AMENDMENTS FOR AY 2020-21

[1.] BASIC CONCEPTS:

[A.] Rate of Surcharge: Surcharge for Individual, HUF, AoP, BoI, AJP (whether Resident or Non-Resident) shall be:

→ at the rate of **10% of tax**, if NTI exceeds ₹ 50 Lakhs but is upto ₹ 1 Crore;
→ at the rate of **15% of tax**, provided NTI exceeds ₹ 1 Crore but is upto ₹ 2 Crores;
→ at the rate of 25% of tax, provided NTI exceeds ₹2 Crores but is upto ₹5 Crores (wef A.Y. 2020-21);
→ at the rate of 37% of tax, provided NTI exceeds ₹5 Crores (w.e.f. A.Y. 2020-21).

Note: However, this additional Surcharge of 25% and 37% introduced by Finance Act, 2019, shall not apply in the following 2 cases [as per The Taxation Laws (Amendment) Ordinance, 2019, dated 20-09-2019]:

(1.) On incomes referred to in Section 111A and Section 112A in the case of Individuals / HUFs / AoPs / BoIs / AJPs; and
(2.) On incomes referred to in Section 115AD(1)(b) in the case of AoPs and BoIs i.e. in the case of Foreign Portfolio Investors (FPI)

In other words, the rate of Surcharge on the amount of tax on incomes covered by Section 111A / 112A / 115AD(1)(b) shall not exceed 15%. However, the rate of Surcharge on tax on other incomes other than these three incomes, will continue to be 10% / 15% / 25% / 37% depending on the amount of total income. (This amendment by way of Ordinance, however, does not apply while calculating Surcharge on Alternate Minimum Tax (AMT), where the Surcharge rate of 10% / 15% / 25% / 37% will continue to apply on the Alternate Minimum Tax calculated on the Adjusted Total Income including these 3 incomes.)

[B.] REBATE U/S 87A: Rebate u/s 87A for **Resident Individuals** having **NTI upto ~~₹ 3.50 Lakhs~~ *₹5 Lakhs***, which will be *lower* of:

(a.) 100% of tax (before Surcharge and Health and Edu. Cess) (excluding the tax u/s 112A on LTCG on transfer of certain assets) or
(b.) ***~~₹2,500~~ ₹12,500 (w.e.f. A.Y. 2020-21)***.

[C.] RATE OF TAX FOR DOMESTIC COMPANIES:

The tax rate for Domestic Companies for A.Y. 2020-21 shall be as follows:

(i.) **For a Company other than the Company referred to in Section 115BAA / 115BAB:**

If Turnover or Gross Receipts or Sales in the P.Y. 2017-18 was upto ₹400 Crore (increased from ₹250 Crores to ₹400 Crores by Finance Act, 2019)	***25% of Total Income***
In any other case	***30% of Total Income***

(ii.) For a Domestic Company, which has opted for the provisions of Section 115BAA: 22% (w.e.f. A.Y. 2020-21)
(iii.) For a Domestic Company, which has opted for the provisions of Section 115BAB: 15% (w.e.f. A.Y. 2020-21)

[D.] Surcharge for Companies: The rate of surcharge (as a percentage of tax) shall be as follows:-

Income is	Domestic Company (other than those Domestic Companies, which have opted for the provisions of Section 115BAA / 115BAB)	Foreign Company	those Domestic Companies, which have opted for the provisions of Section 115BAA / 115BAB)
(a.) Upto ₹ 1 Crore	**NIL**	**NIL**	**10%**
(b.) > ₹ 1 Crore but ≤ ₹ 10 Crore	**7%**	**2%**	**10%**
(c.) > ₹ 10 Crore	**12%**	**5%**	**10%**

[E.] Cost Inflation Index **(CII) No.** for the F.Y. 2019-20 is notified to be: ***289***

[2.] EXEMPT INCOMES:

[A.] ***Section 10(4D): Any income accrued or arisen to or received by a Specified Fund as a result of transfer of:***

(a) Bond or GDR referred to in Section 115AC; or
(b) Rupee Denominated Bond; or
(c) Derivative, or
(d) such other Securities as may be notified by Central Govt.

on a Recognised Stock exchange located in any International Financial Services Centre (IFSC), and the consideration for such transfer is paid or payable in foreign exchange to the extent such income is in respect of Units held by Non-Residents.

Explanation: "Specified Fund": means a Fund established or incorporated in India in the form of a Trust / Company / LLP / Body Corporate:
(i) which has been granted a certificate of registration as a Category III Alternative Investment Fund (AIF) and is regulated under the Securities Exchange Board of India (Alternative Investment Fund) Regulations, 2012 made under
the Securities Exchange Board of India Act, 1992;
(ii) which is located in any International Financial Service Centre (IFSC);
(iii) of which all the units are held by Non-Residents, other than the units held by sponsor / manager.

[B.] ***Section 10(15)(ix): (w.e.f. 01-09-2019): Interest payable to a Non-Resident by a Unit located in an International Financial Service Centre (IFSC), on moneys borrowed by it on or after 01-09-2019 shall be exempt.***

[C.] ***Section 10(4C):*** No Tax on Rupee Denominated Bonds issued between 17-09-2018 to 31-03-2019 issued by Indian Company or Business Trust issued outside India – CBDT Press Release dated 17-09-2018. Accordingly, no TDS on such interest u/s 194LC. ***Technically, CBDT cannot exempt any income like this, therefore, this Press release of CBDT has now been officially incorporated under the Act by introducing Section 10(4C) in the Act by Finance Act, 2019, which states that the interest income payable by an Indian Company or a Business Trust to a Non-Resident or to a Foreign Company on Rupee Denominated Bonds issued between 17-09-2018 to 31-03-2019 shall be exempt.***

[3.] SPECIAL RATES OF TAX:

[A.] Normally, deduction under Chapter VI-A are not allowed while computing any income covered by Chapter XII, except of incomes covered by Section 115A(1)(b) i.e. Royalty and Fees for Technical Services'. One more exception has been added to the list ***w.e.f. A.Y. 2020-21: in the case of a Unit of an International Financial Service Centre (IFSC) u/s 80LA, from incomes covered u/s 115A(1)(a).***

[B.] <u>Two new Sections introduced in Special Rates of Tax – Chapter XII</u>:

115BAA (w.e.f. A.Y. 2020-21)	***Domestic Co. (other than those referred to in Section 115BA and 115BAB)***	***Total Income [subject to the provisions of this Chapter] [Provisions of Minimum Alternate Tax – MAT will not apply]***	***22% (Optional) (+) Compulsory Surcharge @ 10% (Option, once exercised, cannot be changed subsequently)***
115BAB (w.e.f. A.Y. 2020-21)	***Domestic Manufacturing Co. (other than those referred to in Section 115BA and 115BAA)***	***Total Income [subject to the provisions of this Chapter] [Provisions of Minimum Alternate Tax – MAT will not apply]***	***15% (Optional) (+) Compulsory Surcharge @ 10% (Option, once exercised, cannot be changed subsequently)***

<u>Notes</u>:
(1.) <u>For the purpose of Section 115BAA</u>: The option to pay tax @ 22% (plus compulsory Surcharge @ 10% irrespective of the amount of NTI) instead of 30% / 25% on its regular income is available to Domestic Companies, subject to following conditions:

(a.) It is a Company other than the Company referred to in Section 115BA and 115BAB;
(b.) Total Income of the Company has been computed:
→ without claiming deduction u/s 10AA (SEZ) / u/s 32(1)(iia) (Additional Depreciation on new P & M) / u/s 32AD (Investment Allowance – 15% deduction on acquiring new P & M in the notified backward area in the State of Andhra Pradesh / Bihar / Telangana / West Bengal) / u/s 33AB (Tea / Coffee / Rubber Development Account) / u/s 33ABA (Site Restoration Fund Account)/ u/s 35(1)(ii) / u/s 35(1)(iia) / u/s 35(1)(iii) / u/s 35(2AA) / u/s 35(2AB) (Scientific R & D) / u/s 35AD (deduction of Capital Expenditure on certain specified businesses) / u/s 35CCC (Expenditure on Agricultural Extension Project) / u/s 35CCD (Expenditure on Skill Development Project) / Any deduction under Chapter – VIA under the heading- 'C' – Deductions in respect of certain incomes (other than deduction u/s 80JJAA) and

→ without set off of any b/f loss of any earlier Assessment Year attributable to the above deductions. (such losses will be deemed to have been set off and accordingly will not be allowed to be set off even in future also in any subsequent year)

(c.) The amount of depreciation u/s 32 [other than Additional Depreciation u/s 32(1)(iia)] is determined in a prescribed manner. (the rate of depreciation shall not exceed 40% for any asset)

(d.) The provisions of Section 115BAA are optional for the eligible assessee and this option will have to be exercised on or before the due date of filing Return of Income given in Section 139(1) for furnishing the Returns of Income [otherwise the normal rate of tax of 30% shall be applicable]. Option can be selected in future also, but once the option is exercised, it cannot subsequently be withdrawn for the same or any other previous year.

(e.) The provisions of Minimum Alternate Tax (MAT) will not apply to such Company which has opted for the provisions of Section 115BAA (including non-availability of MAT Credit u/s 115JAA) – Section 115JB(5A).

(2.) <u>For the purpose of Section 115BAB</u>: The option to pay tax @ 15% (plus compulsory Surcharge @ 10% irrespective of the amount of NTI) instead of 30% / 25% on its regular income is available to Domestic Companies, subject to following conditions:

(a.) It is a Company other than the Company referred to in Section 115BA and 115BAA.

(b.) The Company has been set up and registered on or after 1st October, 2019 and has commenced manufacturing on or before the 31st March, 2023.

(c.) Company is not formed by splitting up, or reconstruction of an already existing business (except in respect of an Undertaking which is formed as a result of the re-establishment / reconstruction / revival by the person of the business referred to in Section 33B of the Act)

(d.) Company does not use any Plant & Machinery previously used for any purpose, except in the following 2 cases:

> ***→ Any P & M which was used outside India by any other person shall not be regarded as P & M previously used for any other purpose, if the following conditions are satisfied [Explanation 1 to Section 115BAB(2)(a)(ii)]:***
>
> ***(A) Such P & M was not used in India at any time prior to the date of its installation by the person;***
>
> ***(B) Such P & M is imported into India from any country outside India; and***
>
> ***(C) No depreciation was allowed to any person under the Income Tax Act on such P & M prior to the date of installation by the person.***
>
> ***→ The total value of such previously used P & M does not exceed 20% of the total value of P & M used by the Company [Explanation 2 to Section 115BAB(2)(a)(ii)].***

(e.) Company does not use any Building previously used as a Hotel or a Convention Centre in respect of which deduction u/s 80-ID has been claimed and allowed.

(f.) The Company is not engaged in any other business other than the business of manufacturing or production of article or thing and research in relation to or distribution of, such article or thing manufactured or produced by it;

<u>Note</u>: Manufacture / Production of Article / Thing does not include the followings:

- ***→ Development of Computer Software in any form or in any media;***
- ***→ Mining;***
- ***→ Conversion of marble blocks or similar items into slabs;***
- ***→ Bottling of gas into cylinder;***
- ***→ Printing of books;***
- ***→ Production of cinematograph films;***

→ ***any other business as may be notified by Central Govt. in this behalf.***

(g.) Total Income of the Company has been computed:

→ ***without claiming deduction u/s 10AA (SEZ) / u/s 32(1)(iia) (Additional Depreciation on new P & M) / u/s 32AD (Investment Allowance – 15% deduction on acquiring new P & M in the notified backward area in the State of Andhra Pradesh / Bihar / Telangana / West Bengal) / u/s 33AB (Tea / Coffee / Rubber Development Account) / u/s 33ABA (Site Restoration Fund Account)/ u/s 35(1)(ii) / u/s 35(1)(iia) / u/s 35(1)(iii) / u/s 35(2AA) / u/s 35(2AB) (Scientific R & D) / u/s 35AD (deduction of Capital Expenditure on certain specified businesses) / u/s 35CCC (Expenditure on Agricultural Extension Project) / u/s 35CCD (Expenditure on Skill Development Project) / Any deduction under Chapter – VIA under the heading- 'C' – Deductions in respect of certain incomes (other than deduction u/s 80JJAA) and***

→ ***without set off of any b/f loss of any earlier Assessment Year attributable to the above deductions. (such losses will be deemed to have been set off and accordingly will not be allowed to be set off even in future also in any subsequent year)***

(h.) The amount of depreciation u/s 32 [other than Additional Depreciation u/s 32(1)(iia)] is determined in a prescribed manner. (the rate of depreciation shall not exceed 40% for any asset)

(i.) Where it appears to the Assessing Officer that owing to the close connection between the Company and any other person, or for any other reason, if the course of business between them is so arranged that the business transacted between them produces to the Company more than the ordinary profits which might be expected to arise, the AO shall, in computing the profits and gains of such Company for the purposes of this Section , take the amount of profits as may be deemed to have been derived therefrom. Provided that in case the aforesaid arrangement involves a 'Specified Domestic Transaction' referred to in Section 92BA, the amount of profits from such transaction shall be determined having regard to ALP as defined in Section 92F. Such excess Profits determined by AO shall be subject to tax @ 34.32% (i.e. tax 30% (+) SC @ 10% (+) HEC @ 4%).

(j.) The provisions of Section 115BAB are optional for the eligible assessee and this option will have to be exercised on or before the due date of filing the <u>first</u> of the Returns of Income given in Section 139(1) [otherwise the normal rate of tax of 30% / 25% shall be applicable]. Once the option is exercised, it cannot subsequently be withdrawn for the same or any other previous year. In case of amalgamation, the option exercised u/s 115BAB shall remain valid in the case of amalgamated Company only.

(k.) The provisions of Minimum Alternate Tax (MAT) will not apply to such Company which has opted for the provisions of Section 115BAB (including non-applicability of MAT Credit u/s 115JAA).

(l.) A Company which has opted for Sec. 115BAB is not allowed to undertake any other business other than the business of manufacturing / production of any article / thing. But such Company may have other non-business incomes like HP income, IFOS, STCGs other than those referred to in Sec. 111A. Benefit of 15% tax rate will not be allowed on such other incomes. Any income of such Company, which is neither derived from nor incidental to manufacturing / production of an article / thing, will be taxed @ 22% (+) compulsory Surcharge @10% (+) HEC @ 4% = 25.168%.

Particulars	115BA	115BAA	115BAB
1.) Tax Rate	**25%**	**22%**	**15%**
2.) Surcharge	Only if the NTI > 1 Cr	**Mandatory**	**Mandatory**
3.) Rate of Surcharge	0 / 7 / 12%	10%	10%
4.) For Domestic / Foreign Co.?	Domestic	Domestic	Domestic
5.) MAT – Section 115JB	Applicable	**Not Applicable**	**Not Applicable**
6.) MAT Credit – Sec. 115JAA	Available	**Not Available**	**Not Available**
7.) Dedn. us/ 10AA / 32(1)(iia) / 32AD / 33AB / 33ABA / 35 / 35CCC / 35CCD / CH-VIA – under the heading 'C' other than u/s 80JJAA	**Not Allowed**	**Not Allowed**	**Not Allowed**
8.) Use of previously used P & M (Second hand P & M) subject to exceptions	**Allowed**	**Allowed**	**Not Allowed**
9.) Use of Building which was previously used as **a Hotel** or **a Convention Centre** in respect of which deduction has been claimed and allowed u/s 80-ID	**Allowed**	**Allowed**	**Not Allowed**
10.) Setting up of the new Business by way of Splitting up or reconstruction of an already existing business	**Allowed**	**Allowed**	**Not Allowed**
11.) Type of Business allowed to be undertaken	**Only Mfg. / R & D / Distbn.**	**Any**	**Only Mfg. / R & D / Distbn.**

12.) Condition with regards to the date of set up and registration	≥ 01/03/2016	Any time	≥ 01/10/2019

[C.] ***Second Proviso to Section 115BA(4) (w.e.f. A.Y. 2020-21): where the person exercises the option u/s 115BAA (22% Tax Rate) , the option u/s 115BA (25% Tax Rate) may be withdrawn.***

[D.] The rate of Surcharge on tax, in the case of every Individual / HUF / AoP / BoI / AJP (whether Resident or Non-Resident) as a percentage of tax has been changed by Finance Act, 2019. The new Surcharge rate w.e.f. A.Y. 2020-21 (as amended by The Taxation (Amendment) Ordinance, 2019) for these 5 persons shall be:

If the NTI	Surcharge Rate
(1.) is upto ₹ 50 Lakhs (**including** the incomes referred to in Section 111A and 112A)	0%
(2.) > ₹ 50 Lakhs but upto ₹ 100 Lakhs (**including** the incomes referred to in Section 111A and 112A)	10% of the tax on total income
(3.) > ₹ 100 Lakhs but is upto ₹ 200 Lakhs (**including** the incomes referred to in Section 111A and 112A)	15% of the tax on total income
(4.) > ₹ 200 Lakhs but is upto ₹ 500 Lakhs (**excluding** the incomes referred to in Section 111A and 112A)	25% of the tax on total income
(5.) > ₹ 500 Lakhs (**excluding** the incomes referred to in Section 111A and 112A)	37% of the tax on total income
(6.) > ₹ 200 Lakhs but is upto ₹ 500 Lakhs (**including** the incomes referred to in Section 111A and 112A): (a.) on tax on incomes referred to in Section 111A and 112A…… (b.) on tax on other incomes (other than the incomes referred to in Sec. 111A & 112A)	 15% 25%
(7.) > ₹ 500 Lakhs (**including** the incomes referred to in Section 111A and 112A): (a.) on tax on incomes referred to in Section 111A and 112A…… (b.) on tax on other incomes (other than the incomes referred to in Sec. 111A & 112A)	 15% 37%

Similar amendment has been made by The Taxation (Amendment) Ordinance, 2019 for AoPs and BoIs also, having income/s referred to in Section 115AD(1)(b) i.e. STCGs and LTCGs from transfer of Securities [only for incomes referred to in Section 115AD(1)(b) and not for the incomes covered by Section 115AD(1)(a) i.e. regular income from Securities]. This is only for the AoPs and BoIs having incomes referred to in Section 115AD(1)(b), which means it is for Foreign Portfolio Investors (FPIs) and not for other persons. So, now the rate of Surcharge on Income Tax on incomes covered by Sec. 115AD(1)(b), for FPIs shall not exceed 15% of Income Tax on incomes covered by Section 115AD(1)(b).

In different words, in order to apply the Surcharge rate of 25% / 37%, we will have to consider the amount of total income [including the incomes referred to in Section 115AD(1)(b)], but then the Surcharge on Income Tax on incomes referred to in Section 115AD(1)(b) will be restricted to 15% of tax on these incomes referred to in Section 115AD(1)(b) and the Surcharge on the other incomes [other than the incomes referred to in Section 115AD(1)(b)] will be @ 25% / 37% as the case may be if the total income [including the incomes referred to in Section 115AD(1)(b)] exceeds ₹ 200 Lakhs or ₹ 500 Lakhs.

This can be described better with the help of the following table:

If the NTI	Surcharge Rate
(1.) is upto ₹ 50 Lakhs [**including** the incomes referred to in Section 115AD(1)(b)]	0%
(2.) > ₹ 50 Lakhs but upto ₹ 100 Lakhs [**including** the incomes referred to in Section 111A and 112A]	10% of the tax on total income
(3.) > ₹ 100 Lakhs but is upto ₹ 200 Lakhs [**including** the incomes referred to in Section 115AD(1)(b)]	15% of the tax on total income

(4.) > ₹ 200 Lakhs but is upto ₹ 500 Lakhs [**excluding** the incomes referred to in Section 115AD(1)(b)]	25% of the tax on total income
(5.) > ₹ 500 Lakhs [**excluding** the incomes referred to in Section 115AD(1)(b)]	37% of the tax on total income
(6.) > ₹ 200 Lakhs but is upto ₹ 500 Lakhs [**including** the incomes referred to in Section 115AD(1)(b)]: (a.) on tax on incomes referred to in Section 115AD(1)(b)…….. (b.) on tax on other incomes [other than the incomes referred to in Sec. 115AD(1)(b)]	 15% 25%
(7.) > ₹ 500 Lakhs [**including** the incomes referred to in Section 115AD(1)(b)]: (a.) on tax on incomes referred to in Section 115AD(1)(b)…….. (b.) on tax on other incomes [other than the incomes referred to in Sec. 115AD(1)(b)]	 15% 37%

[4.] REQUIREMENT AS TO MODE OF ACCEPTANCE AND REPAYMENT OF CERTAIN LOAN / DEPOSIT / SPECIFIED SUM / ADVANCE:

[A.] NEW SECTION INTRODUCED: ***W.e.f. 01-11-2019:***

(Applicability postponed to 01-01-2020 by Notification No. 105/2019, dated 30-12-2019)

Section 269SU: Every person, carrying on business, shall provide facility for accepting payment through prescribed electronic modes (Debit Card powered by RuPay, BHIM UPI and UPI QR Code have been prescribed on 30-12-2019 by way of inserting Rule 119AA – Notification No. 105/2019, dated 30-12-2019) in addition to the facility for other electronic modes of payment, if any, being provided by such person, if his total Sales / Turnover / Gross Receipts in business exceeds ₹ 50 Crores in the immediately preceding Previous Year.

Default: If a person who is required to provide facility for accepting payment through the prescribed electronic modes of payment, fails to provide such facility, he shall be liable to pay by way of Penalty u/s 271DB, a sum of ₹ 5,000 for every day during which such failure continues. (This penalty will be from 01-02-2020)

[B.] SECTION 269SS / 269T / 269ST: In all the three Sections, apart from Account Payee Cheque / Account Payee Draft and ECS through Bank, one more mode of acceptance / repayment introduced: ***ECS through such other electronic mode as may be prescribed.***

[5.] TDS:

[A.] Section 194A: TDS on Interest other than Interest on Securities: The threshold limit for TDS u/s 194A in a case where payer is a Bank, was ₹ 10,000/- p.a. This limit has now been increased ***w.e.f. A.Y. 2020-21 to ₹ 40,000/- p.a.*** per Branch, per payee. [However, the limit given in the Third Proviso to Sec. 194A(3) in a case where payee is a Resident Senior Citizen and the payer is a Bank, remains the same i.e. ₹ 50,000]

[B.] Section 194DA: TDS on Maturity proceeds of a Life Insurance Policy: Two changes have been made in this Section.

(i.) The rate of TDS upto 31-08-2019: 1% of the payment (including Bonus)

With effect from 01-09-2019: 5% of the income comprised therein

(ii.) **Upto 31-08-2019**, TDS u/s 194DA was on the **entire amount** of payment of maturity proceeds (including Bonus), but now ***w.e.f. 01-09-2019***, TDS will be only on the ***amount of income comprised therein*** (and not on the entire amount)

[C.] Section 194-I: TDS on Rent: The threshold limit for TDS on Rent increased from ₹ 1,80,000 to ***₹ 2,40,000 w.e.f. A.Y. 2020-21.***

[D.] Section 194-IA: TDS on Transfer (Purchase) of Immovable Property: (TDS @ 1% on purchase consideration, if the purchase consideration exceeds ₹ 50 Lakhs) ***w.e.f. 01-09-2019: "Consideration for Immovable Property" shall include all charges of the nature of Club Membership fee, Car parking fee, Electricity / Water facility fee, Maintenance fee, Advance fee, or any other charges of similar nature, which are incidental to transfer of the Immovable Property.***

2 New Sections introduced in TDS Chapter as follows:

[E.] ***Section 194M: (w.e.f. 01-09-2019):TDS on Fees for Professional Services or Contract Charges or Commission by Individual / HUF, who are not required to deduct TDS u/s 194C / 194H / 194J:***

Payer: Individual / HUF (other than those who are required to deduct TDS u/s 194C / 194H / 194J)

Payee: Any person Resident

Amount: > ₹50 Lakhs p.a.

Rate: 5%

Nature of Payment: (a.) Payment for carrying out any work in pursuance of a Contract (including payment for supply of labour for carrying out any work in pursuance of a contract); or

(b.) Payment of Commission (other than those referred to in Section 194D) or Brokerage; or

(c.) Payment of fees for Professional Services (only Professional Services) (fees for Technical Services / Royalty / Non-Compete Fees are not covered)

Points to be noted:

(1.) "Contract" and "Work" shall have the same meaning as assigned to them in Explanation to Section 194C of the Act;

(2.) "Commission or Brokerage"' shall have the same meaning as assigned to it in Explanation to Section 194H of the Act;

(3.) "Professional Services" shall have the same meaning as assigned to it in Explanation to Section 194J of the Act;

(4.) The provisions of Section 203A (TANo.) will not be applicable to the deductor u/s 194M.

(5.) Tax will be deductible u/s 194M, even if the payment is for personal purpose.

(6.) Challan cum TDS Statement for TDS u/s 194M shall be in Form No. 26QD and TDS Certificate shall be issued in Form No. 16D.

[F.] ***Section 194N: (w.e.f. 01-09-2019): TDS on Cash Withdrawal from Bank Account:***

Payer: Any Bank (Banking Company / Co-Operative Bank / Post Office)

Payee: Any Person (Resident / Non-Resident)

Amount: Cash Withdrawal > ₹1 Crore in a year

Rate: 2% of the amount exceeding > ₹1 Crore in a year (No TDS for the Cash withdrawal of first ₹1 Crore in a year)

Nature of Payment: Cash Withdrawal > ₹1 Crore in a year from an Account (whether Current Account or a Savings Account) maintained by the recipient with the Bank.

Points to be noted:

(1.) No TDS u/s 194N, if the recipient is:

(a.) Government;

(b.) Any Banking Company / Co-Operative Bank / Post Office;

(c.) Any Business Correspondent of the Bank (in accordance with the guidelines issued by RBI under RBI Act, 1934);

(d.) Any White Label Automated Teller Machine (ATM) Operator of a Banking Company / Co-Operative Bank (in accordance with the authorization issued by RBI under Payment and Settlement Systems Act, 2007).

(2.) As per Central Govt. Notification No. 80/2019, dated 15-10-2019, No TDS u/s 194N in case of Cash Withdrawal by following persons:

(a.) the Authorised Dealer / its Franchise Agent / sub-Agent and

(b.) Full-Fledged Money Changer (FFMC) licensed by the RBI and its Franchise Agent

provided such persons maintain a separate Bank Account from which withdrawal is made only for the purpose of:-

(i.) purchase of foreign currency from foreign tourists or Non-Residents visiting India or from Resident Indians on their return to India, in Cash as per RBI directions / guidelines; or

(ii.) disbursement of inward remittances to the recipient beneficiaries in India in Cash under Money Transfer Service Scheme (MTSS) of the RBI;

and provided such persons furnish certificate to the Bank that the withdrawal is only for the purposes specified above and RBI directions / guidelines have been adhered to.

(3.) TDS is only on the amount of cash Withdrawal exceeding ₹1 Crore in a year, therefore, no TDS on first cash withdrawal of ₹1 Crore in a year.

(4.) No TDS u/s 194N on cash payment above ₹ 1 Crore made through Agricultural Produce Market Committee (APMC).

(5.) No TDS on Cash withdrawal > ₹1 Crore already withdrawn upto 31-08-2019, as the TDS provisions of Section 194N were introduced w.e.f. 01-09-2019. In such situation, TDS u/s 194N will apply only on the withdrawal on or after 01-09-2019.

[G.] **Section 197A(1B):** As per Section 197A(1) and 197A(1A), TDS from certain payments can be avoided by way of furnishing a declaration in Form 15G by payee to the payer. However, according to Section 197A(1B), payer has not to accept any such declaration from the payee, if the amount of payment referred to in Section 194 or 194EE or 192A or 193 or 194A or 194D or 194DA or 194-I, exceeds the Basic Exemption limit. (Basic Exemption limit is ₹ 2.50 Lakhs). However, if the total income of the Resident Individual is upto ₹ 5 Lakhs, then the entire tax is allowed as a rebate u/s 87A. So, if the payee is a Resident Individual and his NTI is above the Basic Exemption limit, but is upto ₹ 5 Lakhs, then the tax payable by him will be NIL, but he will not be able to avoid TDS (by furnishing Form 15G) if the amount of payment to him under any of the above mentioned Sections exceeded the Basic Exemption limit, but is upto ₹ 5 Lakhs. This resulted into a genuine hardship for such Individuals. Accordingly, a Notification has been issued by CBDT, ***Notification No. 41/2019 / F. No. 370142/5/2019 – TPL, dated 22-05-2019. According to the Notification, the declaration in Form 15G shall not be accepted by the payer if the amount of payment covered by the above mentioned Sections exceeds the Basic Exemption limit or such amount of income which is eligible for the Rebate u/s 87A.***

[H.] **Section 197:** TDS from Sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194LA, 194LBB, 194LBC, and 195 can also be avoided, if Payee makes an application to A.O. in a prescribed form (Form No. 13) along with his PANo. requesting the A.O. to grant him a certificate authorizing him to receive the payment either without TDS or with TDS at a lower rate. ***w.e.f. 01-09-2019, this benefit is available for Section 194M also.***

[I.] **Section 201(1):** If assessee fails to deduct the tax or after deducting the tax, fails to deposit the same within the time limit, he can be declared to be a defaulter by passing the order. The time limit to pass such order is 7 years from the end of the relevant Financial Year in which the payment was made or credit entry was passed. W.e.f. 01-09-2019, the time limit to pass such order shall be either: (a.) 7 years from the end of the relevant Financial Year in which the payment was made or credit entry was passed or ***(b.) 2 years from the end of the F.Y. in which the correction statement is delivered, whichever is later.***

[J.] **Proviso to Section 201(1):** Payer shall not be deemed to be an assessee in default with regards to payments made / credited to ~~***Resident payee***~~ ***(w.e.f. 01-09-2019)*** **payee** (~~only w.r.t. Resident Payee~~ ***now w.e.f. 01-09-2019 any payee***) without TDS, if such ~~Resident~~ payee fulfills all the following **4 conditions**:

→ He has furnished his RoI u/s 139 (whether filed within the due date or filed belatedly),

→ such sum, which he has received without TDS, has been taken into account by him, in such RoI,

→ he has paid the tax due on income declared by him in his RoI; and

→ he furnishes a Certificate in this regard from a Chartered Accountant in a prescribed form – Form no. 26A.

[K.] **Proviso to Section 201(1A):** However, in case any person fails to deduct whole or any part of TDS, from payment made / credited to ~~***Resident payee***~~ ***(w.e.f. 01-09-2019)*** **payee** (which was otherwise required to be deducted under chapter XVII-B), but such person is not deemed to be an assessee in default by virtue of proviso to Section 201(1) (as explained above), then interest u/s 201(1A) shall be charged only upto the date of furnishing of RoI by such ~~Resident payee~~ ***(w.e.f. 01-09-2019)*** **payee** (and not till the date of deposit of TDS by payer).

[L.] **Section 203A: Tax Deduction Account Number (TAN):** Apart from Section 194-IA and 194-IB, ***TANo. not required for Section 194M.***

[M.] **Section 206A:** In the case of every **Banking Company**, every **Public Company** and every **Co-Operative Society**, if tax has not been deducted by them while paying to any resident of any interest referred to in Section 194A (i.e. Interest, other than interest on Securities) exceeding ~~₹ 10,000~~ ***w.e.f. 01-09-2019 ₹ 40,000*** if payer is a Banking Company or exceeding ₹ 5,000 in case of any other payer, then apart from filing quarterly TDS Statement, such assessee are also required to furnish an additional quarterly statement (in a prescribed form – Form No. 26QA) in respect of those payments for which no tax was deducted at source u/s 194A.

[6.] INTEREST U/S 234A / B:

[A.] Interest u/s 234A / B is levied on [(the amount of tax determined u/s 143(1) or in a regular assessment) less (DTAA Relief / ***or w.r.e.f. 01-04-2007 Relief u/s 89*** other Rebate / Relief + MAT Credit + AMT Credit + TDS + TCS + Advance Tax paid].

[7.] REFUND:

[A.] Section 239: Claim of Refund: Claim of refund shall be ~~in a prescribed form i.e. *Form No. 30* (However, filing of Return of Income shall be a good substitute for filing of Form No. 30)~~, ***w.e.f. 01-09-2019 by furnishing RoI in accordance with Section 139*** ~~within a period of *one year* from the end of the relevant Assessment Year~~.

[8.] DDT:

[A.] **Section 115-O(8):** No DDT on Dividend (whether interim or final) declared / distributed / paid out of current income ***or (w.e.f. 01-09-2019) out of income accumulated on / after 1st April, 2017*** by a Company as a Unit of an 'International Financial Service Centre (IFSC)', deriving income solely in convertible foreign exchange.

[9.] BBT:

[A.] Section 115QA: Tax on Buy back of shares @ 20% was applicable only on unlisted shares of domestic companies. ***W.e.f. 05-07-2019, such tax shall be applicable on listed shares also. Corresponding amendment has been made in Section 10(34A) also.***

[B.] Proviso to Section 115QA(1): (w.e.f. 05-07-2019): The provisions of Section 115QA(1) shall not apply to such buy back of shares (being the shares listed on a recognised stock exchange), in respect of which public announcement has been made before 5th day of July, 2019 in accordance with the provisions of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.

[10.] IDT:

[A.] ***Third Proviso to Section 115R: (w.e.f. 01-09-2019): No such additional Income Tax (i.e. Income Distribution Tax – IDT) shall be chargeable on income distributed by a 'Specified Mutual Fund' on or after 01-09-2019 out of its income derived from transactions made on a Recognised Stock Exchange located in any International Financial Service Centre (IFSC).***

Explanation: "Specified Mutual Fund" means: A Mutual Fund specified under Section 10(23D) of the Act, which fulfills the following 3 conditions:
(a.) It is located in any International Financial Service Centre (IFSC);
(b.) It derives income solely in convertible foreign exchange; and
(c.) all its units are held by Non-Residents.

[11.] INVESTMENT FUND:

[A.] Section 115UB(2): Instead of Profit, if the net result of computation of total income of Investment Fund is a 'Loss' under any head of income [without giving effect to exemption u/s 10(23FBA)] and such loss cannot be or is not wholly set off against income under other head of income of the said previous year, then:
~~(i) Such loss will be allowed to be carried forward and set off by the Investment Fund as usual in accordance with the provisions of Chapter VI. (In simple language, no specific rules shall apply to such loss in the hands of Investment Fund and such loss will be allowed to be carried forward and set off in a normal way); and~~
~~(ii) Such loss will be ignored (in the hands of unit holder) for the purpose of Section 115UB(1)~~

w.e.f. A.Y. 2020-21: The above mentioned 2 clauses (i) and (ii) to Section 115UB(2), shall be substituted by the following 2 new clauses w.e.f. A.Y. 2020-21:
(i) Out of such loss, the loss arising to the Investment Fund as a result of computation under the head "Profit and Gains of Business or Profession", if any, shall be –
(a) Allowed to be carried forward and it shall be set off by the Investment Fund in accordance with the provisions of Chapter – VI; and
(b) Shall be ignored (in the hands of Unit holder) for the purposes of Section 115UB(1).

(ii) the loss other than the loss referred to in clause (i) [i.e. other than PGBP Loss], if any, shall also be ignored for the purposes of Section 115UB(1) (in the hands of Unit holder), 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.

[B.] Section 115UB(2A): w.e.f. A.Y. 2020-21: The loss other than the loss under the head "Profit and Gains of Business or Profession", if any, at the level of Investment Fund as on the 31st day of March, 2019 shall be –

(i) deemed to be the loss of a unit holder who held the units on the 31st day of March, 2019 in respect of investments made by him in the Investment Fund, in the same manner as provided in Section 115UB(1); and
(ii) shall be allowed to be carried forward by such unit holder 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 and shall be set off by him in accordance with the provisions of Chapter VI:

Provided that the loss so deemed under Section 115UB(2A) shall not be available to the Investment Fund on / after the 1st day of April, 2019.

[12.] MAT:

[A.] Rate of MAT: Rate of MAT has been reduced from 18.5% to **15%**. (Rate of MAT for Unit of an IFSC will continue to be 9%). Similar amendment has not been made for AMT Chapter and accordingly, the rate of AMT shall continue to be 18.5%.

[B.] Explanation 1 to Section 115JB(2): While computing Book Profit for the purpose of Minimum Alternate Tax, some adjustments are required to be made to the Net Profit as per Books of Accounts. One of the adjustments is to subtract the lower of (a.) b/f Loss and (b.) b/f Unabsorbed Depreciation. However, last year i.e. in A.Y. 2019-20, one amendment was made and instead of **lower** of: b/f Loss and b/f Unabsorbed Depreciation, **both** would be allowed in the case of a Company against whom an application for Corporate Insolvency Process has been admitted by Adjudicating Authority under IBC, 2016. ***W.e.f. A.Y. 2020-21, this benefit (i.e. deduction of both instead of the lower of the two) has now been extended to a Company, and its subsidiary and the subsidiary of such subsidiary, in whose case, on an application made by Central Govt. u/s 241 of the Companies Act, 2013, the Tribunal has suspended the Board of Directors of such Company and has appointed new Directors as per Section 242 of the Companies Act, 2013 as nominated by Central Govt.***

[C.] Section 115JB(5A): ***W.e.f. A.Y. 2020-21, the provisions of MAT shall not apply to a Company, which has opted for the provisions of Section 115BAA or 115BAB. (The whole Chapter of MAT shall not apply, which means that once an existing Company opts for Section 115BAA (22% tax rate), then the unavailed MAT Credit shall also not be available to such Company and such unavailed MAT Credit shall accordingly, lapse)***

[13.] TRANSFER PRICING:

[A.] Section 92BA: Specified Domestic Transactions: There were 5 transactions, which were to be considered as Specified Domestic Transaction. One more transaction has been introduced in the form of ***clause (va),*** and accordingly ***'Specified Domestic Transaction' shall now w.e.f. A.Y. 2020-21*** include ***any business transacted between the persons referred to in Section 115BAB(4)***

[B.] Section 92CD(3): Effect to Advance Pricing Agreement (APA): However, if the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the agreement applies **have already been completed** before the expiry of time allowed for furnishing modified return under Section 92CD(1), in a case where modified return is filed, then the A.O. shall, ~~proceed to assess or reassess or recompute the total income of the relevant assessment year~~, ***w.e.f. 01-09-2019 pass an order modifying the total income of the***

relevant Assessment Year determined in such assessment / reassessment as the case may be having regard to and in accordance with the agreement.

[C.] **Section 92CD(5):** Notwithstanding anything contained in Section 153 or Section 153B or Section 144C,—

(a) the order ~~of assessment, reassessment or recomputation~~ ***(these wordings are now deleted by Finance Act, 2019 w.e.f. 01-09-2019)*** of total income under sub-Section (3) shall be passed within a period of **one year from the end of the financial year in which the modified return** under sub-Section (1) **is furnished**;
(b) the period of limitation as provided in Section 153 or Section 153B or Section 144C for completion of pending assessment or reassessment proceedings referred to in sub-Section (4) shall be extended by a period of twelve months.

[D.] Section 92CE: Secondary Adjustment:

(i) Section 92CE(1): Secondary Adjustments are called for only if the Primary Adjustments have been made in the following 5 situations:

Where a primary adjustment to transfer price:
(i) has been made suo motu by the assessee in his RoI; or
(ii.) made by the AO which has been accepted by the assessee; or
(iii.) is determined by an Advance Pricing Agreement entered into by the assessee u/s 92CC ***on / after 01-04-2017 (inserted by Finance Act, 2019 but w.r.e.f. A.Y. 2018-19)***; or
(iv) is made as per the Safe Harbour Rules framed u/s 92CB; or
(v.) is arising as a result of resolution of an assessment by way of mutual agreement procedure (MAP) under an agreement u/s 90 / 90A for avoidance of double taxation
then assessee shall make a secondary adjustment.

(ii) Section 92CE(2): **Secondary Adjustment: (Repatriation of excess Money within 90 days):** ***For the removal of doubts it is hereby clarified that such excess Money or a part thereof may be repatriated from any of the Non-Resident Associated Enterprises of the assessee – Explanation to Section 92CE(2) (Introduced by Finance Act, 2019, but w.r.e.f. A.Y. 2018-19)***

(iii) Exceptions to Secondary Adjustment provision: Proviso to Section 92CE: There are two exceptional cases, whereby nothing contained in this Section shall apply:-
(a.) the amount of primary adjustment in the given PY does not exceed ₹ 1 crore; ~~and~~ ***or***
(b.) Primary Adjustment is made in respect of an assessment year prior to A.Y. 2017-18 (i.e. upto A.Y. 2016-17).

(iv) ***The following 4 new sub-sections have been introduced to Section 92CE by Finance Act, 2019 w.e.f. 01-09-2019:***

(a.) Section 92CE(2A): without prejudice to the provisions of Section 92CE(2), where the Excess Money or part thereof has not been repatriated within the prescribed time, the assessee may at his own option, pay an additional income tax @ 18% on such Excess Money or part thereof (plus compulsory Surcharge @ 12% of such additional tax (+) HEC @ 4% = 20.9664%)

(b.) Section 92CE(2B): Such additional tax paid as per Section 92CE(2A), shall be treated as the final payment of tax in respect of such Excess Money or part thereof which is not repatriated. No further credit thereof shall be claimed by assessee or any other person of the amount of additional tax so paid.

(c.) Section 92CE(2C): No deduction shall be allowed to the assessee under any provision of this Act for the amount on which the additional tax has been paid.

(d.) Section 92CE(2D): Once the additional tax has been paid by the assessee as per Section 92CE(2A), he shall not be required to make the Secondary Adjustment u/s 92CE(1) and he shall not be required to compute interest u/s 92CE(2) from the date of payment of additional tax.

(v) New Rule 10CB(1): For calculation of time limit to repatriate excess money to India and the date from which notional interest to be calculated u/s 92CE:

For the purposes of Section 92CE(2) of the Act, the time limit for repatriation of excess money and the date from which the interest will be chargeable shall be as follows – ***as per CBDT Notification No. 76/2019, dated 30-09-2019***:

Case	Time limit for repatriation of excess money or a part thereof within 90 days from	Date from which the interest is chargeable on the non-repatriated excess money or a part thereof within the specified time limit
(1.)	**(2.)**	**(3.)**
(i.) where primary adjustments to transfer price have been made suo-motu by the assessee in his Return of Income	the due date of filing RoI u/s 139(1)	***the due date of filing RoI u/s 139(1)***
(ii.) where primary adjustments to transfer price as determined in the order of AO or Appellate Authority has been accepted by the assessee	the date of the said order of AO or Appellate Authority	***the date of the said order of AO or Appellate Authority***
(iii.) where primary adjustments to transfer price is determined by an Advance Pricing Agreement (APA) entered into by assessee u/s 92CC in respect of a P.Y.:		
• If the APA has been entered into on or before the due date of filing RoI for the relevant PY	the ***actual date*** of filing RoI u/s 139(1)	***the due date of filing RoI u/s 139(1)***
• If the APA has been entered into after the due date of filing RoI for the relevant PY	***the end of the month in which the APA has been entered into***	***the end of the month in which the APA has been entered into***
(iv.) where option has been exercised by the assessee as per the Safe Harbour Rules (SHR) u/s 92CB	the due date of filing RoI u/s 139(1)	the due date of filing RoI u/s 139(1)
(v.) where primary adjustments to transfer price is determined by a resolution arrived at under Mutual Agreement Procedure (MAP) under a DTAA has been entered into u/s 90 / 90A	***the date of giving effect by the AO under Rule 44H to such resolution***	***the date of giving effect by the AO under Rule 44H to such resolution***

Note: If the International Transaction has been undertaken in foreign currency, then the rate of conversion of the value of International Transaction into Indian Rupees shall be the 'Buying Telegraphic Transfer

Rate' of SBI as on the last date of the Previous Year in which the International Transaction was undertaken.– as per CBDT Notification No. 76/2019, dated 30-09-2019

[14.] ASSESSMENT OF PUBLIC CHARITABLE AND RELIGIOUS TRUST:

[A.] Section 12AA: Procedure for Registration of the Public Trust followed by CIT:

(i.) Once an application is received from the applicant trust in Form No. 10A, CIT may call for further document or information from the applicant trust, in order to satisfy himself about the genuineness of the activities, the objects of the trust ***and w.e.f. 01-09-2019 about the compliance by the Trust / Institution of the requirements under any other law (for the time being in force) which are material for the purpose of achieving its objects***.

(ii.) CIT may even make enquiries from outsiders for this purpose.

(iii.) If he is satisfied about the genuineness of the activities of the trust ***and w.e.f. 01-09-2019 the compliance of the requirements under other law***, then he shall pass an order in writing registering the trust.

[B.] Section 12AA(3) / (4): Cancellation of Registration of Trust: There were 3 circumstances under which the registration granted to the Trust could be cancelled by PCIT / CIT. One more circumstance has been added w.e.f. 01-09-2019:

→ the activities of the trust are not genuine; or
→ the activities of the trust are in contravention of the objects of the trust; or
→ (w.e.f. 01/10/2014) the activities of the trust are carried out in such a manner that the provisions of Section 11 and 12 do not apply to such Trust / Institution due to operations of Section 13(1) [Section 12AA(4)], or
→ ***(w.e.f. 01-09-2019) the Trust / Institution has not complied with the requirements of any other law and the order / direction / decree (by whatever name called) holding that such non-compliance has occurred, has either not been disputed or has attained finality***

[15.] ASSESSMENT OF POLITICAL PARTIES:

[A.] Section 13A: Certain incomes of a political Party will be exempt, if the following 5 conditions given in Section 13A are satisfied:

- Political Party must maintain such Books of Accounts and Documents;
- Political Party must keep and maintain a record of each voluntary contribution / donation (other than the contribution by way of 'Electoral Bonds') in excess of ₹ 20,000/- received by it during the year;
- Political Party must get its Books of Accounts audited;
- W.e.f. A.Y. 2018-19, **no donation > ₹ 2,000** is **received by it otherwise than by way of an Account Payee Cheque or Account Payee Draft or Electronic Clearing Services (ECS) through a bank *or through such other electronic mode as may be prescribed (w.e.f. A.Y. 2020-21)* or by way of Electoral Bonds** and
- The Return of Income **(**RoI**)** of the given Previous Year has been filed by the Political Party u/s 139(4B) within the due date given in Section 139(1).

[16.] ASSESSMENT PROCEDURE:

[A.] Section 139(1): Filing of Return of Income:

(i) Apart from every Company, every Partnership Firm, every RoR having asset outside India or signing authority in any account outside India, every other person was required to file the RoI, if the income of such person exceeded the Basic Exemption limit before claiming deduction u/s. 10A, 10B, 10BA or exemption u/s 10(38) or under Chapter VIA. ***W.e.f. A.Y. 2020-21, such income (which is to be compared with the Basic Exemption limit) shall be before claiming exemption u/s 54 / 54B / 54D / 54EC / 54F / 54G / 54GA / 54GB*** apart from deduction u/s. 10A, 10B, 10BA or exemption u/s 10(38) or under Chapter VIA.

(ii) Apart from the above, the following more persons shall be required to furnish their RoI: ***w.e.f. A.Y. 2020-21: every person who during the Previous Year:***

(i) has deposited an amount or aggregate of the amounts exceeding ₹ 1 Crore in one or more Current Accounts with any Banking Company or a Co. Operative Society; or

(ii) has incurred expenditure for an amount or aggregate amounts exceeding ₹ 2 Lakhs for himself or any other person for travel to a foreign country; or

(iii) has incurred expenditure for an amount or aggregate amounts exceeding ₹ 1 Lakh towards consumption of Electricity; or

(iv) fulfills such other conditions as may be prescribed;

[B.] Section 139(1A): PANo.: There were 5 persons who were required to apply for PANo. Apart from these 5, one more has been added to the list w.e.f. 01-09-2019: ***Every person who intends to enter into such transaction as may be prescribed by CBDT in the interest of Revenue.***

[C.] ***Section 139A(5E): (w.e.f. 01-09-2019): (Interchangeability of PANo. and Aadhaar No.): Notwithstanding anything contained in this Act, every person who is required to furnish / intimate / quote his PANo under this Act, and who:***

(a) has not been allotted PANo. but possesses the Aadhaar Number, may furnish / intimate / quote his Aadhaar Number in lieu of the PANo, and such person shall be allotted a PANo. in such manner as may be prescribed;

(b) has been allotted a PANo. and has intimated his PANo. as per Section 139A(2) (i.e. he has linked his Aadhaar No. with his PANo.), may furnish / intimate / quote his Aadhaar No. in lieu of the PANo.

[D.] Authentication of PANo.:

(i.) ***Section 139A(6A): (w.e.f. 01-09-2019): Every person entering into prescribed transaction, shall quote his PANo. or Aadhaar No. in the documents pertaining to such transactions and also authenticate such PANo. or Aadhaar No. in the prescribed manner.(Failure to quote or authenticate PANo. / Aadhaar No. will attract a Penalty of ₹ 10,000 u/s 272B for each such default)***

Explanation to Section 139A: "Authentication": means the process by which the PANo. or Aadhaar No. (along with the demographic / biometric information) of an Individual is submitted to the Income Authority (or the prescribed authority / agency) for its verification and such authority / agency verifies the correctness or otherwise of the same, on the basis of information available with it.

(ii) ***Section 139A(6B): (w.e.f. 01-09-2019): Every person receiving any document relating to the transaction/s referred to in Section 139A(6A), shall ensure that the PANo. / Aadhaar No. has been duly quoted in such document and such number is so authenticated. (Failure by such person to ensure that the PANo. / Aadhaar No. is duly quoted or authenticated, will attract a Penalty of ₹ 10,000 u/s 272B for each such default)***

[E.] Section 139AA: Aadhaar Number: Failure to intimate Aadhaar Number to the prescribed Income Tax Authority will ~~render the PANo. invalid~~ ***w.e.f. 01-09-2019 make the PANo. inoperative after the notified date.***

[F.] Section 140A: Self – Assessment Tax: Every person who is required furnish ROI, shall, before filing such return, compute the tax payable by him after considering: Advance Tax / TDS / TCS / MAT Credit / AMT Credit / DTAA Relief / ***Relief u/s 89 (introduced by Finance Act, 2019, but w.r.e.f. A.Y. 2007-08).***

[G.] E-Assessment Scheme, 2019: covered in the next sheet

[17.] APPEALS AND REVISION:

[A.] Section 268A: The monetary limit prescribed by CBDT for filing higher appeal by Revenue has been changed by ***CBDT Circular No. 17/2019, dated 08/08/2019. The new limit shall be as follows: ₹50 Lakhs for appeal to ITAT, ₹100 Lakhs for appeal to HC, ₹200 Lakhs for appeal to SC.***

[18.] PENALTIES:

[A.] Section 270A(2): Meaning of Under-Reported Income: A person shall be considered to have under-reported his income in **7 situations.** Out of these 7 situations, in 2 of the situations, the language is slightly changed retrospectively (w.r.e.f. A.Y. 2017-18) as follows:

(ii) If RoI has not been furnished ***or w.r.e.f. A.Y. 2017-18 RoI has been furnished for the first time u/s 148*** by assessee, then if [assessed income] is > [Basic Exemption Limit (i.e. Maximum amount not chargeable to tax)]

(v) If RoI has not been furnished ***or w.r.e.f. A.Y. 2017-18 RoI has been furnished for the first time u/s 148*** by assessee, then if [the amount of deemed total income assessed as per Section 115JB (MAT) or 115JC (AMT)] is > [the Basic Exemption limit]

Similar amendment has been carried out in Section 270A(3): "Amount of Under-Reported income"

[B.] Section 271D, 271DA and 271E: ***w.e.f. 01-09-2019*** In all the three Sections, apart from Account Payee Cheque / Account Payee Draft and ECS through Bank, one more mode of acceptance / repayment introduced: ***ECS through such other electronic mode as may be prescribed.***

[C.] *Section 271DB: (w.e.f. 01-11-2019): If a person who is required to provide facility for accepting payment through the prescribed electronic modes of payment, as referred to in Section 269SU, fails to provide such facility, he shall be liable to pay by way of Penalty u/s 271DB, a sum of ₹5,000 for every day during which such failure continues. [as per Section 269SU, every person carrying on business, whose total Sales / Turnover / Gross Receipts from business exceeded ₹50 Crores in the immediately preceding Previous Year, shall be required to provide facility for accepting payment through the prescribed electronic modes of payment] This Penalty shall be imposed by JCIT. (Applicability of Section 2671DB, has now been postponed to 01-02-2020 instead of from 01-11-2019 – by Notification dated 30-12-2019)*

[D.] Section 272B: Penalty of ₹ 10,000 for PANo. related defaults: Apart from PANo., ***w.e.f. A.Y. 2020-21, Penalty u/s 272B shall be levied for the same defaults in connection with Aadhaar Number also.***

[E.] Two new sub sections introduced in Section 272B w.e.f. A.Y. 2020-21:

(i) ***Section 272B(2A): (w.e.f. A.Y. 2020-21): If a person who is required to quote / authenticate his PANo. / Aadhaar No. for certain prescribed transactions as prescribed in Section 139A(6A), fails to do so, he may be levied with a Penalty of ₹10,000 for each such default.***

(ii) ***Section 272B(2B): (w.e.f. A.Y. 2020-21): If a person who is required to ensure that the PANo. / Aadhaar No. has been duly quoted in the documents relating to the transactions referred to in Section 139A(5) / (6A) or is required to ensure that the PANo. / Aadhaar No. is duly authenticated in respect of transactions referred to in Section 139A(6A), fails to do so, he may be levied with a Penalty of ₹10,000 for each such default.***

[19.] OFFENCES AND PROSECUTION:

[A.] Proviso to Section 276CC: According to Section 276CC, willful failure to furnish RoI attracts prosecution u/s 276CC. However, as per Proviso to Section 276CC, assessee (other than a Company) shall not be prosecuted, if the tax on total assessed income reduced by Advance Tax and TDS does not exceed ₹ 3,000. Two amendments have been made in this proviso w.e.f. A.Y. 2020-21. ***Credit of SA Tax (provided SA Tax has ben paid been paid before the expiry of the Assessment Year) and TCS also to be allowed w.e.f. A.Y. 2020-21 and Secondly, the limit increased from ₹3,000 to ₹10,000 w.e.f. A.Y. 2020-21.***

[20.] RESIDENTIAL STATUS:

There are no amendments, but just a small point to be noted: F.Y. 2019-20 is a ***'Leap Year',*** February, 2020 will have **29 days**. So while determining the residential status of an Individual, one should be careful while calculating the number of days of presence in India.

[21.] SALARY:

[A.] Section 16(ia): Standard Deduction: Amount of Standard Deduction increased from ~~₹ 40,000~~ to ***₹50,000.*** **(As per Press Release of CBDT, dated 05-04-2018, this Standard Deduction is allowed against 'Pension' also)**

[22.] HOUSE PROPERTY:

[A.] Section 23(2) and 23(4): Instead of one HP, any 2 HPs will be considered as SoPs.

[B.] **Section 24(b):** Interest on Housing loan is allowed to be deducted from NAV. As per proviso to Section 24, if the HP is a SoP, then the deduction for interest on housing loan shall be restricted to ₹ 30,000 or ₹ 2,00,000. ***W.e.f. A.Y. 2020-21, maximum two SoPs can be considered as SoPs (at the option of the assessee), all other SoPs beyond 2, will be deemed as Let Out Properties (even though not actually Let Out). The limit of deduction of interest on housing loan of ₹30,000 or ₹2,00,000, given as above shall not be for each such SoPs, but for both the SoPs combined together.—Proviso to Section 24(b)***

[C.] SECTION 23(5): (w.e.f. A.Y. 2018-19): PROPERTY HELD AS STOCK-IN-TRADE BEYOND ~~ONE YEAR~~ *TWO YEARS*: If a House Property (being Building or Land appurtenant to the building) is held as stock in trade and such property or any part thereof is not let out during the year (for the whole or any part of the previous year), then for a period of ~~one year~~ ***w.e.f. A.Y. 2020-21: two years*** from the **end of the financial year** in which the construction completion certificate ("CC Certificate") is obtained from the competent authority, the Net Annual Value of such property will be 'NIL'. (In simple words, for the first two years the Annual Value of such property held as stock in trade will be NIL, but then from the ~~second~~ ***w.e.f. A.Y. 2020-21 third*** year onwards, it will be deemed to have been let out (DLOP) and a notional rent there from will be chargeable to tax, though it has not been actually let out)

[23.] PGBP:

[A.] Section 35AD / 40A(3) / 43(1) / 43CA / 44AD: In all the five Sections, apart from Account Payee Cheque / Account Payee Draft and ECS through a Bank Account, ***w.e.f. A.Y. 2020-21 the prescribed mode of payment / receipt given in these 5 Sections shall also include ECS through such other electronic mode as may be prescribed.***

[B.] Second proviso to Section 40(a)(i): Disallowance of payment to Non-Residents without complying with the TDS provisions: The benefit which was available under Proviso to Section 201(1), whereby Resident Payee fulfills 4 conditions, then payer will be deemed to have deducted and deposited TDS on the date on which the Resident payee furnishes his RoI. This benefit was available only with regards to Resident Payee i.e. only for Section 40(a)(ia). ***W.e.f. A.Y. 2020-21, this benefit is now extended to payment without TDS to Non-Resident payees also u/s 40(a)(i), by way of inserting second Proviso to Section 40(a)(i).***

[C.] **Section 43B: Temporary Disallowance of certain expenditure without making actual payment on/before the due date of RoI u/s 139(1):** Disallowance under Section 43B was applicable on 7 expenditures. W.e.f. A.Y. 2020-21, one more expenditure has been added to the list:

> ***(h.) w.e.f. A.Y. 2020-21: Interest on Loan / Borrowing from a deposit taking Non-Banking Financial Company or from systematically important non deposit taking Non-Banking Financial Company.***
>
> ***[However, if such interest was already claimed as a deduction on / before A.Y. 2019-20 without making payment in the year in which the liability to pay such interest arose, then such interest will not be allowed as a deduction in the year of its actual payment – Explanation 3AA to Section 43B]***
> ***["Systematically important non-deposit taking NBFC" means an NBFC, which is not accepting or holding public deposits and having total assets of ≥ ₹500 Crores as per the last audited Balance Sheet and is registered with RBI under RBI Act, 1934 – Explanation 4(g) to Section 43B]***

[D.] **Section 43D: Interest on Bad and Doubtful Debts in case of certain Financial Institutions:** In the case of a Public Financial Institution / a Scheduled Bank / State Financial Corporation / State Industrial Investment Corporation / Public Companies registered with National Housing Bank or w.e.f. A.Y. 2018-19 Co-Operative Bank (other than a Primary Agricultural Credit Society or a Primary Co-Operative Agricultural and Rural Development Bank) ***or w.e.f. A.Y. 2020-21 deposit taking Non-Banking Financial Company or systematically important non-deposit taking Non-Banking Financial Company,*** interest on bad and doubtful debts as prescribed by guidelines issued by RBI shall be chargeable to tax in the previous year in which such interest is credited to P & L Account or the previous year in which it is actually received, whichever is earlier.

[24.] CAPITAL GAINS:

[A.] Section 50C: For the purpose of calculating Capital Gain on transfer of an Immovable Property, the Sale Consideration shall be higher of (a.) Actual Sale Consideration or (b.) SDV. It shall be SDV as n the date of Registration of the property. However, as per First and the Second Proviso to Section 50C, instead of SDV on the date of registration, assessee may take SDV as on the date of agreement, provided at least some part of the sale consideration was received by the assessee (by way of Account Payee Cheque or Account Payee Draft or ECS through a Bank account ***or w.e.f. A.Y. 2020-21 through such other electronic mode as may be prescribed***) on or before the date of Agreement.

[B.] Proviso to Section 50CA: Sale Consideration for transfer of an asset being 'Share of a Company (other than a Quoted Share)' i.e. **Unquoted Share of a Company** shall be **higher** of: (a.) Actual Sale Consideration, or (b.) Fair Market Value (FMV) of share (to be determined in a prescribed manner)
Proviso: W.e.f. A.Y. 2020-21, the 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.

[C.] **Section 54GB:** Exemption from tax is available u/s 54GB to an Individual / HUF from Capital Gain arising on transfer of a Long Term Residential House / Land appurtenant to such Res. House, if that Individual / HUF utilizes the sale consideration in acquiring the equity shares of an eligible Company on / before the due date of filing RoI for the year of transfer. The following amendments have been made in this Section:-

(a.) This exemption was available only if the Res. House / Land appurtenant thereto was transferred on/before 31-03-2017. But instead of 31-03-2017, the deadline would be 31-03-2019 if the Company in which the investment is made by the Individual / HUF is an eligible Start Up Company. ***W.e.f. A.Y. 2020-21, this deadline of 31-03-2019 has been extended to 31-03-2021.***

(b.) The Company whose equity shares are acquired by Individual / HUF for claiming exemption u/s 54GB, would be considered as an eligible Company, only if the investment in such Company by such Individual / HUF is more than 50% of total share capital / voting rights of such Company. ***W.e.f. A.Y. 2020-21, this limit of > 50% has been reduced to >25% of total share capital / voting rights.***

(c.) Exemption to Individual / HUF is available u/s 54GB, if that Individual / HUF invests in the equity shares of that eligible Company on / before the due date of RoI filing for the year of transfer (+) the eligible Company invests such amount so received by it (as a subscription for issue of its shares) within 1 year from the date of subscription by eligible assessee in eligible asset (P & M), other than 5 prohibited P & M. One of the prohibited asset is Computer / Computer software. However, investment by eligible Company in computer / computer software will be allowed, if it is an eligible Start Up Company. This exemption u/s 54GB will be withdrawn if such asset is transferred by the eligible Company before expiry of 5 years from the date of its acquisition. ***W.e.f. A.Y. 2020-21, instead of 5 years, the lock-in period will be only 3 years, but only for Computer / Computer Software. For other assets, the lock-in period of 5 years shall continue to be applicable.***

[25.] IFOS:

[A.] Second Proviso to Section 56(2)(x)(b): in the case of **an immovable property**, the value of the property shall be the 'stamp duty value' of the property ***as on the date of Registration* of such property**. However, if the 'date of Agreement' and the 'date of registration of the property' are not same, then instead of SDV on the date of registration, assessee *may* take into account the SDV as on the date of Agreement, provided at least some part of the sale consideration was paid by the assessee (by way of an Account Payee Cheque / an Account Payee Draft / Electronic Clearing Services (ECS) through a Bank Account ***or w.e.f. A.Y. 2020-21 through such other Electronic Mode as may be prescribed***) on or before the date of Agreement. – First and Second Proviso to Section 56(2)(x)(b)

[B.] Section 56(2)(x): The provisions of Section 56(2)(x) regarding taxability of receipt of Money / Immovable Property / Movable Property without consideration or for an inadequate consideration, is not applicable in case of 20 transactions like if received from a Relative, received on the occasion of Marriage, received on the Death of donor, etc… One more exception introduced w.e.f. A. Y. 2020-21.:

w.e.f. A.Y. 2020-21: received from such class of persons and subject to such conditions as may be prescribed.

[C.] Section 56(2)(viib): (Also called as 'Angel Tax'): In case of a Company (other than a Company in which Public are substantially interested) (i.e. a Private Company), receives consideration for issue of its shares *from any Resident* and such consideration exceeds the Face Value of such shares and it also exceeds the fair market value (FMV) of such shares, then such excess consideration so received by the Company above and over its FMV, will be taxable under this head (whether it exceeds ₹ 50,000 or not).

First Proviso to Section 56(2)(viib): However, this does not apply in the following two cases:
(i.) A case where such excess consideration is received by a 'Venture Capital Undertaking' from:
- → Venture Capital Company;
- → Venture Capital Fund;
- ➔ ***A Specified Fund (w.e.f. A.Y. 2020-21) ["Specified Fund" means a Fund established or incorporated in India in the form of a Trust / Company / LLP / Body Corporate, which has been granted a Certificate of registration as a Category I or Category II Alternative Investment Fund (AIF) and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992.]***

(ii.) A case where such excess consideration is received by a Company from a Class / Classes of person notified by Central Government. (Accordingly, Central Govt. has vide notification No. 24/2018, dated 24-05-2018, notified that the provisions of Section 56(2)(viib) shall not apply to consideration received by a Company, being '***an eligible Start Up***' for the purpose of deduction u/s 80-IAC, if the consideration is received from an Investor in accordance with the approval granted by the Inter Ministerial Board of Certification (as per the notification no. GSR 364(E), dated 11-04-2018, issued by Department of Industrial Policy and Promotion - DIPP). [Also refer to Notification No. 13/2019 dated 05-03-2019]

Second Proviso to Section 56(2)(viib): (w.e.f. A.Y. 2020-21): where the provisions of Section 56(2)(viib) have not been applied to a Company on account of fulfillment of conditions specified in the notification issued under clause (ii) of the first proviso and such Company fails to comply with any of those conditions, then, any consideration received for the issue of share that exceeds the Face Value of such share shall be deemed to be the income of the Company chargeable to Income Tax for the Previous Year in which such failure has taken place.

[D.] Section 10(12A): Any amount received by an ~~employee~~ assessee (w.e.f. A.Y. 2019-20) on closure of his account or his opting out of the 'National Pension Scheme (NPS)' referred to in Section 80CCD, will be exempt upto an amount equal to ~~40%~~ ***60% (w.e.f. A.Y. 2020-21)*** **of the total amount payable to him** at the time of closure of the account or his opting out of the Scheme.

[E.] Section 10(15)(ix): (w.e.f. 01-09-2019): Interest payable to a Non-Resident by a Unit located in an International Financial Service Centre (IFSC), on moneys borrowed by it on or after 01-09-2019 shall be exempt.

[26.] CHAPTER - VIA DEDUCTIONS:

[A.] Section 80C: Deduction upto ₹ 1,50,000 is available upon making certain investments / deposits. One more item added in the list w.e.f. A.Y. 2020-21:

- ***w.e.f. A.Y. 2020-21: Only for an employee of Central Govt.: Contribution to a Specified Account of the Pension Scheme referred to in Section 80CCD: for a fixed period of ≥ 3 years (which is in accordance with the scheme notified by Central Govt. for this purpose) ["Specified Account" means an additional account referred to in Section 20(3) of the Pension Fund Regulatory and Development Authority, 2013].***

[B.] Section 80CCD(2): Apart from deduction on account of own contribution to NPS A/c u/s 80CCD(1), an employee gets deduction on account of his employer's contribution to NPS account also u/s 80CCD(2). However, the deduction to employee on account of employer's contribution is restricted to 10% of his salary ('Salary' would mean Basic (+) DA forming part of retirement benefits). ***Instead of 10%, w.e.f. A.Y. 2020-21, the limit will be 14% in case where the contribution to NPS is made by Central Govt.***

[C.] Section 80EEA: (w.e.f. A.Y. 2020-21): Deduction in respect of interest on loan taken for acquisition of residential property: The salient features of this Section are as follows:

(a.) Assessee is an Individual (whether Resident or Non-Resident),

(b.) takes a loan for acquisition (only acquisition and not for repairs / renovation) of a Residential House Property (and not for any commercial property),

(c.) Loan is taken from any Financial Institution (i.e. from any Bank / Banking Institution / Housing Finance Company) (and not from Relative / Friend / Employer / any other person other than Financial Institution),

(d.) The loan is sanctioned by Financial Institution at anytime between 01/04/2019 to 31/03/2020 (one year period),

(e.) Assessee should not own any residential property on the date of sanction of loan,

(f.) The Stamp Duty Value of the residential property ≤ ₹45 Lakhs (No limit for the amount of loan, unlike Section 80EE, where there's a limit of ₹35 Lakhs on the amount of loan)

(g.) The deduction will be lower of the following two:-

- ***→ Actual Interest paid / payable on such loan; or***
- ***→ ₹1,50,000***

(h.) This deduction will be in addition to deduction of housing loan interest available under the head 'Income from House Property' u/s 24(b),

(i.) Once the deduction is allowed under this Section for an amount of interest on housing loan, the deduction shall not be allowed under any other provision of the Income Tax Act in respect of such interest for the same or any other assessment year (In other words, no double deduction of the same amount of interest).

(j.) Financial Institution: means Banking Company / Bank / Housing Finance Company.

(k.) Note: In case if assessee constructs the property, then the deduction u/s 80EEA, will be allowed from the year in which the construction is completed i.e. the year from which the Residential House Property is ready for use (and from the year in which the Loan is taken).

[D.] Section 80EEB: (w.e.f. A.Y. 2020-21): Deduction in respect of interest on loan taken for purchase of an Electric Vehicle:

(a.) Assessee is an Individual (whether Resident or Non-Resident),

(b.) takes a loan for purchase of an Electric Vehicle,

(c.) Loan is taken from any Financial Institution (i.e. from any Bank / Banking Institution / NBFC) (and not from Relative / Friend / Employer / any other person other than Financial Institution),

(d.) The loan is sanctioned by Financial Institution at anytime between 01/04/2019 to 31/03/2023 (four years' period),

(e.) The deduction will be lower of the following two:-

→ Actual Interest paid / payable on such loan; or

→ ₹1,50,000

(f.) Once the deduction is allowed under this Section for an amount of interest, the deduction shall not be allowed under any other provision of the Income Tax Act in respect of such interest for the same or any other assessment year (In other words, no double deduction of the same amount of interest).

(g.) Financial Institution: means Banking Company / Bank / Deposit taking Non-Banking Financial Company (NBFC) / Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC).

(h.) "Electric Vehicle": 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 has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy.

[E.] Section 80-IBA: (w.e.f. A.Y. 2017-18): Deduction for developing and building a Housing Project:

(a.) **Eligible Assessee:** Any Person

(b.) **Quantum of deduction:** **100%** of profit derived from the business of developing and building a Housing Project

(c.) **Conditions for claiming deduction:** ***If the project is approved on / before 31-08-2019, the following conditions shall apply:***

1) The Housing Project is approved by the competent authority **on / after 01-06-2016** but **on / before** ~~31-03-2019~~ ***31-03-2020 (w.e.f. A.Y. 2020-21)***;
2) Project is **completed** within ***5 years*** **from the date of approval** (However, if the approval is obtained more than once, then the time limit of 5 years, shall be calculated from the date on which the building plan of such housing project was first approved by the competent authority) (the project shall be deemed to have been completed when a certificate of completion of the project as a whole is obtained in writing from the competent authority).
3) The housing project shall mainly comprise of residential units. Therefore, the ***Carpet*** area occupied by shops and other commercial establishments shall not exceed 3% of the aggregate ***Carpet area*** of the project;
4) The project is on a plot of land measuring not less than:
   - 1,000 Sq. Mtr. if such project is located in Chennai / Delhi / Kolkata / Mumbai; or
   - 2,000 Sq. Mtr. if the project is located at any other place,

5) the project is the only housing project on the given plot of land,
6) The Carpet area of each residential unit comprised in the housing project, does not exceed:
   - 30 Sq. Mtr. if such project is located in Chennai / Delhi / Kolkata / Mumbai; or
   - 60 Sq. Mtr. if the project is located at any other place

7) If the residential unit in the housing project is allotted to an Individual, then no other residential unit in the housing project shall be allotted to that Individual / his spouse / his minor children;
8) The project utilises not less than:
   - 90% of the floor area ratio if such project is located in Chennai / Delhi / Kolkata / Mumbai; or
   - 80% of the floor area ratio if the project is located at any other place

9) The assessee maintains a separate set of books of accounts in respect of the housing project;
10) Deduction is claimed in the Return of Income and the Return of Income is filed within the due date given in Section 139(1) – w.e.f. A.Y. 2019-20.

If the project if approved on or after 01-09-2019, then instead of the above mentioned conditions, the following conditions shall apply:

(a) The Housing Project is approved by the competent authority **on / after 01-06-2016** but **on / before** ~~**31-03-2019**~~ ***31-03-2020 (w.e.f. A.Y. 2020-21)***;

(b) Project is **completed** within ***5 years*** **from the date of approval** (However, if the approval is obtained more than once, then the time limit of 5 years, shall be calculated from the date on which the building plan of such housing project was first approved by the competent authority) (the project shall be deemed to have been completed when a certificate of completion of the project as a whole is obtained in writing from the competent authority).

(c) The housing project shall mainly comprise of residential units. Therefore, the Carpet area occupied by shops and other commercial establishments shall not exceed 3% of the aggregate Carpet area of the project;

(d) The project is on a plot of land measuring not less than:

- 1,000 Sq. Mtr. if such project is located in ***Bengaluru*** / Chennai / ***Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad) / Hyderabad*** / Kolkata / Mumbai (whole of Mumbai Metropolitan Region); or
- 2,000 Sq. Mtr. if the project is located at any other place,

(e) the project is the only housing project on the given plot of land,

(f) The Carpet area of each residential unit comprised in the housing project, does not exceed:

- 60 Sq. Mtr. if such project is located in ***Bengaluru*** / Chennai / ***Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad) / Hyderabad /*** Kolkata / Mumbai (whole of Mumbai Metropolitan Region); or
- 90 Sq. Mtr. if the project is located at any other place

(g) The Stamp Duty value of a residential unit in the housing project does not exceed ₹45 Lakhs;

(h) If the residential unit in the housing project is allotted to an Individual, then no other residential unit in the housing project shall be allotted to that Individual / his spouse / his minor children;

(i) The project utilises not less than:

- 90% of the floor area ratio if such project is located in ***Bengaluru*** / Chennai / ***Delhi National Capital Region (limited to Delhi, Noida, Greater Noida, Ghaziabad, Gurugram, Faridabad) / Hyderabad*** / Kolkata / Mumbai (whole of Mumbai Metropolitan Region); or
- 80% of the floor area ratio if the project is located at any other place

(j) The assessee maintains a separate set of books of accounts in respect of the housing project;

(k) Deduction is claimed in the Return of Income and the Return of Income is filed within the due date given in Section 139(1) – w.e.f. A.Y. 2019-20.

[F.] Section 80JJAA: Deduction in respect of additional employment:

(a.) **Eligible Assessee:** Any person to whom the provisions of Section 44AB (compulsory tax audit) applies and has income from **business**.

(b.) **Quantum of deduction: 30% of additional employee cost** (i.e. 30% of emoluments paid / payable to additional employees appointed during the year)

(c.) **Period of deduction: 3 consecutive Assessment Years**, starting from the year in which such new employment is provided.

(d.) Deduction u/s 80JJAA is allowed only if it is claimed in the Return of Income and the Return of Income is filed within the due date

(e.) Condition: The emoluments are paid by way of an Account Payee Cheque / Account Payee Draft / ECS through a bank account ***or w.e.f. A.Y. 2020-21 through such other Electronic mode as may be prescribed.***

[G.] Section 80LA: Deduction in respect of Offshore Banking Units and International Financial Service Centre (IFSC): Deduction u/s 80LA was allowed only to a **Scheduled Bank** or a **Foreign Bank** having an

Offshore Banking Unit in a Special Economic Zone. Deduction is allowed for 10 years: First 5 years: 100% of eligible income and the next 5 years: 50% of eligible income.

Now w.e.f. A.Y. 2020-21: this deduction is now allowed to an International Financial Service Centre also: Deduction will be 100% of the eligible income for a period of 10 consecutive years out of first 15 years.

[27.] SET OFF AND CARRY FORWARD OF LOSSES:

[A.] Section 79: Set off of Brought Forward Losses of a Company other than a Company in which Public are substantially interested: *Totally revamped w.e.f. A.Y. 2020-21*:

(a.) Section 79(1): Notwithstanding anything contained in this chapter, where a change in shareholding has taken place during the Previous Year in the case of a Company, not being a Company in which Public are substantially interested (i.e. a Private Company), no loss (Only Loss. This Section does not apply to Unabsorbed Depreciation) incurred in any year prior to Previous Year shall be carried forward and set off against the income of the Previous Year, unless on the last day of the Previous Year (in which the change in the shareholding has taken place), the shares of the Company carrying not less than 51% of the voting power were beneficially held by persons who beneficially held shares of the Company carrying not less than 51% of the voting power on the last day of the Previous Year/s in which the loss was incurred.

Proviso to Section 79(1): Even if the said condition (given in Section 79(1) as above regarding continuation of holding of shares carrying ≥ 51% of Voting Powers) is not satisfied in case of an eligible Start Up as referred to in Section 80-IAC, the loss incurred in any earlier Previous Year/s shall be allowed to be carried forward and set off against the income of the Previous Year, if

→ all the Shareholders of such Company, who held shares (carrying Voting Power) on the last day of the year/s in which the loss was incurred, continue to hold those shares on the last day of such Previous Year and

→ such loss has been incurred during the period of first 7 years beginning from the year in which such Company is incorporated.

(b.) Section 79(2): Exceptions: Nothing contained in Section 79(1) shall apply:

- ***(1.) to a case where a change in the said voting power takes place due to Death of the shareholder or Transfer of any shares due to gift to any relative of the shareholder – Section 79(2)(a); or***
- ***(2.) to any Change in the shareholding of a subsidiary Indian Company due to amalgamation or demerger of Foreign Holding Company (provided 51% shareholders of the Amalgamating Foreign Company or Demerged Foreign Company continue to be the shareholders of the Amalgamated Foreign Company or Resulting Foreign Company) – Section 79(2)(b); or***
- ***(3.) to a Company where a change in the shareholding is pursuant to a resolution plan approved under the Insolvency and Bankruptcy Code (IBC), 2016 (After giving a reasonable opportunity of being heard to the jurisdictional PCIT / CIT) – Section 79(2)(c); or***
- ***(4.) to a Company and its Subsidiary and the Subsidiary of such Subsidiary, where:***
  - ***→ on an application moved by the Central Govt. u/s 241 of the Companies Act, 2013, the Tribunal has suspended the Board of Directors of such Company and has appointed new Directors nominated by the Central Govt. u/s 242 of the Companies Act, 2013;***
  - ***→ a change in shareholding of a 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 giving a reasonable opportunity of being heard to the jurisdictional PCIT / CIT) – Section 79(2)(d)***