

INCOME TAX AMENDMENTS

FINANCE ACT 2016

(Including Income Disclosure Scheme 2016)



Allahabad



LUNAWAT & CO.

Chartered Accountants

28th May 2016, Allahabad

CA. PRAMOD JAIN

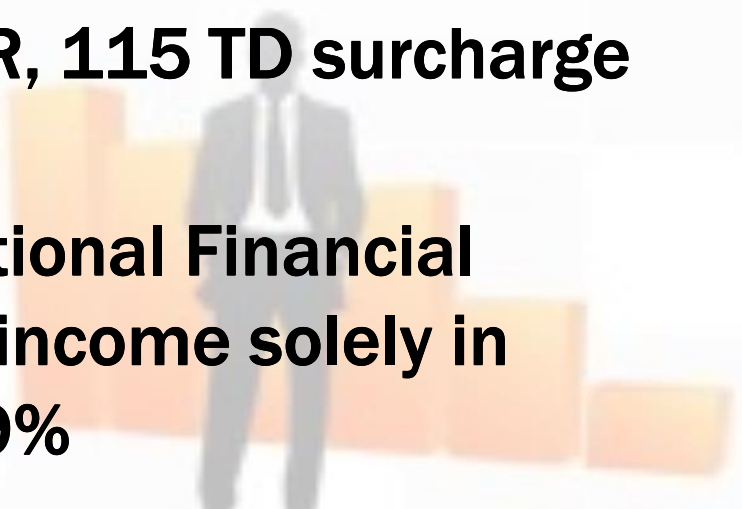
FCA, FCS, FCMA, LL.B, MIMA, DISA

TAX RATES

S. No.	Type of Company	Tax Rate
1	*Newly set up company (registered after 1.3.2016) (S. 115BA) engaged only in business of mfg or pdn of any article or thing or research thereof	25%
2	Company whose total turnover or gross receipts in PY 2014-15 does not exceed Rs. 5 Crs	29%
3	All Other domestic companies	30%

- ✘ **Does not avail benefit u/s 10AA or accelerated Depreciation, additional depreciation, investment allowance, exp. on scientific research, or any deduction under Chapter VI-A Part C other than S. 80JJAA**
- ✘ **Exercise option before furnishing return. Carry forward loss gone**

TAX RATES

- ✘ **Surcharge - Individuals, HUF, AOP, BOI & AJP increased from 12% to 15% above Rs. 1 Cr.**
 - ✘ **Rebate u/s 87A increased from Rs. 2000/- to Rs. 5000/-**
 - ✘ **Dividend > Rs. 10 Lacs – Resident Ind./HUF/ Firm – 10% (except deemed dividend) – No deductions [115BBDA]**
 - ✘ **For Section 115 O, 115QA, 115R, 115 TD surcharge will @ 12%.**
 - ✘ **MAT on a unit located in International Financial Services Centre and deriving its income solely in convertible foreign exchange – 9%**
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ADVANCE TAX

Due Date of Installment	All assessee except assessee covered in s. 44AD	Business covered in s. 44AD
On or Before 15 th June	15%	Nil
On or Before 15 th September	45%	Nil
On or Before 15 th December	75%	Nil
On or Before 15 th March	100%	100%

- ✘ No intt u/s 234C if 1st Inst. 12% & 2nd Inst. 36%
- ✘ No Intt. u/s 234C if PGBP 1st time – conditions
- ✘ S. 244A – Intt. from date of filing belated return
- ✘ Intt. self-assessment tax from date of payment of tax or filing of return, whichever is later.

TDS

- ✘ **S. 192A (Accumulated balance of PF)- Limit increased from Rs. 30,000/- to Rs. 50,000/-.**
- ✘ **S. 194BB (Winnings from Horse Race)- Limit increased from Rs. 5,000/- to Rs 10,000/-**
- ✘ **S. 194C (Contractors) - Proposed to increase aggregate threshold limit from Rs. 75,000/-to Rs.1,00,000/-.**
- ✘ **S. 194D (Insurance Commission) Limit increased from Rs. 20000/- to Rs. 15000/- . Rate of TDS decreased from 10% to 5%, when recipient is other than domestic company**

TDS

- ✘ **S. 194DA (Life Insurance Policy)- Rate decreased from 2% to 1%.**
- ✘ **S. 194EE (NSS Deposits)- Decrease in rate from 20% to 10%.**
- ✘ **S. 194G (Commission on lottery tickets)- Limit increased from Rs. 1,000/- to Rs. 15,000/- and Rate decrease from 10% to 5%.**
- ✘ **S. 194H(Commission) – Limit increase from Rs. 5,000/- to Rs. 15,000/- & rate from 10% to 5%**
- ✘ **S. 194K (Units) & S. 194L (Compensation on acquisition of Capital Asset)- Omitted**

TDS

- ✘ **S. 194LA (Acquisition of immovable property) - limit from Rs.2,00,000/-to Rs.250000/-.**
- ✘ **S. 194LBB (Units of Investment Funds) -**
 - + @ 10% where the payee is a resident;
 - + Rates in force - Non-resident
- ✘ **S. 194LBC new - securitization trust to deduct @:**
 - + (i) 25% if payee is an individual or a HUF;
 - + (ii) 30% if the payee is any other person.
- ✘ **S. 197 to include s. 194LBB, 194LBC**
- ✘ **S.197A - S. 194-I allowed for Form 15G/15H**
- ✘ **S. 206AA not applicable to non-resident**

TCS

- ✘ **Section 206C (TCS) to provide that the seller shall collect the tax @ 1%:**
 - + **From the purchaser on sale of motor vehicle of the value exceeding Rs. 10 Lacs; and**
 - + **Sale in cash of any goods (other than bullion and jewellery) or providing of any services (other than payments on which TDS is made) exceeding Rs. 2 Lacs w.e.f 1st June 2016.**
 - ✘ **Trigger comes at the time of receipt of cash**

TCS ???

- ✘ **Mr. A an agriculturist purchases Innova Car for Rs. 14 Lacs on 30.5.2016. Payment made by NEFT. TCS?**
- ✘ **Would it be different if purchase made on 15.6.2016?**
- ✘ **Mr. B buys material for shop, covered u/s 44AD from D Ltd on 2.6.2016 vide B. No. 0122 Rs. 140500/- & on 2.6.2016 vide B. No. 0128 Rs. 80500/- All payment in cash. TCS?**
- ✘ **Mr. C buys furniture for his home Bill Rs. 250000/- pays Rs 240000/- by NEFT and Rs. 10000/- in cash. TCS?**
- ✘ **Mr. D issues invoice of Rs. 3 Lacs for interior decoration. TDS u/s 194J deducted of Rs. 30000/- payment received Rs. 2.5 L by cheque & Rs. 20000 in cash. TCS?**

TCS ???

- ✘ **Mr. A in business of selling LEDs., covered u/s 44AD for AY 2017-18 annual turnover Rs. 80 Lacs, sells LED to Mr. X for Rs. 3 lacs in cash. TCS??**
- ✘ **Mr. X a salaried person sells his Mercedes Car to Mr. Y for Rs. 25 Lacs in cash. TCS??**
- ✘ **Mr. B in business of selling LEDs., covered u/s 44AD for AY 2017-18 annual turnover Rs. 160 Lacs, sells LED to Mr. Y for Rs. 3 lacs in cash. TCS??**
- ✘ **ABC Trust running a hospital issues a bill of Rs. 3 Lacs for heart operation to Mr. A, which is paid fully in Cash. TCS??**
- ✘ **Audit 194C, others limits**

DEFINITIONS

- ✘ **2(14) – Deposit certificate under Gold Monetisation Scheme 2015 is not a capital asset**
- ✘ **(23C) inserted in s. 2 – hearing to include communication of data and documents through electronic mode**
- ✘ **2(42A) – equity or preference shares of unlisted to be long term capital asset if held for 24 months**



DEDUCTIONS & EXEMPTIONS

- ✘ **Phasing out Deductions & Exemptions**
- ✘ **Profit linked, Investment linked & area based deductions for all assesses**
- ✘ **Provisions having a sunset date will not be modified to advance sunset date.**
- ✘ **Sunset dates provided will not be extended.**
- ✘ **Incentives with no terminal date - 31.3.2017 for commencement of activity or claim of benefit**
- ✘ **No weighted deduction w.e.f. 1.4.2017.**


DEDUCTIONS & EXEMPTIONS

Sec.	Regarding	Measure
10AA	SEZ	No deduction for commencing on or after 1.4. 2020 (PY 2020-21 onwards).
35AC	Eligible projects	No deduction w.e.f. 1.4.2017 (PY 2017-18 onwards).
35CCC 35CCD	Agri. Extn. Skill Dev.	100 % from 01.04.2020 (PY 2020-21 onwards) [E – 150%]
80IA; 80IAB, 80IB	Infra Facility ; SEZ; Mineral Oil & Natural Gas	No deduction if specified activity commences on or after 1.4. 2017. (PY 2017-18 and subsequent years).

DEDUCTIONS & EXEMPTIONS

Sec.	Regarding	Measure
32 / R. 5	Depreciation Annexure IA	Highest rate of depreciation restricted to 40% w.e.f 1.4.2017. (PY 2017-18 and subsequent years).
35(1) (ii) / 35 (2AB)	Scientific Research	<ul style="list-style-type: none"> • 150 % from 1.04.2017 to 31.3.2020 (from PY 2017-18 to PY 2019-20) • 100 % from 01.04.2020 (from PY 2020-21 onwards). • [E- 35(1)(ii)175% - 35(2AB) – 200%]
35(1) (iia)/(iii)	Scientific Research	100 % from 1.04.2017 (PY 2017-18 onwards) [E – 125%]

OTHER EXEMPTIONS

- **Dividend chargeable to tax in accordance with the provisions of s. 115BBDA not exempt**
 - **Transaction on recognised stock exchange located in International Financial Services Centre s. 10(38) available even if no STT paid.**
 - **Income from providing specified services on which equalisation levy is chargeable - exempt**
- 

OTHER EXEMPTIONS

- **Foreign co. from storage & sale of crude oil stored as part of strategic reserves**
- **Interest on Deposit Certificates issued under Gold Monetisation Scheme, 2015 also exempt**
- **Amount received by nominee from NPS on death – exempt (S. 80CCD)... section 10!!!!**



SECTION 35AD

- **No weighted deduction u/s 35AD from AY 2018-19. ss. (1A) omitted.**
- **Deduction available u/s 35AD for infrastructure facility commencing its operations on or after 1st April 2017. Infrastructure facility means:**
 - **Road including toll road, bridge or rail system**
 - **Highway project including housing etc being integral part of highway project**
 - **Water supply / treatment / irrigation / sanitation / sewerage / solid waste management**
 - **Port / airport / inland waterway...**

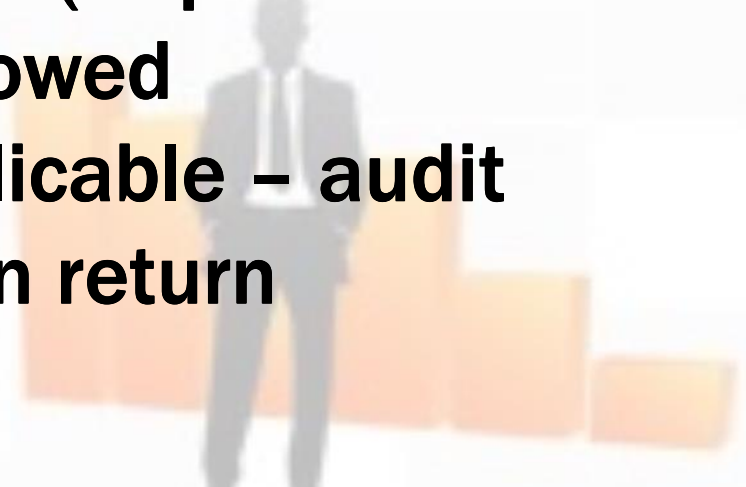
ADDITIONAL DEPRECIATION

- **20% in year of acquisition & installation of new machinery or plant**
- **Earlier business of generation and distribution of power**
- **Now Transmission also included**



START UP BUSINESS

- **80IAC – 100% deduction for any 3 consecutive years in first 5 years from incorporation**
- **Applicable to a Company or LLP**
- **Start up eligibility criteria:**
 - **Not formed by splitting up, reconstruction, of a business already in existence**
 - **No old machinery or plant (Imported allowed) – Old – 20% allowed**
- **80IA – (5) & (7) to (11) applicable – audit report – claim to be made in return**



START UP BUSINESS

- **Business which involves innovation, develop., deployment or commercialisation of new products, processes or services driven by technology or intellectual property;**
 - **Co. / LLP incorporated from 1.4.2016 to 1.4.2019;**
 - **Annual business turnover does not exceed Rs. 25 Crs. from 1.4.16 to 31.3.21**
 - **Holds a certificate of eligible business from the Inter-Ministerial Board of Certification**
 - **MAT / AMT applicable**
- 

START UP BUSINESS

- **54EE introduced to raise 2500 crores annually for 4 years – allow deduction for units – 50 L**
- **54GB – against LTCG on residential property (before 1st April 2019) to individual / HUF allowed for start ups if he / it holds > 50% shares in start ups.**
- **Investment in computers allowed for technology start ups – 54GB**

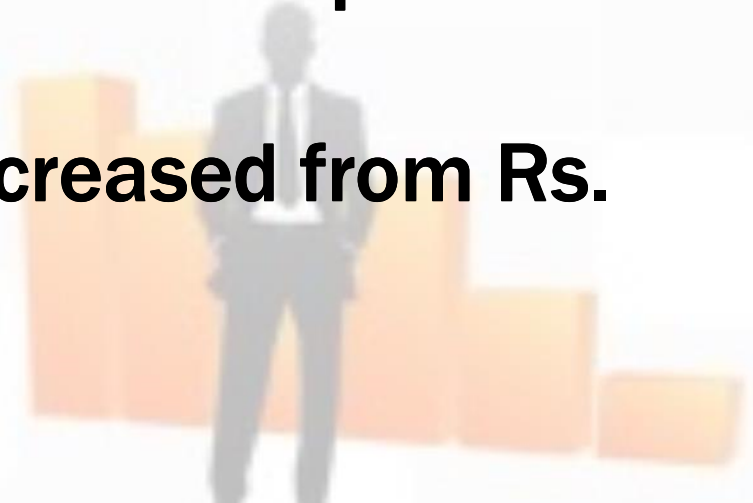


HOUSE PROPERTY

- **S. 24 – Construction – higher interest of Rs. 2 Lacs– 3 years to 5 years**
 - **Loan in 2010, construction in 2014, Intt ... around 3 lacs p.a. Interest allowable??**
- **S. 80IBA inserted for affordable housing**
Project approved before 31.3.19– 100% ded.:
 - **It is on a plot of land >1000 sq. m. where it is within 25 km from municipal limits of four metros & in other area, >2000 sq. m. & size of residential unit is < 30 sq. m. & 60 sq. m. & FAR 90% & 80% resp.**

HOUSE PROPERTY

- **Only 1 unit to individual, including spouse or minor**
- **Built-up area for shop etc < 3% of aggregate built-up area**
- **MAT / AMT applicable**
- **It is completed within 3 years from approval.**
- **Deemed income if project not completed in 3 years**
- **Rent deduction u/s 80GG increased from Rs. 2K p.m. to Rs. 5 K p.m.**



HOUSE PROPERTY

- **Intt upto Rs. 50K allowed u/s 80EE for 1st home buyers as on date of sanction of loan**
 - **Individual resident / non-resident**
 - **House value < 50 Lacs**
 - **Loans < 35 Lacs sanctioned between 1.4.16 to 31.3.17 by bank or HFC**
 - **No double deduction for 50K**
- **S. 25A, 25AA, 25B merged into 25A – rent in arrears & unrealised rent – taxable in year of receipt even if not owner – 30% ded. allowed**

EMPLOYMENT GENERATION

- **S. 80 JJAA to all persons u/s 44AB [E- factory]**
- **30% deduction of addl. employee cost for 3AYs**
- **If existing business:**
 - **Nil if no. of employees at yr end are same [E- 10%]**
 - **Nil if paid other than banking channels**
- **Additional employee does not include:**
 - **Employee Emolument > Rs. 25 K pm excluded**
 - **Employee - entire contribution to EPF paid by Govt. excluded**
 - **Employee < 240 days excluded [E- 300 days]**
 - **Employee not participating in RPF excluded**
- **1st yr of business, 30% of all emol. allowed**
- **Audit Report required**

SECTION 56

- **Shares received by an individual or HUF as a consequence of demerger or amalgamation of a company not taxable u/s 56(2)(vii)**



PRESUMPTIVE TAXATION

- **Limit u/s 44AD increased from 1 Cr to 2 Cr**
- **S. 44ADA introduced for Professionals – Limit 50 Lacs – Deemed Income -50%**
- **For firms - partners salary & interest not allowable for business as well as professional**
- **If benefit u/s 44AD not claimed in 1 year then cannot claim in next 5 years. In such case to maintain books if income > maximum amount not chargeable to tax and audit u/s 44AB**
- **No similar clause for professionals u/s 44ADA**
- **Advance Tax for 44AD only – 15th March**

APPLICABILITY OF 44AD / 44AB ON MR. A

**AY 2017-18 - T - Rs. 120 Lacs . P
- 10 L, TI - 9 L**

• Y/N

**AY 2018-19 - T - Rs. 120 Lacs . P
- 8 L, TI - 6 L**

• N/Y

**AY 2019-20 - T - Rs. 70 Lacs . P -
10 L, TI - 9 L**

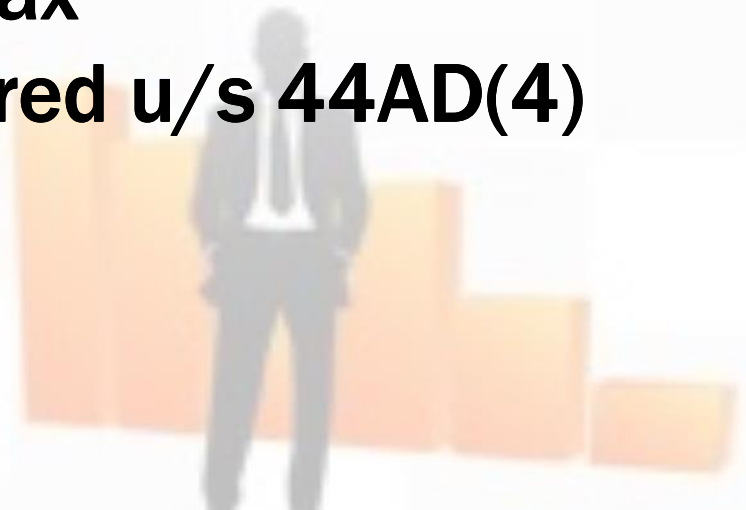
• N/Y

**AY 2020-21 - T - Rs. 60 Lacs . P -
10 L, TI - 2 L**

• N/N

SECTION 44AB

- **44AB limit for profession increased to 50Lacs**
- **Audit of professionals below fifty lacs if receipt below 50 Lacs and s. 44ADA benefit not taken**
- **If benefit u/s 44AD not claimed in 1 year then cannot claim in next 5 years. In such case to maintain books if income exceeds maximum amount not chargeable to tax**
- **Provision for assesses covered u/s 44AD(4)**



TDS ????

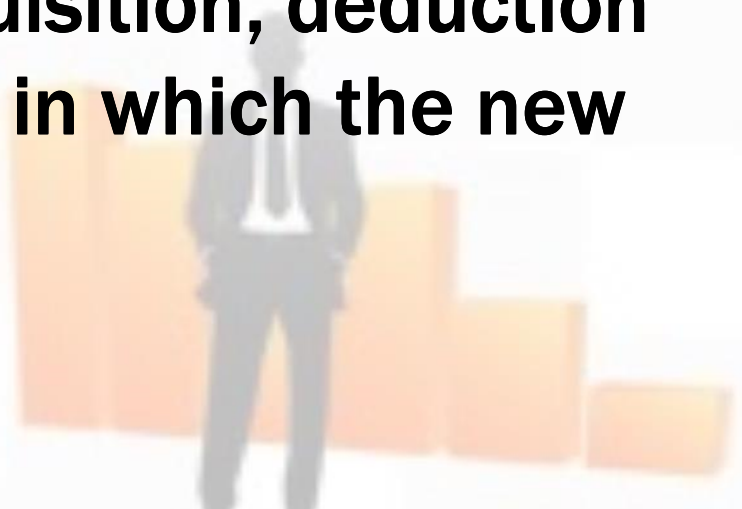
- ✘ **Mr. C in business covered u/s 44AD for AY 2017-18 annual turnover Rs. 160 Lacs. Pays rent of Rs. 2 Lacs in AY 2018-19. TDS u/s 194 I??**
- ✘ **Mr. A is in business covered u/s 44AD(4) for AY 2018-19 annual turnover Rs. 110 Lacs. Interest paid Rs. 50000/- in AY 2019-20. TDS u/s 194A?**
- ✘ **Mr. B is in business covered u/s 44AD(4) for AY 2018-19 annual turnover Rs. 80 Lacs. Pays Rs. 1 Lac to contractor in AY 2019-20. TDS u/s 194C?**
- ✘ **194 C – audit, others limits**

BAD DEBTS

- **S. 36(1)(viiia)**
- **Provision for bad debts allowed upto 5% of gross total income to NBFC (before deduction under this clause & Chapter VIA)**



SECTION 32AC

- **Incentive – 15% of Investment in new plant machinery exceeding Rs. 25 Crs. AY 2015-16 to AY 2017-18**
 - **Installation to be made before 31.03. 2017**
 - **Where the installation of new assets are in a year other than year of acquisition, deduction shall be allowed in the year in which the new assets are installed.**
- 

SECURITIZATION TRUST & INVESTOR

- Existing provisions S. 115TA, 115TB, 115TC
- Earlier– Distribution tax – 25% Individual / HUF, 30% Others. Trust income exempt u/s 10(23DA) & investors 10(35A). Reconstruction Companies under SARFAESI Act not covered.
- Now Pass through. Reconstruction Cos. covered.
- Trust income continue to be exempt.
- Income distributed chargeable in recipient hands



SECURITIZATION TRUST & INVESTOR

- **Now TDS on distribution**
 - **25% Individual / HUF,**
 - **30% Others.**
 - **Non-residents – applicable rates**
- **Facility for Nil / Lower TDS certificate available**
- **Trust to provide breakup regarding nature and proportion of its income to the investors & IT Authorities**

SECTION 43B

- **Added - any amount payable to Railways for use of any railway assets – another cash basis expenditure**



NON-COMPETE FEE S. 28(VA)

- **E - Non- Compete Fee – for business only**
- **Non-compete fee (which are recurring in nature) in relation to not carrying out any profession included.**
- **Receipts for transfer of right to carry on any profession, which is chargeable under CG, not taxable as PGBP**
- **S. 55 - cost of acquisition/improvement for CG on transfer of right to carry on profession - 'nil'**

AMORTIZATION OF SPECTRUM FEE

- **S. 32 – Dep. On Intangibles. S. 35ABB – Licence fee for telecommunication services**
- **Spectrum fee for auction of airwaves – S. 35ABA**
- **Spectrum fee incurred & PAID - in equal instalments over period for which right to use spectrum remains in force.**
- **Another cash basis for allowing expense**
- **In year of sale – remaining amount less transfer proceeds allowed – Excess – PGBP**
- **Part Transfer – remaining to be amortised**
- **If amalgamated – amalgamating co. to get benefit**

S. 50C

- **Brought it at par with S. 43CA when, agreement date and registry date is different**



CAPITAL GAINS

- **Indexation not allowed on:**
 - **Capital indexed bonds issued by Govt.**
 - **Sovereign Gold Bond issued by RBI**
- **In case of non-resident – appreciation due to currency fluctuation excluded from sale consideration**
- **Redemption by INDIVIDUAL of Sovereign Gold Bond not regarded as transfer**
- **S. 47(xiiib) amended - Total value of assets as appearing in books of account of co. in any of 3 PYs preceding PY in which conversion to LLP takes place does not exceed Rs. 5 Crs**

RETIREMENT BENEFIT

- **NPS – 10(12A) inserted - Payment by an employee on closure or otherwise exempt to the extent it does not exceed 40% of amount payable to him.**
- **Section 17 – superannuation contribution by employer – Rs. 1 Lac to Rs. 1.50 Lacs**
- **Part A IV Schedule – One-time exemption if PF amount is transferred to NPS even before 5 years**
- **Exemption to amts transferred from approved Superannuation fund to NPS (S. 10(13))**

FILING OF RETURNS

- **Benefit of c/f loss of Specified Business (35AD) u/s 73A not allowed in case of belated return**
- **ITR to be filed if income exceeds maximum amount not chargeable to tax without giving benefit of S. 10(38)**
- **Return not to be treated defective because self-ass. tax & interest u/s 140A has not been paid.**
- **Belated return can be filed only within end of AY. Earlier it could be filed upto next AY.**
- **Belated returns can be revised now.**
- **Revised return cannot be filed when return is filed in pursuance to notice u/s 142(1).**

INTIMATION U/S 143(I)

- **Adjustment scope expanded**
 - **Based on audit report filed by the assessee,**
 - **Losses of earlier years based on returns of earlier years of the assessee filed beyond due date,**
 - **Specified deductions u/s 10AA, 80IA, etc if belated**
 - **26AS statement, Form 16, and Form 16A etc**
- **Before such adjustments, intimation to be given either in writing or through electronic mode.**
- **The response received, if any, will be duly considered before making any adjustment.**
- **If no response within 30 days, processing shall be carried out.**

PROCESSING U/S 143(1D)


- **If notice u/s 143(2) issued processing not necessary before expiry of 1 year from end of financial year in which return is submitted**
- **However, return to be processed u/s 143(1) before making assessment u/s 143(3)**



ASSESSMENT / REASSESSMENT

- **Basis of information or document received to be deemed to be reason to believe for re-opening**
- **Time for completion of assessment u/s 143, 144, 147 etc reduced by 3 months**
- **To give effect of appeal order within end of 3 months from date of receipt. Additional Intt. @ 3% if appeal effect not given in time**
- **Application for waiver of intt u/s 220(2A) to be disposed with 12 months**

EQUALIZATION LEVY

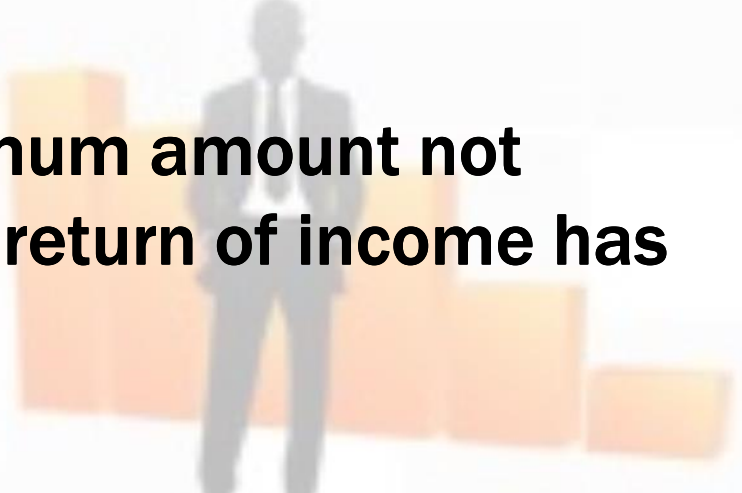
- **New levy under Chapter VIII of Finance Act**
 - **Equalization Levy of 6% of the amount of consideration for specified services received or receivable by a non-resident not having PE in India, from a resident in India who carries out business or profession, or from a non-resident having PE in India**
 - **6% tax to be deducted on advertisement to non residents, online advertisement**
 - **Non deduction – Expenditure not allowable u/s 40(a)(ib)**
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EQUALIZATION LEVY

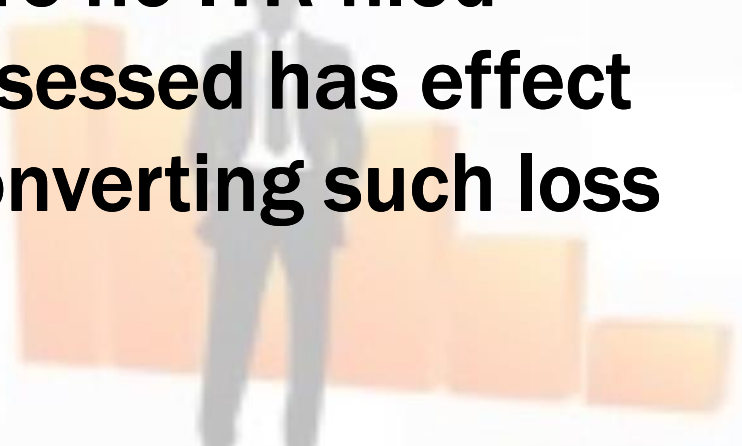
- **Not applicable when:**
 - **Non-resident service provider has PE in India and income is connected to such PE**
 - **Where payment is not for carrying out business or profession**
 - **Aggregate amount of consideration does not exceed Rs. 1 Lac in any previous year**
- **To be deposited by 7th of next month**
- **Statement to be filed after end of year**



PENALTY

- **S. 271 – not applicable from AY 2017-18 - concealment of particulars of income or furnishing inaccurate particulars**
 - **S. 270A inserted - Under Reporting and Misreporting of Income.**
 - **Under Reporting:**
 - **Income assessed is greater than income determined u/s 143(1)(a);**
 - **Income assessed is > maximum amount not chargeable to tax, where no return of income has been furnished;**
- 

PENALTY

- **Income reassessed is greater than income assessed immediately before such re-assessment;**
 - **Amount of deemed total income assessed as per S. 115JB / 115JC, is greater than deemed total income determined u/s 143(1)(a) or MANCT where no ITR filed**
 - **Income assessed or reassessed has effect of reducing the loss or converting such loss into income**
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PENALTY

- **Under reported income would be for a person other than company, firm or local authority, the difference between the assessed income and the maximum amount not chargeable to tax**
- **In case of MAT or AMT under reporting would be $(A - B) + (C - D)$ where,**
 - A = income assessed other than in s. 115JB / 115JC (Gen. Pro)**
 - B = income that would have been chargeable had income assessed as per Gen. Pro. been reduced by amt of under reported income;**
 - C = income assessed as per S. 115JB / 115JC;**
 - D = income that would have been chargeable had total income assessed as per S. 115JB / 115JC been reduced by amt. of under reported income.**

PENALTY

- **Under-reported income shall not include :**
 - **Assessee offers an explanation to AO satisfaction and all the material facts have been disclosed;**
 - **Under-reported income is determined on basis of an estimate, if a/cs are correct & complete but by method employed income cannot be determined;**
 - **Assessee has, on his own, estimated a lower amount of addition or disallowance on issue;**
 - **Assessee had maintained documents as prescribed u/s 92D, & declared the international transaction;**
 - **Undisclosed income - search & penalty u/s 271AAB.**

PENALTY

- **Penalty on under-reported income – 50%**
- **Under reporting resulting from misreporting penalty – 200%. Misreporting:**
 - **Misrepresentation or suppression of facts;**
 - **Non-recording of investments in books of account;**
 - **Claiming of exp. not substantiated by evidence;**
 - **Recording of false entry in books of account;**
 - **Failure to record any receipt in books of account having a bearing on total income;**
 - **Failure to report any international transaction or deemed international transaction.**

PENALTY

- **No addition or disallowance of an amount shall form the basis for imposition of penalty, if such addition or disallowance has formed basis of imposition of penalty in case of the person for same or any other AY**
- **S. 271AAB – discretion of 30% to 90% removed – 60%**
- **S. 272A – E- Rs. 10000/- for each failure or default to answer questions raised, refusal to sign any statement legally required during the proceedings or failure to attend to give evidence or produce books or documents as required u/131**

PENALTY

- **S. 272A – to include levy of penalty Rs. 10000/- for each default or failure to comply with a notice issued u/s142(1) or 143(2) or failure to comply with direction u/s142(2A)**
- **281B – Provisional attachment – earlier 6 months – now can be released on bank guarantee within 15 days furnishing.. in case referred to Valuation Officer – 45 days. On serving of notice of demand – assessee fails to pay – guarantee may be revoked**

IMMUNITY

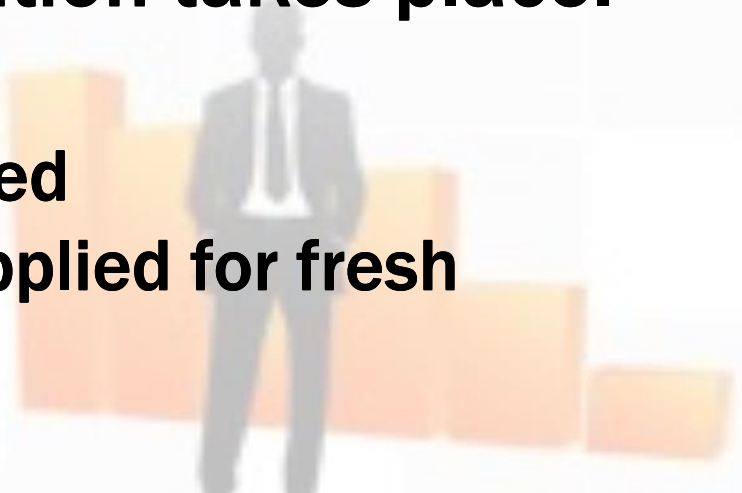
- **Immunity from penalty & prosecution u/s 270AA if tax & interest paid within due date & no appeal is preferred. Application for immunity to be made within 30 days from issue of demand notice.**
- **However no immunity in case of misreporting.**
- **If application rejected period from date of application to date of rejection excluded for filing of appeal (S. 249)**



INTERNATIONAL GROUP REPORTING

- **A Report is to be filed by every entity who is a part of an international group, whose parent entity is not resident in India u/s 286 w.e.f. AY 2017-18.**
- **It has to prepare a consolidated financial statement and file the report u/s 139(1) if the conditions and consolidated revenue exceeds the specified limits**
- **Non-filing penalty u/s 271GB :**
 - **Rs. 5000/- per day upto 1 month; or**
 - **Rs. 15000/- per day after 1 month.**
- **Failure to furnishing after order Rs. 50000/- p.d.**
- **Inaccurate information in report - penalty of Rs 5 Lacs.**
- **S. 271AA – Non furnishing as per 92D – 5 Lacs**

CHARITABLE TRUSTS [S. 115TD - 115TF)

- **Converted to non charitable;**
 - **Merged with any entity other than registered u/s 12AA;**
 - **Failed to transfer upon dissolution all its assets to any other trust or institution registered u/s 12AA within a period of 12 months from the end of month in which the dissolution takes place.**
 - **Deemed conversion if:-**
 - **Registration u/s 12AA cancelled**
 - **Modified its objects and not applied for fresh registration**
- 

CHARITABLE TRUSTS [S. 115TD – 115TF)

- Then accreted income of the trust or institution taxable:
 - Accreted income = Amount of aggregate of total assets as reduced by liability.
 - Would exclude – agricultural income, asset acquired before date of registration u/s 12AA, asset transferred to another charitable organization within specified time
 - Taxation of accreted income shall be at MMR in addition to normal income. To be paid in 14 days
 - In case of failure of payment of tax within prescribed time a simple interest @ 1% per month or part of it shall be applicable for the period of non-payment.

INCOME DECLARATION SCHEME 2016

- From 1st June 2016 to 30th September 2016 on undisclosed income / asset
 - Tax – 30% of income declared
 - Krishi Kalyan Cess – 25% of such tax (i.e. 7.5%) &
 - Penalty – 25% of such tax (i.e. 7.5%).
- Scheme shall be applicable to income pertaining to any financial year upto 2015-16.
- Declarations made under scheme shall be exempt from wealth-tax in respect of assets specified in declaration
- Taxes, surcharge & interest to be paid by 30th November 2016
- Would cover undisclosed income not assessed though assessed or in appeal for other incomes for same AY

IDS 2016 - VALUE

- **Asset at higher of cost or fair market value -1.6. 2016**
- **If asset is partly from income that has been assessed to tax earlier – to be excluded**
 - **Investment in asset in PY 2013-14 = Rs.50000 out of which Rs. 20000 assessed to tax in A.Y. 2012-13 and Rs. 30000 is undisclosed income of PY 2013-14. The FMV of asset as on 1.06.2016 is Rs.150000.**
 - **FMV = 150000 minus $(150000 \times 20000/50000)$ = Rs.90000**
- **Bullion, jewellery, precious stone or artistic work to be valued by registered valuer or at cost whichever is high**
- **Immovable property – valuation report by registered valuer or cost whichever is high**

IDS 2016 - VALUE

- **Unquoted shares to be valued at cost of FMV whichever is high. FMV=**
- **$(A+B - L) \times PV / PE$**
 - **A = book value of all assets in B/S as on 31.3. 2016 (other than bullion, jewellery, precious stone, artistic work, shares, securities and immovable property) as reduced by**
 - **income-tax paid less income-tax refund**
 - **deferred expenditure which does not represent the value of any asset**
 - **B = FMV of bullion, jewellery, precious stone, artistic work, shares, securities and immovable property as determined in the Scheme**


IDS 2016 - VALUE

- **L= book value of liabilities excluding :—**
 - **paid-up capital in respect of equity shares**
 - **amount set apart for payment of dividends**
 - **reserves and surplus,(including loss) other than those set apart towards depreciation**
 - **provision for taxation**
 - **provisions for liabilities, other than ascertained liabilities**
 - **contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares**
- **PE = paid up equity share capital as shown in B/S**
- **PV= paid up value of such equity share**
- **For firm / LLP = A + B - L**

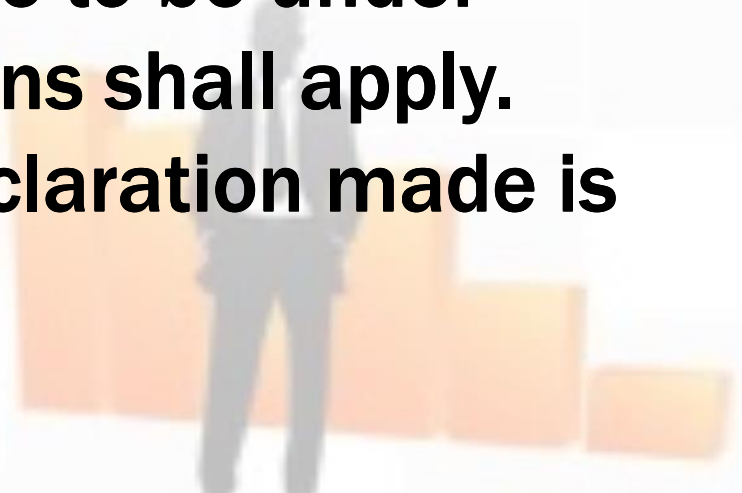
INCOME DECLARATION SCHEME 2016

- **Scheme not to apply:**
 - **Notice u/s 142(1) / 143(2) / 148 / 153A / 153C issued & proceedings pending**
 - **For those years only, other years allowed**
 - **Declaration that no notice received to be filed in Form 1**
 - **Search / survey conducted & time for issuance of notice not expired**
 - **Information is received under an agreement with foreign countries regarding such income**
 - **Cases under Black Money Act**
 - **Persons notified under Special Court (Trial of offences relating to securities) Act 1992**

INCOME DECLARATION SCHEME 2016

- **Scheme not to apply:**
 - **Cases covered under Narcotic Drugs and Psychotropic Substances Act, Indian Penal Code, Prevention of Corruption Act or Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974.**
 - **If undisclosed income ever credited in bank account, detail of bank also to be given**
 - **Declaration to be made electronically under DSC in Form 1**
 - **Valuation Report not to be filed**
 - **Acknowledgement in Form 2 within 15 days of end of month in which declaration made**
- 

INCOME DECLARATION SCHEME 2016

- **Proof of payment of tax in Form 3. Payment to be made by 30th November 2016**
 - **Pr CIT or CIT to issue certificate in Form 4**
 - **For CG purposes cost of such asset to be FMV on 1st June 2016... period of holding / indexation !!!!**
 - **If any income found ineligible to be under scheme – normal IT provisions shall apply.**
 - **Information in respect of declaration made is confidential**
- 

IDS2016 EFFECT OF VALID DECLARATION

- **Undisclosed income declared shall not be included in total income of declarant under IT Act for any AY**
 - **Contents of declaration shall not be admissible in evidence against declarant in any penalty / prosecution proceedings under IT / WT Act**
 - **Immunity from Benami Transactions (Prohibition) Act, shall be available subject to that benamidar shall trf to declarant or his legal representative asset in respect of which declaration of undisclosed income is made**
 - **No Wealth tax of declared asset.**
 - **Will not affect finality of completed assessments.**
- Declarant will not be entitled to claim re-assessment of any earlier year or revision of any order or any benefit or set off or relief in any appeal / proceedings under IT Act**

DISPUTE RESOLUTION SCHEME – TAX ARREAR

- **Applicable for dispute of which appeal is pending before the CIT (A) or CWT(A) as on 29th February, 2016.**
- **The pending appeal could be against an assessment order or a penalty order.**
- **Pay tax and interest upto date of assessment. (in case of disputed tax > Rs. 10,00,000/-, 25% of the minimum penalty shall also be paid).**
- **For Penalty Order, 25% of minimum penalty shall be payable along with tax & interest on assessment or reassessment.**
- **Consequent to such declaration, appeal in respect of the disputed income pending before the Commissioner (Appeals) shall be deemed to be withdrawn**

DISPUTE RESOLUTION SCHEME – SPECIFIED TAX

- **Means - Tax determined in consequence of or validated by any amendment made to IT Act or Wealth-tax Act with retrospective effect & relates to a period prior to date of enactment of such amendment and a dispute in respect of such tax is pending as on 29th February, 2016**
- **To pay only amount of such tax**
- **Has to withdraw any writ petition or any appeal filed.**
- **If violates any of the conditions of scheme or furnishes false particulars in declaration, it shall be presumed as if the declaration was never made and all the consequences under the Act shall revive.**

DISPUTE RESOLUTION SCHEME NON ELIGIBILITY

- **Cases where prosecution initiated before 29.02.2016.**
- **Search or survey cases where declaration is in respect of tax arrears.**
- **Cases relating to undisclosed foreign income and assets.**
- **Cases based on information received under DTAA u/s 90 or 90A where the declaration is in respect of tax arrears.**
- **Person notified under Special Courts Act, 1992.**
- **Cases covered under Narcotic Drugs and Psychotropic Substances Act, Indian Penal Code, Prevention of Corruption Act or Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974.**

MISCELLANEOUS

- **AO in case issues an order under direction of DRP, not eligible to file memorandum of Cross Objection u/s 253 retrospectively w.e.f. 1st July, 2012**
- **ITAT can rectify any mistake apparent from the record in its order within 6 months (Earlier it was 4 months)**
- **Monetary limits of a single member of ITAT from total income of Rs. 15 Lacs to Rs. 50 Lacs**
- **Sec 115BBE - setoff of any loss not to be allowable for income u/s 68, 69A, 69B, 69C, 69D**
- **S. 124(3) existing – not to question jurisdiction after 1 month of notice u/s 142(1) / 143(2) or completion of assessment whichever is earlier – amended to include notice u/s 153A(1) / 153C(2)**

MISCELLANEOUS

- **S. 282A(1),- notices & documents required to be issued by income-tax authority shall be issued either in paper form or in electronic form to reduce paper work**
- **POEM deferred by 1 year – Chapter XII-BC introduced**
- **No MAT on Foreign companies**
 - **If DTAA and no PE in India**
 - **If no DTAA then is not required to have any registration under any law in India**
- **Expl. 1 to S. 9(1)(i) - Income of foreign co. engaged in business of mining of diamonds not deemed to accrue or arise in India from activities limited to display of uncut & unassorted diamond in spl. zone notified by CG**

MISCELLANEOUS

- **New S. 158BBF - 10% tax on gross income from royalty by resident for patent developed & registered in India.**
 - **If not claimed in one year not allowed for 5 subsequent years**
 - **S. 115JB amended accordingly to exclude expenses and income for calculating book profit**



Thank You!



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