment has not been completed by such date due to exclusion of time referred to in Explanation 1, such assessment or reassessment shall be completed in accordance with the provisions of sec. 153 as it stood immediately before its substitution by the Finance Act, 2016.

Further Explanation to Sec. 153 has been amended to omit the reference of sec. 153B therein.

Sec. 153A & 153C: The provisions of Sec.153A & 153C are amended to provide as follows:

Issue of notice beyond 6 assessment years in case of search u/s. 132 or requisition u/s. 132A initiated on or after 01.04.2017 — Fourth Proviso to sec. 153A.

In order to protect the interest of the revenue in cases where tangible evidence(s) are found during the search or seizure operation including sec. 132A cases and the same is represented in the form of undisclosed investment in an asset, sec. 153A empowers an Assessing officer to issue notice beyond 6 years (as discussed above) upto 10 assessment years.

The following points summarizes the pre-conditions to be fulfilled for additional time-limit for 4 years (relevant assessment year(s)):

i) it is a case covered by search u/s. 132 or requisition u/s. 132A; and

ii) the AO is in possession of books of account or other documents or evidence which reveal that the income, represented in the form of asset, which has escaped assessment; and

iii) the amount of income so escaped: (a) amounts to or likely to amount to s. 50 lakhs: or (b) exceeds or likely to exceed Rs. 50 Laths in the relevant AY or in aggregate in the relevant 4 AYs (falling beyond the sixth year); and

iv) the income referred to in point (iii) or part thereof has escaped assessment for such year(s).

Consequentially section 153C is also amended to provide a reference to the relevant assessment year or years as referred to in section 153A.

For the purpose of Sec. 153A & 153C "asset" shall include immovable property being land or building or both, shares and securities, loans and advances, deposits in bank account.

Sec. 153B: The existing provisions of section 153B provide for the time limit for completion of assessment u/s. 153A. The time limit specified under this section has been amended as follows:

Sec.	Description	Existing	Search or requisition executed on or after 01.04.2018 but before 01.04.2019	Search or requisition executed on or after 01.04.2019
153B	The assessment or reassessment in respect of: **i)** Each assessment year falling within 6 assessment years or relevant assessment year or years beyond 6 years **ii)** The assessment year relevant to the previous year in which search is conducted u/s. 132 or requisition is made u/s. 132A,	Within 21 months from the end of the financial year in which the last of the authorization for search u/s. 132 or for requisition u/s. 132A was executed.	Within 18 months from the end of the financial year in which the last of the authorization for search u/s. 132 or for requisition u/s. 132A was executed. (Refer Note. 1)	Within 12 months from the end of the financial year in which the last of the authorization for search u/s. 132 or for requisition u/s. 132A was executed. (Refer Note. 2)

Notes:

1. The period of limitation for making the assessment or reassessment in case of other person referred to in sec. 153C, shall be the period of eighteen months from the end of the financial year in which the last of the authorisations for search uls. 132 or for requisition u/s. 132A was executed or twelve months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over u/s. I 53C to the Assessing Officer having jurisdiction over such other person, whichever is later.

2. The period of limitation for making the assessment or reassessment in case of other person referred to in section 153C, shall be the period of twelve months from the end of the financial year in which the last of the authorisations for search u/s. 132 or for requisition u/s. 132A was executed or twelve

months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over u/s. 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

In Explanation to sec. 153B a new proviso was inserted to provide that where a proceeding before the Settlement Commission abates u/s. 245HA, the period of limitation available under this section for assessment or reassessment shall after the exclusion of the period u/s. 245HA(4) shall not be less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year.

Sec. 155: The existing provisions of sec. 155 of the Act provide for procedure for amendment of assessment order in case of certain specified errors. A new provision sec. 155(14A) has been inserted to provide that, where credit for foreign taxes paid is not given for the relevant assessment year on the grounds that the payment of such foreign tax was in dispute, the Assessing Officer shall rectify the assessment order or an intimation u/s. 143(1), if the assessee, within six months from the end of the month in which the dispute is settled, furnishes proof of settlement of such dispute, submits evidence before the Assessing Officer that the foreign tax liability has been discharged and furnishes an undertaking that credit of such amount of foreign tax paid has not been directly or indirectly claimed or shall not be claimed for any other assessment year.

AMENDMENT RELATING TO ADVANCE TAX

Sec. 211 & Sec. 234C: Liability for payment of Advance tax by an assessee opting for presumptive taxation u/s. 44ADA: Sec. 211 of the Act provides for installments of advance tax and due dates for depositing the same. The said section further provides that an eligible assessee engaged in an eligible business referred to in Sec. 44AD and opts for payment of tax on presumptive basis is liable to pay advance tax in a single installment on or before the 15th of March every financial year. The existing section was amended to extend the benefit of payment of advance tax in single installment to the assessee carrying on specified profession in Sec. 44AA, who declares profits and gains in accordance with presumptive taxation regime provided u/s. 44ADA.

Consequential amendment has also been made to Sec. 234C to provide that an eligible assessee opting for presumptive taxation u/s. 44ADA, if failed to pay advance tax on or before 15th March of the previous year, shall be liable to pay interest u/s. 234C @1% for one month.

Sec. 234C - Advance tax relating to income referred to in Sec. 115BBDA: Sec. 234C provides for interest for deferment of advance tax. The provisions of the section are further amended to provide that nothing contained in Sec. 234C(1) shall apply to any shortfall on payment of the tax due on the returned income where such short-fall is on account of under-estimate or failure to estimate income referred to in Sec. 115BBDA(1) (i.e., dividend taxable in the hands of the shareholder). Further, if the assessee has paid the whole of the amount of tax payable in respect of this income as part of the remaining instalments of advance tax which are due or where no instalments are due by 31st March of the financial year, no interest u/s. 234C shall be leviable in respect of such shortfall.

Sec. 241A- Withholding of refund due in certain cases: A new provision Sec. 241A has been inserted to provide revenue with the power to withhold the refund in certain cases. The new section provides that where refund of any amount becomes due to the assessee under the provisions of Sec. 143(1) and the assessee has been served with a notice u/s. 143(2) for regular assessment, the Assessing Officer may withhold the refund due upto the date of completion of 'assessment, if he is of the opinion that the grant of the refund is likely to adversely affect the revenue, Such power shall be exercised by the Assessing

Officer after recording the reasons in writing and obtaining previous approval of the Principal Commissioner or Commissioner. The new provisions are applicable in case of return filed for the assessment year commencing on or after 01.04.2017.

Sec. 244A - Interest on Refund due: The existing provisions of sec. 244A of the Act provides that an assessee is entitled to receive interest on refund arising out of excess payment of advance tax, tax deducted or collected at source, etc.

A new sub-section (1B) has been inserted to provide that where any amount of refund becomes due to the deductor in respect of any amount paid to the credit of the Central Government under Chapter XVII-B, such person shall be entitled to receive, in addition to the refund due, simple interest on such refund, calculated at the rate of 0.5% for every month or part of a month comprised in the period, from the date on which:

c) claim for refund is made in the prescribed form or

d) tax is paid, in case of refund arising on account of giving effect to an order of appeal u/s. 250 or 254 or 260 or 262, to the date on which refund is granted.

TRANSFER PRICING

Sec. 92BA: The existing provisions of sec. 92BA of the Act, provide that any expenditure in respect of which payment has been made by the assessee to certain "specified persons" u/s. 40A(2)(b) are covered within the ambit of specified domestic transactions. The existing provisions are amended to provide that expenditure in respect of which payment has been made by the assessee to a person referred to in u/s. 40A(2)(b) are to be excluded from the scope of sec. 92BA of the Act.

Sec. 92CE: Secondary adjustment in certain cases: An adjustment, resulting in an increase in the total income or reduction in the loss of an assessee, made to the transfer price in accordance with the arm's length principles is called a primary adjustment. A 'secondary adjustment' is required to be made where a primary adjustment exceeds Rs. 1 Crore and it:

ii. has been made suo motu by the assessee in his return of income ; or

iii. is made by the Assessing Officer and **has been accepted by the assessee**; or

iv. is determined by an advance pricing agreement entered into by the assessee u/s. 92CC; or

v. is made as per the safe harbour rules framed u/s. 92CB; or

vi. is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into u/s. 90 or 90A for avoidance of double taxation.

'Secondary adjustment' means an **adjustment in the books of account of the assessee** and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby **removing the imbalance between cash account and actual profit of the assessee.**

(b) After the primary adjustment is made, the difference between the arm's length price determined in primary adjustment and the price at which the international transaction has actually been undertaken (excess money) shall be deemed to be an advance made by the assessee to such associated enterprise.

(c) As per Rule 1OCB, interest shall be computed on such deemed advances as detailed hereunder based on the denomination of the currency in which the international transaction took place:

i) **In Indian rupee** - at the one year marginal cost of fund lending rate (MCLR) of SBI as on 1st of April of the relevant previous year **plus 3.25%;** or

ii) **In foreign currency** - at six month LIBOR as on 30th September of the relevant previous year **plus 3%.**

(d) The provisions of secondary adjustment shall not apply if the excess money has been repatriated to India within **90 days**:

i. From the due date of filing of return u/s 139(1) of the Act -

- where primary adjustments to transfer price has been made suo-moto by the assessee in his return of income; or
- in the case of agreement for advance pricing entered into by the assessee u/s. 92CD ; or
- in the case of option exercised by the assessee as per the safe harbour rules u/s. 92CB; or
- in the case of an agreement made under the mutual agreement procedure under a Double Taxation Avoidance Agreement entered into u/s. 90 or 90A;

ii. From the date of the order of Assessing Officer or the appellate authority, as the case may be, if the primary adjustments to transfer price as determined in the aforesaid order has been accepted by the assessee.

Sec. 94B - Limitation of Interest deduction in certain cases: Any expenditure by way of 'excess interest or of similar nature' incurred by an Indian company or a permanent establishment of a foreign company in India, in respect of any form of debt issued by an associated enterprise, shall not be deductible in computation of income under the head "Profits and Gains of Business or Profession". **'Excess interest'** shall mean an amount of:

(a) Total interest paid or payable in excess of 30% of the borrower's earnings before interest, taxes, depreciation and amortization (EBITDA) in the previous year; or

(b) Actual interest paid or payable to associated enterprises for that previous year, whichever is less. The disallowed interest expense under this section can be carried forward upto **8 assessment years** immediately succeeding the assessment year for which the disallowance was first made and claimed as deduction against the income computed under the head Profits and gains of business or profession" to the extent of maximum allowable interest expenditure for that year.

SETTLEMENT COMMISSION

Sec. 245A: Application to the Settlement Commission can be made where regular assessment proceeding is pending. in case of regular assessment Deemed date of commencement of proceedings shall be The date on which the return of income is furnished u/s. 139 or in response to a notice u/s. 142 and concluding on: (a) the date on which assessment is made; or (b) within the expiry of time specified for making assessment u/s. 153(1), in case no assessment is made

AAR

The Chapter XIX-B of the act relates to Advance rulings under the Act. It has been decided by the Government to merge the Authority for Advance Ruling (AAR) for income-tax, central excise, customs duty and service tax. Accordingly, necessary amendments have been made to Chapter XIX-B to allow merger of these AARs. The relevant amendments are as follows:

Sec. 245N & Sec. 245Q: The definition of **"applicant"** in Sec. 245N has been amended include applications for Advance Ruling made under the Customs Act, 1962, the Central Excise Act, 1944 and the Finance Act, 1994 (Service Tax). Consequentially, similar amendment has also been made In Sec. 245Q relating to application for advance ruling by the above mentioned applicant.

Sec. 245-0: The provisions of sec. 245-0 are amended to modify qualifications for appointment as Revenue member of the AAR as follows:

i) From the Indian Revenue Service, who is, or is qualified to be, a Member of the Board; or ii) from the Indian Customs and Central Excise Service, who is, or is qualified to be, a Member of the Central Board of Excise and Customs, on the date of occurrence of vacancy.

The provisions the section are further amended to provide that a former Chief Justice of a High Court or a person who has been a High Court Judge for at least seven years shall also be eligible to be Chairman of the AAR.

The provisions are further amended to provide that in the event of occurrence of any vacancy in the office of the Chairman by reason of his death, resignation or otherwise, the senior-most Vice-chairman shall act as the Chairman until the date on which a new Chairman appointed to fill such vacancy, enters upon his office. In case the Chairman is unable to discharge his functions owing to absence, illness or any other cause, the senior-most Vice-chairman shall discharge the functions of the Chairman until the date on which the Chairman resumes his duties.

Sec. 245-OA - Qualifications, terms and conditions of service of Chairman, Vice-Chairman and Members:

The qualifications, appointment, term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the Chairman, Vice-Chairman and other Members of the Authority appointed after the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall be governed by the provisions of sec. 184 of that Act. However, the Chairman, Vice-Chairman and Member appointed before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall continue to be governed by the provisions of this Act and the rules made thereunder as if the provisions of sec. 184 of the Finance Act, 2017 had not come into force.

Sec. 184 of the Finance Act, 2017 provides the following:

i) Power to Central Government to make rules: The Central Government may, by notification, make rules to provide for qualifications, appointment, term of office, salaries and allowances, resignation, removal and the other terms and conditions of service of the Chairman, Vice-Chairman or Member of the Authority.

ii) Term of Chairman, Vice-Chairman or Member of the Authority: The Chairman, Vice Chairman or Member of the Authority shall hold office for such term as specified in the rules made by the Central Government but not exceeding 5 years from the date on which he enters upon his office and shall be eligible for reappointment.

iii) Age Criteria: No Chairman, Vice Chairman or Member of the uthority shall hold office as such after he has attained such age as specified in the rules made by the Central Government which shall not exceed,

a) in the case of Chairperson, Chairman, President or the Presiding Officer of the Securities Appellate Tribunal —70 years; b) in the case of Vice-Chairperson, Vice-Chairman, Vice-President, Presiding Officer of the Industrial Tribunal constituted by the Central Government and the Debts Recovery Tribunal or any other Member- 67 years. The date of applicability of this section is yet to be notified.

INCOME TAX AUTHORITIES

Sec. 119: Sec. 119 empowers Board to issue orders setting forth directions or instructions (not being prejudicial to assessees) to be followed by subordinate authorities in the work relating to assessment or collection of revenue or the initiation of proceedings for the imposition of penalties.

The existing provisions are amended to include Sec. 271C & 271CA in the said clause so as to empower the Board to issue directions or instructions in respect of levy of penalty for failure to deduct/collect tax at source.

Sec. 132 or Sec. 132A: Section 132(1)/(1A) provide that where an authority mentioned therein, based on the information in his possession, has 'reason to believe' or 'reason to suspect' of circumstances referred to in the said sub-sections, he may authorize an authority specified therein to carry out search & seizure.

Similarly, section 132A(1) provides that the specified income-tax authority based on 'reason to believe' can authorise other income-tax authority mentioned therein to requisition from some other officer or authority to deliver books of account, documents or assets of the assessee to the income-tax authority so authorised, A new explanation has been inserted to clarify that the 'reason to believe' or 'reason to suspect', as the case may be, shall not be disclosed to any person or any authority or the Appellate Tribunal.

Sec. 132: Power of provisional attachment and to make reference to Valuation Officer by authorised officer:

The existing provisions of Sec. 132 are amended to insert Sec. 132(9B) & 132(9C) to provide that the authorised officer may during the course of a search or seizure or within a period of sixty days from the date on which the last of the authorisation for search was executed, for the reasons recorded in writing, is satisfied that, for protecting the interest of revenue it is necessary so to do, may attach provisionally any property belonging to the assessee with the prior approval of Principal Director General or Director General or Principal Director or Director. It is further provided that such provisional attachment shall cease to have effect after the expiry of six months from the date of order of such attachment.

The provisions are further amended to insert Sec. 132(9D) to enable the authorised officer to make a reference to a Valuation Officer referred to in section 142A. The Authorised Officer can make reference to VO during the course of search or within sixty days from the date on which the last of the authorisations for search was executed, for estimating the fair market value of the property. It also provides that the Valuation Officer shall furnish the valuation report within sixty days of receipt of such reference.

Sec. 133: The existing provisions of Sec. 133 empower certain income-tax authorities to call for information for the purpose of any inquiry or proceeding under the Act. It further provides that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income- tax authority below the rank of the Principal Director or Director or the Principal Commissioner or Commissioner without the prior approval of such authorities.

The existing provisions are amended to provide that such power to call for information may also be exercised by the Joint Director, the Deputy Director and the Assistant Director. Further it is provided that Joint Director, the Deputy Director or the Assistant Director may exercise the powers in respect of such inquiry, without seeking prior approval of higher authorities.

Sec. 133A: For the purposes of conducting a survey the existing provisions of Sec. 133A empower an income-tax authority to enter any place, at which a business or profession is carried on, or at which any books of account or other documents or any part of cash or stock or other valuable article or thing relating to the business or profession are kept.

The existing provisions are amended to include that the income-tax authority may also enter the place where an activity for charitable purpose is carried on.

Sec. 133C: Section 133C of the Act empowers the prescribed income-tax authority to issue notice calling for information and documents which may be useful for the purpose of any inquiry or proceeding under this Act. The provisions of Sec. 133C are amended to empower the Central Board of Direct Taxes to make a scheme for centralised issuance of notice and for processing of information or documents and making available the outcome of the processing to the Assessing Officer.

APPEALS & REVISIONS

1. **Sec. 252A:** A new section has been inserted to provide that the QUALIFICATIONS, APPOINTMENT, TERM OF OFFICE, SALARIES AND ALLOWANCES, RESIGNATION, REMOVAL AND THE OTHER TERMS AND CONDITIONS OF SERVICE OF THE PRESIDENT, VICE-PRESIDENT AND OTHER MEMBERS of the Appellate Tribunal appointed after the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall be governed by the provisions of sec. 184 of that Act.
2. However, the President, Vice-President and Member appointed before the commencement of Part XIV of Chapter VI of the Finance Act, 2017, shall continue to be governed by the provisions of this Act, and the rules made thereunder as if the provisions of sec. 184 of the Finance Act, 2017 had not come into force. The date of applicability is yet to be notified.
3. **Sec. 253: Appealable Orders before Appellate Tribunal:** The existing provisions of Sec. 253 provide that an order passed by the prescribed authority under sub-clause (vi) or sub-clause (via) of Sec. 10(23C) shall be appealable before the Income-tax Appellate Tribunal. The provisions of Sec. 253 are amended to include the order passed under the clause (iv) or (v) of Sec. 10(23C), granting registration to any fund or intuition which is existing for charitable or religious purposes, as appealable order before Appellate Tribunal.

REQUIREMENT AS TO MODE OF ACCEPTANCE PAYMENT OR REPAYMENT IN CERTAIN CASES TO COUNTERACT EVASION OF TAX

Sec. 269ST: Restriction on cash transactions

In order to reduce the generation and circulation of black money, a new provision sec. 269ST has been inserted. No person shall receive an amount of Rs.2,00,000 or more otherwise than by an account payee cheque, account payee bank draft or by use of electronic clearing system through a bank account,

a) In aggregate from a person in a day; or

b) In respect of a single transaction; or

c) In respect of transactions relating to one event or occasion from a person. The provisions of this section shall not apply to:

i) any receipt by government;

ii) any receipt by a banking company, post office savings bank, or co-operative bank;

iii) any receipt by a person from a banking company, post office savings bank, or co-operative bank;

iv) any transactions referred to in sec. 269SS;

v) any receipt by a business correspondent on behalf of a banking company or co-operative bank, in accordance with the guidelines issued by the Reserve Bank of India (RBI) (business correspondents are retail agents engaged by banks for providing banking services other than a bank branch ATM);

vi) any receipt by a white label automated teller machine operator from retail outlet sources on behalf of a banking company or co-operative bank, in accordance with the authorisation issued by the RBI (ATM cash filing etc.);

vii) any receipt from an agent by an issuer of pre-paid payment instruments, in accordance with the authorisation issued by the RBI;

viii) any receipt by a company or institution issuing credit cards against bills raised in respect of one or more credit cards;

ix) any receipt which is not includible in the total income u/s. 10(17A), i.e. awards and reward instituted in public interest.

while serial no. (iii) above is by way of Notification no. 28/2017 dt. 05.04.2017, serial nos. (v) lo (ix) are included by way of Notification no. 57/2017 dt. 03.07.2017

DOUBLE TAXATION AVOIDANCE AGREEMENT

Sec. 90 & Sec. 90A: Under the existing provisions of Sec. 90 of the Act, power has been conferred upon the **CENTRAL GOVERNMENT TO ENTER INTO AGREEMENT** with any foreign government or specified territory outside India, for granting relief in respect of income on which income-tax has been paid both under Indian Income-tax and in that foreign country, avoidance of double taxation of income etc. **SIMILAR PROVISIONS ARE PROVIDED IN SEC. 90A** of the Act in the case of an agreement entered into by any specified association in India with any specified association in the specified territory outside India.

Explanation 4 has been inserted to sec. 90 & 90A to provide that where any **'TERM' USED IN AN AGREEMENT** entered into under sub-section (1) of sec. 90 & 90A of the Act, is defined under the said agreement, the said term shall have the same meaning as assigned provided in the said agreement and where the term is not defined in the agreement, but is defined in the Act, it shall have the same meaning as assigned to it in the Act and explanation if any, given to it by the Central Government.

PENALTIES

1.Sec. 271DA: Consequent to the **insertion** of sec. 269ST, a **new penalty** provision has been inserted. Any person receiving any sum in **CONTRAVENTION** of provisions of sec. **269ST**, shall be levied, by the Joint Commissioner of Income Tax, a **PENALTY EQUAL TO SUCH AMOUNT OF RECEIPT.** However, **NO PENALTY** shall be levied if such person proves that there were **GOOD AND SUFFICIENT REASONS** for the contravention.

2. Sec. 271J & Sec. 273B: Imposition of penalty for furnishing incorrect information by QUALIFIED PROFESSIONALS.

Where the Assessing Officer or the Commissioner (Appeals), in the course of any proceedings, finds that an **ACCOUNTANT OR A MERCHANT BANKER** or a **REGISTERED VALUER** has furnished incorrect information in any report or certificate furnished under any provision of this Act or the rules made there under, the Assessing Officer or the Commissioner (Appeals) may direct that such accountant or merchant banker or registered valuer, as the case may be, shall pay, by way of penalty, a sum of **RS. 10,000** for each such report or certificate. For the purpose of this section:

a) "accountant" means an accountant referred to in the Explanation below sub-section (2) of sec. 288;

b) "merchant banker" means Category I merchant banker registered with the Securities and Exchange Board of India established u/s. 3 of the Securities and Exchange Board of India Act, 1992;

c) "Registered Valuer" means a person defined in clause (oaa) of sec. 2 of the Wealth-tax Act, 1957.

Immunity from imposition of penalty u/s. 271J: Consequential amendment has been made in Sec. 273B to provide immunity from levy of penalty u/s. 271J where there was a reasonable cause for such failure.

HYDERABAD SCHEDULES

CA FINAL CRASH BATCH FOR 2018 MAY EXAMS

SUBJECT	TIME	PLACE
ISCA LIVE CRASH	10-03-2018- 3 DAYS	AMEERPET
DIRECT TAX CRASH BATCH	3RD WEEK OF MARCH	AMEERPET
INDIRECT TAX CRASH BATCH-GST FULL COVERAGE OF SYLLABUS	1ST WEEK OF MARCH	AMEERPET
LAW AMENDMENTS CLASS	25-MARCH	AMEERPET
AMA CRASH BARCH	1ST WEEK OF APRIL	AMEERPET

CA FINAL REGULAR CLASSES SCHEDULE FOR 2018 NOV, 2019 MAY & NOV EXAMS

SUBJECT	TIME	PLACE
INTERNATIONAL TAXATION	2ND WEEK OF APRIL	AMEERPET
DIRECT TAX BATCH	25TH MAY	AMEERPET
INDIRECT TAX BATCH-GST	26TH MAY	AMEERPET
LAW CLASS	2ND WEEK OF APRIL	AMEERPET
AMA BARCH	27TH MAY	AMEERPET

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