



UNION BUDGET 2016-17

KANDIVALI STUDY CIRCLE

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Tax Rates

- Personal Taxation
 - Tax slab for individuals remains unchanged
 - Tax rebate for individuals having total income of INR 5 lacs or less has been increased from INR 2,000 to INR 5,000
- Firms
 - Basic tax rates remains unchanged

Tax Rates

- Corporate Taxation

- Basic corporate tax rates for domestic companies are proposed as under:

Particulars	Proposed Tax Rates
For companies whose total turnover or gross receipts in the previous year 2014-15 does not exceed INR 5 crore	29%
For Specified Companies (optional)	25%
For other Companies	30%

- Rate for Foreign companies remains unchanged at 40%

Tax Rates

- New domestic manufacturing companies
 - Set up & incorporated on or after 01 March 2016
 - engaged in manufacture or production of any article or thing and not engaged in any other business
 - not claimed benefit of 10AA, accelerated depreciation, additional depreciation, investment allowance, certain Chp VI A deduction or expenditure on scientific research
 - Not claimed set off of any b/f loss attributable to above deductions
 - basic corporate tax rate of 25% (**Optional**)

Surcharge on Income Tax

- **Surcharge on Income Tax**

- Domestic Companies and foreign companies remains unchanged

Particulars	Domestic Co	Foreign Co
Income exceeding INR 1 crore but not exceeding INR 10 crores	7%	2%
Income exceeding INR 10 crores	12%	5%

- Surcharge for Individuals, HUF , AOP and BOI has **increased** from 12% to 15% on the total income exceeding INR 1 Crore
- Surcharge for firms remains unchanged at 12% on the total income exceeding INR 1 Crore
- Education Cess, Secondary & Higher Secondary Cess remains unchanged

Tax Rates

- **Dividend Distribution Tax (DDT)**
 - The basic DDT rates remain unchanged
 - **For Resident Individuals, HUF's & Firms:** Tax @ 10% of dividend received in excess of INR 10 lacs p.a on gross basis
 - **Pass through entity :** In order to provide complete pass through facility , it is proposed to exempt SPV from payment of DDT on profits distributed to business trust(REIT/INVIT), subject to certain conditions
- MAT, AMT and Tax on foreign dividend remains unchanged
- It is proposed to increase STT on sale of option in securities (where option is not exercised) from 0.017% to 0.05% with effect from 01 June 2016

Tax Deducted At Source (TDS)

Present Section	Heads (w.e.f. 01.06.2016)	Existing Threshold Limit	Proposed Threshold Limit
192A	Payment of accumulated balance due to an employee in EPF	INR 30,000	INR 50,000
194BB	Winnings from Horse Race	INR 5,000	INR 10,000
194C	Payments to contractors	Aggregate annual limit of INR 75,000	Aggregate annual limit of INR 100,000
194LA	Payment of compensation on acquisition of certain Immovable property	INR 200,000	INR 250,000
194D	Insurance commission	INR 20,000	INR 15,000
194G	Commission on sale of lottery tickets	INR 1,000	INR 15,000
194H	Commission or brokerage	INR 5,000	INR 15,000

Tax Deducted At Source (TDS)

Present Section	Heads	Existing TDS %	Proposed TDS %
194DA	Revision in threshold limit on life insurance	2%	1%
194EE	Payments in respect of NSS Deposits	20%	10%
194D	Insurance Commission	10%	5%
194G	Commission on sale of lottery tickets	10%	5%
194H	Commission or brokerage	10%	5%
194K	Income in respect of Units	10%	Section omitted w.e.f. 01.06.2016
194L	Payment of Compensation on acquisition of Capital Asset	10%	Section omitted w.e.f. 01.06.2016

TDS for Pass through Entity (AIF & Securitisation Trust)

- Applicable to: Investment funds making payment to investor
- Withholding Tax Rate for AIF:
 - Resident @ 10%,
 - non-resident or a foreign Company – rates in force
- Withholding Tax Rate for Securitisation Trust:
 - Resident individual, HUF @ 25%,
 - Other resident person @ 30%
 - non-resident or a foreign Company – rates in force
- Window for application u/s 197 is now opened w.e.f 01.06.2016

Tax Collection At Source (TCS)

- **TCS at 1% extended to following transactions:**
 - Purchase of motor vehicle of value more than INR 10,00,000
 - Sale of any goods (other than bullion and jewellery) exceeding INR 2,00,000 in cash
 - Provision of any services for cash (other than payments on which tax is deducted at source under chapter XVII-B) exceeding INR 2,00,000

These amendments will be effective from 01st June 2016

Advance Tax

- **Advance Tax Payment Schedule**
 - New Advance tax payment schedule for **all assessee**

Instalment	Due Date	% of advance tax payment
I	15 th June	15%
II	15 th September	45%
III	15 th December	75%
IV	15 th March	100%

- For presumptive taxation u/s **44AD**, whole amount of advance tax by 15th March of each year.
- This amendment will take effect from 1st June 2016

START UP

- **Tax Holiday for 3 years for Start up**
 - Tax holiday for any 3 consecutive assessment years out of 5 years (beginning from the year of incorporation)
 - Available for Company incorporated between 01.04.2016 and 01.04.2019
 - Total Turnover does not exceed INR 25 crores in 5 years
 - Eligible business: Business involving innovation development, deployment or commercialization of new products, processes or services driven by technology or intellectual property, subject to certain conditions.
 - MAT would, however, be applicable.

START UP

- **Capital gain exemption for investment in Start Up Fund**
 - Investment of long term capital gain proceeds in units of a fund set up by the Government of India for financing of start-ups, subject to lock in period of 3 years and maximum amount of INR 50 lacs
- **Exemption of CG on sale of Residential Property**
 - Available for Individuals & HUF's investing in shares of eligible start up.
 - Available for Transfer of property until March 2019
 - Holds more than 50% of shares of that co.
 - Co. utilised such amount for purchase of new assets before date of filing return of individual
 - New asset includes computers & computer software's.

Introduction of Equalisation levy

- Equalisation Levy is proposed to be **charged @ 6% on consideration** for specified services received or receivable by a non-resident from
 - a person resident in India and carrying on business or profession; or
 - a non-resident having a permanent establishment in India
- Specified services means online advertisement, any provision for digital advertising space or any other facility or services for the purpose of online advertisement and includes any other services as may be notified by Central Government in this behalf
- Equalisation levy shall **not be charged**, where
 - specified services provided by non-resident are effectively connected with PE in India or
 - the aggregate consideration does not exceed INR 1,00,000/- in a previous year or
 - the payment is not for the purpose of carrying out business or profession
- Expenses will be disallowed in case assessee fails to deduct or after deduction fails to deposit equalisation levy on or before the due date of filing Income tax return
- Income on which equalisation levy is chargeable shall be exempt from income tax

Rationalisation of Penalty Provisions

- Under Reporting - @50% of tax payable on under reported income
- Mis-reporting of Income - @ 200% of tax payable on misreported income
- Undisclosed income in search - freeze @ 60%
- Methology for computation of underreported income is provided
- Exclusion in consideration of underreported income
- In case of company, firm or local authority, the tax payable on under reported income shall be calculated as if the under-reported income is the total income. In any other case the tax payable shall be thirty per cent of the under-reported income
- No addition or disallowance of an amount shall form the basis for imposition of penalty , if such addition or disallowance has formed the basis of imposition of penalty in the case of the person for the same or any other assessment year.

Immunity From Penalty & prosecution

- An application to AO for grant of immunity from levy of penalty or initiating prosecution proceedings can be filed provided the assessee pays the **due tax and interest within the period** provided in the demand notice and does not prefer an **appeal** against the said order
- Time Limit for Application - 1 month from the end of the month in which assessment/ reassessment order is received
- The AO shall grant immunity to the assessee after expiry of period for filing of appeal if the penalty is not initiated on account of the following:
 - misrepresentation or suppression of facts or failure to record investments in the books
 - claim of expenditure not substantiated by any evidence or recording of any false entry in the books of account
 - failure to record any receipt in books of account having a bearing on total income
 - failure to report any international transaction or any transaction deemed to be an international transaction or any specified domestic transaction to which the provisions of Chapter X apply
- The order of AO is not appealable. But if application is rejected quantum appeal can be filed

Filing of Return of Income

- Sec 139(1)- taxpayers earning LTCG u/s 10 (38) required to file return
- Sec 139(4) & (5) - The time limit to be reduced to 1 year and now revision of belated return is allowed within a period of 2 years from the end of the relevant tax year.
- Sec 143(1) & 143(1D) – It is proposed to allow refund even where the return is selected for scrutiny assessment.

Time Limit for Assessment & Reassessment

- Assessment u/s 143(3) - Time limit reduced to 21 months.ie. December
- Reassessment u/s148 - Time limit reduced to 9 months.ie. December
- Set aside assessment/fresh assessment due to cancellation of original assessment u/s 254,263, 264 - Time limit reduced to 9 months.ie. December
- OGE to appellate order
 - Orders pending as on 1st June 2016 - the time limit is extended to 31.03.2017
 - Others – Time limit is 3 months, which can be extended upto 9 months with approval of commissioner.
- Fresh assessment as consequence to directions of appellate authority
 - Orders pending as on 1.06.16 - the time limit is to 31.03.2017 or 12mths from date of receipt of order whichever is later
 - Others – Time limit is 12 months from date of receipt of order
- Assessment proceedings after a search operation - Time limit reduced to 21 months.ie. December

Provisions relating to Appellate Authority

- No appeal can be filed by tax depart. before Tribunal against the order of Dispute Resolution Panel (DRP).
- Reduce the time limit from 4 years to 6 months for rectification of mistake in order by ITAT
- It is proposed to increase the monetary limit to 50 lacs for disposal of appeal by single member bench.
- This amendment will take effect from 1st June 2016
- Mandatory for AO to grant stay of demand upon payment of 15% of disputed demand when appeal is pending before CIT(A)

Charitable Trusts

- Presently there is no clarity on taxation when charitable trust ceases to exist or converts into a non charitable organisation
- It is proposed to provide levy of additional income-tax on such conversion or merger of charitable trust or institution and their salient features are :
 - Trust or institutions registered u/s 12AA shall be chargeable to tax at **maximum marginal rate**, where such trust or institution –
 - converts into any form which is not eligible for registration u/s 12AA
 - merges with any entity which is not registered u/s 12AA
 - fails to transfer upon dissolution all its assets to any other trust or institution registered u/s 12AA / 10(23C)(v)/(vi)/(via) within a period of 12 months from the end of the month in which the dissolution takes place.

Charitable Trusts

- Tax will be payable on the amount of aggregate **fair market value** of the total assets as reduced by the liabilities as on the specified date. The assets and liabilities transferred to another charitable organisation shall be **excluded** while calculating accreted income
- This tax shall be in addition to any income tax in the hands of such trust and shall be levied even if there is no other income chargeable to tax.
- No credit of such tax shall be available in any form.
- This shall come into effect from 1st June, 2016

Provisions of POEM & Offshore Funds

- **Deferment of POEM**

- It is proposed to defer the applicability of POEM based residence test by one year till 1st April 2017 i.e. A.Y. 2017-18
- Guidelines for transition mechanism will be introduced.

- **Off shore Funds (sec 9A)**

- It is proposed to include a fund established /incorporated /registered outside India in a country or a specified territory notified by the Central Government in this regard.
- It is also proposed 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.

Direct Tax Dispute Resolution Scheme, 2016

- **Tax matters Pending before CIT(A) as on 29.02.2016:**
 - As per the scheme, the taxpayer need to a **file a declaration** in this regard in prescribed form and manner, pursuant to which, it shall be deemed that the appeal before CIT(A) stands withdrawn.
 - The settlement of tax dispute vide filing of prescribed declaration shall be subject to payment of tax and interest till the date of assessment order along with 25% of the minimum penalty leviable in case the tax liability exceeds INR 10 lacs. In case the tax liability is less than INR 10 lacs, only tax and interest would be required to be paid while minimum penalty would not be payable.
 - Immunity from prosecution, differential penalty and interest
 - The pending appeal could be against an assessment order or a penalty order
 - Declaration shall be filed after 1st June, 2016 but before the date to be notified by central government

Direct Tax Dispute Resolution Scheme, 2016

- **Tax matters arising due to retrospective amendments:**
 - As per the scheme, tax matters arising due to retrospective amendment can be settled instantly by **filing of a declaration** in prescribed form and manner and payment of tax arrears. However, more clarity is expected on this. The pending appeal could be against an assessment order or a penalty order
 - For filing of above declaration, the declarant would be required to **withdraw of all appeals**, writ petitions, arbitration proceedings etc. filed in respect of the tax dispute.
 - Immunity from prosecution, penalty, interest and only to pay taxes

Direct Tax Dispute Resolution Scheme, 2016

- **Person shall not be eligible for the scheme in any of the below conditions:-**
 - Cases where prosecution has been initiated before 29th February ,2016 or Search or survey cases where the declaration is in respect of tax arrears
 - Cases relating to undisclosed foreign income and assets and cases based on information received under Double Taxation Avoidance Agreement under section 90 or 90A of the Income-tax Act where the declaration is in respect of tax arrears
 - Person notified under Special Courts Act, 1992 or Cases covered under Narcotic Drugs and Psychotropic Substances Act, India n Penal Code, Prevention of Corruption Act or Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974

Income Declaration Scheme 2016

- A one time opportunity is proposed to be provided to persons to declare the undisclosed income asset/income located within India.
- Any person may make a declaration in respect of any income chargeable to tax under the Income Tax Act for any assessment year prior to AY 2017-18 for which the declarant
 - has failed to furnish return of income u/s 139 or has failed to disclose in the return of income furnished prior to the commencement of the scheme or
 - has escaped assessment by reason of failure to furnish return or to disclose fully and truly all material facts necessary for the assessment
- The scheme shall come into force on the 1st June,2016 and will be valid till the date to be notified.
- No deduction in respect of any expenditure or allowance shall be allowed against such income declared under the Scheme

Income Declaration Scheme 2016

- Where the income is declared in the form of an investment in any asset, the fair value of such asset as on 1st June, 2016 (in the manner as prescribed) shall be deemed to be the undisclosed income
- Tax, surcharge and penalty shall be payable @ 45% of the undisclosed income, breakup of which is as under:

Tax	Surcharge ("Krishi Kalyan Cess")	Penalty
30% of Income Disclosed	25% of tax payable (i.e 7% of income disclosed)	25% of tax payable (i.e 7% of income disclosed)

- Tax, surcharge and penalty shall be paid on or before a date to be notified by the Central Government

Income Declaration Scheme 2016

- If the tax is not paid within the prescribed time, then undisclosed income shall be chargeable to tax in the year in which declaration is filed and it shall be deemed that declaration had never been filed
- Any misrepresentation of facts in declaration shall treat declaration as void
- No benefit shall be available to person other than person making declaration
- Assets disclosed under the scheme shall not be subjected to Wealth Tax
- Declaration will not be used as an evidence under any other law
- No further scrutiny or enquiries under Income Tax /Wealth Tax Act shall be under taken and immunity from prosecution under such Act shall be provided
- Undisclosed income declared under this scheme shall not affect the finality of completed assessment
- Immunity from the Benami Transactions (Prohibition) Act, 1988 if the asset is transferred to the declarant during the relevant period

Income Declaration Scheme 2016

Provision of the scheme shall not apply to following:

- For any assessment year prior to A.Y 2017-18, where notice has been issued under section 142(1) or 143(2) or 148 or 153A or 153C for such assessment year , or
- Where a search or survey has been conducted and the time for issuance of notice under the relevant provisions of the Act has not expired, or
- Where information is received under an agreement with foreign countries regarding such income or Cases covered under the Black Money Act, 2015, or
- Persons notified under section 3 of the Special Court (Trial of offences relating to transaction in securities) Act, 1992, or Cases covered under Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985, the Unlawful Activities (Prevention) Act, 1967, the Prevention of Corruption Act, 1988 or
- Any person in respect of whom an order of detention has been made under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (subject to certain exceptions)
- Where a person has already made the declaration under the scheme, he shall not be entitled to make any other declaration again

Base Erosion Profit Splitting (BEPS)

- In accordance with recommendations in BEPS Action Plan 13, revised standards for transfer pricing documentation and a template for country-by-country reporting of income, earnings, taxes paid and certain measure of economic activity are proposed to be introduced.
- It is proposed to prescribe rules for furnishing master file with the prescribed authority and also as to the form of maintaining master file and CbC reporting
- CbC reporting is not required if the consolidated revenue of the group does not exceed threshold limit of 750 million euros

Deductions

Measures have been taken to phase out deductions and exemptions:

- Section 10AA dealing with tax exemption to SEZ's sunset clause from tax year 2020-21
- Section 35AC dealing with deduction on eligible social projects/ schemes - sunset clause from tax year 2017-18.
- Section 35CCD dealing with weighted deduction of 150% on expenditure on skill development projects - Restriction of deduction to 100% only from tax year 2020- 21
- Section 35CCC dealing with weighted deduction of 150% for expenditure on notified agriculture extension projects – Restriction of deduction to 100% only from tax year 2017-18.

Deductions

Measures have been taken to phase out deductions and exemptions:

- Section 80IA dealing with development, operation and maintenance of an infrastructure facility - No deduction shall be available if the specified activity commences from tax year 2017-18.
- Section 80IAB dealing with development of SEZ's - No deduction shall be available if the specified activity commences from tax year 2017-18.
- Section 80IB dealing with production of mineral oil and natural gas - No deduction shall be available if the specified activity commences from tax year 2017-18.
- Sec 80GG -Deduction of INR 24,000 available for people living in rented house (not having their own house nor receiving any house rent allowance) is proposed to be increased to INR 60,000

Deductions

Measures have been taken to phase out deductions and exemptions:

- Section 32 dealing with depreciation Restriction on rate of depreciation to **40% (maximum)** from tax year 2017-18.
- Section 35 dealing with weighted deduction on research and development activities - Restriction of deduction to 100% only in a phased manner.
- Section 35AD dealing with weighted deduction for specified businesses - Restriction of deduction to 100% only from tax year 2017-18.
- Section 32AC - Benefit of Investment allowance u/s 32AC is extended to the year of installation which should be before 31st March 2017.

Affordable Housing Projects

- **Tax Holidays:** 100% deduction of profits from developing affordable housing projects subject to conditions, MAT would, however, be applicable
 - housing project is approved between 1st June 2016 & 31st March 2019 and the project is completed within a period of 3 years from the date of approval
 - The built-up area of the shops and other commercial establishments included in the housing project does not exceed 3% of the aggregate built-up area
 - The project is on a plot of land measuring of stipulated area & size of the residential unit is not more than 30 sq. metres and 60 sq. metres, respectively and it utilised stipulated floor area
 - Only one unit is allotted to an individual or any family member
 - The assessee maintains separate books of account in respect of the housing project
- **Deductions:** Capital expenditure incurred for developing affordable housing project is reduced from 150% to 100% from FY 2017-18
- **Finance Cost:** Interest on home loans for affordable housing of Rs. 50,000 is extended for every year till the repayment of loan

Tax Incentive for Employment Generation

Applicable to : all the assessee's to whom 'Tax Audit' applies and whose GTI includes profits and gains derived from business provided:

- Cost incurred on such employees: Max INR 25,000/- per month;
- Period of Employment – Minimum 240 days in P .Y .
- Compulsory increase in the number of employees as compared to P.Y.
- No deduction shall be allowed in respect of cost incurred on those employees, for whom the entire contribution under Employees' Pension Scheme notified in accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, is paid by the Government.
- In the first year of a new business, 30% of all emoluments paid or payable to the employees employed during the previous year shall be allowed as deduction.

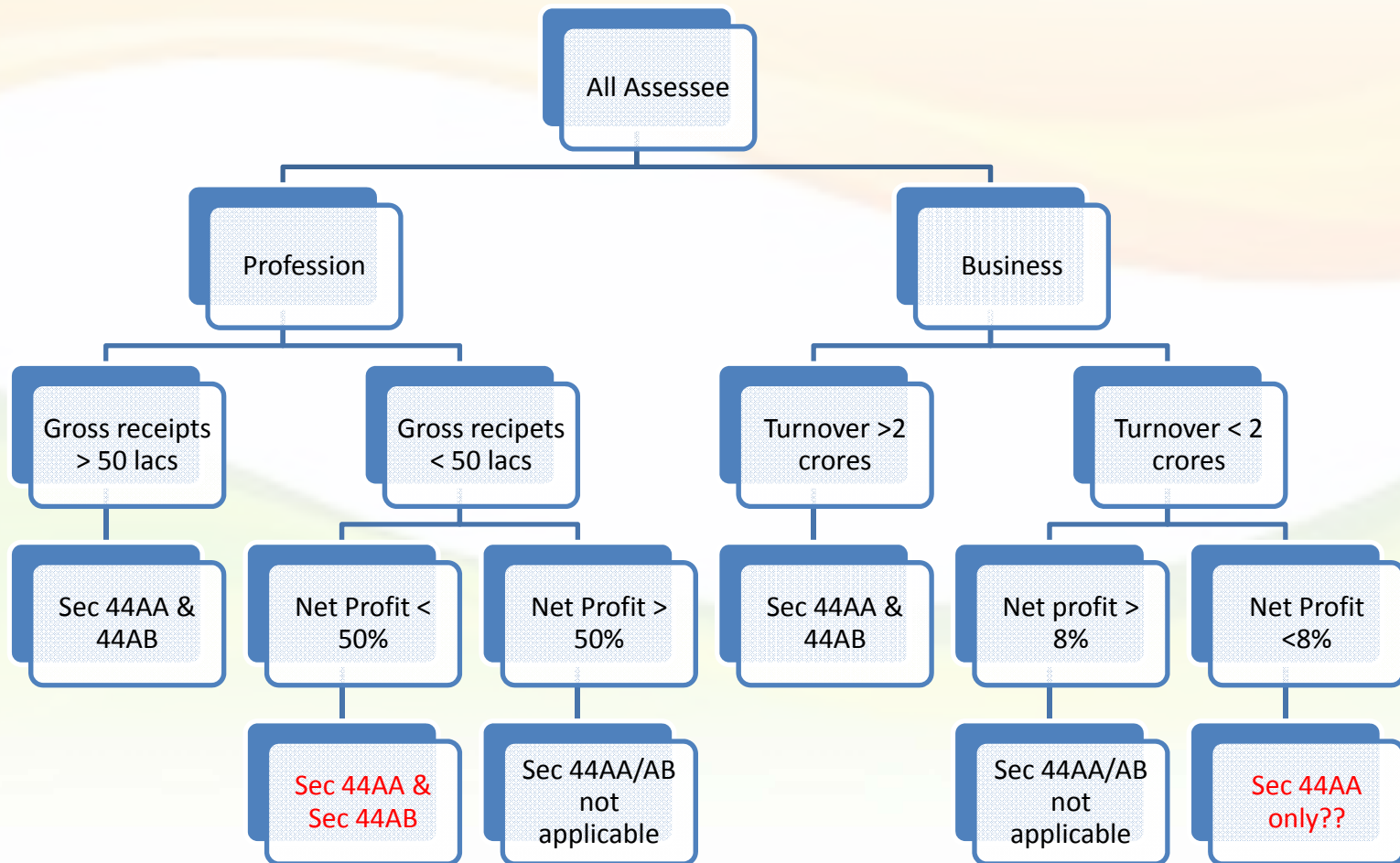
Capital Gains (CG)

- CG on sale of shares by NR
 - CG tax @10% on LTCG includes shares of a company in which the public are not substantially interested” w.e.f 01st April 2017
- Tax benefits for Sovereign Gold Bond Scheme, 2015
 - Redemption of Sovereign Gold Bond by an individual shall be exempt from capital gains tax.
 - Indexation benefits is proposed on transfer of Sovereign Gold Bond.

Capital Gain (CG)

- Rationalisation of Section 50C
 - Difference in date of agreement and registration
 - the stamp duty value on the date of agreement proposed to be taken for the purposes of computing CG tax
 - Full or partial consideration was paid through a bank account on or before the date of agreement
- Conversion of company into LLP not a transfer
 - Additional condition proposing that the value of the total assets in the books of accounts of the company in any of the 3 preceding years, should not exceed INR 5 crores w.e.f. 01.04.17

Presumptive Taxation sec 44AD & 44ADA



Presumptive Taxation 44AD

- Amendment in special provision for computing profits & gains of business on presumptive basis is proposed:
 - The expenditure in the nature of salary and interest paid to partners shall not be deductible under clause (b) of section 40 while computing income under section 44AD;
 - Where an eligible assessee declares profit for any previous year as per presumptive taxation, then in all the subsequent 5 consecutive assessment years assessee shall declare profit as per presumptive taxation.
 - However , if the assessee in any of the 5 consecutive assesement years does not declare profit as per presumptive taxation, then he shall not be entitled to claim benefit of presumptive taxation for succeeding 5 consecutive assessment years star ting from the year in which profit is not declared as per presumptive taxation

RPF/NPS/Superannuation Fund

- Recognised provident fund
 - Employer's Contribution to RPF upto 12% of salary or 1.50 lakhs whichever is lower is exempt
 - Proposal to tax on partial withdrawal of RPF is withdrawn
 - Transfer of funds from RPF to NPS is exempt
- Superannuation Fund
 - contribution upto 1.50 lakhs is exempt
- Payment from NPS
 - to employee - upto 40% of withdrawal is now exempt.
 - to nominee on death – fully exempt

Tax incentive to IFSC

With a view to incentivise the growth of IFSC into a world class financial services hub, following amendments are proposed:

- Exemption of Long term capital gain u/s 10(38) on sale of securities in foreign currency on recognized stock exchange
- MAT to be charged @ 9% on the income derived in convertible foreign exchange
- No DDT for the dividend paid / declared on or after 01.04.2017 out of current year income
- Such dividend will be exempt in the hands of recipient
- Above amendments are proposed to be made effective from the 1st day of April, 2017
- No Securities Transaction Tax (STT) or Commodity Transaction Tax (CTT) for the units located in IFSC dealing in securities / commodities on recognized stock exchange, if the consideration is paid / payable in foreign currency.
- This amendment will take effect from 1st June 2016

Interest on Income Tax Refund

- If the return is not filed within due date, than interest on refund arising on account of excess TDS and advance tax will be computed from date of filing of return
- Interest on self-assessment tax will be paid from date of payment of tax or date of filing return of income, whichever is later.
- If the order giving effect to appellate order is not given within the time prescribed u/s 153(5), then additional interest @ 3% per annum will be provided, for the period following the date of expiry of the time limit till the date refund is granted

Interest on Hsg. Loan

- Interest on SOP property
 - Increase in time limit for acquisition or construction of self occupied house property for claiming deduction of Interest has been increased from existing 3 years to 5 years
- **Interest on Loan for Acquiring Residential House Property**
 - Deduction of INR 50,000/- will be available to an individual in respect of interest payable on loan taken for acquisition of a residential house property provided:
 - The loan has been sanctioned by a specified financial institution during the period from 1st April 2016 to 31st March 2017
 - The amount of loan sanctioned does not exceed INR 35 Lacs and the value of the residential house property does not exceed INR 50 Lacs,
 - Individual does not own any residential property on the date of sanction of the loan
 - The above deduction is over and above the limit of INR 2 lacs provided for a self-occupied property under section 24

International Tax Provision

- **Non applicability of MAT on Foreign Cos**
 - MAT would not be applicable on foreign companies even prior to 01.04.2015 in respect of their passive incomes (i.e., if foreign company is not having a PE/ office in India).
- Furnishing of PAN section 206AA - shall now not apply to any payment to a non-resident or to a foreign company , subject to such conditions as may be prescribed w.e.f 01.06.2016
- **Lower tax rate on royalty from patents registered in India**
 - any income by way of royalty in respect of a patent developed and registered in India (consideration for transfer of all or any rights in respect of a patent or imparting of any information concerning the working or use of a patent), then, such royalty shall be taxable at the rate of 10% (plus applicable surcharge and cess) on the gross amount of royalty. Further, the provisions of MAT shall not be applicable on such royalty income.
 - However, income from transfer of patent or any product manufactured with the use of patented process or patented article would not be covered by above
- Exemption to foreign companies storing and selling crude oil in India subject to conditions.
- Exemption to activities related to diamond trading in “Special Notified Zone” by foreign company.

Other Provisions

- **Rupee Denominated Bond**
 - For non-resident investors who have invested in Rupee Denominated Bonds (RDBs) of an Indian company in foreign currency, capital gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of RDBs shall be exempt from tax
- **Taxation of Gold Monetisation Scheme 2015**
 - It is proposed that interest and capital gains arising in respect of Gold Deposit Bonds issued under Gold Monetization Scheme, 2015 shall be exempt from tax
- **Additional Depreciation**
 - Assessee engaged power transmission business shall be allowed to claim additional depreciation

Other Provisions

- **No Set off of losses against Undisclosed Income**

- Presently , unexplained cash credits, investments, money, expenditure, etc. is taxable @ 30% and no deduction is allowed in respect of any expenditure or allowance
- It is now clarified that set off of carried forward losses against such income would not be allowed

- **Taxation of Non-compete fees and Exclusivity fees**

- It will be taxed under “ Profits & gains from Business & Profession” and receipts for transfer of right to carry on any profession would be taxed under “CG”

Other Provisions

- **Set off and carry forward of loss from specified business**
 - amend section 80 so as to include section 73A, thereby warranting filing of the return of income on or before the due date to carry for ward the loss w.e.f. 1st April 2016
- **Provisional Attachment**
 - AO shall revoke provisional attachment of property in case the assessee furnishes a bank guarantee, for an amount not less than FMV of such provisionally attached property or for an amount which is sufficient to protect the interest of the revenue
- Issue of notices and conduct of hearings in electronic mode

Other Provisions

- **Deduction for Bad debts for NBFC**
 - Deduction on account of provision for bad and doubtful debt @5% of GTI (before making any deduction under Chapter VIA) is now proposed, to be extended to NBFC's w.e.f 01.04.17
- Section 43B of the Act providing for payment based deductions has been extended to payments to railways also
- **Tax on Buy back of Shares**
 - Buy back tax @ 20% applicable to all forms of buy back
 - Separate rules for determination of 'amount received by the company' in cases where shares have been issued in tranches or in tax neutral reorganisations will be formed



QUESTIONS

THANK YOU

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