CA FINAL - DIRECT TAX
(OLD/NEW SYLLABUS)

AMENDMENTS FOR MAY/JUNE 2020

Covers :-
➤ FA 19(1)
➤ FA 19(2)
➤ Taxation Amendment Ordinance 2019

CA CS VIJAY SARDA
CA FINAL - DT FAST TRACK
(Old & New Syllabus)

SUPER 35

- As Amended by FA 2019 & Taxation Amendment Ordinance 2019
- Applicable for May 2020 & Nov 2020

₹ 7,499

www.vsmartacademy.com

For Study Related Doubts -
+91 8956651954

CA CS VIJAY SARDA

CA FINAL - DT & IDT COMBO
(SUPER 35 - FULL COURSE FAST TRACK)

- As Amended by FA 2019 & Taxation Amendment Ordinance 2019
- Applicable for May 2020 & Nov 2020

₹ 9,999

Along with notes, questionnaire & mcqs

₹ 7,999

CA CS VIJAY SARDA

CA VISHAL BHATTAD

www.vsmartacademy.com
Hello sir!! First of all a very big thank you for your fastrack lectures!! Really really helped a lot in last days before exam.
It is a very big Initiative by Vsmart usually no faculties have this kind of thinking!! Your teaching is supreme!! Huge respeecct (in your language😊) for all the faculties!!
I wish i could have done live regular batch with you!! Even while watching on YouTube it doesn’t feels bore , you are too entertaining which every faculty should be!!! Once again thank you sir soo much 😊😊😊😊

Sir thanks a lot ur lectures of CA final are awesome😊😊👍 May God Bless You for your kind support to students
Thanks again

Good Afternoon Sir,
My name is Mohit Jain
CA final student,
Attempt due in May 2019.

First of all Thank you so much, for sharing the revision marathon on Youtube.
The lecture (specially the notes) were awesome. I was searching these style of notes for case laws basically... And then got the notification from vsmart academy...
Thank you so much sir...

Afternoon sir... your fasttrack lectures r jst amazing n fabulous ..! I can’t describe it in the words how much it help me ... Thank u sooo much sir 😊😊 Respecttt sir ... because of some issues I have started my study before 10 days n I don’t have enough time now ... but I have completed DT n I’m jst trying to take exemption n ur lectures help me a lot

Sir ur the best teacher of the world

Sir, Ur Fastrack dt classes on YouTube are awsm just awsm sir...It’s d best classes...I just loved d way u taught, notes, concepts nd entertainment... everything was much much more den perfect...I don’t know where I would have lied in my concepts of dt if I wouldn’t have found Ur classes...I thought it is impertant to remember so much provisions of each heads of income at a time to be made so so easy...
Nd d best part I wanna say is...even if I attend Ur lectures whole day...I don’t feel bore or doesn’t need refreshment...or wen I study some other subject nd feels to take refreshment I do Ur class...which not only saves my tym dat would have been wasted on any other refreshment options bt also boosts up nd refreshes my mind back to 100%

Sir besides possessing fantastic teaching skills you are a good motivator n entertainer too... u have made the subject so interesting and easy...I’m sure I could have never get such best DT classes from anywhere...the best thing I found in u is ur work so hard for your students u give ur 100%to make them remember things so nicely...and sir last but not the least u deserve every bit of respect n success...(and the natural life u live with a pure heart makes everything more best)!!

Sir I was present for your lecture today
And it was really too good sir!!
I didn’t get opportunity to come pure and learn but my wish for learning from expert faculty was fulfilled today

Thankyou sir for jokes and masti and that hand was joke was just 😂 😂 😂

Thanks vijay sir for boosting our morale
Keep teaching sir
Thank you very much sir for today’s lecture. I cannot express the joy and contentment I’m feeling since then.

It was my first live experience which included memorable life as well as academic lessons. You have no idea how your true and honest sayings have impacted or are impacting me. Your words bring out house warming vibes. I won’t hesitate to call you a family member. You might be receiving such appreciation texts from thousands of students but I’ll prove myself I’m not one of them.

I’m giving you my word, it’s my 3rd attempt and I’ll score an exemption. Make myself be an example for others and show you how your great thoughts have influenced me. Thank you again.

---

Sir mera ye 4 attempt hai Ipcc hai... M har bar Tax m rhe rahi thi... Esa darr lagta tha tax ke naam se... Pr mene jab aapka revision batch pura Dekha aap jese jese board pr likhte gye mene pura separate copy m likha... Aapne jitu question kr vaee uske sath sath hi mene pm sm kri....

Sir aaj m bol sakhi hu aapke lectures dekhne ke baad ki dt meko almost sab section yaad hai...m sare question solve kr sakli hu....

Aur aapke lecture me kito ina confident hai ki m exemption la sakti hu dt m... Thankuuuuuu thankuuu thankuuuuuu soooo much sir aapke lecture Bhut helpful hai... Bhut hi jaadaa... Mtb ki meko tax m kuch bhi ni aata tha aaj meko sif voh revision lecture se sab aata hai...mene marathon lecture bhi dekhiye Aur amendment bhi 2bar dekhe... M sir aapko jita thankuu bolu u km hai... Ab tax krne ki hi iccha hoti rehti... And very much confident in tax....

Thankuu sir once again

Sir aaj tax ka paper bht hii aachaa gya aur iska pura credit aapke aur vormat ke fast track lecture ke initiative ki jata hai last attempt mai tax mai 40 bhi nahi aaye the par is baar exemption aa jayegi

Maine jis faculty se tax pada tha unhone hume bht sare topic nhi karwaye the aur total income bhi skip karwa diya thaa mai taal hona par bht demotivate ho gya tha lekin aapke fast track lecture ne kamal kr dila

Samajh nhi aa rha aapka sukriya kese karu

Once again thank you so much

Final mai tax aapse hi padana hai

---

Hello sir, I too took FT batch videos for DT for may19 I didnot took any class of any faculty before but after watching ur lecture i found myself confident. U are superb sir specially noone can provide the max amount of study pattern of DT ie. vast subject for without any return. U gave a lot of amount of students to get cleared in this attempt this is ur kind act for us to make u a true teacher THANK U SO MUCH SIR BY DEEP OF HEART, not for free provided tasm for provided in a manner like my papa teach me whenever , felt like that. SUN MERE BHAI... TO TO AGAIN a lot..... I wish to meet u one day..... I GOT VICTORY ON OUR HEARTS BTW U already “VIJAY SIR” love you sir

---

You people’s are done a great works for us . The students can’t afford the price for classes and all these peoples are thankful to you for lifetime... these videos come to me too late but it’s increase my confidence level towards examination you attempting may attempt thank you very much sir your teaching too is too great sir... In your words Huge huge respect to you... not expressed in words Thank you so much ...!!
DIRECT TAXES

Regular Study Material
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers past exam questions from year 1992 onwards
All judgements of ITAT/HC/SC coverage of PM/RTP

Direct Tax MCQ
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers more than 1000 MCQs along with answers

Direct Tax Questioner (Question Bank)
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers theory as well practical solved questions
Covers all past exam questions from year 1992 onwards

ELECTIVE PAPER – INTERNATIONAL TAX

Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers all cases as per ICAI material alongwith past paper questions with answers
Covers 500 + MCQs along with answers

PENDRIVE LECTURES AVAILABLE AT
WWW.VSMARTACADEMY.COM
DIRECT TAXES

Regular Study Material
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers all past exam questions from year 1992 onwards
All judgements of ITAT/HC/SC coverage of PM/RTP

Direct Tax MCQ
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers more than 1000 MCQs along with answers

Direct Tax Questioner (Question Bank)
Covers all Amendments as per FA’19 & Taxation Amendment Ordinance’19
Covers theory as well practical solved questions
Covers all past exam questions from year 1992 onwards

STRATEGIC MANAGEMENT

Regular Study Material
Illustrated notes in Simple Language
Easily explained concepts with diagrams & eg
Revision points for each topic

SM MCQ
Covers 500 MCQs with answers

SM Questioner (Question Bank)
Covers 230 solved questions & case studies & with explanation including diagrams
Covers past examination questions from 2004 to 2019

PENDRIVE LECTURES AVAILABLE AT WWW.VSMARTACADEMY.COM
AMENDMENTS FOR MAY 20 & NOV 20
FOR CA INTER, CS EXE., CMA INTER

This year taxation law has undergone change as under:-

FA 2019 (1)

CA PIYUSH GOYAL DT. 1ST FEB. 2019

FA 2019 (2)

NIRMALA SITHARAMAN DT. 5TH JULY, 2019

Taxation Amendment Ordinance (Taxation Law Amendment Act, 2019)

NIRMALA SITHARAMAN DT. 20TH SEPT. 2019

+ 

Notification/Circular upto 31st Oct, 2019
<table>
<thead>
<tr>
<th>S.NO.</th>
<th>Chapter</th>
<th>Page No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Basic Concepts &amp; Tax Calculation</td>
<td>1.1 – 1.6</td>
</tr>
<tr>
<td>2.</td>
<td>Residence and Scope of Total Income</td>
<td>2.1 – 2.2</td>
</tr>
<tr>
<td>3.</td>
<td>Incomes which do not form part of Total Income</td>
<td>3.1 – 3.2</td>
</tr>
<tr>
<td>4.</td>
<td>Income under the head Salary</td>
<td>4.1</td>
</tr>
<tr>
<td>5.</td>
<td>Income under the head House Property</td>
<td>5.1</td>
</tr>
<tr>
<td>6.</td>
<td>Profits and Gains of Business or Profession</td>
<td>6.1 – 6.3</td>
</tr>
<tr>
<td>7.</td>
<td>Income under the head Capital Gains</td>
<td>7.1 – 7.7</td>
</tr>
<tr>
<td>8.</td>
<td>Income from Other Sources</td>
<td>8.1 – 8.3</td>
</tr>
<tr>
<td>9.</td>
<td>Set-off and Carry Forward of Losses</td>
<td>9.1 – 9.2</td>
</tr>
<tr>
<td>10.</td>
<td>Deductions from Gross Total Income</td>
<td>10.1 – 10.7</td>
</tr>
<tr>
<td>11.</td>
<td>Advance Tax, Tax Deduction at Source and Introduction to Tax Collection at Source</td>
<td>11.1 – 11.8</td>
</tr>
<tr>
<td>12.</td>
<td>Return of Income</td>
<td>12.1 – 12.4</td>
</tr>
<tr>
<td>13.</td>
<td>Transfer Pricing</td>
<td>13.1 – 13.4</td>
</tr>
<tr>
<td>14.</td>
<td>Other Amendments</td>
<td>14.1 – 14.4</td>
</tr>
</tbody>
</table>
CONSTITUTIONAL VALIDITY

ARTICLE 245
Parliament may make law for whole or any part of the country

ARTICLE 123
President may promulgate the ordinance when the either of the houses is not in session

ARTICLE 270
Taxes shall be divided between union and state

ARTICLE 271
Surcharge can be levied on duties and taxes

Entry No 82 – Union List (Taxes on income other than on agriculture)

Entry No. 46 – State List (Taxes on agriculture income)
**REBATE – SECTION 87A**

1) Assessee is Individual

2) He is Resident in India

3) whose total income (From All Heads after Deduction) (Normal + Special excluding Agriculture Income and Exempt Income) does not exceed ₹5 lakh

Rebate = ₹12500 or 100% of tax payable, whichever is lower

---

**SURCHARGE**

FA’2019 has changed the Surcharge & new Surcharge rate were provided.

However, on 20th Sept’19 FM has brought Taxation laws (Amendment) Ordinance 2019 which has further changed surcharge rate for I / HUF / AOP / BOI / AJP as under:

<table>
<thead>
<tr>
<th>Sr No</th>
<th>Income</th>
<th>Surcharge on Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>u/s 111A &amp; 112A</td>
</tr>
<tr>
<td>1)</td>
<td>TI [Including Income u/s 111A &amp; 112A does not exceed 50L]</td>
<td>Nil</td>
</tr>
<tr>
<td>2)</td>
<td>TI [Including Income u/s 111A &amp; 112A exceed 50L but does not exceed 1cr.]</td>
<td>10%</td>
</tr>
<tr>
<td>3)</td>
<td>TI [Including Income u/s 111A &amp; 112A exceed 1cr but does not exceed 2cr.]</td>
<td>15%</td>
</tr>
<tr>
<td>4)</td>
<td>TI [Excluding Income u/s 111A &amp; 112A exceed 2cr but does not exceed 5cr.]</td>
<td>15%</td>
</tr>
<tr>
<td>5)</td>
<td>TI [Excluding Income u/s 111A &amp; 112A exceed 5cr]</td>
<td>15%</td>
</tr>
<tr>
<td>6)</td>
<td>TI [Including Income u/s 111A &amp; 112A exceed 2cr but not covered by situation 4 &amp; 5.]</td>
<td>15%</td>
</tr>
</tbody>
</table>

---

**Firm / LLP / Local Authority / Co-Operative Society & Companies**

<table>
<thead>
<tr>
<th>Firm / LLP / Local Authority / Co-Operative Society</th>
<th>If Income exceed ₹1cr – 12%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies</td>
<td>Upto ₹1cr – Nil</td>
</tr>
<tr>
<td></td>
<td>Above ₹1cr upto ₹10cr – 7%</td>
</tr>
<tr>
<td></td>
<td>Above ₹10cr – 12%</td>
</tr>
<tr>
<td>Domestic Co</td>
<td>Upto ₹1cr – Nil</td>
</tr>
<tr>
<td></td>
<td>Above ₹1cr upto ₹10cr – 2%</td>
</tr>
<tr>
<td></td>
<td>Above ₹10cr – 5%</td>
</tr>
<tr>
<td>Foreign Co</td>
<td>Upto ₹1cr – Nil</td>
</tr>
<tr>
<td></td>
<td>Above ₹1cr upto ₹10cr – 2%</td>
</tr>
<tr>
<td></td>
<td>Above ₹10cr – 5%</td>
</tr>
</tbody>
</table>
In case of Company Assessee:

If net income exceeds ₹50L / 1 cr / 2cr / 5cr, the total amount payable as income tax and surcharge on total such income shall not exceed the total amount payable as income tax on a net income of ₹50L / 1 cr / 2cr / 5cr by more than the amount of income that exceeds ₹50L / 1 cr / 2cr / 5cr. [FA’19]

SECTION 115BAA & 115BAB

<table>
<thead>
<tr>
<th>SECTION 115BAA – New Tax rate for Domestic Company</th>
<th>SECTION 115BAB – Tax rate for Domestic Manufacturing Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maybe a newly incorporated or an existing co</td>
<td>Set up &amp; registered on/after 1st Oct 2019 &amp; Commenced manufacturing on/before 31st March 2023</td>
</tr>
<tr>
<td>No restriction w.r.t its Formation</td>
<td>Not formed by splitting up or reconstruction.</td>
</tr>
<tr>
<td>Engaged in any business</td>
<td>Not engaged in business other than Manufacturing</td>
</tr>
</tbody>
</table>
| Can use both old & new assets                       | Does not use Old P&M, however: 
|                                                     | a) Value of trf Assets does not exceed 20% of total value of P&M used in Business |
|                                                     | b) P&M imported from outside India shall be treated as new     |
| Can use any building                                | Does not use any building previously used as hotel/convention centre |
| Required to opt on or before due date u/s 139(1) for furnishing ROI for any PY relevant to AY 20-21 or any subsequent AY | Required to opt in first year itself, if not opted for this sec in first year then will become ineligible to opt in subsequent year. |
| tax rate = 22%+10% Sur [irrespective of quantum of Income] + 4% HEC, Effective Rate 25.17% | tax rate = 15% + 10% Sur [irrespective of quantum of Income] + 4% HEC, Effective Rate 17.16%. |

Income under Chap XII would be subject to tax @ mentioned in said sections in Chap XII. Surcharge @ 10% would be levied on tax computed on such income. HEC @ 4% would be levied on income tax plus surcharge.

Rate of Tax on STCG from transfer of a capital asset on which depreciation is allowable under the Act is 25.168% (tax @ 22% + Surch @ 10% + cess @4%)
**COMMON POINTS FOR BOTH SECTIONS**

1) Domestic Co includes:
   - a) Public/Private/Listed/Unlisted
   - b) without restriction of Annual Turnover
   - c) Shareholder of Co may be resident or non resident
   - d) Such Co may be controlled by Domestic/Foreign Entity

2) Total Income shall be Computed without claiming following deductions:
   - a) Deduction u/s 10AA.[SEZ]
   - b) Additional Depreciation u/s 32
   - c) Deduction u/s 32AD.[Investment Allowance]
   - d) Deduction u/s 33AB.[Tea development Account]
   - e) Deduction u/s 33ABA.[Site restoration fund]
   - f) Deduction u/s 35/35[2AB]/352[AA] [Scientific Research]
   - g) Deduction u/s 35AD.[Specified business]
   - h) Deduction u/s 35CCC [Agriculture Extension project]
   - i) Deduction u/s 35CCD [Skill Development Expenditure]
   - J) Deduction under any provision of Chapter VIA but other than 80JJAA

3) Total Income of company is calculated without adjusting B/f losses from any earlier years, moreover such loss will not be carried forward

4) Total Income of co so calculated after depreciation

5) Co has to opt this scheme in prescribe manner before filling ROI, however once The Co has taken the option it cannot be withdrawn

6) If option is exercised in Sec.115BAA MAT provision is not applicable u/s 115JB, However the benefit of b/f credit u/s 115JAA shall be not available
7) **Rate of tax on other income in respect of which no specific rate of tax is provided**

In Chap XII

Sec 115BAB – Applicable rate @ 25.168% if such income neither been derived from nor is incidental to manufacturing or production of an article or thing. In respect of such income, no deduction or allowance in respect of any expenditure or allowance shall be allowed in computing such income.

Sec 115BAA – Applicable rate @ 25.168%. There is however, no restriction regarding Claim of any deduction or allowance permissible under the relevant provisions of the Act.

8) **Provision of MAT will not apply**

9) **In relation to Sec 115BAB, in case of adjustments for transactions with persons close connections:**

   If the Assessing officer opines that the course of business between the company & Any other person having close connection therewith is so arranged that the Business transacted between them produces more than the ordinary profits to The company, he is empowered to take into account the amount of profits as Maybe reasonably deemed to have been derived therefrom, while computing Profits & gains of such company.

   In case the arrangement referred to above, involves a specified domestic transaction Referred to in Sec 92BA, then, the amount of profits from such transaction would be Determined by considering the Arms Length price (ALP).

   The amount, being profits in excess of the amount of profits determined by the AO Shall be deemed to be the income of the person. The income tax on the income So deemed shall be subject to tax @ 34.32% (i.e tax @ 30% + Surch @ 10% + Cess @ 4%)

   In the above related case, no need to make such adjustment.
Representations have been received from stakeholders seeking clarification on following issues relating to exercise of option u/s 115BAA:

a. Allowability of b/f loss on account of additional depreciation:
   1) A Domestic Co which would exercise option for availing benefit of lower tax rate u/s 115BAA shall not be allowed to claim set off of any b/f loss on a/c of additional depreciation for an AY for which option has been exercised & / or any subsequent AY
   2) Further, as there is no time line within which option u/s 115BAA can be exercised it may be noted that domestic co having b/f losses on account of additional depre may if it so desires exercise the option after set off of the losses accumulated.

b. Allowability of b/f MAT credit:
   1) As regards allowability of b/f MAT credit. it may be noted that as the provisions of sec 115JB relating to MAT itself shall not be applicable to the domestic co which exercises option u/s 115BAA. it is hereby clarified that the credit of MAT paid by domestic co exercising option u/s 115BAA of the Act shall not be available consequent to exercising of such option
   2) Further, as there is no time line within which option u/s 115BAA can be exercised, it may be noted that a domestic co having credit of MAT may, if it so desires, Exercise after utilizing the said credit against the regular tax payable under the taxation regime existing prior to promulgation of the Ordinance
INCOME DEEMED TO ACCRUE OR ARISE IN INDIA – SECTION 9

→ Income is in the nature of “Gift of sum of money (not other property) which is taxable u/s 56(2)(x)”, given by resident to non-resident/foreign company, outside India, shall deemed to accrue or arise in India on or after 5th July, 2019.

SECTION 9A

→ “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, subject to fulfilment of certain conditions.

→ By way of Finance Act’19, the definition of “Eligible Investment Fund” has been amended.

“Eligible Investment Fund” means a fund “established or incorporated or registered” outside India, & fulfill following conditions :-

(i) The fund is not a person Resident in India;

(ii) The aggregate “participation or investment” in the fund, directly or indirectly, by “persons resident in India” does not exceed “5% of the corpus of the fund”;

(iii) The fund is :-

a) A Resident of a “country or a specified territory” with which an “agreement referred to u/s 90(1)/90A(1)” has been entered into; or

b) Is “established or incorporated or registered” in a “country or a specified territory” which is notified by the CG in this behalf;

(iv) The monthly average of the corpus of the fund shall not be less than Rs. 100 Crores;

Exceptions:-

a) If a fund has been established/incorporated in the PY, corpus of such fund shall not be less than Rs. 100 Crores as at the “end of such PY”, “end of 6 months from the last day of month of its establishment/incorporation” or “end of such PY”, whichever is later.

b) This condition of minimum corpus is not applicable to a “fund which has been wound up in the PY”.

CA CS VIJAY SARDA │ VSMART Academy │ 8956651954
(v) The “fund and its activities” are subject to applicable Investor Protection Regulations in the “country or specified territory, where it is established or incorporated or is a resident”;

(vi) The fund has a minimum of 25 members who are, directly or indirectly, not connected persons;

(vii) “Any Member of the fund” along with “Connected Persons” shall not have any participation interest, directly or indirectly, in the fund exceeding 10%;

(viii) The aggregate Participation Interest, directly or indirectly, of “10 or less members” along with their “connected persons in the fund”, shall be less than 50%;

(ix) The fund shall not “carry on or control and manage”, directly or indirectly, any business in India;

(x) The fund is neither “engaged in any activity which constitutes a Business Connection In India” nor “has any person Acting on its behalf whose activities constitute a Business Connection In India other than the activities undertaken by the Eligible Fund Manager on its behalf”;

(xi) The fund shall not Invest more than “20% of its corpus” in any entity; and

(xii) The fund shall not make any investment in its “Associate Entity (i.e. Entity in which “director/trustee/partner/member/fund manager of the fund” or “director/trustee/partner/member of the fund manager” hold, individually/collectively, more than “15% of that Entity’s Share/Interest”)”.

(xiii) The remuneration paid by the fund to an Eligible Fund Manager w.r.t. Fund Management Activity undertaken by him on its behalf is not less than the “arm’s length price of the said activity” “amount calculated in such manner as may be prescribed”.

Note:- The conditions “v, vi & vii” shall not apply in case of:-

a) Investment fund set up BY the “govt or the central bank of a foreign State”;

b) Sovereign Fund; or

c) Such other fund as the CG notifies in Official Gazette (Accordingly, CG has notified Investment Funds set up BY Category-I or Category-II Foreign Portfolio Investors registered under the SEBI (FPI) Regulations, 2014)”. 
**INTEREST ON RUPEE DENOMINATED BOND SEC 10(4C)**

If Non resident/Foreign Company receives interest from Indian Company or Business Trust in respect of money borrowed (also refer Sec 194LC), & if these bonds are issued between 17.09.2018 to 31.03.2019 the interest income will be EXEMPT.

**INCOME RECEIVED BY A SPECIFIED FUND SECTION 10(4D)**

Income accrued or arises by a specified fund:

- a. Upon transfer of Capital Asset u/s 47
- b. Transfer of Capital Asset on exchange located in IFSC

Consideration for transfer is paid or payable in convertible foreign exchange, then such income will be exempt.

**Note:**

Specified Fund means -

1. Fund incorporated in India
2. Has a certificate of registration as Category III AIF and Regulated by SEBI
3. Located in IFSC
4. All units of the fund are held by Non resident

**SECTION 10(12A) CLOSURE OF NPS**

Any amount payable to a person at the time of closure or opting out of NPS (National Pension Scheme) shall be exempt up to 60% of total amount [earlier it was 40% exempt]

**SECTION 10(34A)**

The aforesaid provisions shall be applicable (on or after July 5’19) even in case of buy back of listed shares. Consequently, in the case of buy back of shares
INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

(listed or unlisted) on or after July 5, 2019 -

a. Income of shareholder will be exempt u/s 10(34A) &

b. The company (with buys back its own shares) will be liable for tax on distributed Income u/s 115QA

Note:

Further, if the public announcement of Buy Back of Listed shares is made before 5th July then the new amended provision shall not apply, i.e. Sec 115QA & Sec 10(34A) shall not apply
By Finance Act’19, Standard Deduction from Income u/h Salary has been increased from 40,000 to 50,000.

Transport Allowance

Deduction w.r.t. Transport Allowance has been withdrawn with introduction of Standard Deduction. However, in case of an Employee who is blind or Handicapped - ₹ 3200 has still been allowed as deduction.
### INCOME UNDER THE HEAD HOUSE PROPERTY

#### DETERMINATION OF ANNUAL VALUE (SECTION 23) – FA’19(I)

- **1st Amendment:**
  Section 23 allows claiming NIL GAV w.r.t. a property which is self-occupied or unoccupied. Earlier, NIL GAV could be claimed only w.r.t. 1 such HP only. Post amendment, NIL GAV can be claimed w.r.t. 2 such properties.

- **2nd Amendment:**
  In the chart given below, the 1 year time limit has been increased to 2 years.

#### More Than One House Property Self Occupied

Where more than one house property is self occupied, then, any 2 HP could be treated as SOP & other property shall be DLOP

The maximum limits of 30,000/2,00,000 is for aggregate of Interest deduction claimed u/s 24(b) w.r.t the “2 Self-occupied or Unoccupied Properties” and not separately for each of them (Eg:- Deduction w.r.t. aggregate of Interest on “all loans which qualify for 30,000 deduction limit” shall not Exceed 30,000); and
**AMENDMENT IN MULTIPLE SECTIONS**

a. To promote a Less Cash Economy, govt. has required/incentivised payment through “account payee cheque or account payee bank draft or electronic clearing system through a bank account”.

**SECTION 35AD SPECIFIED BUSINESS**

Where capital expense exceeds Rs. 10,000, Deduction u/s 35AD is allowed only if payment is made through any of the 4 modes mentioned above.

**SECTION 40A(3)/(3A) CASH PAYMENTS**

Where revenue expense exceeds Rs. 10,000, it is disallowed u/h PGBP by Section 40A(3)/(3A) IF the payment is made through any mode other than the 4 modes mentioned above.

**SECTION 43(1) ACTUAL COST**

Where capital expense exceeds Rs. 10,000, IF the payment is made through any mode other than the 4 modes mentioned above, the expense is not allowed to be claimed as “Actual Cost of an asset u/s 43(1)” and consequently, no depreciation can be claimed on it.

**SECTION 43CA PROPERTY HELD AS STOCK IN TRADE**

In general, under Sections 43CA/50C/56(2)(x), SDV on the date of transfer is considered. However, where the “Date of agreement fixing consideration for transfer” and the “Date of transfer of asset” is different, assessee is allowed to consider the SDV prevailing on “Date of agreement fixing consideration for transfer” provided at least some part of the consideration is paid by any of the 4 modes mentioned below.
### SECTION 44AD PRESUMPTIVE INCOME

In case of presumptive taxation scheme u/s 44AD, 6% of “Turnover/GR” is deemed to be PGBP Income w.r.t Turnover/Gross receipts that is received by any of 4 modes mentioned above. In respect of remaining turnover/GR, 8% of it is deemed as PGBP Income of assessee.

### SECTION 40(a)(i) PAYMENT WITHOUT TDS

In case of payment /credit to a non-resident/foreign company or payment/ credit to a person outside India, tax deduction provisions are applicable, if the following conditions are satisfied

a. the amount paid/payable is interest, royalty, technical fees or any other sum (but not salary), and

b. in the hands of the recipient, it is chargeable to tax in India

Disallowance under section 40(a)(i) is applicable in the following two cases

**Situation 1**: Tax is deductible from aforesaid payment/credit to a non-resident/foreign company, but it is not deducted

**Situation 2**: Tax is deductible (and it is so deducted) on the aforesaid payment/credit but the tax deducted is not deposited by the deductor till the due date of submission of his return of income.

A relief is given in Situation 1 (and not in Situation 2). This relief will be available if the following conditions are satisfied

1. Tax is deductible, on the aforesaid payments but it is not deducted (wholly or partly) by the payer (i.e., Situation 1).

2. The payer is not deemed to be an assessee-in-default under the first proviso to section 201(1).

If the above conditions are satisfied, then for the purpose of section 40(a)(i) it shall be deemed that the payer has deducted and paid the tax on such amount on the date of the furnishing of return of income by the recipient.
Amendment to section 201 - Currently, relief is available u/s 201 in case of TDS default when recipient is resident. To accommodate the aforesaid modification in the scheme of section 40(a)(i), section 201 has been simultaneously amended w.e.f the assessment year 2020-21.

After the amendment, by virtue of first proviso to section 201(1), the payer is not deemed to be an assessee-in-default if:

a. the recipient has furnished his return of income under section 139
b. the recipient has taken into account the above income in such return of income
c. recipient has paid the tax due on income declared in such return of income &
d. the payer furnishes a certificate to this effect from a chartered accountant in a prescribed form.

SECTION 43B DEDUCTION ON ACTUAL PAYMENT

Provisions of section 43B have been amended (with effect from AY 2020-21) by inserting clause (da). After this amendment, the scope of section 43B has been extended to cover interest payable on loan or borrowing from:

a. "systemically important non-deposit taking non-banking financial company (NBFC)"
   OR
b. “deposit taking [NBFC]”

Therefore, Interest paid to NBFC is allowed as deduction only if it is paid before Filing ROI.

Further, conversion of interest into loan will not be treated as payment of interest.
Indian Accounting Standards (Ind-AS) compliant companies are required to record the property and the liabilities of the undertaking at a value different from the book value of the demerged company. In order to accommodate such companies, section 2(19AA) has been amended with effect from AY 2020-21. The amended provisions provide that the requirement of recording property and liabilities at book value by the resulting company shall not be applicable in a case where the property and liabilities of the undertakings received by it are recorded at a value different from the value appearing in the Books of a/c of the demerged company immediately before the demerger in compliance of the Indian Accounting Standards specified in Annexure to the Companies (Indian Accounting Standards) Rules, 2015.

Provisions of this section shall not apply to any consideration received or accruing as a result of transfer by such class of persons and subject to such conditions as may be prescribed.

Consequential Amendment u/s 56(2)(x):
Along with all other exceptions, provisions of this section shall also not apply to any sum of money or value of property received from such class of persons and subject to such conditions as may be prescribed.

CII for the year 2019-2020 is 289.
### Exemption of Capital Gains (Section 54)

The amendment has been highlighted in red below

<table>
<thead>
<tr>
<th>Particulars</th>
<th>54</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Assessee</td>
<td>Individual/HUF</td>
</tr>
<tr>
<td>Type of transfer</td>
<td>Any transfer</td>
</tr>
<tr>
<td>Type of transferred asset</td>
<td>Long-term</td>
</tr>
<tr>
<td>Asset transferred</td>
<td>&quot;Residential House Property (Buildings or Land appurtenant thereto)&quot;</td>
</tr>
<tr>
<td></td>
<td>Transfer of PLOT of land is NOT covered</td>
</tr>
<tr>
<td>Additional requirement from transferred asset</td>
<td>Income from transferred asset is taxed u/h HP only</td>
</tr>
<tr>
<td>Time limit to invest in new asset</td>
<td>Purchase within 1 year before transfer or 2 years after transfer date</td>
</tr>
<tr>
<td></td>
<td>Construct within 3 years after transfer date</td>
</tr>
<tr>
<td>CGAS Scheme Available?</td>
<td>If amt. not utilized till ROI date, deposit in CGAS a/c is deemed as utilization</td>
</tr>
<tr>
<td></td>
<td>If time limit to invest in new asset expires and the amount is not utilized for the specified purpose, amount lying in CGAS is deemed as capital gain</td>
</tr>
<tr>
<td></td>
<td>However, as per Circular No. 743/1996, if assessee dies, Unutilized amount in CGAS a/c is not taxable in hands of legal heir</td>
</tr>
</tbody>
</table>
Section 115QA is applicable when a domestic company does a buyback of its Shares. In such a case, tax of “20% + 12% surcharge + 4% cess” has to be paid on the amount of “Distributed Income” where “Distribute Income” means “Consideration paid to the shareholders on buyback – Amount recd. by company for issue of the shares being bought back”.

“Amount recd. by company w.r.t. shares being bought back” is determined as per Rule 40BB.

Consequently, the capital gains arising to shareholder from a “Buyback taxed u/s 115QA in hands of company” are exempt u/s 10(34A).

Before the amendment, only a Buyback by domestic company of unlisted Shares was covered u/s 115QA.

After Amendment, even a buyback of listed Shares is covered u/s 115QA provided it is done by a Domestic Company. This has been done since tax evasion (buyback instead of distributing dividend) was noticed in case of Listed Shares also.
**Interlinking:** If a “foreign Company does buyback, whether of listed or unlisted shares” or “Domestic Company does a buyback of securities other than Shares”, Section 46A provides that capital gains arising to shareholder from such transfer are taxable in hands of shareholder itself and not as per Section 115QA.

→ This amendment is effective from 5th July, 2019.

### TRANSACTIONS NOT REGARDED AS TRANSFER (SECTION 47)

→ Clause (viiab) of Section 47 has been amended. Amendment has been highlighted below by red colour:

1) Bonds or GDRs referred to u/s 115AC(1);
2) Rupee denominated bonds of an Indian co.;
3) Derivative; or
4) Such other securities as may be notified by the CG in this behalf

transferred on a RSE located in an IFSC (i.e. International Financial Services Centre) by a NR to anyone where consideration is paid/payable in foreign currency is not regarded as transfer [Section 47(viiab)]

→ This amendment has been made to do away with any taxes arising on the transfer of certain other securities too which will be notified by CG in due course of time.

→ Interlinking:- If the exemption u/s 47(viiab) is not available because of the transferor being a “person other than NR”, then, Exemption may be available u/s 10(4D) if the transferor is a “Specified Fund”.

### EXEMPTION U/S 54GB

(i) **Assessee is an Individual/HUF; Transferred LTCA Residential property**

(ii) The transfer was so made before 1st April, 2021.[earlier 2019]

(iii) **Investment is in Eligible Company**

“Eligible Company” means a company which satisfies all of the following:

- The company is an “eligible start-up (This term is defined u/s 80-IAC)”
- The co. is engaged in “eligible business (This term is defined u/s 80-IAC)”

Incorporated in either of the following FYs:

✓ FY in which capital gain arises; or
✓ FY following the “FY in which capital gain arises” but on or before the “due date for filing of ROI of such FY in which capital gain arises”.

After subscription of shares of such “Eligible Co.” by the Individual/HUF assessee, assessee holds more than 50% of its “share capital/ voting rights”.

The “Shares so acquired by assessee” carry a lock-in of 5 years from Date of Acquisition. Transfer of new asset within this period leads to the “capital gains exempted earlier” being taxed in PY of transfer apart from capital gains normally arising on transfer of New Asset.

(iii) The “New P&M so acquired by Eligible Company” carry a lock-in of 5 yrs from date of acquisition. Transfer of new asset within this period leads to the “capital gains exempted earlier” being taxed in PY of transfer apart from capital gains normally arising on transfer of new asset.

Exception:- In case of “Computer or Computer Software” acquired by a “technology driven start-up so certified by the notified IMBC”, the Lock-in Period shall be of 3 years and not of 5 years.

**SECTION 112A TAX ON LONG TERM CAPITAL GAIN (SEC 10(38) ABOLISHED)**

LTCG on transfer of:

a. Equity shares or

b. Equity oriented Units or

c. Units of Business Trust

in excess of ₹ 1L shall be taxable @ 10% (+ HEC @ 4%) if following conditions are satisfied:

i) STT paid on Acquisition & transfer of Equity Shares

ii) STT paid on transfer of Equity Oriented Units & Units of Business Trust

If the above conditions are not satisfied, Sec 112 is still applicable:
### INCOME UNDER THE HEAD CAPITAL GAINS

<table>
<thead>
<tr>
<th>Particulars</th>
<th>₹</th>
</tr>
</thead>
<tbody>
<tr>
<td>FVC = Amount received</td>
<td>Xxx</td>
</tr>
<tr>
<td>(-) Expenses on Transfer</td>
<td>(xxx)</td>
</tr>
<tr>
<td>Net Consideration</td>
<td>Xxx</td>
</tr>
<tr>
<td>(-) COA : Higher of</td>
<td>(xxx)</td>
</tr>
<tr>
<td>a) COA</td>
<td></td>
</tr>
<tr>
<td>b) Lower of :</td>
<td></td>
</tr>
<tr>
<td>i) Sale Consideration</td>
<td></td>
</tr>
<tr>
<td>ii) FMV as on 31.1.18</td>
<td></td>
</tr>
<tr>
<td>Capital Gain</td>
<td>xxx</td>
</tr>
</tbody>
</table>

- **FMV:**
  - Listed & Traded on 31.1.18: Highest Price on that Day
  - Listed but not traded: Highest Price on any Previous Traded Day
  - Units: NAV as on 31.1.18
  - Unlisted Shares: Indexed Cost (17-18)

### NOTIFICATION 60/2018 EXCEPTION TO STT PAYMENT:

In the following cases even if STT is not paid then also Assessee is eligible to claim the benefit u/s 112A:

- **Shares acquired prior to 1st Oct’2004**
- **Shares acquired after 1st Oct’2004**

<table>
<thead>
<tr>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of existing listed eq share whose share are not frequently traded in RSE is made through a Preferential issue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) acquisition of share approved by HC, SC, NCLT, SEBI &amp; RBI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Shares acquired by NR under FDI guidelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Acquisition of shares by Investment fund u/s 115UB or VCF u/s 10(23FB) or QIB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Shares acquired through Preferential issue as per SEBI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acq of existing listed eq share not entered through RSE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) acq of share approved by HC, SC, NCLT, SEBI &amp; RBI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2) Shares acquired by NR under FDI guidelines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3) Acq under ESOP scheme</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4) Acq as per SEBI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Acquisition from Govt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6) Acquisition of shares by Investment fund u/s 115UB or VCF u/s 10(23FB) or QIB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7) Acq by mode of trf u/s 47 or 50B if previous owner has not acquired in any mode referred in 1, 2 or 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of eq. share of a co during period beginning from the date co is delisted &amp; ending on the date it is relisted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRESS NOTE DT 20.09.2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhanced Surcharge rate shall not apply to CG arising out of Sale of equity share or equity oriented fund or units of business trust in hands of I/HUF/AOP/BOI/AJP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enhanced Surcharge shall not apply to CG arising on sale of security including derivative in hands of Foreign Portfolio investor</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Gift by Resident to NR made outside India shall deemed to accrue or arise in India Board shall prescribe transactions undertaken by class of Person to which Sec 56(2)(10) & 50CA shall not be applicable w.r.t determination of FMV on unlisted shares [FA’19]

Sec 56(2)(x) applicable only if property is a Capital Asset of recipient, if it is Stock in trade then this sec is not applicable (CBDT Circular)

GIFT RECEIVED FROM FOLLOWING IS EXEMPT:

a) Gift from any relative
b) On the occasion of the marriage of the individual
c) Under a will or by way of inheritance or in contemplation of Death
d) From any local authority, University, Educational Institute u/s 10[23]
e) From any trust or institution registered under section 12AA
f) From holding company to 100% subsidiary company or vice versa.
g) Given by Individual to trust for benefit of Relative. [FA 2019]
h) Such class of person & subject to such condition as may be prescribed.

SHARES ISSUED AT PREMIUM

If a closely held company [Private Co.] issued to share to a resident shareholder on premium then consideration (-) FMV = IFOS

Exception : 1) Premium received by Venture Capital Undertaking &
2) Person specified by Central Govt (as of now Cat I AIF is specified)

Issue of Share at Premium by Category II AIF shall be exempt [FA’19]

Notification By CG - notification w.e.f 19.02.2019:
Startup shall be eligible for Exemption u/s 56(2)(viib)(ii) if following conditions mentioned are satisfied.

Meaning of Startup:
A company would be considered as startup if following conditions are satisfied:
Period - Considered Start up upto a period of 10 yrs from date of incorporation registration, if it is incorporated as private ltd co in India
Turnover limit - Turnover for any of the FY(s) since incorporation/registration has not exceeded 100 cr.
Object & Purpose - Co is working towards innovation, development/improvement of products or processes or services or if it is scalable business model with a high potential of employment generation or wealth creation. However, Pvt Ltd Co shall not be considered as startup, if it formed by splitting up or reconstruction of an existing business.

Conditions to be satisfied :
a) Recognized by Dept for Promotion of Industry & Internal Trade as start up as per this or earlier notification on the subject.
b) Aggregate amount of paid up capital & share premium of startup after issue/proposed issue of shares, if any, does not exceed, 25Cr. However, in computing aggregate amount of Paid up share capital, amount of paid up share capital & share premium of 25cr w.r.t shares issued to following not be included:
   1) Non-resident
   2) Venture Capital Co/Fund
   3) Specified Co : means a Co whose shares are frequently traded within the meaning of SEBI(Substantial Acq of Shares & Takeovers) Regulations,2011 & whose net worth on last date of FY preceeding the year in which shares are issued exceeds 100 cr or turnover for FY preceeding year in which shares are issued exceeds 250cr.

It has not invested in any of following assets :
   i) Building or land appurtenant thereto, being a residential house, other than that used by Startup for rent or held as Stock in ordinary course of business.
   ii) Land or building or both, not being residential, other than that occupied by Startup for its business or used by it for purpose of renting or held by it as Stock in the ordinary course of business
   iii) Loans & advances, other than those extended in ordinary course of business by Startup where the lending of money is substantial part of business
   iv) capital contributions made to any other entities
   v) shares & securities
   vi) Motor vehicle, aircraft, yacht or any other modeof transport, the actual cost of which exceeds 10L other than that held by Startup for purpose of plying,hiring, leasing, or as Stock in trade in the ordinary course of business
   vii) Jeweller other than that held as stock in ordinary course of business
   viii) any other asset, whether in nature of capital asset/archaeological collections, drawing, painting, sculptures, any work of art or bullion.

However, it should not invest in any of the assets mentioned above for more than 7yrs from end of latest FY in which shares issued at premium.
for said PY.
Proviso issued by FA’19: If Co fails to comply with conditions mentioned, then any consideration received as premium shall deemed to be the income chargeable to tax for PY in which failure has taken place & shall also be deemed that Co has under-reported said income as referred to in Sec 270A
When does this section become applicable?

This section applies when all of the following are satisfied:

(i) A Closely Held company is carrying forward “any losses under Chapter VI (i.e. Sections 66 to 80)”;

(ii) Any of the following cases is not applicable:

a) The change in voting power & shareholding takes place consequent to the “death of a shareholder or gift of shares by shareholder to his relative [As per Section 2(41), “Relative” means Husband/Wife/Brother/Sister/ Lineal Ascendant or Descendant of Individual]”;

b) Change in shareholding takes place in an “Indian Company, being a Subsidiary of a Foreign Company” because of Amalgamation/Demerger of “The Foreign Company (i.e. Holding co. of the Indian Subsy.)” provided that “51% of shareholders of the Amalgamating/Demerged Foreign Company” continue to be “Shareholders of the Amalgamated/Resulting Foreign Company”;

c) Change in shareholding takes place in a PY as a result of “Resolution Plan approved under the Insolvency & Bankruptcy Code, 2016”, after affording a “reasonable opportunity of being heard” to the jurisdictional “CIT/Principal CIT”; or

d) A “company AND its subsidiary AND subsidiary of such subsidiary” is satisfying both of the following:

✓ The Tribunal (i.e. NCLT), on Application moved by the CG u/s 241 of Companies Act, 2013, has suspended the board of directors of such company and has appointed new directors nominated by the CG, u/s 242 of the said Act; and

✓ A change in Shareholding of “such company and its subsidiary and the subsidiary of such subsidiary”, has taken place in a previous year pursuant to a Resolution Plan approved by the Tribunal u/s 242 of the Companies Act, 2013, after affording a “reasonable opportunity of being heard” to the Jurisdictional “CIT/ Principal CIT”

What happens when Section 79 becomes applicable?

(i) In case of a “closely held company other than eligible startup referred to u/s 80-IAC”
The loss pertaining to any PY can be carried forward only if the shareholders who beneficially held “Shares carrying at least 51% voting power as on the last day of PY in which loss is incurred” are also the beneficial Holders of “Shares carrying at least 51% voting power as on the last day of PY in which the loss is to be set off”.

(ii) In case of a “Closely held company being an eligible startup referred to u/s 80-IAC”:-

The loss pertaining to any PY can be carried forward to a PY if either of the following are satisfied:

a) The loss pertaining to any PY can be carried forward only if the shareholders who beneficially held “Shares carrying at least 51% voting power as on the last day of PY in which loss is incurred” are also the beneficial Holders of “Shares carrying at least 51% voting power as on the last day of PY in which the loss is to be set off” (Same as above).

b) Both of the following are satisfied:
   ✓ All (not 51% or more) of the shareholders who held (i.e. No need to check beneficial ownership of shares) “shares carrying voting power” as on the last day of “PY in which loss is incurred” continue to hold such shares on the last day of “PY in which the loss is to be set off”; and
   ✓ Such loss has been incurred during a period of 7 years beginning from “year of incorporation of such company”.

c) Miscellaneous Points:- For this Section, a company is subsidiary of another company, if such other company holds more than half in Nominal Value of Equity Shares of the company. (Defined specifically since subsy-holding relationship can arise in general by multiple ways).
### Deduction u/s 80CCD

**(i) Deduction u/s 80CCD(1):**

- **a)** Contribution to a “Pension scheme notified by govt.” is allowed as deduction u/s 80CCD. “Atal Pension Yojana (APY)” & “National Pension System Tier I Account (NPS)” have been notified for this purpose.

- **b)** 80CCD(1) provides deduction in respect of “Contribution made by assessee (employee/ self-employed)”. This deduction u/s 80CCD(1) is restricted to a maximum of following amounts:
  - ✓ In case of an employee, upto 10% of his Salary;
  - ✓ In case of a self-employed person, upto 20% of his Gross Total Income

- **c)** Also, as per Section 80CCE, deduction “u/s 80C, 80CCC, 80CCD(1)” shall not exceed Rs. 1,50,000 in aggregate.

***(ii) Deduction u/s 80CCD(1B):***

- **a)** Contribution by assessee to “National Pension System (NPS) Tier I Account [not APY]” is allowed an additional deduction u/s 80CCD(1B).

- **b)** This deduction u/s 80CCD(1B) is restricted to a maximum of Rs. 50,000. Also, this deduction is neither subject to a limit of any % of Salary NOR subject to overall limit of 1.5L u/s 80CCE.

***(iii) Deduction u/s 80CCD(2):***

- **a)** Deduction in respect of “Contribution made by employer (CG or any Other employer)” to the “Atal Pension Yojana (APY)” & “National Pension System (NPS) Tier I Account” is allowed u/s 80CCD(2).

  Interlinking:- Amount contributed by employer is first added to Total Income of assessee and then, deduction is provided w.r.t. the same.

- **b)** This deduction u/s 80CCD(2) is restricted to a maximum of:-
  - ✓ 14% of Employee’s Salary, where cont. is made by Central Government; or
  - ✓ 10% of Employee’s Salary, in any other case.

- **c)** Also, this deduction u/s 80CCD(2) is not subject to overall 1.5L limit u/s 80CCE.
Partial Exemption on withdrawal from NPS Tier

Pre-mature Withdrawal

By Employee
- Exempt upto 25% of Employee’s Contribution [Section 10(12B)]

By self-employed person
- Fully taxable

Withdrawal on maturity by Employee/Self-Employed Person

40% 60% of “amount due from Pension a/c on maturity”

Remaining 40% of “amount due from Pension a/c on maturity”

Fully Exempt [Section 10(12A)]

Portion Re-invested in annuity plan

Portion NOT re-invested in Annuity Plan

Such withdrawal for re-investment is not taxed is [Section 80CCD]

Such withdrawal is fully taxable.
This is a newly inserted section which provides deduction as follows:-

→ **Eligible assessee:-**

   Individual who is not eligible to claim deduction u/s 80EE.

Interlinking:- An assessee can be “eligible for 80EEA” while “not being eligible for 80EE” in 2 situations:-

(i) Loan sanctioned > 35 Lakhs; or

(ii) Loan sanctioned in FY 19-20 and not in FY 16-17

→ **Additional Conditions for applicability of this Section:-**

(i) SDV of House < 45 Lakhs;

(ii) Assessee should not own any residential house on the date of sanction of loan; and

(iii) Loan should be sanctioned during the PY 19-20.

   Note:- There is no maximum limit on the “amount of loan”.

→ **Deduction Allowed:-**

(i) Deduction u/s 80EEA is allowed for the interest paid on loan taken from a financial institution (same definition as that u/s 80EE) for the Acquisition of any Residential House Property

   Note:- If deduction w.r.t. interest is allowed u/s 80EEA, deduction w.r.t. such Interest shall not be allowed under any other provision of the act for the same or any other AY.

(ii) The deduction u/s 80EEA is available till the repayment of Loan continues.

(iii) Deduction u/s 80EEA is restricted upto a maximum of Rs. 1,50,000 (not 50,000) in 1 PY. This maximum limit is over & above the 2,00,000 limit u/s 24.
This is a newly inserted section which provides deduction as follows:-

Definitions for this Section:-

(i) **Financial Institution:** It means a “Banking Company to which the Banking Regulation Act, 1949 applies” or “any Bank or Banking Institution referred to u/s 51 of that Act” and includes any “deposit taking NBFC (Defined u/s 43B)” OR a “systemically important non-deposit taking NBFC (Defined u/s 43B)”.

(ii) **Electric Vehicle:** It means a vehicle which is Powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and the vehicle has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.

Eligible Assessee:- Individual

Additional Conditions for applicability of this Section:-

Loan should be sanctioned during the period beginning on 1st April’19 and ending on 31st March’23.

Note:- There is no maximum limit on the “value of car” or “amount of loan”

Deduction Allowed:-

(i) Deduction u/s 80EEB is allowed for the interest paid on loan taken from a financial institution for the purposes of Purchase of an Electric Vehicle

Note:- If deduction w.r.t. Interest is allowed u/s 80EEB, deduction w.r.t. such interest shall not be allowed under any other provision of the act for the same or any other AY.

(ii) The deduction u/s 80EEB is available till the repayment of Loan continues.

(iii) Deduction u/s 80EEB is restricted upto a maximum of Rs. 1,50,000 in 1 PY.

Section 80-IBA provides deduction of “100% of profits and gains from certain housing projects”.

A “Housing Project” has to satisfy all of the following to be eligible for deduction u/s 80-IBA (Amendment highlighted in red):-
(i) Housing project approved by competent authority after “1st June 2016” but on or before “31st Mar 2019-2020”;

(ii) Project completed within 5 yrs from “date of approval by competent authority;

Note:-

a) In case of multiple approvals, date of first approval is seen;

b) On failure to complete project within 5 yrs, deduction claimed & allowed in any PY u/s 80-IBA shall be taxed as PGBP Income in the PY in which 5 year period expires.

(iii) Carpet Area of “shops & other commercial establishments” included in housing project does not exceed 3% of Aggregate Carpet Area;

(iv) If the Housing Project is Approved before 1st September’19, then:-

a) Where a residential unit is allotted to an Individual, no other unit in such housing project is allotted to the “Individual / his Spouse/ his minor children”;

b) Conditions relating to the size of “plot of land, residential units etc.”:-

<table>
<thead>
<tr>
<th>Location of project</th>
<th>Size of “Plot on which project is located”</th>
<th>Carpet area of each residential unit in project</th>
<th>Percentage of “Floor Area Ratio” to be utilized by the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within cities of Delhi, Mumbai, Chennai, Kolkata</td>
<td>Not less than 1,000 sq. m.</td>
<td>Not more than 30 sq. m.</td>
<td>Not less than 90% of floor area ratio Permissible</td>
</tr>
<tr>
<td>Any other place</td>
<td>Not less than 2,000 sq. m.</td>
<td>Not more than 60 sq. m.</td>
<td>Not less than 80% of floor area ratio permissible</td>
</tr>
</tbody>
</table>

Note:- In the table made above, meaning of certain terms used are as follows:-

✓ “Carpet Area” in short means the Net usable floor area covered by the internal partition walls of the apartment excluding the area covered by “external walls/service shafts/exclusive balcony/exclusive terrace”;

✓ “Floor Area Ratio” is the quotient obtained as follows:-

<table>
<thead>
<tr>
<th>Total covered area of Plinth Area” on ”ALL the floors”</th>
<th>Area of the PLOT of Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note:- “Plinth Area” means the Area occupied by building including the internal &amp; external walls.</td>
<td></td>
</tr>
</tbody>
</table>

c) This housing project is the only housing project on the plot of land mentioned in table above.
d) The assessee maintains Separate Books of Account in respect of the housing project.

(v) If the Housing Project is Approved on or after 1st September’19, then:-

a) Where a residential unit is allotted to an individual, no other unit in such housing project is allotted to the “Individual / his Spouse/ his minor children”;

b) Conditions relating to the size of “plot of land, residential units etc.”:-

<table>
<thead>
<tr>
<th>Location of project</th>
<th>Size of “Plot on which project is located”</th>
<th>Carpet area of each residential unit in project</th>
<th>Percentage of “Floor Area Ratio” to be utilized by the project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within metropolitan cities of Bengaluru, Chennai, Delhi NCR (limited to Delhi, Noida, Greater Noida, Ghaziabad, Faridabad, Gurugram), Hyderabad, Kolkata and Mumbai (whole of Mumbai metropolitan region)</td>
<td>Not less than 1,000 sq. m.</td>
<td>Not more than 60 sq. m. (not 30)</td>
<td>Not less than 90% of floor area ratio permissible</td>
</tr>
<tr>
<td>Any other place</td>
<td>Not less than 2,000 sq. m.</td>
<td>Not more than 90 sq. m. (not 60)</td>
<td>Not less than 80% of floor area ratio permissible</td>
</tr>
</tbody>
</table>

Note: In the table made above, meaning of “Carpet Area” and “Floor Area Ratio” is the same as defined above”.

c) Stamp Duty Value of a “Residential Unit in the Housing Project” does not exceed Rs. 45 Lakhs;

d) This housing project is the only housing project on the plot of land mentioned in table above.

e) The assessee maintains Separate Books of Account in respect of the housing project.
“Units located in IFSC” are provided deduction u/s 80LA which is contained under Heading C of Chapter VI-A.

Post amendment, the quantum of deduction has been increased as follows:

(i) Deduction to such businesses before Amendment by FA’19:

100% of profits from SUCH businesses for first 5 consecutive AYs, and thereafter,
50% of such income for Next 5 consecutive AYs, beginning from the “Year in which permission/registration under any relevant law was obtained for doing such business”.

(ii) Deduction to such businesses after Amendment by FA’19:

100% of Profits from SUCH business for any 10 consecutive AYs, at the OPTION of assessee, OUT OF 15 AYs, beginning from the “Year in which permission/registration under any relevant law was obtained for doing such business”.

Note: Section 80LA ALSO provides deduction to assessees, being “certain Banks having Offshore Banking Unit in a SEZ”. Deduction available to them has not been increased and stays the same as before.

Consequential Amendment:-

Section 115A gives the benefit of a Lower Tax rate in respect of certain incomes received by “non-corporate non-resident OR foreign company”. However, it also provides that Deduction under Chapter VI-A cannot be availed on such incomes.

A proviso has been newly inserted in Section 115A which provides that a Deduction u/s 80LA can be claimed BY a “Unit in IFSC (not Banks in SEZ)” even in respect of incomes taxable u/s 115A. Hence, post-amendment, where the assessee is a “Unit in IFSC”, “deduction cannot be claimed under any section other than Section 80LA” from “Income being taxed u/s 115A”.


## TDS U/S 194A-

Payment of interest “other than interest on securities” is covered u/s 194A. However, in following cases, No TDS is required to be deducted (Amendment highlighted in Red):

→ Category 1:- Threshold based benefit

(i) Basic threshold limit is as follows:-

a) Where aggregate of interest paid/credited during the FY does not exceed “Rs. 10,000-40,000 (50,000 if payee is a Resident Senior Citizen)” w.r.t. the following:-

✓ Time deposits of Banking Company, Co-operative Society & Post office

b) In any other case, where aggregate of “interest other than Interest on securities” paid/credited during the FY does not exceed Rs. 5,000. (Eg:- Interest payable by “public company which provides long term finance” on deposits made with such company)

## STATEMENT w.r.t. PAYMENT OF INTEREST TO RESIDENTS WITHOUT DEDUCTION OF TDS (SECTION 206A):-

→ The whole section has been produced below with the amendment highlighted in red.

(i) **When is this Section applicable? [Section 206A(1)]**

(ii) This section becomes applicable when all of the following are applicable:-

(iii) Payment is being made of interest other than “Interest on securities”;

Payment is being made to a Resident;

Payment is being made by “banking company or co-operative society or public company (Not Post Office), referred to under the Proviso to Section 194A(3)(i)”;

and

If the payer is “banking company or co-operative society”, the amount being paid is not Exceeding Rs. 10,000-40,000.

→ In any other case (i.e. Payer is such Public Company), the amount being paid is not Exceeding Rs. 5,000.

**What is the consequence of this section becoming applicable?**

The payer shall prepare such statements for such period as may be prescribed and
- deliver or cause to be delivered to the prescribed income-tax authority or the person
-authorised by such authority the quarterly returns as aforesaid, in the prescribed-
-form, verified in such manner and within such time as may be prescribed, on a-
-floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable-
-media.-

The Payer shall:-

(i) Prepare such statement “in such Form, containing such Particulars, for such Period,
Verified in such manner and within such Time”, as may be prescribed; and

(ii) Deliver or cause to be delivered, the said statement, to the prescribed income-tax
authority or to the person authorised by such authority.

Just for extra knowledge:- The forms rolled out for furnishing these statements require
the payer to mention details like number of payments, quantum of payments etc. and
that too w.r.t. each branch separately. This information is utilized by tax department to
detect cases of tax evasion.

→ **Miscellaneous Provisions:-**

(i) The Central Government may, by notification in the Official Gazette, require any
-person other than a person mentioned in sub-section (1) responsible for paying to a
-resident any income liable for deduction of tax at source under Chapter XVII, to-
-prepare and deliver or cause to be delivered such statements in the prescribed form
-and verified in such manner and within such time as may be prescribed, to the
-prescribed income-tax authority or the person authorised by such authority on a
-floppy, diskette, magnetic cartridge tape, CD-ROM or any other computer readable-
-media.

As per section 206A(2), CBDT may require “any person other than those normally
covered u/s 206A(1)” to prepare and deliver such a statement in Prescribed Form, in
prescribed manner if all of the following are satisfied:-

a) Payment is being made to a Resident; and

b) TDS is deductible on such payment under “Any Section of Chapter XVII (i.e. all TDS
Sections & not just Section 194A)”.

(ii) As per Section 206A(3), a person responsible to furnish statement u/s 206A(2)/(3)
may also deliver to the income-tax authority referred to u/s 206A(1), a correction statement for “rectification of any mistake OR to add, delete or update the information furnished” in the statement delivered under the said sub-sections in such form and verified in such manner, as may be prescribed.

TDS U/S 194DA

Any sum (including Bonus) received under a Life Insurance Policy which is not exempt u/s 10(10D) is taxable and consequently, subject to deduction of TDS as per Section 194DA.

Deduction of tax was done at 1% of Amount payable to policyholder. This posed a problem since the taxable income was “Amount received under policy – Premiums paid to keep the policy in effect” but TDS was being deducted on Total Amount received.

Post amendment by FA’19 which is effective from 1st September 2019, TDS shall be deducted u/s 194DA as follows:

For TDS deductible Before 01/09/19, TDS is to be deducted u/s 194DA @ 1% of “Total Sum paid under policy which is not exempt u/s 10(10D)”.

For TDS deductible on or after 01/09/19, TDS is to be deducted u/s 194DA @ 5% of “Amount of Income comprised therein (i.e. Total sum received – Insurance premium paid)”.

TDS U/S 194-I: (AMENDMENT HIGHLIGHTED IN RED)

TDS u/s 194-I is deductible on rent, by whatever name called, paid/credited for using (either separately or together) any of the following items:

(i) Land/ Building/ Land appurtenant to building;

(ii) P&M/ Equipment;

(iii) Furniture/ Fittings

Note:- Whether the payee owns above mentioned assets or does not own them is irrelevant

This section is not applicable if the aggregate of the amounts of such income “credited or paid or likely to be credited or paid” during the financial year by the
The payment of consideration for transfer of immovable property, being “Land other than agricultural land” or “Building/Part of building”, is covered u/s 194-IA.

Compulsory Acquisition of Immovable property is covered u/s 194LA & not u/s 194-IA.

Transfer of immovable property under a specified agreement referred to u/s 45(5A) [Joint Development Agreement] is covered u/s 194-IC and not u/s 194-IA.

Amendment has come only under Section 194-IA. An explanation, effective from 1st September’19, has been newly inserted to Section 194-IA, which reads as follows:

"Consideration for transfer of any immovable property" shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.

Sections 194M provides as follows:

- This section gets attracted from 1st September’19 onwards, if ALL of the following are satisfied:
  a) Payment being made is:
     - For carrying out any work, including supply of labour for carrying out any work, in pursuance of a contract;
     - In the nature of “commission, other than Insurance Commission referred to u/s 194D” or “brokerage”; or
     - In the nature of “fees for professional (not all 5 payments covered u/s 194J) Services”.
  b) Payment is being made by any Individual/HUF;
c) Payment is being made to a Resident;

d) Such payment is not subject to deduction of TDS u/s 194C/194H/194J (i.e. “In case of Sections 194C/194J, payment being made exclusively for personal purposes” or “In case of Section 194C, Payer not being subject to Tax Audit u/s 44AB(a)/(b)” or “In case of Sections 194H/194J, turnover etc. of payer not exceeding the monetary limits mentioned u/s 44AB(a)/(b) in preceding FY”); and

e) The aggregate of such “sums covered u/s 194M” paid/credited during a FY exceeds Rs. 50 Lakhs.

(ii) TDS has to be deducted at the time of earlier of “Payment by any mode” & “Credit in Books of Payer (i.e. Amount payable credited in the books of person liable to deduct TDS)”

(iii) TDS has to be deducted @ 5%.

(iv) Also, provisions of Section 203A shall not apply to a person who is required to deduct TDS u/s 194M. Hence, such person can deduct TDS without having to obtain a TAN (Extra Knowledge:- Such person quotes his PAN instead).

→ **Consequential Amendment:-**

Consequential amendment has been made u/s 197(1). Amended Section 197(1) has been produced below with the amendment highlighted in red:-

If any person is receiving “any income on which TDS is deductible under sections 192, 193, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194LA, 194LBC, 194M and 195”, the PAYEE may make an application to A.O. for the grant of a certificate authorizing the assessee to receive such income “Without deduction of TDS” OR “with deduction of TDS at lower rate”.

Upon furnishing such certificate to the payer, relaxation from TDS can be availed by payee. The certificate, if issued, shall remain valid until it is cancelled by the A.O.

→ **TDS U/S 194N:-**

This is a newly inserted section which has been introduced to discourage cash transactions by levying a TDS on certain cash payments by certain persons.

This section is applicable from 1st September 2019 onwards if all of the following are satisfied:-
| (i) | Cash Payment is being made from one or more accounts maintained by the payer; |
| (ii) | Such payment exceeds Rs. 1 Crore, in Aggregate, During the PY; |
| (iii) | Such payment is being made by either of the following persons: |
| a) | Banking Company to which Banking Regulation Act, 1949 applies (including any Bank or Banking Institution referred to in Section 51 of that Act); |
| b) | Co-operative society engaged in carrying on Business Of Banking; Or |
| c) | Post office |
| (iv) | The payment is being made TO any person OTHER THAN the following: |
| a) | The Government; |
| b) | Any “Banking Company” or “Co-operative Society engaged in carrying on the Business of banking” or a “Post Office”; |
| c) | Any Business Correspondent of a “banking company or co-operative society engaged in carrying on the business of banking”, where payment is made in accordance with the Guidelines issued in this regard by the RBI under the Reserve Bank of India Act, 1934; |
| | Any White Label Automated Teller Machine (i.e. White Label ATMs) operator of a “banking company or co-operative society engaged in carrying on the business of banking”, where payment is made in accordance with the Authorisation issued by the RBI under the Payment and Settlement Systems Act, 2007; or (Just for extra knowledge:- White Label ATMs are owned and operated by Non-Banking Entities like NBFCs which are allowed by RBI to do so. There are other types of ATMs, like Bank Owned ATMs, Brown Label ATMs etc., which differ based on “who owns them, who supplies cash to ATMs etc.” but all of that is industry specific knowledge which you are not required to know) |
| e) | Such other person or class of persons, which the CG may, by Notification in the Official Gazette, specify in consultation with the Reserve Bank of India. |

→ If this section gets attracted, TDS @ 2% is required to be deducted on the amount so paid in excess of Rs. 1 Crore.

Note:- In general, threshold limit mentioned under TDS sections is a condition, i.e. Exceeding the limits makes the whole amount subject to TDS. However, the 1 Crore limit mentioned u/s 194N is both an exemption and a condition, hence, IF the
payment exceeds 1 Crore under this section, only that part which exceeds 1 Crore is subject to TDS.

→ The TDS has to be deducted AT the time of payment (Not Credit).

→ **Consequential Amendment:-**

Consequential amendment has been made u/s 198. Whole of Section 198 has been produced below with the amendment highlighted in red:-

All sums deducted in accordance with the foregoing provisions of this Chapter shall, for the purpose of computing the income of an assessee, be deemed to be income received:

Provided that the sum being the tax paid, under sub-section (1A) of section 192 for the purpose of computing the income of an assessee, shall not be deemed to be income received:

Provided further that the sum deducted in accordance with the provisions of section 194N for the purpose of computing the income of an assessee, shall not be deemed to be income received.

**AMENDMENTS IN SECTION 195:-**

→ Earlier, the procedure to allow payer to “deduct TDS u/s 195 on lower amount” was a manual one where the payer had to file application manually consequent to which CBDT would allow deduction on lower amount by passing a general or special order.

→ By FA’19, govt. has made amendment to sections 195(2)/(7) to make the procedure electronic.

→ Amended Sections have been given below with the Amendment highlighted in Red:-

As per Section 195(2):-
As per Section 195(7):

<table>
<thead>
<tr>
<th>If</th>
<th>Then</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) A person is responsible for making payment of “Any Sum other than Salary” which is chargeable under this act;</td>
<td>1) Payer may (i.e. Option) make an application to the A.O. in prescribed “Form and Manner” for determining, by general or special order in prescribed Manner, the “appropriate proportion of such sum chargeable to tax”; and</td>
</tr>
<tr>
<td>2) Payment is being made to a non-resident; and</td>
<td>2) Consequent to such determination, TDS u/s 195 to be deductible on such Appropriate Proportion only &amp; not whole amount being paid.</td>
</tr>
<tr>
<td>3) The payer feels that the “whole payment” is not chargeable to tax in hands of Non-resident payee.</td>
<td></td>
</tr>
</tbody>
</table>

**PROCEDURE FOR CLAIMING REFUND w.r.t. EXCESS PAYMENT (SECTION 239)**

→ Before amendment, assessee had to furnish Form. No 30 to claim refund in case the payment made by assessee exceeds the tax payable by him. Also, there was a time limitation as to the last date when that Form could be furnished. This was resulting in unnecessary difficulty to assesseees.

→ Hence, Section 239 has been amended w.e.f. 1st Sep’19 and the bare text of this amended section reads as follows:-

Every claim for refund under this Chapter shall be made by furnishing return in accordance with the provisions of section 139. (i.e. No need to fill a separate form for refund)
**REQUIREMENT OF FILING ROI:- (SECTION 139)**

(i) **1st Amendment:-**

**Old Provision:-**

In case of “Individual/HUF/AOP/BOI/AJP”, filing ROI (not Return of loss) is compulsory only if the “total income without giving effect to provisions of Chapter VI-A (i.e. GTI)” of “such person or any other person w.r.t. whom he is assessable under this act”, during the PY, exceeds the Basic Exemption Limit.

**New Provision (Amendment highlighted in Red):-**

In case of “Individual/HUF/AOP/BOI/AJP”, filing ROI (not Return of loss) is compulsory only if, the total income without giving effect to provisions of “Chapter VI-A & Sections 54/54B/54D/54EC/54F/54G/54GA/54GB (not 54EE)” of “such person or any other person w.r.t. whom he is assessable under this act”, during the PY, exceeds the Basic Exemption Limit.

(ii) **2nd Amendment [NEWLY Inserted Seventh Proviso to Section 139(1)]:-**

Every person, who is otherwise not required to file ROI u/s 139(1), shall be required to file his ROI by the due date if he has, during the PY:

a) Deposited an “amount or aggregate of the amounts” exceeding Rs. 1Cr. in one or more “Current Accounts maintained with a banking company or a co-operative bank”;

b) Incurred expenditure of an “amount or aggregate of the amounts” exceeding Rs. 2 Lakhs for “himself or any other person” for travel to a foreign country;

c) Incurred expenditure of an “amount or aggregate of the amounts” exceeding Rs. 1 Lakh towards consumption of electricity; or

d) Fulfilled such other conditions as may be prescribed.

**REQUIREMENT TO FURNISH PAN (SECTION 139A)**

There have been multiple amendments in this section, all of which are effective from 1st Sep’19 onwards.

→ **1st Amendment [Additional person required to apply for PAN. New provision highlighted in Red]):-**

As per Section 139A(1), the following persons, who have not been allotted PAN, are
required to make an Application to the A.O. within prescribed time for allotment of PAN:-

i) Every person “whose total income or the total income of any other person in respect of which he is assessable under this Act” during any PY exceeded the Basic Exemption Limit;

ii) Every person carrying on any business/profession whose “total sales/turnover/gross receipts” exceeds or is likely to exceed 5 Lacs in any PY;

iii) Every person being a “resident other than an individual”, which enters into a financial transaction of an amount aggregating to 2,50,000 or more in a FY; or

iv) Every person who is the “managing director, director, partner, trustee, author, founder, karta, CEO, principal officer or office bearer” of the “person referred to in point (iii) or any person competent to act on behalf of such person”.

v) Every person who intends to enter into such transaction as may be prescribed by the Board (i.e. CBDT) in the interest of Revenue.

→ 2nd Amendment [Inter-changeability of PAN and Aadhaar]:-

i) Sub-section (5E) has been NEWLY Inserted in Section 139A to provide for inter-changeability of PAN and Aadhaar.

ii) As per Section 139A(5E), Notwithstanding anything contained in this act:-

<table>
<thead>
<tr>
<th>If</th>
<th>Then</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Person required to “furnish or intimate or quote” PAN under this act; and 2) Person is “not allotted a PAN” but “possesses Aadhar Number”</td>
<td>1) He may “furnish or intimate or quote” his Aadhaar Number in lieu of the reqd. PAN; and 2) He shall be allotted a PAN in prescribed manner.</td>
</tr>
<tr>
<td>1) Person required to “furnish or intimate or quote” PAN under this act; and 2) Person “has been allotted PAN” and “has intimated his Aadhaar Number to prescribed authority as per Section 139AA(2)”</td>
<td>He may “furnish or intimate or quote” his Aadhaar Number in lieu of the reqd. PAN</td>
</tr>
</tbody>
</table>

iii) As a consequential amendment, certain words, as highlighted in red below, were inserted u/s 139A(6):-

Every person receiving any document relating to a “transaction prescribed under
under section 139A(5)(c)(Eg:- Purchase of motor vehicle or opening demat account etc)” shall ensure that the PAN or the Aadhaar number, as the case may be, has been duly quoted in the document.

→ 3rd Amendment [Quoting and Authentication of PAN or Aadhaar Number]:-

i) Sub-sections (6A) & (6B) have been newly Inserted in Section 139A to provide for Quoting and Authentication of PAN and Aadhaar.

ii) As per Section 139A(6A), every person entering into such transaction, as may be prescribed, shall “quote his PAN or Aadhaar number, as the case may be, in the documents pertaining to such transactions” and also “authenticate such PAN or Aadhaar number, in such manner as may be prescribed”.

iii) As per Section 139A(6B), every person receiving any document relating to the transactions referred to in sub-section (6a), shall ensure that PAN or Aadhaar number, as the case may be, has been duly quoted in such document and also ensure that such PAN or Aadhaar number is so authenticated.

iv) As per Explanation inserted in Section 139A, “Authentication” means the process by which the PAN or Aadhaar number along with demographic information or biometric information of an individual is submitted to the “income-tax authority or such other authority or agency as may be prescribed” for its verification and such authority or agency verifies the “correctness, or the lack thereof”, on the basis of information available with it.

→ REQUIREMENT TO FURNISH AADHAAR (SECTION 139AA)

The following is the bare language of amended Section 139AA(2) with the amendment highlighted in red:-

Every person who has been allotted PAN as on the 1st day of July, 2017, and who is eligible to obtain Aadhaar number, shall intimate his Aadhaar number to such authority in such form and manner as may be prescribed, on or before a date to be notified by the Central Government in the Official Gazette.

Provided that in case of failure to intimate the Aadhaar number, the permanent account number allotted to the person shall be deemed to be invalid and the other provisions of this Act shall apply, as if the person had not applied for allotment of-
CG is empowered to notify the class of person who will be exempted from
requirement of filling ROI.

Notification 55/2019: CG hereby exempt following class of person from filling ROI
1. NR [not a company]
2. Foreign Company

Who has any income chargeable under the act in PY from any investment in
investment Fund setup in IFSC located in India.

Conditions for above exemption:
1. TDS has been deducted at applicable rate u/s 194LBB
2. There is no other income liable to tax
3. No notice u/s 142, 148, 153A has been issued by the Dept.

This amendment has been done w.e.f. 1st September 2019 to prevent this proviso
from invalidating the transactions previously done through such PAN.

With a view to avoiding genuine hardship in the case of a person who is eligible
for relief under section 89, the provisions of sections 140A, 143, 234A, 234B and
234C have been amended (with retrospective effect from AY 2007-08) to provide
that computation of tax liability shall be made under these sec after allowing
relief under section 89.
Section 92CC of the Act empowers the Central Board of Direct Taxes (CBDT) to enter into an APA, with the approval of the Central Government, with any person for “determining the Arm’s Length Price (ALP) or specifying the manner in which ALP is to be determined in relation to an international transaction which is to be entered into by that person”. The APA is valid for a period, not exceeding five PYs, as may be specified therein. This section also provides for rollback of the APA for four years.

Thus, once the APA is entered into, the ALP of the international transaction, which is subject matter of the APA, would be determined in accordance with such APA. In order to give effect to the APA, section 92CD also provides for mechanism, including filing of modified ROI by the taxpayer and manner of completion of assessments by the Assessing Officer having regard to terms of the APA.

Sub-section (3) of this section deals with a situation where assessment or re-assessment has already been completed, before expiry of the time allowed for filing of modified return. Apprehensions have been expressed stating that due to the use of words “assess or reassess or recompute”, the Assessing Officer may start fresh assessment or reassessment in respect of completed assessments or reassessments of the assessee who have modified their returns of income in accordance with the APA entered into by them, while the intention of the legislature is for Assessing Officer to merely modify the total income consequent to modification of return of income in pursuance to APA.

Amended Section 92CD(3) has been produced below with the amendment highlighted in red:

<table>
<thead>
<tr>
<th>If</th>
<th>Then</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) “Assessment/Reassessment (not Appeal)” Proceedings relevant to a “PY to which APA applies” have completed before expiry of “period allowed for filing modified ROI”; and 2) Modified ROI is filed by assessee as per Section 92CD</td>
<td>1) A.O. shall “assess/reassess/re-compute” the Total Income of relevant AY pass an Order Modifying the “Total Income of the relevant AY determined in such assessment or reassessment”, as the case may be, “having regard to and in accordance with the APA”; and</td>
</tr>
</tbody>
</table>
This amendment shall be effective from 1st September 2019.

**AMENDMENTS IN RESPECT OF SECONDARY ADJUSTMENTS**

Clarification w.r.t. certain provisions:- (Effective from PY 17-18)

Certain provisions of Section 92CE have been produced below with the amendment highlighted in red:-

(i) **What is Secondary Adjustment?**

“Primary Adjustment” means determination of TP as per Arm’s Length Principle resulting in “increased total income OR reduced loss”.

“Secondary Adjustment” means an adjustment in books of accounts of the “assessee and its associated enterprise” to reflect that the “actual allocation of profits b/w the Assessee & its AE are consistent with the TP determined as per primary adjustment”, thereby removing the imbalance b/w cash account and actual profit of assessee.
### How is Secondary Adjustment made?

| a) | If a Primary Adj. leads to “increase in total income or reduction in loss”, the Associated Enterprise is required to repatriate (i.e. Send Back) the “excess money (Difference in TP declared by assessee and TP determined in primary adjustment) or part thereof, as the case maybe” to India within the prescribed time.  
Note:- Such “excess money or part thereof” may be repatriated from any of the “Associated Enterprises of assessee which is not resident in India”. |
|---|---|

> **Certain new provisions:-** *(Effective from 1st September 2019)*

| (i) | New sub-sections have been added to Section 92CE to provide the assessee an alternative which assessee can opt for to avoid incurring Interest u/s 92CE. |
| (ii) | As per newly inserted sub-section (2A)/(2B)/(2C)/(2D) to Section 92CE:-

   a) If the “excess money OR part thereof” has not been repatriated within prescribed time, the assessee may, at his option, pay Additional Income-Tax @ 18% on such “excess or part thereof”.

   b) Additional Income-Tax so paid shall be treated AS final payment of tax w.r.t. such “excess or part thereof which is not repatriated” and no further credit therefor shall be claimed by “assessee or any other person” w.r.t. the tax so paid.

   c) No deduction shall be allowed to the assessee under any other provision of this Act w.r.t. the Tax so paid u/s 92CE(2A).

   d) Where additional income-tax referred to u/s 92CE(2A) has been paid by assessee, he shall:

   ✓ Not be required to make Secondary Adjustment(i.e. Repatriation) u/s 92CE(1); and

   ✓ Not be required to compute Interest u/s 92CE(2) from the date of payment of such additional income-tax (i.e. Interest will be levied on non-repatriated amount upto the date of payment of additional income-tax)

| (iii) | Finance Act, 2019 provides that the tax leviable u/s 92CE(2A) shall be increased by a surcharge of 12%. Hence, the effective rate of such tax becomes 20.9664%, i.e. 18% + 12% + 4%. |
Section 286 requires certain entities of International Groups to furnish a Country-by-Country Report for every reporting “Accounting Year”.

A clarificatory amendment has been made to the definition of “Accounting Year”, w.e.f. PY 16-17, to remove an unintended anomaly.

The amended definition of “Accounting Year” has been given below with amendment highlighted in red:

(i) If the “Parent Entity/ Alternate Reporting Entity” is resident in India, it means the PY; or

(ii) In any other case, it means an “annual Accounting Period w.r.t. which the Parent Entity of International Group prepares its financial statements” under any “law for the time being in force or applicable accounting standards” of the country/territory in which such parent entity is resident.

Note:- This is not the complete material. This material contains amendments taught upto lecture number 2 of Amendment Class. Remaining notes will be distributed with respective class.
### TAXATION OF POLITICAL PARTY

For a “Political Party” which wants to claim exemption in respect of its incomes u/s 13A, it shall receive “donations exceeding Rs. 2,000” through account payee cheque, or draft or ECS or other electronic mode.

### TAXATION OF CHARITABLE TRUST

Sec 12AA prescribes for cancellation of registration of trust. W.e.f 1st Sept 2019, provides for

1. CIT or PCIT shall enquire & satisfy himself about the compliance of the trust
2. Where, the registration is granted & subsequently, its is noticed that violation has occurred, CIT may cancel the registration after giving OOBH

### TAXATION OF ALTERNATIVE INVESTMENT FUND

Sec 115UB, Only business income of AIF is applicable. Further, a pass through of profit other than business has been allowed to individual investor. However, pass through of losses is not allowed

Adjustment of losses with effect from the assessment year 2020-21:

- The business loss of the investment fund shall be allowed to be c/f by the fund and it shall not be passed onto the unit holder
- the loss (other than business loss) shall also be ignored for the purposes of pass through to its unit holders, if such loss has arisen in respect of a unit which has not been held by the unit holder for a period of at least 12 months
- the loss (other than business loss) accumulated at the level of investment fund as on March 31, 2019, shall be deemed to be the loss of a unit holder who held the unit on March 31, 2019 in respect of the investments made by him in the investment fund and allowed to be c/f by him for the remaining period calculated from the year in which the loss had occurred for the first time taking that year as the first year & it shall be set-oil by him in accordance with the provisions of Chap VI
- the loss so deemed in the hands of unit holders shall not be available to the investment fund for the purposes of Chapter VI
1. Section 269SS prohibits a person from taking or accepting, from a depositor, any “loan or deposit or any specified sum” equal to Rs. 20,000 or more otherwise than by through account payee cheque, or draft or ECS or other electronic mode.

2. Section 269T of the act prohibits a “banking company or a co-operative bank and any other company or co-operative society and any firm or other person” from repaying any “loan or deposit made with it or any specified advance received by it”, in any mode other than by any of the 4 modes mentioned above, if the amount being repaid is Rs. 20,000 or more.

3. Section 269ST of the Act prohibits a person from receiving an amount of Rs. 2 Lakhs or more in aggregate from a person “in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion” otherwise than by through account payee cheque, or draft or ECS or other electronic mode.

**PENALTIES**

**SECTION 271FAA – PENALTY FOR FURNISHING INACCURATE STATEMENT OF FINANCIAL TRANSACTION OR REPORTABLE ACCOUNT**

A penalty of ₹50,000 has been provided. The said provisions of section 271FAA have been amended (with effect from September 1, 2019) so as to extend the penalty for furnishing inaccurate information in the statement to all the persons referred to in section 285BA(1).

**SECTION 272B – PENALTY ON FALSE QUOTING OR NON INTIMATION OF AADHAAR NUMBER**

Penalty of Rs. 10,000 shall be levied for each default under section 272B(2).

New sub-section (2A) has been inserted to provide that if a person, who is required to quote and also authenticate his PAN/Aadhaar number, fails to do so, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of Rs. 10,000 for each such default.

New sub-section (2B) has been inserted to provide that if a person who is required
to ensure that PAN/Aadhaar has been quoted/authenticated, fails to do so, the Assessing Officer may direct that such person shall pay, by way of penalty, a sum of Rs. 10,000 for each such default. Before passing a penalty order under sub-section (2A) or (2B), the person (on whom the penalty is proposed to be imposed) shall be given an opportunity of being heard.

SECTION 276CC – FAILURE TO FURNISH RETURN OF INCOME

Section 276CC, inter alia, provides that prosecution proceedings for failure to furnish returns of income against a person shall not proceeded against, for failure to furnish the return of income in due time, if the tax payable by such person, not being a company, on the total income determined on regular assessment does not exceed Rs. 3,000. For determining this monitoring ceiling, tax credit pertaining to TCS/self-assessment tax is not considered.

In order to rationalize the aforesaid provisions of section 276CC, the following amendment have been made with effect from the assessment year 2020-21:

1. The aforesaid threshold ceiling of Rs. 3,000 has been increased to Rs. 10,000.

2. The threshold ceiling of Rs. 10,000 shall be calculated as follows:

   - Tax payable by the defaulter (not being a company) on total income determined on regular assessment
   - Less: Advance tax or self-assessment tax paid before the expiry of assessment year.
   - Less: Tax deducted or collected at source.

   If the balance is Rs. 10,000 or less, section 276CC will not be applicable.

TAXATION OF NON RESIDENT

Section 115A provides the method of calculation of income-tax payable by a non-resident/foreign company where the total income includes any income by way of dividend (other than referred in section 115-O), interest, royalty and fees for technical services; etc. Section 80LA, provides for deduction in respect of certain incomes to a unit located in an International Financial Services Centre (IFSC). However, section 115A(4) prohibits any deduction under Chapter VIA (which includes section 80LA).
In order to ensure that units located in 1FSC claim full deduction under section 80LA, the scheme of section 115A has been amended (with effect from the assessment year 2020-21) to provide that the aforesaid provision of section 115A(4) shall not apply to a unit of an IFSC for claiming deduction u/s 80LA.

**SEC 115-O(8) TAX ON INCOME DISTRIBUTED**

To facilitate distribution of dividend by companies operating in IFSC, the above provisions of section 115-O(8) have been amended (with effect from September 1, 2019) to provide that any dividend paid out of accumulated income derived from Operations in IFSC, after April 1, 2017 shall also not be liable for tax on distributed profits.