

CONTENT

Sr. No	Topics
1.	TAX RATES
2.	REAL ESTATE SECTOR
3.	IFOS/CAPITAL GAINS
4.	BUSINESS INCOME
5.	TRUST
6.	TAX COLLECTION PROVISIONS
7.	INTERNATIONAL TAXATION
8.	EXEMPTION/DEDUCTION
9.	PENAL PROVISIONS
10.	ASSESSMENT PROCEEDINGS

TAX RATES

Personal Tax

Tax Rate	Age < 60 Years	Age 60 - 80 Years*	Age > 80 Years*
5%	2.5Lac - 5Lac	3Lac - 5Lac	Nil
20%	5Lac - 10Lac	5Lac - 10Lac	5Lac - 10Lac
30%	>10Lac	>10Lac	>10Lac

*For resident individuals

Income Tax Rebate

Particulars	Present	Proposed
Threshold applicable limit	Rs. 5Lac	Rs. 3.5Lac
Amount of Rebate	Rs. 5,000/-	Rs. 2,500/-

Corporate Tax – Domestic

Particulars	Proposed Tax Rate
Turnover/Gross Receipts in FY 15-16 < Rs. 50 cr	25%
Other companies	30%

- Foreign Companies - Basic rate remains unchanged at 40%
- Firms - Basic rate remains unchanged at 30%
- EC & SHEC remains unchanged at 2% and 1% respectively

Surcharge – Individuals, HUF, AOP and BOI

Particulars	Proposed Tax Rate
Income Rs. 50lac – Rs. 1cr	10%
Income > Rs. 1cr	15%

Surcharge – Companies

Particulars	Domestic Co.	Foreign Co.
Income Rs. 1cr – Rs. 10cr	7%	2%
Income > Rs. 10cr	12%	5%

Surcharge for firms remains unchanged at 12% on income > Rs. 1cr

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REAL ESTATE SECTOR

Sec. 23

ALV of Property AY 2018-19 & onwards

Present

As per judicial decisions, real estate developers are liable to pay tax on notional income in respect of unsold properties lying as stock in trade

Proposed

- ALV of property (incl. part) held as stock-in-trade and not let out shall be taken as 'Nil'
- 'NIL' ALV shall apply for period up to 1 year from end of FY in which certificate of **completion of construction** of property is obtained from the competent authority

Objective

To provide breathing time to real-estate developers for liquidating their inventory

**DLOP vis-à-vis LOP – ALV determination in case of
property let out for part of year**

New Sec. 45(5A)

Joint Development Agreement – AY 2018–19 & onwards

Present

CG is chargeable to tax in the year in which owner transfers his **rights/possession** in the property to developer for development of project or in execution of part performance of contract as per TOPA, even though legal title has not been transferred

New Sec. 45(5A)

Joint Development Agreement – AY 2018–19 & onwards

Proposed

Applicable	Individual or HUF enters into specified agreement (SA) for development of a project
Point of Taxation	Year in which completion certificate (CC) for the project (whole or part) is issued by competent authority (CA) Taxable in the year of actual sale if share in project is transferred/ sold before receipt of CC
Deemed consideration for levying tax on share in project	FVC - Aggregate of stamp duty value (SDV) of relevant share in project and cash consideration received, being land or building or both, on date of issue of CC
Sec. 49 -Tax cost base for eventual sale of built up area	Deemed FVC to be treated as COA for computing taxable income on subsequent transfer

New Sec. 194IC – TDS@10% on cash consideration paid/payable by Developer from AY 17-18

New Sec. 45(5A)

Joint Development Agreement – AY 2018–19 & onwards

Definition

CA - Authority empowered to approve building plan by or under any law for the time being in force

SA - Registered agreement in which owner of land or building or both enters into agreement with another person (developer) to develop real estate project in consideration of his share in such project and cash consideration received, if any

SDV - value adopted/ assessed/ assessable by any Government authority for the purpose of payment of stamp duty in respect of such immovable property being land or building or both

Sec. 80IBA

Promotion of Affordable Housing AY 2018-19 & onwards

<i>Present</i>	<i>Proposed</i>
Project to be completed <u>within 3 years</u> from date of approval by competent authority	5 years
Size of residential unit to be measured based on built up area	Carpet area
Limit of 30 sq mtr for built-up area of residential unit was imposed to housing projects in cities of Chennai, Delhi, Kolkata, Mumbai or within 25 KMs from municipal limits of these cities 60 sq mtrs for other places	Carpet area “within 25 KMs from municipal limits of these 4 metro cities” shall fall under the category of “60 sq mtrs”

Sec. 80IBA

Promotion of Affordable Housing AY 2018-19 & onwards

Present

100% deduction in respect of profits derived from developing and building certain housing projects subject to specified conditions

Proposed

To promote development of affordable housing sector, following amendments are proposed

Sec 71

Loss under the head “House Property”– AY 2018–19 & onwards

- Set off of interest paid on property loans restricted to Rs. 2 Lac on let-out properties
- Balance unadjusted interest shall be c/f for 8 subsequent AY only against house property income on similar basis.

Is filing of return of income u/s 139(1) mandatory for
c/f of loss

IFOS / CAPITAL GAINS

New Sec 56(2)(x)

Widening Scope of Income from other sources AY 2017-18 & onwards

Present

- Sec 56(2)(vii)- Money or property received for inadequate consideration is taxable in the hands of individual or HUF subject to certain exceptions
- Sec 56(2)(viia)- Receipt of shares of a private company inadequate consideration is taxable in the hands of firm or company

Proposed

- Any sum of money or property received for inadequate consideration shall be taxable in the hands of all assessees
- Expansion** - Receipt by certain trusts or institutions and receipt by way of certain transfers shall not be regarded as transfer u/s 47

- ✓ Will it apply to Non resident assessee?
- ✓ Income u/s 2(24) has not been amended so as to include Sec 56(2)(x)

Sec. 10(38)

LTCG On Shares – AY 2018–19 & onwards

Present

Benefit of LTCG on sale of STT paid shares/units of equity oriented funds at the time of sale on or after 01.10.2014 are exempt.

Proposed

- Benefit of LTCG on shares acquired on or after 01.10.2004 shall be available only if STT has been paid at the time of purchase transaction
- Exclusions - IPO, FPO, Bonus, Right issue by listed company, Acquisition by NR in accordance with FDI policy

Notification awaited excluding certain cases which shall be prescribed

Can Assessee claim exclusion of genuine cases even in cases not covered in notification? – M - 22

New Sec. 50CA

Capital Gains On Unquoted Shares – AY 2018–19 & onwards

Present

Actual sale consideration (SC) is considered as FVC

Proposed

FMV to be deemed as FVC for computing CG where SC for transfer of unquoted shares < FMV

FMV is to be determined in manner which is to be **prescribed**

“Quoted share” means share quoted on any recognised stock exchange with regularity from time to time, where quotation of such share is based on current **transaction** made in the **ordinary course of business**

Whether there can be consequential effect to recipient u/s 56(2)(x)

Sec 10(38) vs. Explanation of Sec 50CA - Implication of quoted shares covered u/s 10(38) but not considered quoted explanation to Sec. 50CA

Sec. 47

Conversion of Preference into Equity shares AY 2018-19 & onwards

Present

- Any transfer by way of conversion of bonds/debentures/debenture stock/ deposit certificates into shares/debentures of that company
- Hence preference shares were not specifically covered

Proposed

- To provide tax neutrality, preference shares converted into equity share of that company shall also be now not regarded as transfer
- Period of holding - Period of holding of preference shares to be considered
- Cost of preference shares to be treated as cost of equity shares on conversion

- ✓ Conversion of Share warrants into shares – Kemper Holding P Ltd
Mum Tribunal ITA No : 6426/M/2011
- ✓ Whether unpaid preference dividend shall form part of cost of equity shares

Sec. 55

Base year for indexation shifted to 2001 from 1981 AY 2018-19 & onwards

LTCA acquired **before** 01.04.2001, cost of acquisition shall be

- Actual cost of acquisition **plus** improvement or
- FMV of LTCA as on 01.04.2001 whichever is **higher**

Objective of amendment

Determination of FMV as on 01.04.2001 considering difficulty in estimating FMV of asset especially immovable property as on 01.04.1981 (old 3 decades) in present scenario due to non-availability of relevant information

Sec. 55

Base year for indexation shifted to 2001 from 1981 AY 2018-19 & onwards

- Whether all assets needs to be revalued as on 01.04.2001
- Mechanism to arrive @ FMV of assets purchase before yr. 2001
- Whether bonus shares can be valued as on 01.04.2001 for indexation
- Whether goodwill, tenancy rights, shares received on account of demutualization can be valued as on 01.04.2001
- Whether New CII rates will be prescribed which may be based on present CII factors

Sec 2(42A)

Period of holding – AY 2018–19 & onwards

Period of holding for immovable property being **land, building or both** has been reduced from 36 months to 24 months for the purpose of CG

Whether shorter period of holding is also applicable to development rights

Other provisions

Sec.54EC

Investment benefit in specified bonds AY 2018–19 & onwards **Present**

Investment benefit of LTCG to the extent of Rs. 50 Lakhs invested in bonds of NHAI or REC

Proposed

Investment in Bonds redeemable after three years extended to other bonds also which shall be notified

Sec 58 r.w.s. 40(a)(ia)

Disallowance of expense for non deduction of TDS extended to payment to **resident** and provisions of 40(a)(ia) becomes applicable in same manner to sec 58

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BUSINESS INCOME

Sec. 92BA r.w.s 40A(2)(b)

Scope restricted in case of SDT AY 17-18 & onwards

Present

Any expenditure in respect of which payment has been made by assessee to certain "specified persons" u/s 40A(2)(b) are covered within the ambit of specified domestic transactions (SDT).

Proposed

- Persons covered u/s 40A(2)(b) are excluded for SDT u/s 92BA
- Accordingly SDT shall be applicable only to any transaction entered by an undertaking which is eligible to profit linked deduction u/s 10AA & 80IA with other undertaking of same entity or with related resident party or other transactions as may be prescribed

Sec. 40A(3)

Disallowance of cash payments AY 18-19 & onwards

Present

- No restriction- Acquisition of capital assets – Depreciation u/s 32 thereon
- No restriction- Investment linked deductions u/s 35AD
- Limit of Rs. 20,000/- for revenue cash expenditure
- Limit of Rs. 35,000/- for cash payments for expenses of plying, hiring or leasing goods carriages

Proposed

- No expenses shall be allowed on cash payments exceeding Rs. 10,000/-
- Depreciation on acquisition of assets purchased u/s 43 or investment linked deductions shall not be allowed for cash payments above Rs. 10,000/-

Whether payments through E-wallets such as Paytm etc will be considered as banking payment?

Sec 43B & 43D

Extension of scope to Co-operative Banks AY 18-19 & onwards

Proposed

Sec. 43B – Interest on any loan or advances from **co-operative bank** other than primary agricultural credit society or primary co-operative agricultural and rural development bank shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year

Sec. 43D - Now shall also include co-operative banks other than primary agricultural credit society or primary co-operative agricultural and rural development bank

Sec. 44AD

Presumptive Tax AY 2017-18 & onwards

Present

Applicable	Individual, HUF or partnership firm except LLP
Nature of Business	Except transportation, agency, brokerage & commission
Turnover(T/o) / gross receipts (GR)	Less than Rs. 2 cr
Deemed Profit	Min. 8% of T/o or GR
Note: CBDT vide press release dated 20.06.2016, enhanced limit of T/o or GR from 1 cr to 2cr CBDT vide press release dated 19.12.2016 reduced limit to 6% for promoting digital payments	

Proposed

- Deemed Profit – **Min. 6%** of T/o or GR – if transactions are carried out through banking channel & payments received up to **date of filing of return u/s 139(1)**
- Deemed Profit – Min. 8% of T/o or GR – in other cases

Whether transactions through E-wallets such as Paytm etc are considered as banking payment?

Sec. 44AA & 44AD**Limit for maintenance of books of account and audit****AY 2018-19 & onwards**

Threshold limit for maintenance of accounts in case of individuals and HUF

Particulars	Present	Proposed
Income from business or profession	Rs. 1.2 Lacs	Rs. 2.5 Lacs
Total sales, turnover or gross receipts	Rs. 10 Lacs	Rs. 25 Lacs

Threshold limit of turnover for tax audit of accounts

Particulars	Present	Proposed
Assessee declaring profits under presumptive taxation	Rs. 1 cr	Rs. 2 cr
Other assesses	Rs. 1 cr	Rs. 1 cr

Sec. 115JAA & 115JD

MAT/AMT credit entitlement – AY 2018–19 & onwards

- ❑ MAT/ AMT credit allowed to be c/f up to **15 assessment years** as against 10 years provided currently
- ❑ If an Indian company has foreign tax credit ('FTC') available, MAT credit to be computed considering the FTC which is actually admissible against tax computed under normal provisions

Example (in millions)

Particulars	Normal Provisions	MAT
Tax	100	120
(-) FTC	(20)	(18)
Net Tax	80	102

Rs. **2 Million** not eligible to be c/f

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TRUST

Sec. 11

Certain restrictions on Trust/Institutions AY 2018-19 & onwards

Application of funds by a Trust/Institution to another trust towards **corpus** will not be considered as application of funds for income tax purpose.

Fresh application for **change/alteration** of objects of Trust registered u/s 12AA needs to be obtained within 30 days from the date of such adoption to PCIT or CIT

In order to claim benefit of exemption u/s 11 trust or institution would be required to file its **return of income** within prescribed due date

Sec 80G Deduction - Cash donation limit reduced from Rs. 10,000 to Rs. **2,000**

Sec. 13A

Political Parties (PP) AY 18-19 & onwards

Present	Proposed
Eligible to avail benefit of exemption provided it submits report to ECI furnishing details of contribution received in excess of Rs. 20,000/-	PP shall not be required to furnish details of contribution received by way of electoral bond even though if it exceeds Rs. 20,000/-
No restriction in cash donations received to claim exemption benefit	Cash donations restricted to Rs. 2,000/-
Benefit of exemption can be claimed irrespective of filing of return of income u/s 139(4B)	Return of income needs to be filed within prescribed time limit so as to avail exemption benefit

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TAX COLLECTION PROVISIONS

New Sec. 194-IB

TDS On Rent-From 1.6.2017 Onwards

Proposed amendment:

- Applicable to **Individual & HUF** (who are not liable to tax Audit) will have to deduct TDS on Rent paid to resident if monthly or part of the month amount is more than Rs 50,000/-
- Deduction to be made in last month of Year/ Tenancy.
- Rate of Deduction - 5%
- No requirements to file TDS **Returns-Reporting** Mechanism may get notified.
- If **206AA** applies- Deduction @20.60% but restricted to Rent for last Month.
- Transparency in rent paid to Relatives for claiming HRA

whether rent increase above 50K during the year
– amount on which TDS to be deducted

Other TDS amendments–A.Y 2018–19 Onwards

Proposed amendment:

- Rate of Deduction u/s 194J reduced to 2% **w.e.f. 01.06.2017**- only for payee engaged only in the business of operation **call center**
- Extend the **Concessional** Rate of TDS U/s 194LC @ 5% on payment of Interest to non-resident ,for the borrowings up to 1-7-2020
- Extend the Concessional Rate of TDS U/s 194LD @ 5% on payment of Interest to FII & QFI ,for the borrowings up to 1-7-2020
- No TDS to be Deducted u/s 194D **w.e.f. from 01.06.2017** on payment of Insurance Commission ,If payee (Individual/HUF) furnishes a declaration in Form 15G/H

Section 206C (1D)-A.Y 2017-18 Onwards

<i>Present</i>	<i>Proposed</i>
<ul style="list-style-type: none"><li data-bbox="253 501 1020 658">❑ Presently Seller of Jewellery need to collect TCS @ 1% if cash consideration exceeds Rs 5 lakhs.<li data-bbox="253 672 1020 772">❑ For Bullion & for any other goods & Services the limit is Rs 2 Lakhs	<ul style="list-style-type: none"><li data-bbox="1064 501 1825 715">❑ To reduce limit of Jewellery sale in cash to 2 lakhs Since new Proposed Section 269ST –Cash Transactions above Rs 3 lakhs not permitted
<p data-bbox="253 865 436 908"><i>Outcome</i></p> <p data-bbox="253 922 1825 1079">Jewellery will in fact get reduced to limit of Rs 2 lakhs as amendment results in TCS on Bullion or any other goods other than bullion and provision of service which automatically covers Jewellery</p>	

New Section 206CC–A.Y 207–18 Onwards

- ❑ In order to strengthen the PAN quoting mechanism in TCS Regime, it is now proposed ,Where **payee fails to provide its PAN** (also include **Incorrect** PAN) than TCS shall be collected at higher of **twice** the rate specified in the relevant provisions of the Act or 5% whichever is higher.
- ❑ Collector and Collectee shall have mention PAN on each of their correspondence viz bills, vouchers, etc
- ❑ Provisions of this Section shall not apply to a non-resident who does have permanent establishment in India.

Section 244A – AY 2017-18 & Onwards

New Sub Section (1B)

Present

No Interest is payable by the Government in case taxpayer has paid excess TDS/TCS.

Proposed

Interest will be payable by the Government @ 0.5% for every month, from the date on which claim for refund is made or the date of appellate order which gives rise to the refund of TDS/TCS to the date on which refund is granted.

Sec. 211

Advance tax on presumptive income – AY 2017-18 & onwards

- Persons opting for Presumptive tax u/s **44ADA** (i.e. Professionals) are also now required to pay advance tax by 15th March of FY in one single instalment
- 234C is applicable for shortfall in payment of above advance tax

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INTERNATIONAL TAXATION

New Sec 94B

Thin Capitalization – AY 18-19 & onwards

- ❑ Where Indian Co. or PE of foreign company, being borrower, pays interest or similar consideration exceeding Rs. 1 cr in relation to **debt/guarantee** provided by its AE, the excess interest shall not be allowed to be deducted under the head Business and Profession
- ❑ Excess interest means amount of interest paid or payable in excess of **30% of EBITDA** or amount of interest paid or payable, whichever is less
- ❑ Interest disallowed in current year shall be allowed to be **c/f for 8 subsequent AY** in which disallowance was first made and shall also be subject to maximum allowable interest expenditure in that respective year

New Sec 94B

Thin Capitalization – AY 18-19 & onwards

- Debt shall be deemed to be treated as issued by AE where AE provides an explicit or implicit guarantee to lender or deposits corresponding and matching funds with lender
- The above provisions shall not apply to banking or insurance business

Whether deduction is allowed for loss making company?

New Sec 92CE

Secondary adjustments in certain cases – AY 18-19 & onwards

Secondary adjustments will be required in hands of assessee & AE in respect to following **primary adjustments** done to transfer price:

- Suo-moto adjustment offered by assessee in his return of income
- Adjustment made by AO and accepted by assessee
- Adjustment determined by an APA/ SHR/ MAP

Impact

- Excess** money with its AE on account of primary adjustment done in hands of assessee resulting into addition of income or reduction in loss needs to be **repatriated back to India** within prescribed time limit
- Otherwise such excess money shall be deemed to be **advance** made by assessee and **interest** on such advance shall be computed as per prescribed manner

New Sec 92CE

Secondary adjustments in certain cases – AY 18–19 & onwards

Secondary Adjustments will not be applicable in case primary adjustments is made in respect of AY commencing on or before 01.04.2016

Secondary Adjustment means adjustment required in books of accounts of assessee and its AE to reflect actual allocation of profits between them as a result of primary adjustment as determined in accordance with transfer pricing provisions

Sec. 47

Extension of CG exemption to Rupee Denominated Bonds (RDB)/ Masala Bonds AY 2018-19 & onwards

Present

- ❑ Sec. 48 3rd proviso w.e.f. 01.04.2017 was amended by Finance Act 2016
- ❑ Gains arising on a/c of appreciation of rupee against foreign currency at the time of redemption of RDB of Indian Company subscribed by NR shall be ignored for the purpose of computation of FVC

Proposed

- ❑ Transfer of RDB of Indian company issued outside India by NR to another NR outside India shall not be regarded as transfer
- ❑ Due to above amendment, exemption from capital appreciation on a/c of forex fluctuation at the time of redemption shall be extended to secondary holders

Sec. 194LC - Applicability of reduce rate of TDS @ 5% on interest on RDB extended for loan borrowings until 30.03.2020 Retrospective from AY 2016-17 & onwards

Sec 155

Credit for FTC in case of Dispute AY 2018-19 & onwards

- Rationinsing the power to AO to rectify assessment order and grant Disputed FTC in the year when dispute is settle and tax has discharged.
- Assessee has to furnish an undertaking 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.

Other important provisions

- Person responsible for paying u/s 204 is also responsible for reporting of foreign remittances u/s 195(6) – effective from 01.04.2017
- Any terms not define in DTAA but in Domestic law, such term define in domestic law shall be referred
- Concessional rate of 10% CG tax for transfer of unlisted securities by NR shall be available from AY 2013-14 onwards
- Authority for advancing ruling cell are centralized both for direct and indirect Tax

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EXEMPTION/DEDUCTIONS

Sec. 10AA

Computation of Profit Linked Deduction to SEZ AY 18-19 & onwards

Present

Assessee is permitted to avail profit-linked deduction in respect of units operating in SEZ from his total income

Proposed

Clarification brought for allowing deduction from gross total income of assessee and it shall not exceed total income of assessee

Objective

Certain **courts** have taken a view that profit-linked deduction is to be allowed from total income of the **undertaking** and not from total income of assessee and hence income in respect to SEZ units should be excluded to the **extent of TI** before claiming deduction u/s 10AA

Sec. 10(12A)

Tax exemption to partial withdrawal from NPS – AY 2018–19 & onwards

Present

Payment from NPS trust to an **employee** on closer of his account or opting out shall be exempt up to 40% of total amount **payable to him**

Proposed

To provide exemption to partial withdrawal <25% of the **employee's contribution** in accordance with terms and conditions specified thereunder

Whether partial withdrawal of amount >25%
will allow at-least 25% exemption?

Sec. 80CCD

Deduction in Respect of NPS Contribution – AY 2018–19 & onwards

Present

- ❑ Employee or other individuals shall be allowed deduction for amount deposited in NPS
- ❑ Such deduction shall not exceed
 - 20% of salary in case of an employee considering employee's contribution u/s 80CCD(1) and employer's contribution u/s 80CCD(2) or
 - 10% of GTI in case of other individuals

Proposed

Deduction of NPS contribution has been increased to 20% of GTI in case of other individuals also so as to bring parity

Sec 79

Carry Forward of losses– AY 2018–19 & onwards Startup Companies u/s 80IAC

Present

C/f and set off of losses is allowed to company in which public are not substantially interested only if shareholders having 51 % of the voting powers in the year in which loss was incurred continue to be shareholders in the year in which set off is claimed

Proposed

All shareholders of the company who held shares carrying voting power on **last day of the year** in which loss was incurred continue to be shareholders of the company **holding those shares** in the year in which set off is claimed.

Such loss has been incurred during the period of **7 years** beginning from the year in which the company has been incorporated.

Sec 80IAC

Startup Companies -AY 2018-19 & onwards

Present

Start-up companies are allowed to claim 100% deduction of business income for any 3 consecutive years out of 5 years beginning from the year in which such company was incorporated

Proposed

Period of claiming exemption has been enhanced to **seven years**

Other Exemption/deductions

- ❑ Existing deduction upto 25,000/- for **new** investment in specified equity linked scheme withdrawn from AY 2018-19. However taxpayer eligible for past investment shall continue to get deduction thereon – 80CCG
- ❑ 10(23C) covers PM national relief fund which shall now also cover Chief minister and Lieutenant Governor relief fund retrospectively since AY 1998-99

PENAL PROVISIONS

New Sec. 269ST

Restriction on cash transactions AY 2017-18 & onwards

Proposed

No person shall receive > Rs. 3 lakhs otherwise by way of Banking/Digital payments

- Aggregate from a person in a day; or
- Single transaction**; or
- Transactions relating to one **event or occasion** from a person

Exclusions

- Receipts by Government, banking company, post office savings bank or co-operative bank
- Transaction in nature of loans or deposits covered by Sec. 269SS
- Receipt by such other person or class of persons as Government may notify

Impact

New Sec. 271DA – Equivalent contravention penalty amount received

No penalty shall be imposed if it is proved that there were **good and sufficient** reasons for violation

New Sec. 271J

Penalty on Professionals–A.Y 2017–18 Onwards

If AO/CIT finds that **accountant/Merchant banker/registered Valuer** has furnished incorrect information in any report or certificate may direct such person mentioned above ,shall pay, by way of penalty , a sum of 10,000 for each report or certificate.

Whether Appealable or not ?-Yes, as per Sec 246A(1)(q).

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ASSESSMENT PROCEEDINGS

New Sec. 234F

Fees for delay in filing tax return AY 2018-19 & onwards

Delay in filing tax returns will entail following fees:

Rs. 5,000/- in case return is filed before 31st December

Rs. 10,000/- in case return is filed after 31st December

Rs. 1,000/- in case total income does not exceed Rs. 5 lacs

Sec. 140A - tax and interest payable, fee for delay in furnishing of return of income shall also be payable with S A Tax

Sec. 143(1) – while processing the return of income, fee payable u/s 234F shall also be taken into account

Sec. 271F - in respect of penalty for failure to furnish return of income shall not apply in respect of AY 2018-19 and onwards

Time limit for revised return AY 2018–19 & onwards

Present

Return of income can be revised within one year from end of AY

Proposed

Reduction in time limit of revising return up to end of relevant AY or before completion of assessment; whichever is earlier

Time limits for assessment/ reassessment AY 2018-19 & onwards

Particulars	Present	Proposed
Scrutiny assessment u/s 143(3) or 144	Time limit to complete scrutiny assessment is 21 months from end of AY	18 months for AY 2018-19 and 12 months for AY 2019-20 and onwards
Reassessment u/s. 148	Time limit for completing reassessment is 9 months from end of FY in which notice u/s 148 is received	12 months from FY in which notices served u/s 148 on or after 01.04.2019
Set aside assessment / fresh assessment u/s 254, 263 & 264	Time limit for completing fresh assessment for issues set aside by appellate authorities is 9 months from end of FY in which order of appellate authorities is received	12 months from FY in which orders received in FY 2019-20 and onwards

Time limits for assessment/ reassessment AY 2018-19 & onwards

Particulars	Present	Proposed
Order giving effect to Appellate orders	Effect to appellate order to be given within 3 months from end of month in which order is received by Commissioner. Further, extension of 6 months can be provided by Commissioner However in respect of cases pending as on 01.06.2016, time limit for passing order is extended to 31.03.2017	12 months where appellate orders require verification of any issue by way of submission by the assessee or where opportunity of being heard is provided to the assessee Amendment w.e.f. from 01.06.2016
Assessment order u/s 153A – search cases	21 months from end of FY in which last authorisation was executed	18 months for FY 2018-19 and 12 months for FY 2019-20 and onwards

Sec 241A– Power of Withhold of Refund AY 2017–18 & onwards

- Currently AO defer processing of return till the assessment order leading to delay in issuance of refund – the said power is withdrawn

- Power has been given to AO to withhold the refund determined u/s 143(1) upto the date on which assessment is made ,if AO is of the opinion that the such refund is likely to adversely affect the revenue, record reasons in writing and approval of the Principal commissioner

Sec 133A

Widening of scope to conduct Survey AY 2017-18 & onwards

Present

IT authority has power to enter any place, at which **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 business or profession are kept, for the purposes of conducting a survey

Proposed

Scope of coverage enhanced so as to now provide powers to IT authority to enter any place at which an activity for **charitable purposes** is carried on

Sec 132 new sub-sec 9B, 9C, 9D

Provisional attachment and reference to Valuation Officer AY 2017-18 & onwards

Proposed

- During the course of search or seizure or within 60 days from the date on which last of authorisations for search is executed, AO has been given power to provisionally attach any property belonging to assessee with prior approval of prescribed authorities

- Such provisional attachment shall be valid for 6 months from date of order of such attachment

- For the purpose of estimation of undisclosed income held in the form of property, AO may make a reference to Valuation Officer (VO) u/s 142A to determine FMV of the said property. VO shall furnish valuation report within 60 days of receipt of such reference

Sec 133C

Centralisation of information received by authorised authority AY 2017-18 & onwards

Present

Authorized authority are empowered to issue notice calling for information and documents for the purpose of verification of information in its possession

Proposed

To expedite verification and analysis of information and documentation received during a survey, it is proposed to empower CBDT to make a scheme for centralised issuance of notice, processing of such documents and making the outcome thereof available to AO for necessary action

Sec 153A and 153C

Assessment in case of search or requisition AY 2017-18 & onwards

Present

In case where search is initiated or books of accounts are requisitioned, notice can be issued by AO for assessing or reassessing total income for six years immediately preceding the year in which search or requisition is made

Proposed

- Notice can be issued for years beyond 6 years upto 10 years preceding the year in which search or requisition is made, if AO has in his possession tangible evidence(s) which reveals that income in aggregate of Rs. 50 Lacs or more has escaped assessment.
- Further, proposed provision shall apply where search is initiated or requisition is made on or after 01.04.2017

S N & Co.

CHARTERED ACCOUNTANTS

o Audit o Taxopedia o Advisory

OTHERS

Sec. 115BBDA

Scope of coverage for Tax on dividend AY 2018-19 & onwards

Present

In addition to DDT paid by domestic companies, tax @ 10% of dividend received on shares in excess of Rs. 10 lacs p.a. is payable by resident individuals, HUFs and Firm

Proposed

Scope of coverage enhanced to cover all resident assesses except domestic company and specified charitable trusts or institutions referred to in Sec. 10(23C) or Sec. 12AA

234C is not applicable for non payment of advance tax on account of dividend



QUESTIONS

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S N & Co

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Thank you

Disclaimer

Author has expressed his view on the subject and shared distinguishing rulings where-ever possible. Author shall suggest to take expert opinion based on facts of the case beside relying on decisions discussed on any of the topic

Thank you

