

Recent Changes In Income Tax including S. 194Q



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Shared at

Webinar, Sales Tax Bar Association, delhi

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COVID RELIEF

❖ Exemption

- ❖ In case of death due to COVID and money received as relief in FY 2019-20 and onwards
 - ❖ From Employer - 100% exempt
 - ❖ From other persons - exempt upto Rs. 10 Lacs

MAJOR EXTENSIONS

- ❖ Application u/ss 10(23C), 12AB, 35(1) & 80G in Form No. 10A/ 10AB - 31st August, 2021.
- ❖ Investment, deposit, payment, acquisition, purchase, construction etc., for claiming any exemption u/ss 54 to 54GB falling between 1.4.2021 to 29.9.2021 - 30th September, 2021.
- ❖ TDS Return 4th quarter of FY 2020-21 - 15th July, 2021.
- ❖ Certificate of TDS in Form No.16 for FY 2020-21 - 31st July, 2021.
- ❖ Uploading Form No. 15G/15H for 1st quarter of FY 2021-22 - 31st August, 2021.

MAJOR EXTENSIONS

- ❖ Linkage of Aadhaar with PAN - 30th September, 2021.
- ❖ Last date of payment under VSVS (without additional amount) - 31st August, 2021. - with additional amount - 31st October, 2021.
- ❖ Time Limit for passing assessment order which was earlier extended to 30th June, 2021 - 30th September, 2021.
- ❖ Time Limit for passing penalty order which was earlier extended to 30th June - 30th September, 2021.

SENIOR CITIZEN

- ❖ S. 194 P
- ❖ Age 75 years or above
- ❖ Should have only pension income and interest from **same** bank
- ❖ Banker to give 87A relief, on declaration, deduct tax on interest
- ❖ No ITR in such case

S. 44AB / 44ADA

✦ S. 44AB (a), if 5% criteria met for receipts & payments

✦ 1 Cr to 5 Cr from AY 2020-21

✦ 5 Cr to 10 Cr from AY 2021-22

✦ Can we do audit even if not required?!!

✦ Non -A/c Payee Cheque/ Draft - Cash

✦ S. 44ADA – HUF, LLP excluded

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) - Provisions of this section shall not apply to a **transaction on which tax is collectible u/s 206C** other than a transaction to which s. 206C(1H) applies
- S. 206C(1H) – Exceptother than goods being exported out of India or **goods covered in** s-s. (1) / (1F) / (1G)
- CBDT clarification on S. 206C(1H) vs. 206C(1F) - (1F) is for a single motor vehicle
 - Receipt from 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)

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

ITR DATES

- ❖ Spouse (u/s 5A) of partner in firm which is audited – 31st October
- ❖ Partner of firm which is under TP – 30th November
- ❖ 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/-

PARTNER - RETIREMENT / RE-CONSTITUTION

- ❖ 45(4) – Where partner (other than Co. or Co-operative society) receives any **capital asset or money** on **re-constitution** - CG in hands of firm.
Proposed (4A) omitted
 - ❖ $A = B + C - D$
 - ❖ A = Gain, B = Money received, C = FMV of Asset received, D = Balance in Capital A/c as reduced by revaluation and self generated goodwill/asset
 - ❖ In case of A being negative – value to be nil
- ❖ S. 9B introduced – for Dissolution or reconstitution – **Capital asset or stock in trade**
- ❖ Reduction from sale consideration u/s 48 where capital asset is transferred giving effect to s. 45(4)

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

ASSESSMENT

- ❖ S. 143(1) intimation sending period reduced from 1 year to 9 months.
- ❖ S. 143(1) adjustments:
 - ❖ Expenditure disallowed as per audit report - included income too
 - ❖ No benefit of S. 10AA or Chapter VIA Part C deduction if belated return
- ❖ S. 143(2) notice period reduced from 6 months to 3 months from end of FY in which ITR filed

RE-ASSESSMENT & SEARCH

- ❖ No cases u/s 153A / 153C for search after 31.3.2021 – Block Period from 6 yrs to 3 yrs
- ❖ S. 148 - Any information which suggests that income chargeable to tax has escaped assessment:
 - ❖ In accordance with the risk management strategy formulated by Board
 - ❖ Final objection raised by CAG
 - ❖ Search, Survey [Except (2A) TDS/TCS or (5) Expenditure] or requisition cases –3 yrs

RE-ASSESSMENT & SEARCH

- ❖ **New S. 148A – Other than search & requisition cases:**
 - ❖ **AO to conduct enquiry**
 - ❖ **Opportunity of being heard to be given**
 - ❖ **Approval of specified authority required**
- ❖ **Normal period for case coming u/s 148 reduced from 6 yrs to 3 yrs**

RE-ASSESSMENT & SEARCH

- ❖ However, if AO has evidence in the form of asset, amounts to or is likely to amount to Rs. 50L or more - 10 Yrs
- ❖ Asset shall include immovable property, being land or building or both, shares and securities, loans and advances, deposits in bank account
- ❖ In case proceedings u/s 147 started, can decide on any issue even if 148A not complied

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Q. How I file income tax return

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