



The Chamber of
Tax Consultants

Income Tax

Amendments applicable from AY 22-23 – Computation of Income & Returns

Individuals

No change in tax rates

Covid related benefits – Medical treatment and on demise

- **Medical treatment** – S. 17(2) and S. 56(2)(x) – medical expense for any illness relating to COVID-19 – himself or family member – received from employer or any other person – no limit (actuals). Subject to conditions to be notified
 - Definition of "family" –
 - the spouse and children of the individual ; and
 - the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual
 - What conditions would be prescribed ?
 - Submission of medical bills, proof of claim etc.
 - Proof of doctor that illness is related to Covid
 - Existence of general Employer policy for all the employees ?
 - Same amount received from insurance companies – taxable ?

Covid related benefits – Medical treatment and on demise

- ❑ **On Demise** – cause of death is illness relating to COVID-19 – received within 12 months from demise by a family member of deceased –
 - Employer of the deceased – no monetary limit
 - Other person – Rs. 10 lacs

- ❑ What conditions would be prescribed ?

- ❑ Issues
 - Deferred / recurring payment cases – debt instrument ?
 - Atleast payment from employer even beyond 12 months should be allowed
 - Charitable trust S. 56(2)(x) exemption would continue ?
 - Specific v. general or more beneficial provision should apply ?

New Home buyer – additional interest

- ❑ Extension of S. 80EEA for one year (loan sanction upto March 31, 2022 – earlier – March 31, 2021) – Conditions (no change) –
 - Loan from financial institution
 - Stamp duty value of residential house property does not exceed Rs. 45 lacs
 - Assessee does not own any residential house property on the date of sanction of loan.

- ❑ Additional interest deduction – upto Rs. 1.5 lacs

- ❑ Key Points
 - Only requirement taxpayer should not own a house on date of sanction of the loan. No restriction that taxpayer should have owned a residential house in lifetime - ‘first time home buyer’
 - Interest relief may not be significant

PF and ULIP

- ❑ PF – Interest in relation to the employee contribution more than Rs. 2.5 lacs per annum – from April 1, 2021. Annual taxation and not at the time of withdrawal.
 - Rule 9D – two separate accounts - Non-taxable contribution account, Taxable contribution account
 - The limit for exemption of interest earned on PF deposit – Rs. 2.5 lacs, is relaxed to Rs. 5 lacs for taxpayers wherein no contribution is made by the employer.

- ❑ Single New ULIP policy (on or after 1-Feb-21) having premium more than Rs. 2.5 lacs – not eligible to claim exemption at of receipt of money. Multiple New ULIP policy (on or after 1-Feb-21) – exemption only for policies of which aggregate premium is less than Rs. 2.5 lacs
 - Such ULIP policy would be considered as capital asset and consequently liable to capital gains tax
 - Gain on transfer of ULIP not eligible for exemption u/s 10(10D), subject to payment of STT would be taxable u/s 112A @ 10% - even if debt or mixed

Corporates

No change in tax rates

Taxation Incentives

- ❑ S. 80IAC & S. 50GB – Start-up – company or LLP – incorporate 1-4-2016 to 31-3-20~~21~~/22/23
- ❑ S. 80IBA – Affordable housing – project approved - 1-6-2016 to 31-3-2022
- ❑ New – affordable rental housing scheme (S. 80IBA)
 - Scope ?
 - *profits and gains derived from the business of developing and building rental housing project*
 - Affordable Rental Housing Scheme 2022 ?
 - Projects to be notified by CG on or before 31-3-2022

Deduction of Cess

- ❑ S. 40 - Cess not to be allowed as deduction in computation of business income
- ❑ Retrospective April 1, 2005
- ❑ Rajasthan High Court decision was rendered on 31-Jul-2018 – why a retrospective amendment after 3 ½ years that too with a deemed penalty clause ?
 - Accountability of CBDT and Finance Ministry ?
- ❑ S. 155 amended
 - Option 1 – Make an application to AO within prescribed time for recomputation of income disallowing deduction of Cess and payment of amount due within prescribed period
 - Option 2 – If application is not made, deemed to be under-reporting of income u/s 270A (50% penalty) – AO has the power to pass rectification order on or before March 31, 2026.
 - S. 155 Is a retrospective penalty (2017-18) with prospective waiver.

Deduction of Cess

❑ Constitutional Validity ?

- Violates Article 14, 19, 21 ?
- Hindustan Steel Ltd. v. State of Orissa [TS-5040-SC-1969-O] - Section 270 of the Income-tax Act, 1961 – Penalty is not to be imposed if there is no conscious breach of law.
 - An order imposing penalty for failure to carry out a statutory obligation is the result of a quasi-criminal proceeding, and penalty will not ordinarily be imposed unless the party obliged, either acted deliberately in defiance of law or was guilty of conduct contumacious or dishonest, or acted in conscious disregard of its obligation.
- CIT v. Hindustan Electro Graphites Ltd. [TS-5020-SC-2000-O] – retrospective amendment in the charging provision – cannot trigger an additional income tax u/s 143(1A) which is in the nature of penalty.
 - when assessee had filed its, return of income, it was correct as per law on date of filing of return

Deduction of Cess

- ❑ Should not be misreporting of income (will not fall under 270A(8) or (9)) – not 200%
- ❑ S. 271(1)(c) has not been amended – no penalty for 2005 to 2017.
- ❑ Applicable only from 2017-18 – where penalty is levied (penalty **and** recomputation). On other cases – no power to rectify ?
- ❑ What if four years time limit had already expired on April 1, 2022 ?
 - Tata Teleservices v. UOI [TS-5170-HC-2016(Gujarat)-O]
 - Brahm Datt v. ACIT [TS-7126-HC-2018(Delhi)-O] (SLP dismissed)
- ❑ What of cases where no order u/s 143(3) has been passed ? Is it a 143(1) item ?
 - any arithmetical error in the return
 - an incorrect claim apparent from any information in the return
 - disallowance of loss or deduction due to time limits
- ❑ Cases where already disallowed in assessment order ? (Not applicable – no penalty ?)
- ❑ What if relief is given by ITAT (additional ground) – whether S. 154 will apply ? S. 254 – max. 6 months

Deduction of Cess

- ❑ Interest u/s 234B/C cannot be levied in case of retrospective amendment
 - CIT v. National Dairy Development Board [[TS-5549-HC-2017\(GUJARAT\)-O](#)]
 - CIT v. JSW Energy Ltd. [[TS-5743-HC-2015\(BOMBAY\)-O](#)]
 - Penalty chargeable but not interest

- ❑ Theory of impossibility of performance – applied in the context of TDS triggered due to retrospective amendment – Engineering Analysis Centre of Excellence (P.) Ltd. v. CIT [[TS-5014-SC-2021-O](#)]

- ❑ Application to CBDT for waiver of interest u/s 119
 - CBDT Press Note - Dated 21-5-1996 – application to Chief Commissioner where, as a result of any retrospective amendment of law . . . **after the end of the relevant previous year**, certain **receipts** which were hitherto treated as exempt, become taxable.
 - Will Revenue rely on explanatory memorandum to deny ?

Allowability of expenditure u/s 37 – prohibited by law

- ‘Explanation 3 – For the removal of doubts, it is hereby clarified that the expression “expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law” under Explanation 1, shall include and shall be deemed to have always included the expenditure incurred by an assessee,—
- (i) for any purpose which is an offence under, or which is prohibited by, any law for the time being in force, in India or **outside India**; or
 - (ii) to provide any benefit or perquisite, in whatever form, to a person, whether or not carrying on a business or exercising a profession, and acceptance of such benefit or perquisite by such person is in **violation of any law or rule or regulation or guideline**, as the case may be, for the time being in force, governing the conduct of such person; or
 - (iii) to **compound an offence** under any law for the time being in force, in India or outside India.’.

Allowability of expenditure u/s 37 – prohibited by law

- ❑ Though phrase “removal of doubts, it is hereby clarified that” is used, the amendment being substantive in nature and not procedural, the amendment should apply prospectively (w.e.f. AY 22-23)
 - CIT v. Vatika Township (P.) Ltd. [TS-573-SC-2014-O]
 - Sedco Forex International Drill Inc. v. CIT [TS-14-SC-2005-O]

- ❑ Clause (i) –
 - Expanding in the scope – outside India - Mylan Laboratories Ltd. [TS-8532-ITAT-2019(Hyderabad)-O]
 - Prerequisite for disallowance of conviction by governing authority ?
 - AO cannot look into the violation of the conditions, if any, prescribed in the SEBI Regulations – Gujarat Information Technology Fund [TS-5249-ITAT-2011(Ahmedabad)-O]
 - Why are we trying to regulate foreign laws ?
 - Offence as per Indian Law or foreign law is relevant ?

Allowability of expenditure u/s 37 – prohibited by law

- ❑ Clause (ii) – Freebies – Apex Laboratories (P.) Ltd. v. DCIT [TS-104-SC-2022]
- ❑ How many doctors have been prosecuted by Indian Medical Council under this Regulation ?
 - Is it fair to use S. 37(1) for Regulation not rigorously enforced by Indian Medical Council
- ❑ Can the disallowance be made unless IMC has prosecuted the doctor ?
- ❑ Guideline or rule non-statutory in nature governing the conduct of employees/consultant would be relevant ?
 - No – Rule of interpretation noscitur a sociis – the meaning of a word is to be found from the context, or a word is known by the company it keeps. - Kerala State Co-operative Marketing Federation Ltd. v. CIT [TS-5043-SC-1998-O]; and Vania Silk Mills (P.) Ltd. v. CIT [TS-3-SC-1991-O]
- ❑ Does not use phrase in India or outside India – restricted to Indian laws and/or Indian residents ?
- ❑ Gift of less than Rs. 1000 ?
- ❑ Cash gift – specific over general ?
 - ‘benefit or perquisite, in whatever form’ – Mahindra and Mahindra Ltd. 93 taxmann.com 32 (SC)

Allowability of expenditure u/s 37 – prohibited by law

- ❑ Clause (iii) – Existence of offence or Admission of guilt is required ?
 - Language - “compound an offence” v. “compounding fees”
 - SEBI - Consent orders may be passed depending on the nature of the violation by either a) admission of the guilt or b) without admitting or denying guilt. Where an order is passed without admitting or denying guilt, such person shall never represent subsequently that he/she is not guilty. In the event such a representation is made, the enforcement process may be reopened.
 - Code of Criminal Procedure – The effect of composition in respect of compoundable offence would mean that the delinquent official admits the commission of offence, but he enters into an arrangement or settlement with the persons so offended by him.
 - FEMA – RBI FAQ – Compounding refers to the process of voluntarily admitting the contravention
 - Companies Act - Application to relevant authority requires you to admit guilt

- ❑ Payment for peace of mind or due to reputational risk

Allowability of expenditure u/s 37 – prohibited by law

❑ What is an offence ?

- Permitted violation subject to consequences v. not permitted violation
 - Reversal / Criminal Punishment – indicative of non permitted violation
- S. 3 of General Clauses Act - "Offence" shall mean any act or omission made **punishable** by any law for the time being in force
- Cement Distributors Pvt. Ltd. v. IAC, (1973) 87 ITR 163 (Mad HC) – *the word "offence" has to be understood to have acquired a secondary signification of its own in that it is relatable to a matter dealt with by the criminal courts of the land on a complaint made for the purpose by the appropriate statutory authority. It is in this sense that the sentence which follows conviction on the commission of an offence is different from the penalty which is imposed on the same delinquent for such a misconduct which is noticed by a statutory functionary*
- This article (article 20) affords protection against conviction and punishment for an offence by a court of law. Penalties are imposed by the Income-tax authorities and cannot be regarded as punishment awarded for an offence. - [Raghunandan Prasad Mohan Lal v. ITAT (1970) 75 ITR 741 (All)]

Allowability of expenditure u/s 37 – prohibited by law

- ❑ Haji Aziz and Abdul Shakoor Bros. v. CIT [1961] 41ITR350 (SC) – where a penalty is incurred for the contravention of any specific statutory provision, it cannot be said to be a commercial loss falling on the assessee as a trader.
- ❑ CIT v. Ahmedabad Cotton Mfg. Co. Ltd. [1994] 205 ITR 163 (SC) – Option to make a payment or fulfil export obligation. Exercise of option to make payment is without any breach or infraction of any law – therefore allowable.
- ❑ Prakash Cotton Mills (P.) Ltd. v. CIT [1993] 201 ITR 684 (SC) – AO to examine the scheme of the provisions of the relevant statute, notwithstanding the nomenclature, to find whether payment is **compensatory or penal** in nature.
 - Compensatory – allowed; penal – disallowed; composite nature – bifurcate

Allowability of expenditure u/s 37 – prohibited by law

- ❑ Compounding fine paid by builder for regularising building plan, allowable u/s. 37 – Acme Housing India Private Limited. [TS-385-ITAT-2018(Mum)], Keerthi Estates (P) Ltd. [TS-387-ITAT-2017(HYD)]

- ❑ Modi Builders Vs. JCIT [2015] 69 SOT 758 (Pune - Trib.) The Tribunal held that compounding fee paid by the assessee, a land developer to the Municipal Corporation on account of deviations from original sanctioned plan was in the nature of penalty and therefore would not be allowable as deduction in view of provisions of Explanation to section 37(1).
 - Similar view - Nahar Spinning Mills Ltd. v. CIT [2014] 226 Taxman 364 (Punjab & Haryana HC)

- ❑ ITO vs. Reliance Share and Stock Brokers Private Limited [TS-6573-ITAT-2014(Mumbai)-O] and DCIT vs. Shri Anil Ambani [TS-7247-ITAT-2018(Mumbai)-O], - *There is no reason to believe or infer that consent application without admitting guilt amounts to evidence of an offence having been committed.*

Allowability of expenditure u/s 37 – prohibited by law

- ❑ EON Hadapsar Infrastructure (P) Ltd., [TS-5742-ITAT-2016(Pune)-O]. In this case it has been observed as under:
 - “The Circular of Reserve Bank of India itself provided that where the assessee had committed an irregularity while dealing in foreign earnings or expenditure outgoes, then such an action of applicant could be compounded as per Rules and Regulations provided in the said Circular. It is not a case where the assessee has been held to have committed an offence or the amount has been paid for purpose, which was prohibited in law, hence the provisions of Explanation to section 37(1) are not attracted.”

- ❑ DCIT Vs. Bharat C. Gandhi, [TS-5157-ITAT-2011(Mumbai)-O].
 - *“9. In view of the legal principles established above and also noticing that the assessee has made about 230 trips by paying compounding fees, as per the rules in the Motor Vehicle Act, it cannot be stated that assessee's payments of compounding fees is in violation of law. Since assessee is engaged in transporting of over dimensional capacities in its transport business, it is necessary business expense wholly for the purpose of Shri Bharat C. Gandhi business.”*

Other Amendments

- ❑ Disallowance u/s 14A even in absence of any exempt income
 - Overrule court ruling - CIT vs. Chettinad Logistics (P.) Ltd [TS-5361-SC-2018-O],
 - Limited application (majority of dividend income and capital gains made taxable)
- ❑ New S. 79A – No Set off of loss in search cases against undisclosed income (S. 79A)
- ❑ Reduction of Goodwill from block of assets to be considered as ‘transfer’ (S. 50)
 - Does not create charge u/s 45 - deems to be transfer of S. 50 and not S. 45
 - What is the consideration to trigger S. 45 ?
 - Bennett Coleman & Co. Ltd. v. ACIT [TS-592-ITAT-2011(Mum)-O]
 - Computation under the Rule (Rule 8AC – sub-rule (3) and (4)) cannot result in gain. Also, Cap u/s 43 to carrying value of block
 - Why done ? What is being achieved ?

Key amendments by FA 2021 applicable from AY 21-22

- S. 43CA and 56(2)(x) – increase in safe harbour limit (from 5% to 10%)
- S. 234C - Advance tax instalment for dividend income
- S. 36(1)(va) r.w.s. 43B – payment of employee contribution on or before due date
- S. 2(42C) – Slump sale definition – include slump exchange (all forms of transfer)
- S. 45(4) and 45(4A) – provision of transfer of capital asset to partner on dissolution and transfer of capital asset or cash to partner on reconstitution
- S. 32 – No depreciation on Goodwill
- S. 44ADA – LLP not eligible
- S. 44AB – Increase in tax audit limit

Charities

Charitable trust & educational institution

- ❑ Loan & corpus donation – S. 11 & S. 10(23C)
 - To avoid double benefit – use of corpus donation & use of borrowing – not considered as application of Income.
 - When income is utilised to invest or deposit back (permissible mode) corpus or repayment of borrowing, then such amount shall be allowed as application of income.
 - Invested or deposited corpus donation accordance with permissible modes specified u/s 11(5) – compulsory to claim exemption.
- ❑ No carry forward & set-off of excess application of income – S. 11 & S. 10(23C)
 - CIT(E) v. Subros Educational Society [2018] 96 taxmann.com 652 (SC) - overruled
 - Borrow for payment of expense ? or payment of expense out of corpus donation ?
- ❑ Threshold increase from Rs. 1 crore to Rs. 5 crores, concept of aggregation of all universities
 - Case law overruled – CIT v. Children's Education Society [2013] 34 taxmann.com 285 – Income of each educational institution must be seen for the limit of Rs. 1 crore and not all the educational institutions taken together.

Charitable trust & educational institution

- ❑ Donation for repairs or renovation can be treated as part of corpus donation, subject to –
 - The temple, mosque, gurdwara, church, etc., apply such corpus only for the purpose for which contribution was made;
 - It is not utilised for making contributions or donations to any person;
 - Corpus is maintained in a manner that is separately identifiable; and
 - Corpus is invested or deposited in the forms specified in section 11(5).
 - FA 2022 - retrospective with effect from AY 2021-22

- ❑ Any sum payable by the charitable institution shall be considered as an application of income only in the previous year in which such sum is actually paid. Propositions overruled –
 - Expenses incurred but not paid before year-end are allowable as an application of income.
 - Expenses which are otherwise disallowable u/s 43B are allowable as an application of income.
 - A sum earmarked and allocated for the purposes of trust is allowable as an application of income - ACIT(E) v. K.J. Somaiya Trust, (2016) 68 taxmann.com 9 (Mum Trib) – Irretrievably earmarked

Updated Return and Return by Successor Entity

Provisions for filing of updated return (S. 139(8A))

- ❑ File updated return from end of return filing period (31-Dec of the AY) upto 2 years from end of the AY
- ❑ Pay Income Tax on enhanced income + Interest on enhanced income + Additional income tax
 - Filing within 1 year from end of AY – 25% of tax (net of TDS, advance tax, etc) and interest
 - Filing after 1 year from end of AY – 50% of tax (net of TDS, advance tax, etc) and interest
- ❑ Requires prepayment of tax, additional income tax, interest and fees – before filing of updated return
- ❑ Also requires filing of updated return for subsequent years, if applicable
- ❑ Prosecution risk u/s 276CC – non-filing of return of income is avoided
- ❑ Power to issue guideline
- ❑ Amendment is effective from April 1, 2022. Return for period AY 2020-21 (FY 2019-20) and AY 2021-22 (FY 2020-21) can be updated.

Provisions for filing of updated return (S. 139(8A))

❑ Who cannot file –

- Return of loss
 - Except to file return of profit and also modify subsequent year returns
- Refund (new return) or increase of refund from earlier return
- Reduce tax liability
- Search and survey cases (any year)
- Already an updated return is filed
- Any proceeding for assessment or reassessment or recomputation or revision – notice u/s 142 or 147
- Black money proceedings and other similar acts, information 90 and 90A, subject to communication to assessee
- Prosecution is initiated
- Power to CBDT to notify person or class of person

Provisions for filing of updated return (S. 139(8A))

- ❑ Who will file ?
 - Annual Information Statement (AIS) – subsequently, updated

- ❑ Penalty v. Additional Tax
 - Additional Tax – (to be assessed as part of assessment – pay tax as soon as the mistake is discovered)
 - June next year – Updated return 33% additional tax (25% of Tax + Interest) v. 50% Penalty if addition done in the assessment
 - June of 2nd year – Updated return 78% additional tax (50% of Tax + interest) v. 50% Penalty if addition done in the assessment
 - Preference of updated return when expected penalty is 200%.
 - Updated return very expensive for S. 115BBE (S. 68 to S. 69D income) – tax rate 60% - penalty u/s 271AAC only 10% (would also be levied – tax not paid before the end of previous year).

Amendments related to successor entity subsequent to business reorganization

- ❑ S. 170A – successor – modified return – 6 months from the end of the month in which the order was issued
 - SC decision in the case of Dalmia Power Ltd. V. ACIT [TS-5272-SC-2019-O] codified
 - Power only with the successor and not predecessor to file revised return – relevant in the case of de-merger and also merger (appointed date)
 - Will only apply if IBC resolution plan involves a business reorganization otherwise the section does not apply – no power to otherwise file return or revise return in case of IBC takeover beyond the normal time limit where RP has not filed return of Income or has filed inaccurate return of income.
 - EM – final accounts also to be modified – also impact MAT liability
 - No clarification in relation to MAT credit and S. 80-IA
 - S. 80 interplay with carry forward of loss – whether will replace original return and treatment similar to revised return of original return is filed within time – should be

Amendments related to successor entity subsequent to business reorganization

❑ Continuation of proceedings –

- Where there is succession, the assessment or reassessment or any other proceedings,
- made or initiated on the predecessor
- during the course of pendency of such succession,
- shall be deemed to have been made or initiated on the successor and all the provisions of this Act shall, so far as may be, apply accordingly.

❑ "pendency" –

- Merger / Demerger – from date of filing of application for such succession of business before the High Court or tribunal and ending with the date on which the order of such High Court or tribunal is received by the Principal Commissioner or the Commissioner.’.
- IBC - Date of admission of an application for CIRP and ending with the date on which the order of tribunal is received by the Principal Commissioner or the Commissioner.’.

Amendments related to successor entity subsequent to business reorganization

□ Issues –

- Whether De-merger is covered ?
 - All the proceedings are transferred or proceedings or proceedings in relation to the assets and liabilities forming part of the undertaking would be transferred ? Amendment required
 - How to bifurcate the assessment order if passed ?
- Fast track merger ?
- Only applies to succession of business, what if merger or demerger is of investments ?
- Succession outside NCLT (slump sale, conversion of partnership into company etc.) ?
- What about proceedings initiated prior to application to NCLT and not concluded during the pendency period ?

Amendments related to successor entity subsequent to business reorganization

- ❑ Proceedings for the period prior to appointed date –
 - the proceedings already initiated may continue and new proceedings can be initiated during pendency
 - Whether set-off of loss allowed or proceedings only in the capacity of the successor ? Combine the proceedings ?
 - If Assessment order is passed after the receipt of the NCLT order by CIT, the Assessment order should be passed in the name of successor – old law to still continue
- ❑ Whether Maruti Suzuki India Ltd. [TS-5166-SC-2019-O] ruling is overruled ?
 - No – the amendment doesn't deal with a situation of assessment notice being issued on amalgamated company after the amalgamation is approved by the judicial authority
- ❑ New proceedings after pendency is over – S. 170(2) will apply – no change

Amendments related to successor entity subsequent to business reorganization

- ❑ Proceedings for period after the appointed date upto effective date
 - Completed assessment – whether 154 to be passed or relief to be given by the Board ?
 - If not completed assessment Whether the proceedings should continue or should be based on revised return u/s 170A ?
 - Proceedings to continue till revised return is filed
 - Proceedings to continue in the name of the successor from the date on which CIT has received the order
 - Prima facie – it would continue – practical difficulty
- ❑ Procedure dealing with modified return is missing
 - Impact on on-going assessment
 - Modified return after assessment order
 - Fresh assessment proceedings would be initiated ?

Amendments related to successor entity subsequent to business reorganization

❑ IBC Case

- Amendment – Pending proceedings to continue and the assessments made during CIRP process would be deemed to be made on the successor.
- Doctrine of clean slate
- Resolution plan – proceedings cannot continue – Ghanashyam Mishra & Sons (P.) Ltd. v. Edelweiss Asset Reconstruction Co. Ltd. [2021] 166 SCL 237 (SC)
- New proceedings cannot be initiated – Murli Industries [TS-1155-HC-2021(BOM)]
- **Arbitrary distinction** – IBC merger proposed proceedings would continue (S. 170(3) will apply) and if IBC merger is not proposed the proceedings would not continue (S. 170(3) does not apply).
- Order already passed – part of operational creditor and dealt accordingly in the resolution plan or deemed on the successor ? Also interplay with S. 156A.

Amendments related to successor entity subsequent to business reorganization

- ❑ S. 156A – Power to AO to modify notice of demand (tax, interest, penalty, fine or any other sum) to give effect to the NCLT order (approval of resolution plan)
 - Departmental book keeping
 - No time limit prescribe for modification of demand and serving taxpayer with fresh notice of demand.
 - Similar amendment required in GST

Key Changes in ITR Forms

Key Changes in ITR Forms

- ❑ Schedule- FA (Foreign Asset) : From Accounting Year to Calendar year

- ❑ Capital Gain
 - Date of purchase and sale of land/building.
 - Year-wise details of the cost of improvement to land/building
 - Separate disclosure of cost of acquisition and indexed cost of acquisition
 - Slump Sale - disclosure of Fair Market Value (FMV) and consideration received on slump sale

- ❑ New Schedule IF: Information regarding investment in unincorporated entities (only ITR 6)
 - Name of the entity; Type of the entity;
 - PAN of the entity; Whether the entity is liable for the audit;
 - Share in the profit of the entity; Amount of share in the profit;
 - Capital balance on 31st March in the entity.
 - Whether section 92E is applicable to the entity

Key Changes in ITR Forms

- Residential Status: More selection criteria provided to choose
- Dividend
 - Schedule-BP: Specific exclusion of Dividend income
 - Dividend taxable u/s 2(22)(e) to be reported separately
- Schedule OS (Other Sources): Reporting of interest accrued on Provident Fund to which no exemption is available.
- New Schedule: Tax deferred on ESOP – start-ups
- Disclosure for alternative tax regime opted - 115BAC, 115BA/115BAA/115BAB, 115BAD
- Secondary adjustments made
- Disclosure of interest paid to Deposit-taking NBFCs or SI-ND NBFCs

Thank You

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