

Capacity Building Session on New Tax Regime (Salaries)



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Shared at

Dedicated Freight Corridor Corporation India Ltd., Delhi

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AGENDA

- Income Tax on Salary (Old & New Regime)
- Housing Income / Loss (One house & > than one house)
- Deductions U/C VIA
- Important Points to be aware of before filing of ITR.
- TDS on Foreign Remittance.
- Recent Amendments in Income Tax including S. 206AB
- S. 115BAA applicability

INDIVIDUAL / HUF NEW RATES AY 2021-22 ONWARDS S. 115BAC

| Total Income (Rs.) | New Rate | Old Rate |
|-----------------------------|----------|----------|
| Up to 2,50,000 | Nil | Nil |
| From 2,50,001 to 5,00,000 | 5% | 5% |
| From 5,00,001 to 7,50,000 | 10 % | 20 % |
| From 7,50,001 to 10,00,000 | 15 % | 20 % |
| From 10,00,001 to 12,50,000 | 20 % | 30 % |
| From 12,50,001 to 15,00,000 | 25 % | 30 % |
| Above 15,00,000 | 30% | 30% |

DEDUCTIONS NOT ALLOWED

- Special allowances u/s 10(14) r.w. Rule 2BB (helper, academics, uniform, etc.), Except:
 - Granted to meet cost of travel on tour or on transfer, including any sum paid in connection with transfer, packing & transportation of personal effects on such transfer - R 2BB(1)(a)
 - Whether granted on tour or for period of journey in connection with transfer, to meet ordinary daily charges incurred by an employee on a/c of absence from his normal place of duty - R 2BB(1)(b)
 - Granted to meet expenditure incurred on conveyance in performance of duties of an office or employment of profit, Provided that free conveyance is not provided by employer - R 2BB(1)(c)
 - Transport allowance granted to an employee, who is blind or deaf & dumb or orthopaedically handicapped with disability of lower extremities, to meet his expenditure for purpose of commuting between place of his residence & place of his duty - R. 2BB(2)(11),

DEDUCTIONS NOT ALLOWED

- Travel concessions u/s 10(5).
- HRA-Section 10(13A).
- Allowances to MPs u/s. 10(17)
- Deduction of Rs. 1,500 granted to parent for clubbing income of minor u/s Sec.10(32)
- Entertainment Allowance, standard deduction Rs. 50k, professional tax u/s 16.

Deduction of Interest on Borrowed Capital on SOP House property u/s 24(b).

NOT ALLOWED

- Standard Deduction - family pension u/s 57 (iia)
- Deductions under Chapter VI-A except u/s 80JJAA & 80CCD (2)
- S. 10AA - SEZ units
- S. 32 (1)(iia) - Additional Depreciation
- S. 32 AD –Plt. Mch. in backward area
- S. 33 AB - Tea/Coffee/Rubber
- S. 33 ABA - Site restoration Fund
- S. 35 (1)(ii)/(iia)/(iii), 35(2AA), 35(2AB) -scientific research
- S. 35 AD – Specified Business
- S. 35CCC – Agriculture Extension project

CONDITIONS

- ❖ Loss under head HP not to be set off against any other head
- ❖ C/f loss / addl. unabsorbed dep. from any earlier AY if such loss is attributable to any of mentioned deductions (now not allowed) - not allowed. Loss would exhaust
- ❖ Depreciation u/s 32 allowed except addl. Dep.
- ❖ Unabsorbed addl. depreciation not to be c/f but to be adjusted in block of assets as on 1.4.2020
- ❖ No exemption or deduction for allowances or perquisite allowed by whatever name called provided under any other law for the time being in force
- ❖ In case it has unit in IFSC – deduction u/s 80LA allowed

OPTIONS

- ❖ For person having income other than business – from year to year
- ❖ For person having income from business – any year – once opted cannot go out.... One time opting out allowed .. If opts out.. Cannot avail again
- ❖ If no business income then – option available year-wise

DEDUCTIONS

| Section | Eligible Assessee | Eligible Payments | Permissible Deductions |
|---------|---|--|---|
| 80C | Individual or HUF | Contribution to PPF/SPF/RPF, LIP, NSC, Tuition Fees, UTI/ MF, Annuity Plan-LIC, Term Deposit (5yrs), NABARD, Loan Repayment for House construction/purchase. | Rs.1,50,000/-* |
| 80CCC | Individual | Contribution to certain Pension Funds/ Annuity Plan of LIC. | Rs.1,50,000/-* |
| 80CCD | Individuals employed by any employer as well as self employed | Contribution to pension scheme of Central Government | <p>(1) Salaried Employee – Max. 10% of salary.</p> <p>(1B) Additional deduction of Rs.50,000/-</p> <p>(2) Other case - Max. 20% of GTI.</p> |

DEDUCTIONS

| Sec. | Eligible Assessee | Eligible Payments | Permissible Deductions |
|-------|----------------------------|--|--|
| 80D | Individual or HUF | Medical Insurance Premium or Medical Expenditure (When no premium paid) | Rs.25k each for both self & parents (Rs. 50k for Senior Citizen) (Other than cash) Incl. 5K for preventive health checkups (Cash) HUF – 25k for any member, if SC & no Ins. 50k, aggregate 50k |
| 80DD | Resident Individual or HUF | Maintenance including medical treatment of a dependent disabled | Severe Disability – Rs.1,25,000 Other cases – Rs.75,000 |
| 80DDB | Resident Individual or HUF | Medical treatment of specified ailments (Specified critical ailments or diseases eg cancer, aids) of self or dependent | Actual paid or Rs.40k whichever is lower minus reimbursement Rs 100K for Senior Citizen |
| 80E | Individual | Interest on loan taken for higher education. | Deduction available for initial 8 AY or until interest is paid in full, whichever is earlier |

DEDUCTIONS

| Section | Eligible Assessee | Eligible Payments | Permissible Deductions |
|---------|---------------------------------|---|---|
| 8oEE | Individual | Additional Deduction for interest on loan borrowed for acquisition of selfoccupied house property | Rs.50,000 |
| 8oEEA | Individual not claiming s. 8oEE | Interest on Loan for residential house property whose stamp duty value < 45L and assessee has no other HP. Loan sanctioned before 31.3.2022 | Rs. 1,50,000/- |
| 8oEEB | Individual | Interest on loan for Electric Vehicles for loan sanctioned till 31.3.2023 | Rs. 1.50 Lacs for complete loan starting from AY 2020-21 |
| 8oG | All Assesseees | Donation to certain funds, charitable institution etc. | <ol style="list-style-type: none"> 1. 100% / 50% without any qualifying limit 2. 100% / 50% with qualifying limit |

DEDUCTIONS

| Section | Eligible Assessee | Eligible Payments | Permissible Deductions |
|---------|---|--|--|
| 8oGG | Individuals not in receipt of HRA | Rent Paid | Lower of: <ul style="list-style-type: none"> • 25% of total income • Rent paid - 10% of total income • Rs.5,000 p.m |
| 8oGGC | Any person other than local authority and AJP funded by Govt. | Contribution to political parties | Actual Contribution (if made by other than cash) |
| 8oTTA | Individual or HUF (Other than those referred in 8oTTB) | Interest on deposits (not being time deposit) in a saving account with banks, cooperative society and post office. | Interest Received or 10,000 whichever is lower |
| 8oTTB | Individual being senior citizen | Interest on deposits with banks, cooperative society and post office. | Interest Received or 50,000 whichever is lower |

RATES WITH 1.50 L DEDUCTION

| Total Income (Rs.) | Old Regime Tax | New Regime Tax | Savings |
|-----------------------|----------------|-------------------|---------|
| 7.50 Lacs | 33800 | 39000 | -5200 |
| 10 Lacs | 85800 | 78000 | 7800 |
| 15 Lacs | 226200 | 195000 | 31200 |
| 20 Lacs | 382200 | 351000 | 31200 |
| 25 Lacs | 538000 | 507000 | 31200 |
| 30 Lacs | 694200 | 663000 | 31200 |

RATES WITH 3 L DEDUCTION

| Total Income (Rs.) | Old Regime Tax | New Regime Tax | Savings |
|-----------------------|----------------|-------------------|---------|
| 7.50 Lacs | 0 | 39000 | -39000 |
| 10 Lacs | 54600 | 78000 | -23400 |
| 15 Lacs | 179400 | 195000 | -15600 |
| 20 Lacs | 335400 | 351000 | -15600 |
| 25 Lacs | 491400 | 507000 | -15600 |
| 30 Lacs | 647400 | 663000 | -15600 |

DEPARTMENT'S DATA

- ❖ 5.87 Cr people filed ITR in 2018-19
- ❖ 5.3 Cr People claimed less than Rs. 2 lakh deduction
- ❖ Around 48 Lakh or 9% claimed deduction more than Rs. 2 L
- ❖ 3.77 L who claimed deduction exceeding Rs. 4 L

DEPARTMENT'S DATA

| Total Income (Rs.) | No. of tax Payers | % growth over 2018 |
|-----------------------|-------------------|-------------------------------|
| Upto 5 L | 4.45 Cr | 4% filed return but no tax |
| 5 – 10 L | 1.01 Cr | 0.3% |
| 10 – 20 L | 32.11 L | 11.1% |
| 20 – 50 L | 12.31 L | 13.6% |
| 50 – 1 Cr | 2.25 L | 14.5% |
| Above 1 Cr | 1.08 L | 12.3% |
| Total above 5 L | 1.49 Cr | 4% |

DEPARTMENT'S DATA

- ❖ 8600 Individuals – income above 5 Cr
- ❖ 3.2 L Individuals – above 50 L
- ❖ Average tax by salaried person – Rs. 76306/- vs. non-salary Rs. 25753/-

EXEMPTION

- ❖ Interest on contribution to PF exceeding Rs. 2.50 L (Rs. 5 L if no employer contribution) in a year on or after 1.4.2021 not exempt u/s 10(11) / 10(12)
- ❖ Dividend not exempt now and is taxable at slab rates

ULIP

- ❖ ULIP defined u/s 10(10D) – Expl. 3
- ❖ Premium paid exceeding 2.5L in PY either single ULIP or multiple – No 10(10D) benefit except death case
- ❖ To be treated as capital asset u/s 2(14) and CG applicable u/s 45(1B)
- ❖ To be treated as Equity oriented fund u/s 111A and 112A
- ❖ S. 112A amended to define and include such ULIP
- ❖ STT to be applicable on such sale / redemption

ITR DATES

- ❖ Revised Return – 31st December
- ❖ Belated Return – 31st December
- ❖ S. 234F – Late fee Rs. 5000/-
beyond 139(1), If income below
5L – 1000/-
- ❖ S. 234H – Non- intimation of
Aadhar – Fee @ Rs.1000/-

TAKE CARE BEFORE FILING ITR

- PAN & Aadhar Linking
- Basic details (if any change) – Email – Mobile –
Check in My Profile too, check with PAN Data
- Status – Resident or Non-Resident
- Disclose all Banks' details
- Check Form 16
- Check Form 26AS
- Disclose all Saving Bank Interest
- Check and claim deductions available
- In case of TI >50L fill Schedule Assets & Liab

TAKE CARE BEFORE FILING ITR

- Disclose Foreign assets & Accounts
- Check Clubbing of Income
- Check for Dividend, switching off MF, more than 2 properties
- Check for CG on Shares, MF
- Check for gifts more than 50K, s. 56(2)(x)
- F & O is business, if more than 10 Cr. then audit
- Obtain FD intt. certificate
- Which ITR Form- 1,2,3,4
- File before due date to avoid late fee

ESI / PF

- ❖ S. 36(1)(va) / 43B
- ❖ Explanation added for employee contribution
- ❖ To clarify that the provision of s. 43B does not apply and deemed to never have been applied for the purposes of determining the —due date

TDS – 194Q

- ❖ **W.e.f. 1.7.2021. Similar to 206C(1H) !!**
- ❖ **Exceptions - Tax is collectible u/s. 206C other than transaction to which s. 206C(1H) applies**
- ❖ **Memorandum - If on a transaction TCS u/s 206C(1H) is required as well as TDS u/s 194Q, then on that transaction only TDS shall be there**
- ❖ **Cases where 50L condition is met:**
 - ❖ **Turnover in PY: Seller - 25 Cr, Buyer 5 Cr**
 - ❖ **Turnover in PY: Seller - 5 Cr, Buyer 25 Cr**
 - ❖ **Turnover in PY: Seller - 25 Cr, Buyer 25 Cr**

TDS – 194Q

| FY ending | Seller 206C(1H) | | | Buyer (194-Q) | | | Bal. |
|-----------|--------------------|---------|----------------------------|------------------|---------|-------|------|
| | Sale | Receipt | TCS | Purchases | Payment | TDS | |
| 2021 | 80 | 40 | Nil | 80 | 40 | NA | 40 |
| 2022 | 50 | 60 | On 10 | 50 | 60 | Nil | 30 |
| 2023 | 80 | 50 | Nil | 80 | 50 | On 30 | 60 |
| 2024 | 80 | 140 | On 90?? 30?? 60?? | 80 | 140 | On 30 | Nil |

194Q vs. 206C(1H)

- S. 194Q(6)(b) - Shall not apply to a **transaction on which tax is collectible u/s 206C** other than transaction to which s 206C(1H) applies
- S. 206C(1H) – Except -other than goods being exported out of India or **goods covered in** s-sec. (1) or s-sec. (1F) or s-sec. (1G)
- CBDT clarification on S. 206C(1H) vs. 206C(1F) - (1F) is for a single motor vehicle
 - Receipt from a dealer of motor vehicle covered u/s 206C(1H), if not subjected to s. 206C(1F)
 - Sale to consumer:
 - Receipt of Rs. 10 L or less from buyer would be subjected to 206C(1H), if receipt of sale consideration for such vehicles during PY > Rs. 50 L
 - Receipt of sale consideration for sale of motor vehicle exceeding Rs. 10 L would not be subjected to 206C(1H) if subjected to 206C(1F)

CBDT GUIDELINES

- Circular No. 13 of 2021 dt. 30th June 2021
- Exemption to:
 - Transactions in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation including recognized stock exchanges or recognized clearing corporation located in International Financial Service Centre (IFSC)
 - Transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered in accordance with Regulation 21 of CERC

CBDT GUIDELINES

- **Calculation of threshold for the financial year 2021-22**
 - **Non-applicability on Payments / Crs prior to 1.7.2021**
 - **Limit of Rs. 50L from 1.4.2021**
 - **GST & Purchase Return**
 - **No TDS on GST portion unless GST not charged separately**
- TDS on purchase return can be adjusted against next purchase from same seller**

CBDT GUIDELINES

- Not applicable to non-resident whose purchase of goods from seller resident in India is not effectively connected with his PE (Exports exempted)
- Not applicable if seller's whole income is exempt u/s 10 or any other act passed by Parliament. – farmers exempt – similar for 206C(1H)
- TDS on advance payment is required

CBDT GUIDELINES

- Not applicable to buyer in year of incorporation
- For 10 Cr limit - sales or gross receipts or turnover **from business** carried on by him must exceed Rs 10 crore
- If TDS by e-commerce operator u/s 194-0 [including transactions on which there is no TDS due to s. 194-0(2)], then no TDS u/s 194Q
- If TDS by e-commerce operator u/s 194-0 then no TCS u/s 206C(1H)
- If transaction is both within the purview of s. 194-0 as well as s.194Q, then TDS u/s 194-0 only and not u/s 194Q.

CBDT GUIDELINES

- If a transaction is both within purview of s. 194-0 as well as u/s 206C(1H), tax is required to be deducted u/s 194-0.
- Transaction shall come out of purview of s. 206C(1H) after tax has been deducted by e-commerce operator.
- Here primary responsibility is on e-commerce operator for TDS u/s 194-0 and that responsibility cannot be condoned if the seller has collected tax u/s 206C(1H).
- **Reason - rate of TDS u/s 194-0 is higher than rate of TCS u/s 206C(1H)**

CBDT GUIDELINES

- If a transaction is both within the purview of s. 194-Q as well as s. 206C(1H) , tax is required to be deducted u/s 194-Q.
- The transaction shall come out of the purview of s. 206C(1H) after tax has been deducted by the buyer on that transaction.
- However, if, for any reason, tax has been collected by the seller u/ s. 206C(1H), before the buyer could deduct tax u/s 194-Q on the same transaction, such transaction would not be subjected to tax deduction again by the buyer.
- Reason - tax rate of deduction and collection are same in section 194Q and s. 206C(1H) .

S. 194 Q EXEMPTIONS

- Purchases from Non-Residents (Imports)
- Non-resident whose purchase of goods from seller resident in India is not effectively connected with his PE (Exports exempted)
- If on a transaction TDS is deducted under any other section.. Say 194C / 194 -O.
- Transactions in electricity, renewable energy certificates & energy saving certificates traded through power exchanges
- Transactions in securities & commodities which are traded through recognized SE or cleared & settled by recognized clearing corporation including recognized SEs or recognized clearing corporation located in IFSC

S. 194 Q EXEMPTIONS

- If buyer's sales or gross receipts or turnover **from business** does not exceed Rs 10 crore – Schools, Hospitals...
 - Though CG, SG, Embassy, High Commission, etc. Local authority, exempt from s. 206C(1H) but s. 194Q !!!!
 - If seller's whole income is exempt u/s 10 or any other Act passed by Parliament – farmer...
 - Transaction on which tax is collectible u/s 206C other than a transaction to which s. 206C(1H) applies.
- If tax has been collected by seller u/ s. 206C(1H), before buyer could deduct tax u/s 194-Q on the same transaction.

RULE 31AA(4)(VII)

- Details in TCS Return Form 27EQ to be filled where TCS not collected due to:
 - TDS made
 - From CG, SG, Importer, etc
 - Exempt under any notification
- For purposes of section 206C (1F) / (1G) / (1H) credit for TCS shall be given to the person from whose account tax is collected and paid to CG account for the AY relevant to the PY in which such tax collection is made

TDS / TCS ON NON-ITR FILERS

- ❖ S. 206AB (TDS) / 206CCA (TCS)
- ❖ Higher rate of TDS u/s 206AA / TCS u/s 206CC or new sections (except for non-residents not having a PE in India, and where TDS is u/ss 192, 192A, 194B, 194BB, 194LBC or 194N) for **non-filers of ITR**:
 - ❖ For both of 2 consecutive yrs (for which time limit u/s 139(1) has not expired) **AND**
 - ❖ TDS & TCS \geq Rs. 50000/- in **each** year.
 - ❖ TDS would be at higher of:
 - ❖ Twice the rate specified in the relevant provisions of the Act
 - ❖ Twice the rate or rate in force or

5%

S. 206AB / 206CCA COMPLIANCE

- ❖ **Functionality through Reporting Portal of ITD - <https://report.insight.gov.in>**
- ❖ **Registration of Tax Deductors / Collectors on Reporting Portal –TAN mode - Principal Officer**
- ❖ **Accessing the compliance check facility**
- ❖ **PAN search mode**
- ❖ **Bulk search mode – CSV template**

WHT Compliance

Withholding

- At the time of payment or credit whichever is earlier
- At TT buying rate (SBI)

Remittance

- Certification in Form 15CA and undertaking in Form 15CB

Disclosure

- TDS Returns

Basic Provisions

Sections

- **195, 271 - I**

Rules

- **37BB, 37BC, 21AB**

Forms

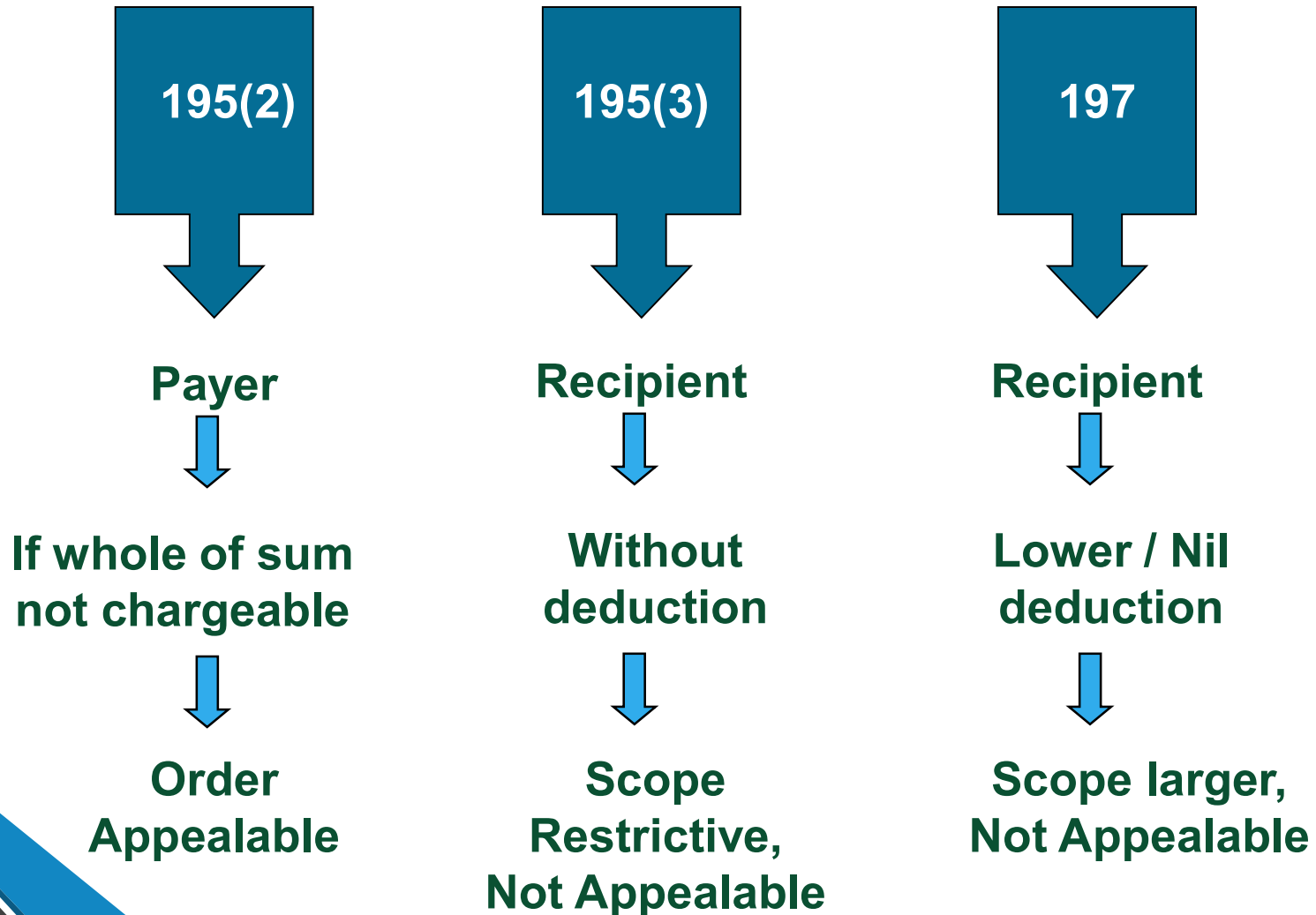
- **15CA / 15CB / 15CC**

195 vs. 194A, 194C, etc.

| | S. 195 | Other sections, 194A, 194C, 194J, etc |
|---------------------------------------|---|--|
| Payer | Any Person | Specified |
| Payee | Non-Resident | Resident |
| Nature of payment | Income chargeable under IT Act | Specified, whether income or not |
| Minimum Threshold | No Threshold | Specified |
| Certificate for payment | Mandatory in specified cases | Not Required |
| Disallowance for non-deduction | S. 40(a)(i) | S. 40(a)(ia) |
| Lower TDS certificate | Payer as well as Payee can apply | Only Payee can apply |
| Requirement of TAN | Mandatory | Not required in 194-IA, IB |

Lower TDS – 195 vs. 197

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Gross or Net Income

- ❖ S. 195(2) is based on 'principle of proportionality' & is attracted only in case of a composite payment having an element of taxable income.
- ❖ The obligation to deduct tax on composite payments would be limited to the appropriate proportion of income forming part of the gross sum remitted

❖ *GE India Technology Centre (P.) Ltd. [2010] 193 Taxman 234 (SC)*

Gross or Net Income

- ❖ If no application was made u/s 195(2) & the payer failed to deduct tax, liability u/s 201 to be computed on taxable portion & not whole sum remitted

❖ CBDT Inst. No. 2/2014 dt. 26.2.2014

- ❖ Disallowance u/s 40(a)(i) to be computed on the taxable portion & not the whole sum remitted

❖ CBDT Circular No. 3/2015 dt 12.2.2015

Is WHT on all Payments?

- ❖ Not all. Examples could be:
 - ❖ Capital payments being gift, loan, repayment of loan, etc. - Rule 37BB / Schedule III of CAT Rules
 - ❖ Specifically exempt – dividend u/s 115 O, salaries
 - ❖ Revenue payments not chargeable to tax in India
- ❖ Exchange rate fluctuation between date of TDS i.e. credit to the payee's account and the remittance date
 - ❖ *Sandvik Asia Ltd [2012] 49 SOT 554 (Pun ITAT)*

Rate of TDS

- Rates in force - section 2(37A)(iii) - For the purpose of TDS u/s 195, rates in force mean the beneficial of:
 - Rates specified in Part II of First Schedule to the Finance Act of the relevant year; or
 - Rates specified under the applicable DTAA
- Rule 21AB – To claim DTAA benefit, NR to furnish TRC (A certificate of residence in that country) & Form 10F
- Surcharge & Education cess not to be added to the tax rate specified under DTAA

s. 206AA w.r. Rule 37BC

- Not applicable for payments in nature of interest, royalty, FTS & transfer of any capital asset, if following details submitted to deductor:
 - Name, e-mail id, contact no
 - Address in country or specified territory outside India of which deductee is resident
 - Certificate of he being resident of other country by Govt. of that country, if law of that country permits
 - Tax Identification No. & in case no such No. is available then unique no. on basis of which deductee is identified by government of that country

Rate u/s 115A

- In case of a non-resident taxpayer where the total income of such taxpayer includes:
 - Income by way of Royalty and
 - Fees for technical services (FTS) from Government or an Indian concern after 31.03.1976
 - AND which is not effectively connected with permanent establishment, if any, of the non resident in India

Tax shall be levied at the rate of 10% on the gross amount of such income

Form 15CA

- It is a Declaration given by Remitter & is used as a tool by statutory authorities for collecting information in respect of payments which are chargeable to tax in hands of recipient non-resident.
- This is an effective Information Processing System which is utilized by ITD to independently track foreign remittances and their nature to determine tax liability.

Form 15CB

- Its a certificate from a Chartered Accountant.
- It is Tax Determination Certificate where the issuer CA examines the remittance having regard to chargeability provisions u/s 5 & 9 along with provisions of DTAA with Recipient's Residence Country.

Parts of 15CA – Rule 37BB(1)/(2)

A

- If aggregate of such remittances does **not exceed Rs. 5 Lacs** during the FY

B

- If aggregate of such remittances **exceed Rs. 5 Lacs** & order / certificate u/s **195(2)/ 195(3)/ 197** obtained

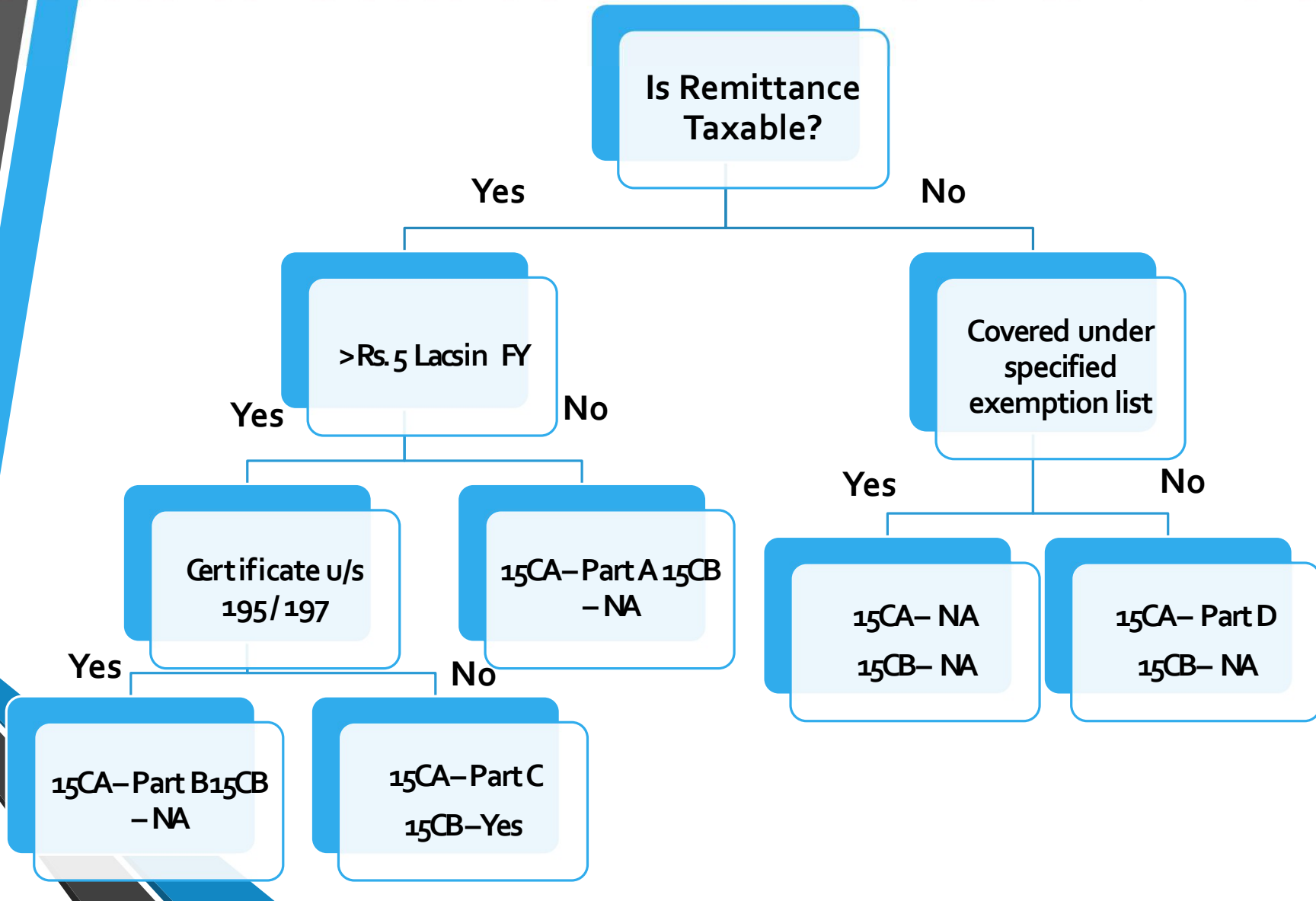
C

- If aggregate of such remittances **exceed Rs. 5 Lacs** & certificate in Form 15CB obtained from CA

D

- If remittance is not chargeable to Tax

APPLICABILITY OF 15CA & 15CB



Rule 37BB

- (3) Notwithstanding anything contained in sub-rule (2) [Part D of 15CA], no information is required to be furnished (15CA / 15CB) for any sum which is not chargeable under the provisions of the Act, if,—
 - Remittance is made by an **individual** and it does not require prior approval of RBI as per the provisions of section 5 of the FEMA read with Schedule III to the Foreign Exchange (Current Account Transaction) Rules, 2000;
 - Schedule list

FEMA

- **S. 5 of FEMA Act**
- **Any person may sell or draw foreign exchange to or from an authorised person if such sale or drawal is a current account transaction**
- **Provided that the CG, in public interest and in consultation with the Reserve Bank, impose such reasonable restrictions for current account transactions as may be prescribed**

Sch. III - Foreign Exchange (CAT) Rules

- **Within limit of USD \$250000**
 - Private visits to any country (except Nepal & Bhutan)
 - Gift or donation.
 - Going abroad for employment
 - Emigration
 - Maintenance of close relatives abroad
 - Travel for business, or attending a conference or specialised training or for meeting expenses for meeting medical expenses, or check-up abroad, or for accompanying as attendant to a patient going abroad for medical treatment / check-up.
- **Expenses in connection with medical treatment abroad**
- **Studies abroad**

Specified List

| Sl. No | Purpose code as per RBI | Nature of payment |
|---------------|------------------------------------|--|
| 1 | S0001 | Indian investment abroad -in equity capital (shares) |
| 2 | S0002 | Indian investment abroad -in debt securities |
| 3 | S0003 | Indian investment abroad -in branches and wholly owned subsidiaries |
| 4 | S0004 | Indian investment abroad -in subsidiaries and associates |
| 5 | S0005 | Indian investment abroad -in real estate |
| 6 | S0011 | Loans extended to Non-Residents |
| 7 | S0101 | Advance payment against imports |

| Sl. No | Purpose code as per RBI | Nature of payment |
|---------------|--------------------------------|---|
| 8 | So102 | Payment towards imports - settlement of invoice |
| 9 | So103 | Imports by diplomatic missions |
| 10 | So104 | Intermediary trade |
| 11 | So190 | Imports below Rs.5,00,000 - (For use by ECD offices) |
| 12 | SO202 | Payment for operating expenses of Indian shipping companies operating abroad |
| 13 | SO208 | Operating expenses of Indian Airlines companies operating abroad |
| 14 | So212 | Booking of passages abroad - Airlines companies |

| <i>Sl. No</i> | <i>Purpose code as per RBI</i> | <i>Nature of payment</i> |
|----------------------|---------------------------------------|--|
| 15 | So301 | Remittance towards business travel |
| 16 | So302 | Travel under basic travel quota (BTQ) |
| 17 | So303 | Travel for pilgrimage |
| 18 | So304 | Travel for medical treatment |
| 19 | So305 | Travel for education (including fees, hostel expenses etc.) |
| 20 | So401 | Postal services |
| 21 | So501 | Construction of projects abroad by Indian companies including import of goods at project site |
| 22 | So602 | Freight insurance - relating to import and export of goods |

| <i>Sl. No</i> | <i>Purpose code as per RBI</i> | <i>Nature of payment</i> |
|----------------------|---|---|
| 23 | S1011 | Payments for maintenance of offices abroad |
| 24 | S1201 | Maintenance of Indian embassies abroad |
| 25 | S1202 | Remittances by foreign embassies in India |
| 26 | S1301 | Remittance by non-residents towards family maintenance and savings |
| 27 | S1302 | Remittance towards personal gifts and donations |
| 28 | S1303 | Remittance towards donations to religious and charitable institutions abroad |

| Sl. No | <i>Purpose code as per RBI</i> | <i>Nature of payment</i> |
|---------------|---------------------------------------|--|
| 29 | S1304 | Remittance towards grants and donations to other Governments and charitable institutions established by the Governments |
| 30 | S1305 | Contributions or donations by the Government to international institutions |
| 31 | S1306 | Remittance towards payment or refund of taxes |
| 32 | S1501 | Refunds or rebates or reduction in invoice value on account of exports |
| 33 | S1503 | Payments by residents for international bidding. |

Basic Tax Rates – Co.

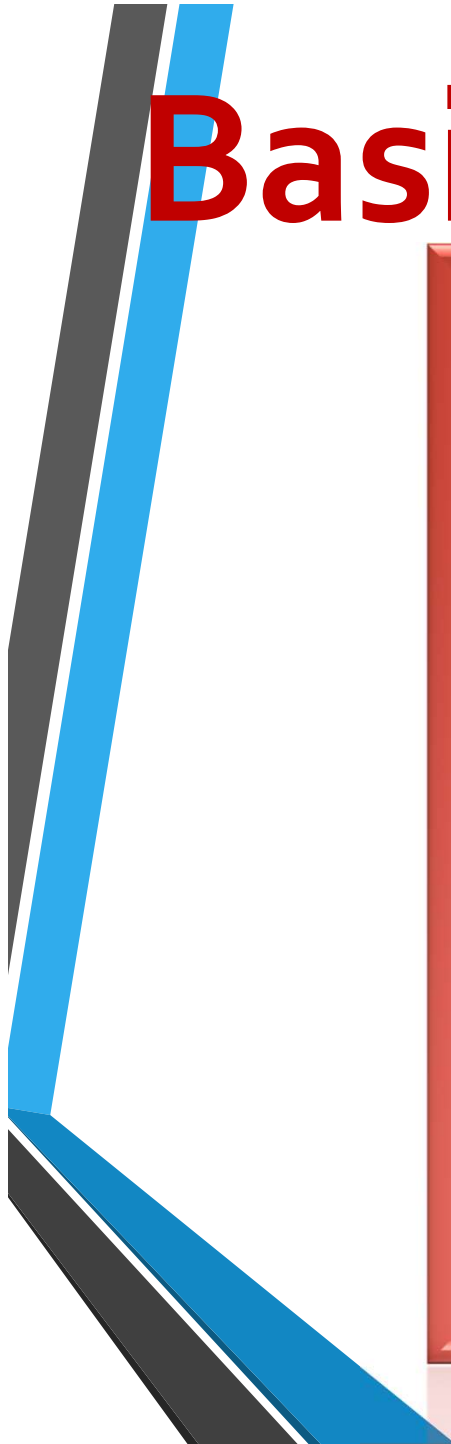
COMPANIES

30%

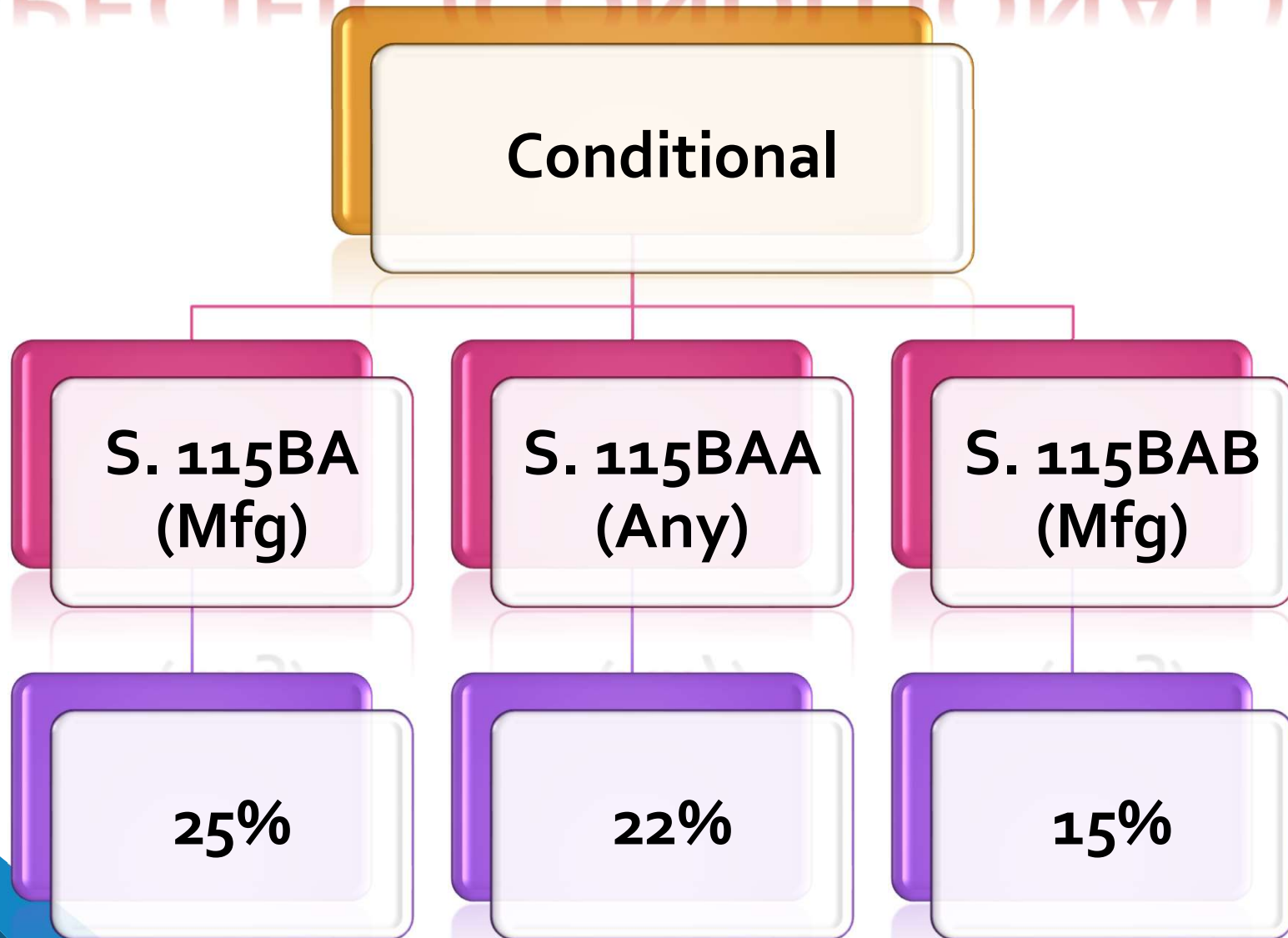
25%

22%

15%



SPECIFIC (CONDITIONAL)



CONDITIONS

- ❖ Deductions not allowed:
 - ❖ S. 10AA - SEZ units
 - ❖ S. 32 (1)(iia) - Additional Depreciation
 - ❖ S. 32 AD –Plt. Mch. in backward area
 - ❖ S. 33 AB - Tea/Coffee/Rubber
 - ❖ S. 33 ABA - Site restoration Fund
 - ❖ S. 35 (1)(ii)/(iia)/(iii), 35(2AA), 35(2AB) - scientific research

CONDITIONS

- ❖ Total income is computed without claiming following deductions:
 - ❖ S. 35 AD – Specified Business
 - ❖ S. 35CCC – Agriculture Extension project
 - ❖ S. 35CCD – Skill Development Project
 - ❖ Chapter VIA except 80JJAA or 80M

CONDITIONS

- ❖ C/f loss / unabsorbed dep. from any earlier AY if such loss is attributable to any of above - not allowed. Loss would exhaust
- ❖ Depreciation u/s 32 claimed except additional depreciation
- ❖ Option to be availed in 1st year till ITR due date u/s 139(1) – cannot be changed later except from S. 115BA to S. 115BAA or S. 115BAB to S. 115BAA (if certain conditions not satisfied)

CONDITIONS

- ❖ Unabsorbed additional depreciation not to be carried forward but to be adjusted in block of assets as on 1.4.2019
- ❖ In case it has unit in IFSC – deduction u/s 80LA allowed

CONDITIONS

- ❖ Without set off of any loss or allowance for unabsorbed Depreciation deemed so u/s 72A (Amalgamation / demerger), if such loss or depreciation is attributable to any of such deduction
- ❖ MAT u/s 115JB not applicable
- ❖ To avail of MAT credit – if not opting for 115BAA – 15% (MAT rate has to be paid).. Credit every year of around 10% only

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