

## AMENDMENTS AT A GLANCE – DIRECT TAXES OF FINANCE BILL, 2016

### I. ADDITIONAL RESOURCE MOBILISATION :

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Rationalization of taxation of income by way of dividend</b>	<b>7</b>	Sec. 10(34)	Amendment	01/04/2017	It is proposed to insert a new section 115BBDA to provide that in the case of an individual, Hindu undivided family or a firm who is a resident in India any income by way of dividend declared, distributed or paid by a domestic company, in excess of 10 Lacs shall be taxable @ 10%.  Further, no deduction of any expenditure or allowance or set off of loss shall be allowed in computing the income by way of dividend referred in section 2(22) except dividend referred in Section 2(22)(e).  <i>Consequently, provisions of Section 10(34) amended.</i>
	<b>&amp; 50</b>	Sec. 115BBD	Newly inserted		
<b>Change in rate of Securities Transaction tax in case where option is not exercised</b>	<b>230</b>	Section 98 of the Finance (No.2) Act, 2004	Amendment	01/06/2016	STT on sale of an option in securities where option is not exercised is increase to 0.05% from 0.017% of the option premium.

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<b>Equalisation Levy</b>	7,	Section 10	New clause (50) inserted	01/04/2017	A new clause (50) proposed to be inserted to section 10 to provide that any income arising from specified services provided on or after the date on which the provisions of Chapter VIII of the Finance Act, 2016, comes into force and chargeable to equalisation levy under that Chapter shall be exempt.
	22, &  160 to 177	Section 40	Amendment	01/06/2016	
			New Chapter VIII inserted	This Chapter will take effect from the date appointed in the notification to be issued by the Central Government.	<p><b><u>“Equalisation levy” - Chapter VIII of the Finance Act, 2016</u></b></p> <p>Proposed to impose an “equalisation levy” @ 6% of consideration received or receivable for specified services by a non-resident from a resident and carrying on business or profession or from a non-resident having a PE in India, if the aggregate consideration exceeds Rs. 1 Lakh in any P.Y. Equalisation levy shall not be charged if:</p> <ol style="list-style-type: none"> <li>i) non-resident service provider has a PE in India and income from such specified services are effectively connected to such PE.</li> <li>ii) Where the consideration is not for the purpose of carrying out business or profession.</li> </ol> <p>Equalisation levy so deducted by the payer has to be paid to the Government by 7 day of the month following the month in which the equalisation levy is collected and in case of delay an interest @ of 1% for every month or part of a month shall be charged.</p> <p>Further, expenses incurred by the assessee towards</p>

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				<p>specified services chargeable under this Chapter shall not be allowed as deduction in case of failure of the assessee to deduct and deposit the equalisation levy to the credit of Central government.</p> <p>A statement shall be furnished in the prescribed form and prescribed manner. A computation mechanism is provided and no intimation shall be made after the expiry of 1 year from the end of the relevant F.Y.</p> <p>An order passed by the AO shall be rectified within 1 year from the end of the F.Y. in which the order sought to be amended was passed.</p> <p><b><u>Penalty for failure to deduct or pay:</u></b> where the assessee fails to deduct the whole or any part of equalisation levy a sum equal to the amount of equalisation levy not deducted. In other cases, penalty of Rs. 1,000/- for every day during which the failure continues. However, the penalty shall not exceed the amount of equalisation levy that was to be paid.</p> <p><b><u>Penalty for failure to furnish statement u/s 164:</u></b> Penalty of Rs. 100 for every day during which the failure continues shall be imposed.</p> <p>No penalty will be imposable u/s 168 or 169, if the assessee proves that there was reasonable cause for the failure.</p>
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					For making any statement in any verification, account or statement which is false assessee shall be punished with an imprisonment up to a period of 3 years and with fine.
<b>II. Widening of Tax Base and Anti Abuse Measures</b>					
PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Tax Collection at Source (TCS) on sale of vehicles; goods or services</b>	<b>86</b>	206C	Amendment	01/06/2016	<p>Proposed to imposed TCS @ 1% on</p> <p><b>I.</b> Sale of motor vehicle of the value exceeding Rs. 10 lakh in cash or by the issue of a cheque or draft or by any other mode or</p> <p><b>II.</b> sale in cash of any goods (other than bullion &amp; jewellery) or providing of any service (other than payments on which tax is deducted at source under Chapter XVII-B) exceeding Rs. 2 Lakhs Further, a new sub-section 1(E) proposed to be inserted so as to provide that provision of sub-section (1D) shall not apply to such classes of buyers who fulfill prescribed conditions.</p>
<b>Tax on distributed income to shareholder</b>	<b>56</b>	115QA	Amendment	01/06/2016	<p>It is proposed to clarify that the provisions of section 115QA shall apply to any buy back of unlisted share undertaken by the company <u>in accordance with the provisions of the law relating to the Companies and not necessarily restricted to section 77A of the Companies Act, 1956.</u></p> <p>Further, for the purpose of computing distributed income, the amount received by the Company in respect of the shares being bought back shall be determined in the prescribed manner.</p>

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Levy of tax where the charitable institution ceases to exist or converts into a non-charitable organization	60	115TD, 115TE, & 115TF	Newly inserted	01/06/2016	<p>It is proposed to introduce a new Chapter XII-EB to provide that accreted income of the trust or institution shall be taxable @ MMR on conversion of trust or institution into a form not eligible for registration u/s 12 AA or on merger into an entity not having similar objects and registered u/s 12AA or on non-distribution of assets on dissolution to any charitable institution registered u/s 12AA or approved u/s 10(23C) within a period twelve months from dissolution. No credit can be taken for such tax and payable even the trust does not have any other taxable income.</p> <p>“<b>Accreted income</b>” shall be amount of aggregate of total assets as reduced by the liability as on the specified date. The method of valuation is proposed to be prescribed in rules. The asset and the liability of the charitable organisation which have been transferred to another charitable organisation within specified time will be excluded while calculating accreted income.</p> <p>It is also provided that in case of failure to pay tax within the time provided, an interest @ 1% for every month and part thereof of such failure shall be payable and the principal officer or the trustee and the trust or the institution shall be deemed to be an assessee in default.</p>
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### III. Measures to phase out deductions

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
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Phasing out of deductions and exemptions					Proposed Phase out plan of incentives (Profit linked Deductions/weighted deduction):							
					Section/	Proposed phase out measures/						
8, 15, 17, 18, 19, 20, 39, 40 & 42		Section 10AA	Amended	01/04/2017	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">10AA- Special provision in respect of newly established units in Special economic zones (SEZ).</td> <td style="width: 50%; padding: 5px;">No deduction shall be available to units commencing manufacture or production of article or thing or start providing services on or after 01/04/2020.</td> </tr> <tr> <td style="padding: 5px;">35AC-Expenditure on eligible projects or schemes.</td> <td style="padding: 5px;">No deduction shall be available with effect from 1.4.2017</td> </tr> <tr> <td style="padding: 5px;">35CCD- Expenditure on</td> <td style="padding: 5px;">Deduction shall be restricted to 100% from 01.04.2020.</td> </tr> </table>		10AA- Special provision in respect of newly established units in Special economic zones (SEZ).	No deduction shall be available to units commencing manufacture or production of article or thing or start providing services on or after 01/04/2020.	35AC-Expenditure on eligible projects or schemes.	No deduction shall be available with effect from 1.4.2017	35CCD- Expenditure on	Deduction shall be restricted to 100% from 01.04.2020.
	10AA- Special provision in respect of newly established units in Special economic zones (SEZ).	No deduction shall be available to units commencing manufacture or production of article or thing or start providing services on or after 01/04/2020.										
	35AC-Expenditure on eligible projects or schemes.	No deduction shall be available with effect from 1.4.2017										
	35CCD- Expenditure on	Deduction shall be restricted to 100% from 01.04.2020.										
		Section 35	Amended	01/04/2018								
		Section 35AC	Amended	01/04/2018								
		Section 35AD	Amended	01/04/2018								
		Section 35CCC	Amended	01/04/2018								
		Section 35CCD	Amended	01/04/2018								
		Section 80-IA	Amended	01/04/2018								
	Section 80-IAB	Amended	01/04/2017									
	Section 80-IB	Amended	01/04/2017									
		Amended	01/04/2017									

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					<p>Section 80IA; 80IAB, and 80IB</p> <p>a) development operation and maintenance of an infrastructure facility (80-IA)</p> <p>(b) development of SEZ (80-IAB)</p> <p>(c) production of mineral oil and natural gas [80-IB(9)]</p>	<p>No deduction shall be available if the specified activity commences on or after 01/04/2017.</p>
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					<b>Proposed Phase out plan of incentives (Accelerated Depreciation/Weighted Deduction)</b>	
					<b>Section/</b>	<b>Proposed phase out measures/</b>
					32 r.w. Rule 5 – Accelerated Depreciation.	To amend the new Appendix IA read with rule 5 of Income-tax Rules, 1962 to provide that highest rate of depreciation under the Income-tax Act shall be restricted to 40% w.e.f 01.4.2017. <del>The new rate is proposed to</del>
					35(1)(ii)- Expenditure on scientific research.	Weighted deduction shall be restricted to 150% from 01.04.2017 to 31.03.2020 and deduction shall be restricted to 100% from 01.04.2020.
					35(1)(iia)- Expenditure on scientific	Deduction shall be restricted to 100% w.e.f. 01.04.2017
					35(1)(iii)- Expenditure on scientific	Deduction shall be restricted to 100 % w.e.f. 01.04.2017



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					35(2AA)- Expenditure on scientific	Weighted deduction shall be restricted to 150 % w.e.f. 01.04.2017 to 31.03.2020
					35(2AB)- Expenditure on scientific research.	Weighted deduction shall be restricted to 150% from 01.04.2017 to 31.03.2020 Deduction shall be restricted to 100 % from 01.04.2020
					35AD- Deduction in respect of specified business.	In case of a cold chain facility, warehousing facility for storage of agricultural produce, hospital, an affordable housing project, production of fertilizer, deduction shall be restricted to 100 % of capital expenditure w.e.f. 01.4.2017.
					35CCC- Expenditure on notified	Deduction shall be restricted to 100 % from 1.4.2017

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<b>IV. Measures to promote socio-economic growth</b>					
PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Exemption of income of Foreign company from storage and sale of crude oil stored as part of strategic reserves</b>	7	Section 10	New clause (48A) inserted	01/04/2016 <i>(retrospectively from A.Y. 2016-17)</i>	It is proposed that any income of a foreign company on account of storage of crude oil in a facility in India <u>and</u> sale of crude oil therefrom to any resident subject to the conditions specified in respect of an agreement.
<b>Exemption in respect of certain activity related to diamond trading in "Special Notified Zone".</b>	5	Section 9	Newly Inserted – clause (e) of Explanation 1 to Sub-section(1) clause(i)	01/04/2016 <i>(retrospectively from A.Y. 2016-17)</i>	In order to facilitate the FMCs to undertake activity of display of uncut diamond (without any sorting or sale) in the special notified zone, it is proposed to amend section 9 of the Act to provide that in the case of a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India to it through or from the activities which are confined to display of uncut and unassorted diamonds in a Special Zone notified by the Central Government in the Official Gazette in this behalf.

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<b>Extending the benefit of initial additional depreciation under section 32(1)(ia) for power sector</b>	13	Section 32(1)(ia)	Amended	01/04/2017	It is proposed that an additional depreciation @20% of actual cost of new machinery or plant acquired and installed in a P.Y. shall also be allowed to an assessee engaged in the business of transmission of power.
<b>Taxation of Income from 'Patents'</b>	<b>52</b> <b>&amp;</b> <b>53</b>	Section 115BBF  Section 115JB	Newly Inserted -Section 115BBF  Amendment	01/04/2017  01/04/2016	Where the total income of the ' <b>eligible assessee</b> ' includes any income by way of royalty in respect of a patent developed and registered in India, then such royalty income shall be chargeable @10% (pluse surcharge & cess) on the gross amount of royalty. It is further proposed that no deduction of any expenditure or allowance in respect of such royalty income shall be allowed.  Consequently, provisions of section 115JB proposed to amend so as to provide that the book profit shall be increased by an amount or amounts of expenditure relatable to income, by way of royalty in respect of patent chargeable to tax in accordance with the provisions of section 115BBF and also the amount of income shall be reduced from the book profit.
<b>Tax incentives for start-ups</b>	<b>31</b>  <b>32</b>	Section 54EE  Section 54GB	Newly Inserted  Amendment	01/04/2017  01/04/2017	It is proposed to insert section 54EE so as to provide exemption up to Rs. 50 lakh from capital gains tax if LTCG is invested in Units of Specified Fund, as may be notified by the Central Government subject to the condition that the amount remains invested for 3 years.

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	<b>41</b>	80-IAC	Newly Inserted	01/04/2017	<p>It is proposed to amend section 54GB so as to provide that capital gains arising on transfer of a residential property shall not be charged to tax if such capital gains is invested in <u>subscription of shares of a company which qualifies to be an eligible start-up subject to other specified conditions</u> &amp; also the expression “new asset” includes computers or computer software in case of technology driven start-ups certified by the Inter-Ministerial Board of Certification notified by the Central Government in the Official Gazette.</p> <p>Proposed to provide a deduction of 100% of the profits and gains derived by an <b>eligible start-up</b> from a business involving innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property, subject to incorporation before 01/04/2019, for 3 consecutive A.Ys. out of 5 years at the option of the assessee.</p>
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<b>Incentives for Promoting Housing for All</b>	<b>37</b>	Section 80EE	Substitution of new section 80EE	01/04/2017	<p>It is proposed to substitute the section 80EE so as to provide a deduction for those who buy residential house property for the first time, in respect of interest on loan taken from any financial institution upto Rs. 50,000/- subject to other conditions specified therein &amp; extend the benefit of deduction till repayment of loan continues.</p> <p>New section 80-IBA is inserted to proposed to provide for 100% deduction of the profits and gains of an assessee developing and building housing projects, if the project is approved by the Competent authority on or before the 31/03/2019 subject to the conditions specified therein and the project required to be completed within three years failing which the entire deduction claimed in previous years shall be deemed as income.</p> <p>Further, the project is on a plot of land measuring not less than 1000 sq. metres where the project is within 25 km from the municipal limits of Delhi, Mumbai, Chennai &amp; Kolkata and in any other area, it is measuring not less than 2000 sq. metres where the size of the residential unit in the said areas is not more than 30 sq. metres and 60 sq. metres, respectively,</p>
	<b>&amp;</b>				
	<b>43</b>	Section 80-IBA	Newly Inserted	01/04/2017	

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<b>Tax incentive for employment generation</b>	<b>44</b>	Section 80JAA	Substitution of new section 80JJA	01/04/2017	It is proposed to extend the benefit to all assessees who are required to get their accounts audited u/s 44AB. Deduction under the
		<b>V.</b>	<b>Relief and Welfare Measures</b>		proposed provisions will be available in respect of cost incurred on those employees whose total emoluments are less than or equal to Rs. 25,000/- p.m.
					<p>It is also proposed to provide that in the first year of a new business, 30% of all emoluments paid or payable to the employees employed during the previous year shall be allowed as deduction.</p> <p>It is further proposed to reduce minimum number of days of employment in a F.Y. from 300 days to 240 days and also the condition of 10% increase in number of employees every year is proposed to be done away. However, no deduction shall be allowed in respect of cost incurred on those employees for whom the entire contribution is paid by the Government under the Employees' Pension Scheme notified in accordance with the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.</p>

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PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Provision for Tax benefits to Sovereign Gold Bond Scheme, 2015 and Rupee Denominated Bonds</b> (i) <b>Sovereign Gold Bond Scheme, 2015</b> (ii) <b>Rupee Denominated Bond</b>	28 & 29	47 & Third proviso to 48	Amended	01/04/2017	It is proposed to exempt redemption of Sovereign Gold Bonds issued by the RBI in the hands of Individuals. Also benefit of indexation has been proposed to be provided to the Sovereign Gold Bonds.
	29	47	Amended		It is proposed to provide that in case of non-resident, any gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by him, shall be ignored for the purpose of computation of full value of consideration.
<b>Consolidation of 'plans' within a 'scheme' of mutual fund</b>	28	47(xix)	Newly inserted	01/04/2017	In view of SEBI guidelines regarding consolidation of mutual fund plans within a scheme, tax exemption is proposed to be provided in the case allotment of units of Consolidated plans in consideration of units in consolidating plan.  Also the meaning of Consolidating plan and

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					consolidated plan has been proposed to be inserted.
<b>Rationalization of limit of deduction allowable in respect of rents paid under Section 80GG</b>	38	80GG	Amended	01/04/2017	Proposed to increase maximum limit of deduction for rent paid by an Individual in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence from Rs. 2000 p.m. (i.e. Rs. 24000/-) to Rs. 5000/- pm (i.e. Rs. 60,000/-) in the case where HRA is not granted by the employer.
<b>Tax Treatment of Gold Monetization Scheme, 2015</b>	<b>3 &amp; 7</b>	2(14) & 10(15)	Amended	01/04/2016 retrospectively	It is proposed to provide exemption in respect of Deposit Certificates issued under Gold Monetisation Scheme from Capital gain tax.  Interest from such scheme is also proposed to be exempted.
<b>Rationalization of section 56 of the Income-tax Act</b>	34	Second Proviso to 56(2) (vii)	Amended	01/04/2017	It is proposed to provide exemption u/s 56(2)(vii) in respect of shares received by an individual or HUF as a consequence of demerger or amalgamation of a company as referred to in Section 47 (vicb), (vid) & (vii) so as to bring uniformity in both the sections.
<b>Rationalization of limit of rebate in income-tax allowable under Section 87A</b>	45	87A	Amended	01/04/2017	Proposed to enhance limit of rebate u/s 87A to Rs. 5000/- from Rs. 2000/-



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<p><b>Increase in time period for acquisition or construction of self-occupied house property for claiming deduction of interest</b></p>	<p>10</p>	<p>24(b)</p>	<p>Amended</p>	<p>01/04/2017</p>	<p>Proposed to increase the time limit of acquisition or construction of Self occupied house property from three years to five years for the purpose of claiming interest paid on borrowed capital u/s 24(b)</p>
<p><b>Simplification and rationalization of provisions relating to taxation of unrealized rent and arrears of rent</b></p>	<p>11</p>	<p>25A</p>	<p>Amended</p>	<p>01/04/2017</p>	<p><b><u>New Section 25A provided substituting earlier Section 25A, 25AA &amp; 25B</u></b></p> <p>Provisions for cases where unrealised rent allowed as deduction is realised subsequently, unrealised rent received subsequently to be charged to income tax and special provision for arrears of rent received, with a new section 25A.</p> <p>Proposed to provide that the amount of rent received in arrears or the amount of unrealised rent realised subsequently by an assessee shall be charged to income-tax in the F.Y. in which such amount is received or realised, whether the assessee is the owner of the property or not in that financial year. Also proposed to allow deduction of 30% of such amount.</p>

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<b>VI. Ease of doing Business/dispute resolution</b>					
PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Exemption from Dividend Distribution Tax (DDT) on distribution made by an SPV to Business Trust.</b>	<b>7, 55, 61 &amp; 80</b>	-	Amended	1 <sup>st</sup> June, 2016	<p>In order to rationalize the taxation regime for business trusts (REITs and Invits) and their investors, it is proposed to provide a special dispensation and exemption from levy of dividend distribution tax. The salient features of the proposed dispensation are: —</p> <p>(a) exemption from levy of DDT in respect of distributions made by SPV to the business trust;</p> <p>(b) such dividend received by the business trust and its investor shall not be taxable in the hands of trust or investors;</p> <p>(c) the exemption from levy of DDT would only be in the cases where the business trust either holds 100% of the share capital of the SPV or holds all of the share capital other than that which is required to be held by any other entity as part of any direction of any Government or specific requirement of any law to this effect or which is held by Government or Government bodies; and</p> <p>(d) the exemption from the levy of DDT would</p>

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					only be in respect of dividends paid out of current income after the date when the business trust acquires the shareholding referred in (c) above in the SPV. The dividends paid out of accumulated and current profits upto this date shall be liable for levy of DDT as and when any dividend out of these profits is distributed by the company either to the business trust or any other shareholder.
<b>Modification in conditions of special taxation regime for off shore funds Section 9A</b>	<b>6</b>	9A	Amended	1 <sup>st</sup> April 2017	In order to rationalize the regime and to address the concerns of the industry, it is proposed to provide that the eligible investment fund for purposes of section 9A, shall also mean a fund established or incorporated or registered outside India in a country or a specified territory notified by the Central Government in this behalf. It is also proposed to provide that the condition of fund not controlling and managing any business in India or from India shall be restricted only in the context of activities in India.
<b>Enabling provision for implementation of various provisions of the Act in case of a foreign company held to be resident in India</b>	<b>4, 54 &amp; 235</b>	6	Amended	1 <sup>st</sup> April 2017	In order to provide clarity in respect of implementation of POEM based rule of residence and also to address concerns of the stakeholders, it is proposed to: - (a) defer the applicability of POEM based residence test by one year and the determination of residence based on POEM shall be applicable from 01/04/17. (b) provide a transition mechanism for a company which is incorporated outside India and has not earlier been assessed to tax in India. The Central Government is proposed to be empowered to notify

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					<p>exception, modification and adaptation subject to which, the provisions of the Act relating to computation of income, treatment of unabsorbed depreciation, setoff or carry forward and setoff of losses, special provision relating to avoidance of tax and the collection and recovery of taxes shall apply in a case where a foreign company is said to be resident in India due to its POEM being in India for the first time and the said company has never been resident in India before.</p> <p>(c) provide that these transition provisions would also cover any subsequent previous year upto the date of determination of POEM in an assessment proceedings. However, once the transition is complete, then normal provision of the Act would apply.</p> <p>(d) provide that in the notification, certain conditions including procedural conditions subject to which these adaptations shall apply can be provided for and in case of failure to comply with the conditions, the benefit of such notification would not be available to the foreign company.</p> <p>(e) provide that every notification issued in exercise of this power by the Central Government shall be laid before each house of the Parliament.</p>
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Introduction of Presumptive taxation scheme for persons having income from profession	24, 25 & 27	44AA, 44AB, 44ADA	44AA & 44AB amended  44ADA Newly inserted	1 <sup>st</sup> April, 2017	<p><b><u>Section 44ADA (newly inserted)</u></b> Presumptive taxation regime proposed for professionals engaged in Professions referred to in Section 44AA(1) i.e. legal, medical, engineering or architectural profession or the profession of accountancy or technical consultancy or interior decoration or any other profession as is notified by the Board in the Official Gazette and whose gross receipts does not exceeds Rs. 50 lakhs. Income to be presumed at 50% of total gross receipts.</p> <p>Proposed that where assessee claims income less than above and the income exceeds the maximum amount which is not chargeable to income-tax, books of account and other documents as per Section 44AA(1) are required to be maintained and duly audited u/s 44AB</p>
Increase in threshold limit for audit for persons having income from profession	25	44AB	Amended	1 <sup>st</sup> April, 2017	Limit for tax audit in case of Profession proposed to increase to Rs. 50 lakhs from Rs. 25 lakhs
Increase in threshold limit for presumptive taxation scheme for persons having income from business	25, 26 & 87	44AB, 44AD & 211	Amended	1 <sup>st</sup> April, 2017	<p><b><u>Section 44AD</u></b></p> <ul style="list-style-type: none"> <li>• Threshold limit of Rs. 1 crore proposed to be increased to Rs. 2 crores</li> <li>• Proposed that Salary, remuneration, interest etc. paid to the partner u/s 40(b) shall not be deductible while computing the income u/s 44AD.</li> <li>• <b>Sub-Sec (4):</b> Proposed to withdraw benefit u/s 44AD(1) to those assesseees who do not declare income u/s 44AD for 6 consecutive A.Y.s. after once claiming benefit under this section (6 years including first year). The benefit will</li> </ul>

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				<p>be withdrawn for next 5 A.Y.s subsequent to the A.Y. in which the income was not declared u/s 44AD i.e. 6 A.Y.s including the first A.Y. in which benefit is not claimed.</p> <ul style="list-style-type: none"> <li>Proposed that provisions of Chapter XVII-C shall now be apply to an eligible assessee in so far as they relate to the eligible business.</li> </ul> <p><b><u>Section 44AB</u></b> Proposed that assessee shall get the accounts audited u/s 44AB where</p> <ul style="list-style-type: none"> <li>assessee claims income less than income presumed u/s 44ADA</li> <li>assessee is not allowed benefit u/s 44AD(4) and the income exceeds the maximum amount which is not chargeable to income-tax.</li> </ul> <p><b><u>Section 211</u></b></p> <ul style="list-style-type: none"> <li>Proposed that Advance tax shall be paid by all the assessee (companies as well as non-companies) other than assessee eligible u/s 44AD in four instalment i.e. <ul style="list-style-type: none"> <li>15-June – 15%</li> <li>15-Sept – 45%</li> <li>15-Dec – 75%</li> <li>15-Mar – 100%</li> </ul> </li> </ul> <p>In case of eligible assessee u/s 44AD, whole advance tax is to be paid by 15<sup>th</sup> March</p>
				<p>1<sup>st</sup> April, 2017</p>
				<p>1<sup>st</sup> June 2016</p>

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<b>Deduction in respect of provision for bad and doubtful debt in the case of Non-Banking Financial companies</b>	<b>21</b>	36(1)(vii)(d) & Explanation (vii)	Newly inserted	1 <sup>st</sup> April 2017	Proposed that NBFCs shall be allowed deduction of 5% of Gross total income on account of provision for bad and doubtful debts.  NBFC shall have the meaning as provided u/s 45-I(f) of the RBI Act, 1934.
<b>Rationalisation of scope of tax incentive under section 32AC</b>	<b>14</b>	32AC(1A)  First Proviso to Section 32AC(1A)	Amended  Newly inserted	1 <sup>st</sup> April 2016 retrospectively	Proposed to allow deduction u/s 32AC(1A) in the cases where plant & machinery is acquired in the previous year for amount exceeding Rs. 25 crores but installed on or before 31 <sup>st</sup> March, 2017. However, the deduction shall be available in the year in which the asset has been installed.
<b>Exemption from requirement of furnishing PAN under section 206AA to certain non-resident</b>	<b>85</b>	206AA	Amended	1 <sup>st</sup> June 2016	Proposed that Section 206AA shall not apply in case of non-resident (not being a company or to a foreign company in respect of Payment of interest of long term bonds referred in Section 194-LC and any other payment subject to condition as may be prescribed.
<b>Applicability of Minimum Alternate Tax (MAT) on foreign companies for the period prior to 01.04.2015</b>	<b>53</b>	115JB	Amended	1 <sup>st</sup> April 2001 retrospectively	In view of the recommendations of Committee on Direct Tax matters headed by Justice A.P. Shah and with a view to provide certainty in taxation of foreign companies, it is proposed to amend the Income-tax Act so as to provide that with effect from 01.04.2001, the provisions of section 115JB shall not be applicable to a foreign company if -  (i) the assessee is a resident of a country or a specified territory with which India has an agreement referred to in sub-section (1) of section

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					<p>90 or the Central Government has adopted any agreement under sub-section (1) of section 90A and the assessee does not have a permanent establishment in India in accordance with the provisions of such Agreement; or</p> <p>(ii) the assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) above and the assessee is not required to seek registration under any law for the time being in force relating to companies.</p>
<b>Tax Incentives to International Financial Services Centre</b>	<b>7, 53, 55, 230 &amp; 234</b>	10(38), 115JB, 115-O	Amended	<p>1<sup>st</sup> April 2017</p> <p>1<sup>st</sup> April, 2017</p>	<ul style="list-style-type: none"> <li>• It is proposed to amend section 115JB to provide that in case of a company, being a unit located in International Financial Services Centre and deriving its income solely in convertible foreign exchange, the MAT shall be chargeable at 9%.</li> <li>• It is proposed to amend section 115-O so as to provide that no tax on distributed profits shall be chargeable in respect of the total income of a company being a unit located in International Financial Services Centre, deriving income solely in convertible foreign exchange, for any assessment year on any amount declared, distributed or paid by such company, by way of dividends (whether interim or otherwise) on or after the 1st day of April, 2017 out of its current income, either in the hands of the company or the person receiving such dividend.</li> <li>• Section 113A of the Finance (No.2) Act, 2004 is proposed to be amended to exempt transaction from STT by providing that the provisions of</li> </ul>



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				1 <sup>st</sup> June, 2016	Chapter VII shall not apply to taxable securities transactions entered into by any person on a recognized stock exchange located in International Financial Services Centre where the consideration for such transaction is paid or payable in foreign currency.
				1 <sup>st</sup> June, 2016	<ul style="list-style-type: none"> <li>it is proposed to insert section 132A in Chapter VII of the Finance Act, 2013 so as to provide that the provisions of chapter VII shall also not apply to taxable commodities transactions entered into by any person on a recognized association located in unit of International Financial Services Centre where the consideration for such transaction is paid or payable in foreign currency, thereby exempting such transaction from commodities transaction tax.</li> </ul>
<b>The Income Declaration Scheme, 2016</b>	<b>178 to 196</b>			1 <sup>st</sup> June 2016	<p><b><u>Income Declaration Scheme, 2016</u></b></p> <ul style="list-style-type: none"> <li>Proposed to provide an opportunity to the assesseees to declare undisclosed income pertaining to years upto FY 2015-16. The scheme requires payment of 45% of undisclosed income in lieu of tax, surcharge &amp; penalty on such undisclosed income (Tax @ 30% plus Surcharge 25% of tax in the name of Krishi Kalyan Cess plus penalty @ 25% of tax)</li> <li>Proposed to implement Scheme from 1<sup>st</sup> June 2016 till the date to be notified.</li> <li>Opportunity not available in certain cases including where notices u/s 142(1)/143(2) / 148/ 153A/ 153C issued, Search or survey conducted and time limit for issue of notice not expired, where information received from foreign</li> </ul>

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					<p>countries in respect of such income, cases covered under Black Money Act, etc.</p> <ul style="list-style-type: none"> <li>• Immunity provided from scrutiny and enquiry under Income Tax Act and Wealth tax Act, prosecution under Benami Transaction (Prohibition) Act subject to consideration.</li> </ul>
<b>The Direct Tax Dispute Resolution Scheme, 2016</b>	<b>197 to 208</b>			1 <sup>st</sup> June 2016	<p><b><u>Direct Tax Dispute Resolution Scheme, 2016</u></b> It is proposed to bring this Scheme so as to reduce backlog of cases and to enable the Government to realise its dues expeditiously. The scheme will be applicable to "tax arrear" which is defined as the amount of tax, interest or penalty determined under the Income-tax Act or the Wealth-tax Act, 1957 in respect of which appeal is pending before the CIT (Appeals) or the CWT (Appeals) as on the 29<sup>th</sup> Feb, 2016.</p>
<b>Providing Time limit for disposing applications made by assessee under section 273A, 273AA or 220(2A)</b>	<b>88, 104 &amp; 105</b>	220(2A), 273A & 273AA	Amended	<p>1<sup>st</sup> June 2016</p> <p>1<sup>st</sup> April 2017</p>	<p><b><u>Power to reduce or waive interest or penalty, etc.</u></b> Proposed to provide limit, for passing order u/s 220(2A), 273A and 273AA, whether accepting or rejection the application of assessee, of 12 months from the end of month in which application is received. Further, an opportunity of being heard shall be provided in case of rejection of application.</p> <p>In respect of applications pending as on 1<sup>st</sup> June, 2016, it is proposed that order shall be passed on or before 31<sup>st</sup> May, 2017.</p> <p>It is proposed to make a reference of section 270A (levy of penalty for under-reporting or misreporting of income) in clause (ii) and in the Explanation to</p>

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					sub-section (1) and in clause (b) of sub- section (2) of section 273A.
<b>Providing legal framework for automation of various processes and paperless assessment</b>	<b>3, 66 &amp;109</b>	2(23C), 143(2) & 282A(1)	Newly inserted/ Amended	1 <sup>st</sup> June 2016	<p><b><u>Section 2(23C) newly inserted</u></b> Proposed to include communication of data and documents through electronic mode in the meaning of “hearing”</p> <p><b><u>Section 143(2) - amended</u></b> Proposed to delete Clause (i) of sub-section (2) Propose to empower Income Tax Authority also, other than AO, as prescribed, to issue notice u/s 143(2)</p> <p><b><u>Section 282A(1) - amended</u></b> Proposed to amend 282A(1)so as to provide that the notices &amp; documents required to be issued by income-tax authority shall be issued by such authority either in paper form or in electronic form in accordance with such procedure as may be prescribed.</p>

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### VII. Rationalisation Measures

PARTICULARS OF AMENDMENT	RELEVANT CLAUSES	SECTION	AMENDMENT/ NEW INSERTION	APPLICABLE WEF	BRIEF AMENDMENT OF
Processing u/s 143(1) be mandated before assessment	66	143(1D)	Amendment	01/04/2017	<p>It is proposed to process the return u/s 143(1) before making an order u/s 143(3). This will entail quick processing and reduce TDS mismatching and un-necessary withholding of refunds due.</p> <p style="color: red;">The Bill is silent as to cases where the order is passed u/s 144, etc. however, the expression assessment includes reassessment.</p>
Payment of interest on refund	90	244A(1)(a) 244A(1)(aa) <b>244A(1A)</b> newly inserted	Amendment	01/04/2017	<p>In order to ensure filing of return within the due date it is proposed to amend section 244A to <b><u>provide that in cases where the return is filed after the due date, the period for grant of interest on refund may begin from the date of filing of return.</u></b></p> <p>In the interest of fairness and equity, it is further proposed to provide that an <b><u>assessee shall be eligible to interest on refund of self-assessment tax for the period beginning from the date of payment of tax or filing of return, whichever is later, to the date on which the refund is granted.</u></b> For the purpose of determining the order of adjustment of payments received against the taxes due, the prepaid taxes i.e.</p>

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					<p>the TDS, TCS and advance tax shall be adjusted first.</p> <p><b>(Thus the judgement of the Honble Bombay HC in the case of Merck Limited v/s CIT (WP 2529 of 2004) 55 Taxmann.com 392 is affirmed)</b></p> <p>It is also proposed to provide that where a refund arises out of appeal effect being delayed beyond the time prescribed under sub-section (5) of <b><u>section 153, the assessee shall be entitled to receive, in addition to the interest payable under sub-section (1) of section 244A, an additional interest on such refund amount calculated at the rate of three per cent per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted.</u></b> It is clarified that in cases where extension is granted by the Principal Commissioner or Commissioner by invoking proviso to sub-section (5) of section 153, the period of additional interest, if any, shall begin from the expiry of such extended period.</p> <p>This is in line with recommendation no. 20 of the Part 1 of the Justice RV Eshwar Committee at its page 59.</p> <p>Further accountability of the AO to grant</p>
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					such interest has been fixed u/s 153(5) [newly inserted].
Rationalisation of the provisions relating to Appellate Tribunal	92	252(3) 252(4A) 252(5)	Amended	01/06/2016	The reference to the expression ‘Senior Vice president’ has been omitted/deleted by virtue of these amendments since there are no extra-judicial or administrative duties or difference in the pay scale attached with the post of Senior Vice-president in the Tribunal.
Rationalisation of the provisions relating to Appellate Tribunal	93	253(2A) 253(3A) 253(4)	Amended	01/04/2017	The order of penalty passed u/s 270A (newly inserted) has been made Appealable before ITAT also.  Further henceforth it is proposed to do away with the filing of appeal by the Assessing Officer against the order of the DRP. Evenmore sub-section (4) has been amended to provide that a Cross Objection can also not be filed against the order of DRP.
Rationalisation of the provisions relating to Appellate Tribunal	94	254(2)	Amended	01/06/2016	Till now a MA can be filed to get a mistake rectified within 4 years from the end of the FY in which the order sought to be rectified was passed by ITAT. It is proposed now, that this period is being curtailed to 6 months from the end of the month in which the order was passed.  This is in line with recommendation no. 22 of the Part 1 of the Justice RV Eshwar Committee at its page 65.
Rationalisation of the provisions relating to	95	255(3)	Amended	01/06/2016	Till now a single member, so notified by the central govt could dispose off matters in

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Appellate Tribunal					<p>SMC bench having Total Income upto Rs. 15 Lakhs. The said limit has now been enhanced to cases where the total income as computed by the Assessing Officer does not exceed fifty lakh rupees</p> <p>This is in line with recommendation no. 23 of the Part 1 of the Justice RV Eshwar Committee at its page 66 wherein this limit was suggested to be increased to Rs. 30 Lakhs.</p>
Rationalisation of penalty provisions	62,93,96, 98,99,100, 101, 104 & 107	270A	Newly Inserted	01/04/2017	<p>The newly inserted section provides for levy of penalty in cases of under-reporting and mis-reporting of income. The section is aimed at reducing discretion in levying the penalty.</p> <p>Sub-section (1) to (5) pertains to <b><u>UNDER-REPORTED INCOME</u></b> and penalty thereon.</p> <p>(6) on being satisfied as to existence of bonafides, or determination of such income based on estimates, the penalty shall not be leviable (present scenario).</p> <p>(7) The rate of such penalty shall be 50% of the amount of tax payable on under-reported income. (it is advisable to give disclosures in the computation of Total income)</p>

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					<p>Sub-section (8), (9) pertains to <b><u>MIS-REPORTED INCOME</u></b> and penalty thereon.</p> <p>(8) The rate of such penalty shall be 200% of the amount of tax payable on Mis-reported income.</p> <p>The New Section has made a fine distinction between class of cases falling within the Under-reporting of income and Mis-reporting of income.</p> <p><b><u>Explanations of old section 271(1)(c.) over-ruling Following case Laws are verbatim imported.</u></b></p> <ol style="list-style-type: none"> <li>1. SC in Anwar Ali’s Case</li> <li>2. SC in Pritpal Singh</li> <li>3. DHC in Nalwa Capital</li> </ol> <p><b><u>Following case Laws Nullified</u></b></p> <ol style="list-style-type: none"> <li>1. Price Water house Coopers Pvt. Ltd. vs. CIT (SC) [2012] 348 ITR 306</li> <li>2. CIT vs. Reliance Petro Products (SC) (2010) 322 ITR 158</li> <li>3. DHC order dated 09.12.14 in Compro Technologies Pvt.Ltd., concealment penalty not leviable for mistake of professional.</li> </ol> <p><b><u>This amendments are not in commensuration</u></b> to the recommendation</p>
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					no. 26.1 of the Part 1 of the Justice RV Eshwar Committee at its page 69.
Rationalisation of penalty provisions	101	271AAB	Amended	01/04/2017	<p>Existing provision of clause (c) of sub-section (1) of section 271AAB provides that in a case not covered under the provisions of clauses (a) and (b) of the said sub-section of section 271 AAB, a penalty of a sum which shall not be less than thirty per cent but which shall not exceed ninety per cent of the undisclosed income of the specified previous year shall be levied in case where search has been initiated under section 132 on or after the 1st day of July, 2012.</p> <p>In order to rationalise the rate of penalty and to reduce discretion it is proposed to amend that clause (c) of sub-section (1) of section 271AAB to provide for levy of penalty on such undisclosed income at a flat rate of sixty per cent of such income.</p>
Rationalisation of penalty provisions	103, 111	272A	Amended	01/04/2017	<p>It is proposed to amend sub-section (1) of section 272A to further include levy of penalty of ten thousand rupees for each default or failure to comply with a notice issued under sub-section (1) of section 142 or sub-section (2) of section 143 or failure to comply with a direction issued under sub-section (2A) of section 142.</p> <p>It is further proposed to amend sub-section (3) of section 272A to provide that penalty in case of failure referred above shall be</p>

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					<p>levied by the income tax authority issuing such notice or direction.</p> <p>It is also proposed to make consequential amendment to section 288 by insertion of a new clause (d) in sub- section (1) of section 272A in the Income-tax Act relating to penalty for failure to comply with the notices and directions specified therein.</p> <p>It is important to note that a person on whom a penalty u/s 272A(1)(d) has been imposed shall not be entitled to be an authorized representative.</p>
Provision for bank guarantee under section 281B	108	281B	Amended	01/06/2016	<p>The Income Tax Simplification Committee (Easwar Committee) has recommended that provisional attachment of property could be substituted by a bank guarantee subject to fulfillment of certain conditions. Having considered this recommendation, it is proposed that the Assessing Officer shall revoke provisional attachment of property made under sub-section (1) of the aforesaid section in a case where the assessee furnishes a bank guarantee from a scheduled bank, for an amount not less than the fair market value of such provisionally attached property or for an amount which is sufficient to protect the interests of the revenue.</p> <p>In order to help the Assessing Officer to determine the fair market value of the</p>

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					<p>property, the Assessing Officer may, make a reference to the Valuation Officer, who may be required to submit the report of the estimate of the property to the Assessing Officer within a period of thirty days from the date of receipt of such reference.</p> <p>In order to ensure the revocation of attachment of property in lieu of bank guarantee in a time bound manner, it is proposed to provide that an order revoking the attachment be made by the Assessing Officer within fifteen days of receipt of such guarantee, and in a case where a reference is made to the Valuation Officer, within forty-five days from the date of receipt of such guarantee.</p> <p>It is further proposed that where a notice of demand specifying a sum payable is served upon the assessee and the assessee fails to pay such sum within the time specified in the notice, the Assessing Officer may invoke the bank guarantee, wholly or partly, to recover the said amount.</p> <p><b><u>This amendments are in commensuration</u></b> to the recommendation no. 27 of the Part 1 of the Justice RV Eshwar Committee at its page 70.</p>
Extension of time limit to Transfer Pricing Officer in	46	92CA(3A)	Inserted newly	01/06/2016	It is proposed to amend sub-section (3A) of section 92CA to provide that where assessment proceedings are stayed by any

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certain cases					court or where a reference for exchange of information has been made by the competent authority, the time available to the Transfer Pricing Officer for making an order after excluding the time for which assessment proceedings were stayed or the time taken for receipt of information, as the case may be, is less than sixty days, then such remaining period shall be extended to sixty days.
Assumption of jurisdiction of Assessing Officer	63	124(3)	Inserted newly	01/06/2016	<p>The existing sub-section (3) of the section 124, inter-alia, provides that no person shall be entitled to call in question the jurisdiction of an Assessing Officer in a case where return is filed under section 139, after the expiry of one month from the date on which he was served with a notice issued under sub-section (1) of section 142 or sub-section (2) of section 143 or after the completion of the assessment, whichever is earlier. Currently, this provision does not specifically refer to notices issued under section 153A or section 153C which relate to assessment in cases where a search and seizure action has been taken or cases connected to such cases.</p> <p>Instances have come to notice wherein the jurisdiction of an Assessing Officer in such cases have been called into question at the appellate stages, despite the fact that order passed under section 153A or 153C is read with section 143(3) of the Act. In order to</p>

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					remove any ambiguity in such cases it is proposed to amend sub-section (3) of section 124 to specifically provide that cases where search is initiated under section 132 or books of accounts, other documents or any assets are requisitioned under section 132A, no person shall be entitled to call into question the jurisdiction of an Assessing Officer after the expiry of one month from the date on which he was served with a notice under sub-section (1) of section 153A or sub-section (2) of section 153C or after the completion of the assessment, whichever is earlier.
Legislative framework to enable and expand the scope of electronic processing of information	64	133C(2)	Inserted newly	01/06/2016	In order to expedite verification and analysis of the information and documents so received, it is proposed to amend section 133C to provide adequate legislative backing for processing of information and documents so obtained and making the outcome thereof available to the Assessing Officer for necessary action, if any.
Legislative framework to enable and expand the scope of electronic processing of information	66	143(1)(a) (iii) to (iv) and 1 <sup>st</sup> proviso and 2 <sup>nd</sup> proviso	Inserted newly	01/04/2017	Certain new items have been added to the processing of the return of income. The same are as under: -  “(iii) disallowance of loss claimed, if return of the previous year for which set off of loss is claimed was furnished beyond the due date specified under sub-section (1) of section 139;

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				<p>(iv) disallowance of expenditure indicated in the audit report but not taken into account in computing the total income in the return;</p> <p>(v) disallowance of deduction claimed under sections 10AA, 80-IA, 80-IAB, 80-IB, 80-IC, 80-ID or section 80-IE, if the return is furnished beyond the due date specified under sub-section (1) of section 139; or</p> <p>(vi) addition of income appearing in Form 26AS or Form 16A or Form 16 which has not been included in computing the total income in the return:</p> <p>Provided that no such adjustments shall be made unless an intimation is given to the assessee of such adjustments either in writing or in electronic mode:</p> <p>Provided further that the response received from the assessee, if any, shall be considered before making any adjustment, and in a case where no response is received within thirty days of the issue of such intimation, such adjustments shall be made;”</p> <p><b><u>This amendment is in commensuration</u></b> to the recommendations wrt transparency in Tax administration –E governance and are appearing at item no. 3(g) of page 76 of the</p>
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					Part 1 of the Justice RV Eshwar Committee Report.
Legislative framework to enable and expand the scope of electronic processing of information	67	147 Explanation 2, Clause (ca)	Inserted newly	01/06/2016	It is proposed to provide for reopening of cases by the AO on the basis of the information so received from the prescribed authority u/s 133C of the Act.
Immunity from penalty and prosecution in certain cases by inserting new section 270AA	97, 91	270AA	Inserted newly	01/04/2017	<p>It is proposed to provide that an assessee may make an application to the Assessing Officer for grant of immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C, provided he pays the tax and interest payable as per the order of assessment or reassessment within the period specified in such notice of demand and does not prefer an appeal against such assessment order.</p> <p>The assessee can make such application within one month from the end of the month in which the order of assessment or reassessment is received in the form and manner, as may be prescribed.</p> <p>It is proposed that the Assessing Officer shall, on fulfilment of the above conditions and after the expiry of period of filing appeal as specified in sub-section (2) of section 249, grant immunity from initiation of penalty and proceeding under section 276C if the penalty proceedings under</p>

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					<p>section 270A has not been initiated on account of the Mis-Reporting of Income as referred u/s 270A of the Act.</p> <p>Thus the immunity is permissible incase where <b>penalty is initiated on account of under-reporting of income ONLY.</b></p> <p>It has been further provided that where such an application has been received, the AO shall within one month from the end of the month in which application is received by him, pass an order accepting or rejecting the same.</p> <p>This order has also been referred to be a final one incase the application has been accepted.</p> <p><b>However, if the application is rejected, the period commencing from the date on which the application is made, to the date on which the order rejecting the application of the assessee is served on him, shall be excluded in computing the period of limitation (amendment to section 249).</b></p>
Rationalisation of advance tax payment schedule under section 211 and charging of interest under section 234C	87 & 89	211, 234C and 44AD	Amended	01/06/2016	<p>It is proposed that the date of advance payment by all assessee's shall be uniform.</p> <p><b>Now non corporate assessee's shall also be required to deposit advance tax in four installments.</b></p>



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					<p>Assessee in respect of eligible business referred to in section 44AD opting for computation of profits or gains of business on presumptive basis, shall be required to pay advance tax of the whole amount in one installment on or before the 15th March of the financial year.</p> <p>It has also been clarified that the any amount of taxes paid on or before 31<sup>st</sup> March shall also be treated as advance Tax.</p> <p>Similar amendments have been made to section 234C qua computation of interest on deferment of advance taxes.</p> <p>However, an exemption has been permitted to an assessee in whose case no interest u/s 234C shall be levied, if the income under the head PGBP accrues to him for the first time.</p>
<p>Rationalisation of time limit for assessment, reassessment and recomputation</p> <p>Rationalisation of time limit for assessment in search cases</p>	68-69	153 and 153B	Newly substituted	01/06/2015	<p>The existing statutory time limit for completion of assessment proceedings is two years from the end of the assessment year in which the income was first assessable.</p> <p>It is desirable that proceedings under the Act are finalised more expeditiously, <b><u>section 153 is proposed to be substituted with the changes in time limit from the existing time limits to within 21 months from the</u></b></p>

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					<p><b><u>end of the assessment year in which the income was first assessable.</u></b></p> <p>Thus the old time limits of time barring cases would be 31<sup>st</sup> December wef A.Y. 2014-2015 and thus the time barring will be 31.12.2016 and not 31.03.2017.</p> <p>This is important since the expression used in the proviso is to any order of assessment and not to pending assessment proceeding.</p> <p>Amendment on similar lines is proposed u/s 153B of the Act also.</p>
Amendments relating to Filing of return of Income	65	139(1), 139(3), 139(4) and 139(9)	Amended, substituted	01/04/2017	<p>Mandatory filing of ITR by person having Exempt LTCG from Equity shares and Equity oriented mutual funds income in excess 10 Lakhs.</p> <p>Filing of return of loss within 'due date' made mandatory for specified business u/s 35AD.</p> <p>Revision of Belated return filed, made permissible (Goetze Law nullified). However, time to file revised return permitted is too short.</p> <p>Recommendation of RV Eashwar Committee accepted partially (sl no. 09, page 23, Part 1 of the report). Unfortunately, a well drafted effort as per the recommendation has gone wasted out.</p> <p>Vide Finance Act, 2013, section 139(9) was amended to provide that where tax is unpaid</p>

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					u/s 140A, the return shall be deemed to be defective. This clause (aa) is sought to be omitted, apparently due to the fact that the return, if tax is unpaid, cannot be Now filed online.
Rationalisation of tax treatment of Recognised Provident Funds, Pension Funds and National Pension Scheme	7, 9, 36 & 112	80CCD, 10(12), 10(12A), 17	Amended	01/04/2017	<p>Under the existing provisions of the Income-tax Act, tax treatment for the National Pension System (NPS) referred to in section 80CCD is Exempt, Exempt and Tax (EET) i.e., the monthly/periodic contributions during the pension accumulation phase are allowed as deduction from income for tax purposes; the returns generated on these contributions during the accumulation phase are also exempt from tax; however, the terminal benefits on exit or superannuation, in the form of lump sum withdrawals, are taxable in the hands of the individual subscriber or his nominee in the year of receipt of such amounts.</p> <p>However, commutation of Government Pension and superannuation fund is exempt from taxation. The monthly contribution, annual accrued income, advances/withdrawals for specific purposes and final withdrawal from the Recognised Provident Funds (RPFs) on superannuation are also accorded EEE status i.e. Exempt, Exempt, Exempt.</p>

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					<p>In order to bring greater parity in tax treatment of different types of pension plans, it is proposed to amend section 10 so as to provide that in respect of the contributions made on or after the 1st day of April, 2016 by an employee participating in a recognised provident fund and superannuation fund, up to 40 % of the accumulated balance attributable to such contributions on withdrawal shall be exempt from tax.</p> <p>Under the Part A of Fourth Schedule to the Income-tax Act contributions made by employer to the credit of an employee participating in a recognised provident fund, which are in excess of twelve percent of the salary of the employee, are liable to tax in the hands of the employee. However, there is no monetary limit for the contribution made by the employer though there is a monetary ceiling for employee's contribution.</p> <p>However the amount received by the legal heirs shall be exempt.</p>
Rationalization of conversion of a company into Limited Liability Partnership (LLP)	28	47(xiiiib)	Amended	01/04/2017	Existing provisions of clause (xiiiib) of Section 47 provides that conversion of a private limited or unlisted public company into Limited Liability Partnership (LLP) shall not be regarded as transfer, if certain conditions are fulfilled, which, inter alia, include a condition that the company's gross

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					<p>receipts, turnover or total sales in any of the preceding three years did not exceed Rs.60 lakh.</p> <p>It is proposed to amend the said section so as to provide that, for availing tax-neutral conversion, in addition to the existing conditions, the value of the total assets in the books of accounts of the company in any of the three previous years preceding the previous year in which the conversion takes place, should not exceed five crore rupees.</p>
Rationalization of Section 50C in case sale consideration is fixed under agreement executed prior to the date of registration of immovable property	30	50C	Amended	01/04/2017	<p>It is proposed to amend the provisions of section 50C so as to provide that where the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the stamp duty value on the date of the agreement may be taken for the purposes of computing the full value of consideration.</p> <p>It is further proposed to provide that this provision shall apply only in a case where the amount of consideration referred to therein, or a part thereof, has been paid by way of an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, on or before the date of the agreement for the transfer of such immovable property.</p>

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Enabling of Filing of Form 15G/15H for rental payments	84	197A	Amended	01/06/2016	it is proposed to amend the provisions of section 197A for making the recipients of payments referred to in section 194-I also eligible for filing self-declaration in Form no 15G/15H for non-deduction of tax at source in accordance with the provisions of section 197A.
Rationalization of tax deduction at Source (TDS) provisions	70 to 79	192A, 194BB, 194C, 194LA, 194D, 194G, 194H, 194DA, 194EE, 194K, 194L	Amended	01/06/2016	The threshold limits have been increased in some case while in certain cases the rate of TDS has been decreased. Section 194K and 194L Have been OMITTED.  However for sake of brevity, the details are not being tabulated and may be referred directly.
Amortisation of spectrum fee for purchase of spectrum	16	35ABA	Inserted	01/04/2017	Any capital expenditure incurred and actually paid by an assessee on the acquisition of any right to use spectrum for telecommunication services by paying spectrum fee will be allowed as a deduction in equal installments over the period for which the right to use spectrum remains in force.  Passover provisions to permit benefit of remaining deduction have been provided in the cases of transfer of license by way of demerger and amalgamation.
Clarification regarding the definition of the term	48	112(1)(c.)	Amended	01/04/2017	With a view to clarify the position so far as taxability is concerned, it is proposed to amend the provisions of clause (c) of sub-

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'unlisted securities' for the purpose of Section 112 (1) (c)					section (1) of section 112 of the Income- tax Act, so as to provide that long-term capital gains arising from the transfer of a capital asset being shares of a company not being a company in which the public are substantially interested, shall be chargeable to tax at the rate of 10 per cent.
Taxation of Non-compete fees and exclusivity rights in case of Profession	12, 33	28(va) 55	Amended	01/04/2015	<p>However, non-compete fee received/receivable in relation to carrying out of profession are not covered under these provisions.</p> <p>It is proposed to amend clause (va) of section 28 of the Act to bring the non-compete fee received/receivable( which are recurring in nature) in relation to not carrying out any profession, within the scope of section 28 of the Act i.e. the charging section of profits and gains of business or profession. Further, it is also proposed to amend the proviso to clarify that receipts for transfer of right to carry on any profession, which are chargeable to tax under the head "Capital gains", would not be taxable as profits and gains of business or profession. It is also proposed to amend section 55 so as to provide that the 'cost of acquisition' and 'cost of improvement' for working out "Capital gains" on capital receipts arising out of transfer of right to carry on any profession shall also be taken as 'nil'</p>

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					DHC judgment in the case of Khanna and Annadhanam dated 25.02.2013 nullified.
Clarification regarding set off losses against deemed undisclosed income	51	115BBE	Amended	01/04/2017	It is proposed to amend the provisions of the sub-section (2) of section 115BBE to expressly provide that no set off of any loss shall be allowable in respect of income under the sections 68 or section 69 or section 69A or section 69B or section 69C or section 69D.  Though the above amendment is clear from the memorandum explaining the provisions of Finance Act, 2012
Extension of scope of section 43B to include certain payments made to Railways	23	43B(g)	Inserted	01/04/2017	Any sum payable by the assessee to Indian Railways for use of Railway assets.
Exemption of Central Government subsidy or grant or cash assistance, etc. towards corpus of fund established for specific purposes from the definition of Income.	3	2(24)(xviii)	Substituted	01/04/2017	Subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or State government shall not form part of income.
BEPS action plan - Country-By-Country Report and Master	47, 100, 102, 106 & 110	92D, 271AA, 271GB,	Inserted	01/04/2017	The OECD report on Action 13 of BEPS Action plan provides for revised standards for transfer pricing documentation and a



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file		286			<p>template for country-by-country reporting of income, earnings, taxes paid and certain measure of economic activity. India has been one of the active members of BEPS initiative and part of international consensus. It is recommended in the BEPS report that the countries should adopt a standardised approach to transfer pricing documentation. A three-tiered structure has been mandated</p> <p>The report mentions that taken together, these three documents (country-by-country report, master file and local file) will require taxpayers to articulate consistent transfer pricing positions and will provide tax administrations with useful information to assess transfer pricing risks. It will facilitate tax administrations to make determinations about where their resources can most effectively be deployed, and, in the event audits are called for, provide information to commence and target audit enquiries.</p> <p>The country-by-country report requires multinational enterprises (MNEs) to report annually and for each tax jurisdiction in which they do business; the amount of revenue, profit before income tax and income tax paid and accrued. It also requires MNEs to report their total employment, capital, accumulated earnings and tangible assets in each tax jurisdiction. Finally, it</p>
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					<p>requires MNEs to identify each entity within the group doing business in a particular tax jurisdiction and to provide an indication of the business activities each entity engages in. The Country-by-Country (CbC) report has to be submitted by parent entity of an international group to the prescribed authority in its country of residence. This report is to be based on consolidated financial statement of the group.</p> <p>Non furnishing of this information will entail penalty u/s 271AA and also u/s 271GB.</p>
New Taxation Regime for securitisation trust and its investors	3, 7, 57, 58, 59, 82 & 83	10, 115TA, 115TC, 115TCA, 194LBC, 197	Amended / inserted	01/06/2016	<p>Under the existing provisions of Chapter-XII-EA of the Act consisting of sections 115TA, 115TB and 115TC, special taxation regime in respect of income of the securitisation trusts and the investors of such trusts has been provided. The regime provides that income distributed by the securitisation trust to its investors shall be subject to a levy of additional tax to be paid by the securitisation trust within 14 days of distribution of income. The distribution tax shall be paid @ 25% if the distribution is made to an individual or a Hindu undivided family (HUF) and @ 30% if the distribution is to others. Further, no distribution tax is to be levied if the distribution is made to an exempt entity. Consequent to the levy of distribution tax, the income of the investor, received from the securitisation trust, is</p>

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				<p>exempt under section 10(35A) of the Act and the income of securitisation trust itself is exempt under section 10(23DA) of the Act.</p> <p>It has been represented that under the current regime, the trusts set up by reconstruction companies or the securitisation companies are not covered although such trusts are also engaged in securitisation activity. These companies are established for the purposes of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) and their activities are regulated by the Reserve Bank of India (RBI). It has been represented that the existing</p> <p>regime providing for final levy in the form of distribution tax is tax inefficient for the investors specially the banks and financial institutions. Disallowance of expenditure in respect of income received from securitisation trust increases the effective rate of taxation. Further, the non-resident and resident investors are unable to take benefits of their specific tax status.</p> <p>In order to rationalise the tax regime for securitisation trust and its investors, and to provide tax pass through treatment, it is proposed to amend the provisions of the Act</p>
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					<p>to substitute the existing special regime for securitisation trusts by a new regime having the following elements: -</p> <p>(i) The new regime shall apply to securitisation trust being an SPV defined under SEBI (Public Offer and Listing of Securitised Debt Instrument) Regulations, 2008 or SPV as defined in the guidelines on securitisation of standard assets issued by RBI or being setup by a securitisation company or a reconstruction company in accordance with the SARFAESI Act;</p> <p>(ii) The income of securitisation trust shall continue to be exempt. However, exemption in respect of income of investor from securitisation trust would not be available and any income from securitisation trust would be taxable in the hands of investors;</p> <p>(iii) The income accrued or received from the securitisation trust shall be taxable in the hands of investor in the same manner and to the same extent as it would have happened had investor made investment directly in the underlying assets and not through the trust;</p> <p>(iv) Tax deduction at source shall be effected by the securitisation trust at the rate of 25% in case of payment to resident investors which are individual or HUF and @ 30% in case of others. In case of</p>
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					<p>payments to non-resident investors, the deduction shall be at rates in force;</p> <p>(v) The facility for the investors to obtain low or nil deduction of tax certificate would be available; and</p> <p>(vi) The trust shall provide breakup regarding nature and proportion of its income to the investors and also to the prescribed income-tax authority.</p> <p>Further, it is proposed to provide that the current regime of distribution tax shall cease to apply in case of distribution made by securitisation trusts with effect from 01.06.2016.</p>
Rationalization of tax deduction at source provisions relating to payments by Category-I and Category-II Alternate Investment Funds to its investors.	3, 81 & 83	194LBB, 197	Substituted inserted	01/06/2016	<p>In order to rationalise the TDS regime in respect of payments made by the investment funds to its investors, it is proposed to amend section 194LBB to provide that the person responsible for making the payment to the investor shall deduct income-tax under section 194LBB at the rate of ten per cent where the payee is a resident and at the rates in force where the payee is a non-resident (not being a company) or a foreign company.</p> <p>Further, it is proposed to amend section 197 to include section 194LBB in the list of sections for which a certificate for deduction of tax at lower rate or no deduction of tax</p>

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					can be obtained.
Period of getting benefit of LTCG regime in case of un-listed companies reduced					As per para 127 of the budget the said period was proposed to be reduced to two years from three years. <b>However, no amendments have been made to section 2(42A) of the Act in this regard. This appears to be a drafting error or oversight.</b>