

**EXECUTIVE PROGRAMME**

**NEW SYLLABUS**

**SUPPLEMENT**

**FOR**

**TAX LAWS & PRACTICE**

**(Part I - Direct Tax)**

**(Relevant for Students appearing in June, 2024 Examination)**

**GROUP 2- PAPER 7**

Students appearing in June, 2024 Examination shall note the following:

1. For Direct taxes, Finance Act, 2023 is applicable.
2. Applicable Assessment year is 2024-25 (Previous Year 2023-24).

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT & Central Government, on or before 30<sup>th</sup> Nov, 2023.

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## **Amendment vide Finance Act, 2023**

### **1. Time-Limit Specified for Bringing Export Proceeds into India [Section 10AA]**

Section 10AA, *inter alia*, provides 15-year tax holiday to units established in a SEZ which begin to manufacture or produce articles or things or provide any services on or after April 1, 2005. The deduction is, however, available for units that begin operations before April 1, 2020 (extended to March 31, 2021 in some cases).

- **Amendment Pertaining to Filing of Return of Income:** Section 10AA does not provide for the condition to file return before due date provided under section 139(1) for claiming deduction as is provided for similar deductions. Section 143(1), however, provides that the deduction under section 10AA shall be eligible if such return is filed before the due date. To align the two provisions, section 10AA has been amended (with effect from the assessment year 2024-25) to provide that no deduction under section 10AA shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under section 139(1).
- **Amendment Pertaining to the Time-Limit for Remittance of Foreign Exchange:** There is no time-limit prescribed for timely remittance of the export proceeds from sale of goods or provision of services under section 10AA as is provided under other similar export related deductions under the Act. To provide time-limit for remittance, section 10AA has been amended (with effect from the assessment year 2024-25). After the amendment, deduction under section 10AA shall be available, if the proceeds from sale of goods (or provision of services) is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of 6 months from the end of the previous year (or within such further period as may be allowed by the competent authority). A few more amendments are as follows –
  1. The export proceeds from sale of goods (or provision of services) shall be deemed to have been received in India where such proceeds are credited to a separate account maintained by the assessee with any bank outside India with the approval of RBI.
  2. Further, section 155(11A) has been amended to allow the Assessing Officer to amend the assessment order later where the export earning is realized in India after the permitted period. The Assessing Officer can amend the assessment order within 4 years from the end of the previous year in which such income is received in India.

### **2. Amendment to Section 17 [Perquisites]**

The following amendments have been made in the scheme of section 17 (with effect from the assessment year 2024-25)

- **Provisions Pertaining to Valuation of Residential Accommodation Provided to Employees [Section 17(2)]:** The methodology to compute the value of rent-free accommodation is prescribed in rule 3, while the methodology to compute the value of any concession in the matter of rent provided to employees is prescribed in the *Explanations* to section 17(2).

Section 17(2) has been amended so as to provide that the method of computation of perquisite in respect of rent-free accommodation as well as concession in the matter of rent, shall be computed in such manner as may be provided by rules. Moreover, it has been clarified that accommodation shall be deemed to have been provided at a concessional rate if the value of accommodation computed in such manner (as may be provided by rules) exceeds the rent recoverable from employees.

- **Government's Contribution to Agniveer Corpus Fund:** Sub-clause (ix) has been inserted in section 17(1) to provide that the contribution made by the Central Government in the previous year to the Agniveer Corpus Fund account of an individual shall be included in the income of the assessee under the head "Salaries". The whole of such contribution shall be deducted under section 80CCH(2).

### **3. Benefits or Perquisites under Section 28(iv) Maybe in Cash or Kind**

Section 28(iv) provides that the value of any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession shall be chargeable to income-tax under the head "Profits and gains of business or profession".

#### **Board's Clarifications**

Section 28(iv) was inserted by the Finance Act, 1964. The Board (*vide* its Circular No. 20D, dated July 7, 1964) made the following observations pertaining to the scope of section 28(iv) –

*"The effect of the abovementioned amendment is that in respect of an assessment for the assessment year 1964-65 and subsequent years, the value of any benefit or amenity, in cash or kind, arising to an assessee from his business or the exercise of his profession, e.g., the value of rent-free residential accommodation secured by an assessee from a company in consideration of the professional services as a lawyer rendered by him to that company, will be assessable in the hands of the assessee as his income under the head 'Profits and gains of business or profession'."*

#### ***Ruling of the Apex Court***

In order to invoke the provisions of section 28(iv), the benefit or perquisite arising from business/profession shall be in the form of benefit/perquisite other than in the shape of money – *CIT v. Mahindra & Mahindra Ltd.* [2018] 93 taxmann.com 32 (SC). Waiver of loan is in the form of cash/money. It cannot be taxed under section 28.

#### ***Amendment***

Section 28(iv) has been amended (with effect from the assessment year 2024-25) to clarify that these provisions shall apply whether benefit or perquisite is convertible into money or not. In other words, after the amendment these provisions also apply to cases where benefit or perquisite is provided in cash or in

kind or partly in cash or partly in kind. This amendment will supersede the aforesaid ruling of the Supreme Court in the case of *Mahindra & Mahindra Ltd.* Cash benefits or perquisites, arising from business or exercises of profession, which were not considered as taxable after the ruling of the Supreme Court, may become taxable under the amended provisions of section 28(iv).

#### **4. Relaxation in the Conditions to Avail Deduction Pertaining to Preliminary Expenses [Section 35D]**

Section 35D provides for amortization of certain preliminary expenses incurred by an Indian company or a person resident in India. These expenses are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit.

Expenses which can be amortised under section 35D include expenditure in connection with

- (i) preparation of feasibility report,
- (ii) preparation of project report,
- (iii) conducting marketing survey or any other survey necessary for the business of the assessee; and
- (iv) engineering services related to the business of the assessee.

However, the work in connection with the preparation of feasibility report (or the project report or the conducting of market survey or of any other survey or the engineering services) would need to be carried out either by the assessee himself/itself or by a concern which is approved by the Board.

In order to ease the process of claiming amortization of these preliminary expenses, section 35D has been amended (with effect from the assessment year 2024-25) to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, the assessee shall be required to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner.

#### **5. Consequences of Making Late Payment to Micro and Small Enterprises [Section 43B]**

Section 43B is applicable if an assessee maintains books of account on mercantile basis. This section provides for certain deductions to be allowed only in the year in which payment is actually made (in other words, deductions covered by section 43B are allowed on payment basis, even if the assessee maintains books of account on mercantile basis). However, there is an exception. If payment is made on or before the due date of submission of return of income [as given by section 139(1)], deduction is allowed on accrual basis.

In order to promote timely payments to micro and small enterprises, the above provisions have been amended (with effect from the assessment year 2024-25) to include payments made to such enterprises within the ambit of section 43B.

#### **Due Date of Payment Specified Under MSMED Act, 2006**

Where any person purchases goods/services from a micro/small enterprise, the payment shall be made before the date agreed upon between him and supplier in writing. In no case the period agreed upon between the supplier and the buyer in writing shall exceed 45 days. If, however, there is no such agreement, the payment shall be made within 15 days of acceptance/deemed acceptance of goods/services.

## Consequences of Amendment to Section 43B

These are given below –

Different situations	In which year deduction is to be allowed
<i>Beyond time-limit</i> – If payment is made by an assessee to a micro or small enterprise beyond the time-limit specified under MSMED Act	Such payment will be deductible in the year making payment
<i>Within the time-limit</i> – If payment is made by an assessee to a micro or small enterprise within the time-limit specified under MSMED Act	Such payment will be deductible on accrual basis (if assessee maintains books of account on mercantile basis)

**Example 1.** X Ltd. purchases raw material on credit from Y Ltd. (value of invoice: Rs. 6,40,000, date of invoice: February 1, 2024, date of acceptance of goods: February 1, 2024). Y Ltd. is a manufacturing company and its investment in plant and machinery is Rs. 3 crore. Generally, payment is made by X Ltd. within 30 days (however, there is no written agreement about the time of payment). Discuss in which previous year X Ltd. will be able to claim deduction, if payment is made on –

- February 28, 2024, or
- March 31, 2024, or
- April 10, 2024.

Y Ltd. is a small enterprise. There is no agreement about the time of payment. Consequently, payment should be made within 15 days of acceptance of goods as per MSMED Act (*i.e.*, on or before February 16, 2024). Deduction will be available to X Ltd. as follows –

Due date as per MSMED Act	Date of payment	Is it late payment and section 43B is applicable	Basis of deduction	Previous year in which deductible
February 16, 2024	February 28, 2024	Yes	Payment basis	2023-24
February 16, 2024	March 31, 2024	Yes	Payment basis	2023-24
February 16, 2024	April 10, 2024	Yes	Payment basis	2024-25

**Example 2.** Z Ltd. purchases goods (invoice value: Rs. 11,20,000) on credit from A Ltd. (a micro/small enterprise as per MSMED Act). Date of purchase is March 2, 2024. As per written agreement with A, Z Ltd. has to make payment on or before April 30, 2024. However, the payment is made as follows –

- Rs. 1,00,000 paid on March 30, 2024,
- Rs. 2,00,000 paid on April 6, 2024,
- Rs. 4,00,000 paid on April 15, 2024 and
- Rs. 4,20,000 paid on May 6, 2024.

Date of acceptance of goods is March 2, 2024. Due date for payment as per MSMED Act is April 16, 2024 (*i.e.*, the agreed date of payment or 45 days, whichever is earlier). Deduction will be available to Z Ltd. as follows –

Payment in Rs. / date of payment	Due date as per MSMED Act	Is it late payment and section 43B is applicable	Basis of deduction	Previous year in which deductible
1,00,000 / March 30, 2024	April 16, 2024	No	Accrual basis	2023-24
2,00,000 / April 6, 2024	April 16, 2024	No	Accrual basis	2023-24
4,00,000 / April 15, 2024	April 16, 2024	No	Accrual basis	2023-24
4,20,000 / May 6, 2024	April 16, 2024	Yes	Payment basis	2024-25

#### **6. Non-Banking Financial Company (NBFC) Categorization [Section 43B and 43D]**

Section 43B provides, *inter alia*, that any sum payable by an assessee as interest on any loan or borrowing from a Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company shall be allowed as deduction on payment basis. It can be allowed on accrual basis if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

Section 43D provides, *inter alia*, for special provision in case of income of deposit-taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company. Interest income in relation to certain categories of bad or doubtful debts received by such deposit-taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier.

Section 43B and section 43D currently use two erstwhile categories of NBFC (namely, Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company). Such classification for non-banking financial companies is no longer followed by RBI for the purpose of asset classification.

In view of the above, sections 43B and 43D have been amended (with effect from the assessment year 2024-25) to substitute the words, “a deposit taking non-banking financial company or systemically important non-deposit taking non-banking financial company”, for the words “such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf”.

### **7. Increasing Threshold Limits for Presumptive Taxation Schemes [Section 44AB, 44AD and 44ADA]**

Sections 44AD and 44ADA provide for a presumptive income scheme for small businesses and small professionals as given below –

<b>Section</b>	<b>Who is eligible</b>	<b>Threshold limits</b>	<b>Income under presumptive scheme</b>
44AD	Resident assessee ( <i>i.e.</i> , an individual, HUF or a partnership firm other than LLP) carrying on eligible business and having a turnover or gross receipt not exceeding the threshold limit given in the next column	Rs. 2 crore	8 per cent or 6 percent of the turnover or gross receipts is deemed to be business income
44ADA	Resident assessee ( <i>i.e.</i> , an individual, or partnership firm other than LLP) who is engaged in any profession referred to in section 44AA(1) and whose total gross receipts do not exceed the threshold limit given in the next column	Rs. 50 lakh	50 per cent of the gross receipts is deemed to be income from profession

In the aforesaid cases, if assessee has claimed to have earned higher sum than 8 per cent or 6 per cent or 50 percent, then that higher sum is taxable.

### **Tax Audit under Section 44AB**

Every person carrying on business/profession is required to get his accounts audited, if his total sales, turnover or gross receipts exceeds Rs. 1 crore (in the case of business) or Rs. 50 lakh (in the case of profession) in any previous year. By an amendment made by the Finance Act, 2021, the limit of Rs. 1 crore was raised to Rs. 10 crore where at least 95 per cent of receipts/payments are in non-cash mode.

In order to ease compliance and to promote non-cash transactions, the threshold limits under sections 44AD and 44ADA has been enhanced (with effect from the assessment year 2024-25) as follows –

Section 44AD: Where in the case of an eligible business, the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total turnover or gross receipts, the threshold limit of Rs. 3 crore will apply.

#### Section 44ADA

Where in the case of an eligible profession, the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total gross receipts, the threshold limit of Rs. 75 lakh will apply.

In the aforesaid cases, the receipt by a cheque/draft, which is not account payee, shall be deemed to be the receipt in cash.

#### Amendment to Section 44AB

Section 44AB has been amended (with effect from the assessment year 2024-25). After the amendment, the provisions of section 44AB shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of section 44AD(1)/44ADA(1).

**Example 1: X is a resident individual [or a resident HUF or a resident firm (other than LLP)]. He wants to know-**

- Whether (or not) the benefit of presumptive income scheme under section 44AD is available for the assessment year 2023-24/2024-25 (his turnover of the relevant previous year is given in the table below).
- Whether (or not) tax audit is required under section 44AB.

Different situations	Turnover of the assessee falls in the range given below	Whether section 44AD is applicable	Whether section 44AB tax audit is required	Notes
<i>Situation 1</i>	0 – Rs. 1 crore	Yes	No	<i>See Note 1</i>
<i>Situation 2</i>	Rs. 1 crore – Rs. 2 crore	Yes	Not required [if income is declared under section 44AD(1)]	<i>See Note 2</i>
<i>Situation 3</i>	Rs. 2 crore – Rs. 3 crore (AY 2024-25)	Yes (if a few conditions are satisfied)	Not required [if income is declared under section 44AD(1)]	<i>See Note 3</i>

<i>Situation 4</i>	Rs. 2 crore – Rs. 10 crore (not being covered by <i>Situation 3</i> )	No	Not required (if a few conditions are satisfied)	<i>See Note 4</i>
<i>Situation 5</i>	Above Rs. 10 crore	No	Required	<i>See Note 5</i>

*Notes –*

**1.** In *Situation 1*, the assessee can declare his business income as per section 44AD(1) [i.e., 8 per cent of turnover (6 per cent of turnover if amount is received by account payee cheque/draft/prescribed electronic mode) or more]. The assessee can even declare lower income. Tax audit under section 44AB is not required (as turnover does not exceed Rs. 1 crore). Tax audit under section 44AB is not required even if declared business income is lower than 8 per cent/6 per cent of turnover [unless the assessee falls under section 44AD(4)].

**2.** In *Situation 2*, tax audit under section 44AB is not required if declared business income is 8 per cent/6 per cent of turnover or more. The assessee can declare lower income. If declared business income is lower than 8 per cent/6 per cent of turnover, tax audit under section 44AB will be required only if the assessee falls in any one (or more) of the following 3 cases –

**Case 1** – If the assessee falls under section 44AD(4).

**Case 2** – If aggregate of all receipts in cash during the previous year exceeds 5 per cent of such receipt.

**Case 3** – If aggregate of all payments in cash during the previous year exceeds 5 per cent of such payment.

**3.** *Situation 3* is applicable only for the assessment year 2024-25 (or any subsequent assessment year). Presumptive income scheme of section 44AD is applicable only if the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total turnover or gross receipts. In such a situation, he can declare his business income on estimated basis (i.e., 8 per cent/6 per cent of turnover or more) and the provisions of tax audit under section 44AB will not be applicable. He can declare lower income [but then tax audit provisions of section 44AB will be applicable if the assessee falls in any one (or more) of the 3 cases given above].

**4.** In *Situation 4*, the assessee cannot avail the benefit of presumptive computation of income scheme under section 44AD. Tax audit under section 44AB is not required if the following two conditions are satisfied –

- aggregate of all receipts in cash during the previous year does not exceed 5 per cent of such receipt; and
- aggregate of all payments in cash during the previous year does not exceed 5 per cent of such payment.

For this purposes, payment/receipt by a cheque/draft, which is not account payee, shall be deemed to be payment/receipt in cash. If, however, the assessee satisfies one or none of the aforesaid two conditions, he will have to get his books of account audited for the purpose of section 44AB.

5. In *Situation 5*, the assessee cannot avail the benefit of presumptive computation of income scheme under section 44AD. Tax audit under section 44AB is required (as the turnover exceeds Rs. 10 crore).

**Example 2. X is a resident individual (or a resident firm other than LLP). He is engaged in a profession referred to in section 44AA(1). He wants to know –**

- Whether (or not) the benefit of presumptive income scheme under section 44ADA is available for the assessment year 2023-24/2024-25 (his gross receipts from the profession of the relevant previous year is given in the table below).
- Whether (or not) tax audit is required under section 44AB.

Different situations	Gross receipts of the assessee fall in the range given below	Whether section 44ADA is applicable	Whether section 44AB tax audit is required	Notes
<i>Situation 1</i>	0 – Rs. 50 lakh	Yes	No	See Note 1
<i>Situation 2</i>	Rs. 50 lakh – Rs. 75 lakh (AY 2024-25)	Yes (if a few conditions are satisfied)	Not required [if income is declared under section 44ADA(1)]	See Note 2
<i>Situation 3</i>	Above Rs. 50 lakh (other than <i>Situation 2</i> )	No	Required	See Note 3

*Notes:*

1. In *Situation 1*, the assessee can declare his income from profession as per section 44ADA(1) (*i.e.*, 50 per cent of the total gross receipts in the previous year on account of his profession). He can declare even higher income. Tax audit under section 44AB is not required. If he declares lower income from profession (and his total income exceeds the exemption limit), then he will have to maintain books of account as per section 44AA and get his books of account audited under section 44AB (irrespective of quantum of gross receipts).

2. *Situation 2* is applicable only for the assessment year 2024-25 (or any subsequent assessment year). Presumptive income scheme of section 44ADA is applicable only if the amount (or aggregate of the amounts) received during the previous year, in cash, does not exceed 5 per cent of the total gross receipts. In such a situation, he can declare his income from profession on estimated basis (*i.e.*, 50 per cent of total gross receipts or more) and the provisions of tax audit under section 44AB will not be applicable. He can declare lower income (but then compulsory books of account provisions of section 44AA and tax audit provisions of section 44AB will be applicable).

3. In *Situation 3*, the assessee cannot avail the benefit of presumptive computation of income scheme under section 44ADA. Tax audit under section 44AB is required.

## **8. Averting Misuse of Presumptive Schemes under Section 44BB/44BBB**

Section 44BB provides for presumptive scheme in the case of a non-resident who is engaged in the business of providing services or facilities in connection with or supplying plant and machinery on hire used (or to be used) in the prospecting for (or extraction or production of) mineral oils. Under the scheme, a sum equal to 10 per cent of the aggregate of the amounts [as narrated in section 44BB(2)] is deemed to be business income.

Section 44BBB provides for presumptive scheme in the case of a non-resident foreign company who is engaged in the business of civil construction (or the business of erection of plant or machinery or testing or commissioning thereof), in connection with a turnkey power project approved by the Central Government. Under this scheme, a sum equal to 10 per cent of the amount paid or payable (whether in or out of India) to the said assessee on account of the aforesaid business shall be deemed to be business income.

Under the aforesaid sections, an assessee can declare lower profit than the amount specified above. In such a case:

- a.* the assessee will have to maintain books of account under section 44AA(2);
- b.* the assessee will get his books of account audited under section 44AB (irrespective of turnover); and
- c.* the Assessing Officer will complete the assessment under section 143(3).

As there is no check, a taxpayer can opt in and opt out of presumptive scheme in order to avail benefit of both presumptive scheme income and non-presumptive income. In a year when the assessee has loss, it can claim actual loss as per the books of account and carry it forward. In a year when it has higher profits, it can use presumptive scheme to restrict the profit to 10 per cent and set off the brought forward losses from earlier years. Logically, there is no justification for setting off of losses (computed as per books of account) with income computed on presumptive basis.

To avoid such misuse, sections 44BB and 44BBB have been amended (with effect from the assessment year 2024-25) to provide that [notwithstanding anything contained in section 32(2)/72(1)] where an assessee declares profits and gains of business for any previous year in accordance with the provisions of presumptive taxation, no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.

## **9. Amendment to Section 45(5A)**

Section 45(5A), *inter alia*, provide that capital gain arising to an individual/HUF from the transfer of land/building under a joint development agreement (JDA), shall be chargeable to tax in the year in which the certificate of completion for the whole or part of the project is issued by the competent authority. Further, for computing capital gain, the full value of consideration shall be taken as the stamp duty value of his share, as increased by the consideration received in “cash”.

One can infer that any amount of consideration which is received in a mode other than cash (*i.e.*, cheque/draft, or electronic payment) would not be included in the consideration for the purpose of computing capital gains chargeable to tax under section 45(5A). It appears that it is not intention of law as is evident from the provisions of section 194-IC. Under Section 194-IC, TDS is required [in cases covered by

section 45(5A)] regardless of the fact whether consideration payable is in cash or by way of issue of a cheque or draft or any other mode.

Section 45(5A) has been amended (with effect from the assessment year 2024-25) to provide that the full value of consideration shall be taken as the stamp duty value of his share (*i.e.*, the share of transferor under joint development agreement) as increased by any consideration received in cash or by a cheque or draft or by any other mode.

## **10. Amendment to Section 47**

The following amendments have been made in the scheme of section 47 (relating to transactions not regarded as transfers for the purpose of calculating capital gain under section 45) –

### **Relocation**

*Explanation (b)* to section 47(*viiad*) defines the term “relocation” as transfer of assets of the original fund (or of its wholly owned special purpose vehicle) to a resultant fund on or before March 31, 2023, where consideration for such transfer is discharged in the form of share (or unit or interest) in the resulting fund in the manner specified therein.

The following amendments have been made with effect from the assessment year 2023-24 –

1. The definition of “original fund” has been amended to include within its purview –

- An investment vehicle, in which Abu Dhabi Investment Authority is the direct or indirect sole shareholder or unitholder or beneficiary or interest holder and such investment vehicle is wholly owned and controlled, directly or indirectly, by the Abu Dhabi Investment Authority or the Government of Abu Dhabi.
- A fund notified by the Central Government.

2. The date for transfer of assets of the original fund (or of its wholly owned special purpose vehicle) to a resultant fund in case of relocation has been extended from March 31, 2023 to March 31, 2025.

3. Further, the *Explanation (c)(i)* to section 47(*viiad*) has been amended to give reference of the International Financial Services Centres Authority (Fund Management) Regulations, 2022 in the definition of “resultant fund”.

### **Conversion of Gold into Electronic Gold Receipt**

Any person desirous of creating Electronic Gold Receipt (EGR) shall place a request for the deposit of gold with the Vault Manager. The Vault Manager upon receipt of request and physical gold shall record the relevant information and create EGR. While creating EGR, the Vault Manager shall ensure that no EGR is created without the presence of physical gold. Upon creation of EGR, the depository shall make necessary arrangement for the trading of it on the stock exchange.

In order to promote the concept of electronic gold, the following amendments have been made (with effect from the assessment year 2024-25) in the scheme of sections 2(42A), 47 and 49-

Under section 2(424), the period of holding of EGR shall be determined as follows-

Electronic Gold Receipt (EGR) issued in respect of gold deposited as referred to in section 47(viid)	Period of holding shall include period for which such gold was held by the assessee prior to conversion into EGR
Gold released in respect of an Electronic Gold Receipt (EGR) as referred to in section 47(viid)	Period of holding shall include period for which such EGR was held by the assessee prior to its conversion into gold

Clause (viid) has been inserted in section 47 to provide that conversion into EGR or EGR into gold shall not be regarded as transfer for the purpose of computing capital gains.

Cost of acquisition of gold or EGR shall be determined as follows [as per newly inserted sub-section (10) to section 49] –

Different Cases	Deemed of Cost of acquisition
Cost of acquisition of Electronic Gold Receipt (EGR) issued by a Vault Manager which became the property of the transferor as referred to in section 47(viid)	Cost of gold in the hands of the person in whose name EGR is issued
Cost of acquisition of gold released against an Electronic Gold Receipt (EGR), which became the property of the person as consideration for a transfer, referred to in section 47(viid)	Cost of the EGR in the hands of such person

### ***Transfer of Interest in a Joint Venture [Section 47(xx)]***

Clause (xx) has been inserted in section 47 (with effect from the assessment year 2024-25). By virtue of this amendment, any transfer of a capital asset (being an interest in a joint venture held by a public sector company) in exchange of shares in a company incorporated outside India by a foreign Government, will not be treated as “transfer” for the purpose of computation of capital gain under section 45. “Joint venture” shall mean a business entity, as may be notified by the Central Government.

Section 49(2AI) has been inserted (with effect from the assessment year 2023-24). It provides that where the capital asset [being shares as referred to in section 47(xx)] became the property of the assessee, the cost of acquisition of such asset shall be deemed to be the cost of acquisition to the assessee of the interest in the joint venture.

### **11. Interest on Borrowed Capital – Not to Be Part of Cost of Acquisition in Certain Cases [Section 48]**

Section 48, *inter alia*, provides that the income chargeable under the head “Capital gains” shall be computed, by deducting the cost of acquisition/cost of improvement from the full value of the consideration received or accruing as a result of the transfer of the capital asset. Interest on capital borrowed for the

purpose of financing acquisition, construction/reconstruction/renewal of house property is deductible under section 24(b).

One can have double deduction of interest paid on borrowed capital for acquiring (or renewing or reconstructing, etc.) a property. Firstly, it is claimed in the form of deduction under section 24(b) from the income from house property. Secondly, while computing capital gains on transfer of such property the same interest also forms a part of cost of acquisition/cost of improvement under section 48.

In order to prevent this double deduction, a proviso has been inserted in section 48(ii) (with effect from the assessment year 2024-25) to provide that the cost of acquisition or the cost of improvement shall not include the amount of interest claimed as deduction under section 24 or Chapter VIA.

## **12. Cost of Acquisition of a Unit of Business Trust [Explanations 1 and 2 to Section 48(ii)]**

Section 48(ii) has been amended (with effect from the assessment year 2024-25) to clarify that the cost of acquisition of a unit of a business trust shall be reduced by any sum received by a unit holder from the business trust with respect to such unit and which is not in the nature of income as referred to in section 10(23FC)/(23FCA) and which is not chargeable to tax under section 56(2)(xii)/115UA(2).

Where transaction of transfer of a unit is not considered as transfer under section 47 and cost of acquisition of such unit is determined under section 49, sum received with respect to such unit (before such transaction as well as after such transaction) shall be reduced from the cost of acquisition as stated above.

1. 6 per cent is applicable in respect of total turnover (or gross receipts) received by the assessee by an account payee cheque/draft or received through prescribed electronic mode on or before the due date of submission of return of income under section 139(1).
2. “Vault Manager” means any person who carries on or intends to carry on the business of providing vaulting services [Regulation 2(1)(l) of SEBI (Vault Managers) Regulations, 2021.

## **13. Agnipath Scheme, 2022**

The Ministry of Defence has introduced the Agnipath Scheme, 2022 (the Scheme) for enrolment of Agniveers in Indian Armed Forces. It has come into force on 1st November, 2022. ‘Agnipath scheme’ as a scheme for the enrolment in Indian Armed Forces introduced by the Central Government, and ‘Agniveer Corpus Fund’ as a fund defined in para 2(c) of Agnipath Scheme notified by the Central Government.

New clause (12C) in section 10 of the Act has been inserted to provide that any payment received from the Agniveer Corpus Fund by a person enrolled under the Agnipath Scheme, 2022, or the nominee of such person shall be exempted from income tax.

Further new section 80CCH to the Act has been inserted to provide that an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after the 1st day of November, 2022, shall be allowed a deduction of the whole of the amount deposited by him and also the amount contributed by the Central Government to his account in the Agniveer Corpus Fund, from his total income.

Further, it has been provided that in the new tax regime of section 115BAC an individual enrolled in the

Agnipath Scheme and subscribing to the Agniveer Corpus Fund shall get a deduction of the government contribution to his Seva Nidhi [sub-section (2) of section 80CCH].

#### **14. Increasing threshold limit for co-operatives to withdraw cash without TDS**

Section 194N of the Act provides that a banking company or a co-operative society engaged in carrying on the business of banking or a post office, which is responsible for paying any sum to any person (referred to as the recipient) shall, at the time of payment of such sum in cash, deduct an amount equal to two per cent of such sum, as income-tax. The requirement to deduct tax applies only when the payment of amount or aggregate of amount in cash during the year exceeds one crore rupees.

Section 194N of the Act has been amended by inserting a new proviso to provide that where the recipient is a co-operative society, the provisions of this section shall have effect, as if for the words “one crore rupees”, the words “three crore rupees” had been substituted.

#### **15. Penalty for cash loan/ transactions against primary co-operatives**

Section 269SS of the Act provides that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs. 20,000 or more. Similarly, section 269T provides that no loan or deposit shall be repaid otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs. 20,000 or more. Certain exceptions have, however, been specified in the provisions.

To provide relief to the low-income groups and facilitate easier conduct of business operations in such areas an amendment has been made in the section 269SS and 269T of the Act by raising the limit of Rs. 20,000 to Rs. 2 lakh for Primary Agricultural Credit Societies (“PACS”) and Primary Co-Operative Agricultural and Rural Development Bank (“PCARD”).

#### **16. Relief to start-ups in carrying forward and setting off of losses**

Section 79 of the Act restricts carrying forward and setting off of losses in cases of companies, other than the companies in which the public is substantially interested. It prohibits setting off of carried forward losses if there is change in shareholding. The carried forward loss is set off only if at least 51% shareholding (as on the last date of the previous year) remains same with the company on the last date of the previous year to which the loss belongs.

However, some relaxation has been provided in case of an eligible start-up as referred to in section 80-IAC of the Act. The condition of continuity of at least 51% shareholding is not applicable to the eligible start-up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off. There is an additional condition that the loss is allowed to be set off, under this relaxation, only if it has been incurred during the period of seven years beginning from the year in which such company is incorporated.

In order to align this period of seven years with the period of ten years contained in sub-section (2) of section 80-IAC of the Act, the time period for loss of eligible start-ups to be considered for relaxation is

increased from seven years to ten years from the date of incorporation.

### **17. Extension of date of incorporation for eligible start-up for exemption**

In order to further promote the development of start-ups in India and to provide them with a competitive platform, an amendment has been made in the provisions of section 80-IAC of the Act so as to extend the period of incorporation of eligible start-ups to 1st day of April 2024.

### **18. Facilitating certain strategic disinvestment**

Section 72A of the Act relates to provisions on carry forward and set off of accumulated loss and unabsorbed depreciation allowance in amalgamation or demerger. Sub-section (1) of section 72A provides that in specified cases, accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the accumulated loss and unabsorbed depreciation of amalgamated company for the previous year in which the amalgamation was affected. Conditions have also been laid down in the said section to facilitate carry forward and set off of loss and unabsorbed depreciation in the case of strategic disinvestment. Strategic disinvestment has been defined as sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding below fifty-one per cent along with transfer of control to the buyer.

Section 72AA of the Act relates to carry forward of accumulated losses and unabsorbed depreciation allowance in a scheme of amalgamation in certain cases, which, inter-alia, includes amalgamation of one or more banking company with any other banking institution.

To facilitate further strategic disinvestment, an amendment has been made in the definition of 'strategic disinvestment' in section 72A of the Act so as to provide that strategic disinvestment shall mean sale of shareholding by the Central Government, the State Government or Public Sector Company in a public sector company or a company which results in

- (i) reduction of its shareholding below fifty-one per cent, and
- (ii) transfer of control to the buyer.

The first condition shall apply in case the shareholding was above fifty one percent before such sale of shareholding.

The requirement of transfer of control may be carried out by either the Central Government or State Government or Public Sector Company (or any two of them or all of them).

Further section 72AA of the Act has been amended to allow carry forward of accumulated losses and unabsorbed depreciation allowance in the case of amalgamation of one or more banking company with any other banking institution or a company subsequent to a strategic disinvestment, if such amalgamation takes place within 5 years of strategic disinvestment.

## **19. 15% concessional tax to promote new manufacturing co-operative society**

The Taxation Laws (Amendment) Act, 2019, inter-alia, inserted section 115BAB in the Act which provides that new manufacturing domestic companies set up on or after 01.10.2019, which commence manufacturing or production by 31.03.2023 and do not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15 per cent. The time for commencing manufacturing or production has been extended to 31.03.2024 by the Finance Act, 2022. However, the same provision has not been provided for new manufacturing co-operative societies.

Accordingly, new section 115BAE to the Act has been inserted in which concessional tax regime is being provided for the new manufacturing cooperative societies as well. The conditions are materially similar to the conditions applicable to new manufacturing companies.

## **20. Extending the scope for deduction of tax at source to lower or nil rate**

Section 197 of the Act relates to grant of a certificate of tax deduction at lower or nil rate. It provides for assessee to apply to the Assessing Officer for TDS at zero rate or lower rate, if the tax is required to be deducted under sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBB, 194LBC, 194M, 194-O and 195 of the Act. If the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or zero rate, he is required to give an appropriate certificate to the assessee.

Section 194LBA of the Act, inter-alia, provides that business trust shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders. Representations have been received that in some cases rate of deduction may be required to be reduced due to some exemption, for example exemption under section 10(23FE) of the Act allowed to notified Sovereign Wealth Funds and Pension Funds. However, since certificate for lower deduction under section 194LBA of the Act cannot be obtained under section 197 of the Act, benefit of exemption is not available at the time of tax deduction.

To remove this difficulty, an amendment has been made in sub-section (1) of section 197 of the Act to provide that the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at lower rate.

## **21. Extending deeming provision under section 9 to gift to not-ordinarily resident**

Under the Act, income which, inter-alia, is deemed to accrue or arise in India during a year is chargeable to tax. Sub-section (1) of section 9 of the Act is a deeming provision providing the types of income deemed to accrue or arise in India.

Finance (No. 2) Act, 2019 inserted clause (viii) to sub-section (1) of section 9 of the Act to provide that the any sum of money exceeding fifty thousand rupees, received by a non-resident without consideration from a person resident in India, on or after the 5th day of July, 2019, shall be income deemed to accrue or arise in India. Sum of money is referred to in sub-clause (xvii) of clause (24) of section 2 of the Act.

The above amendment was introduced as an anti-abuse provision, as certain instances were observed where gifts were being made by persons residents in India to non-residents and were claimed to be non-taxable in

India by such non-residents.

It has come to notice that certain persons being not ordinarily residents are receiving the gifts from persons resident in India and not paying tax on it. In view of the above, an amendment has been made in clause (viii) of sub-section (1) of section 9 of the Act so as to extend this deeming provision to sum of money exceeding fifty thousand rupees, received by a not ordinarily resident, without consideration from a person resident in India.

## **22. Removal of exemption of news agency under clause (22B) of section 10**

Clause (22B) of section 10 of the Act, inter-alia, provides exemption to any income of a notified news agency which is set up in India solely for collection and distribution of news. This is subject to condition that the news agency applies its income or accumulates it for application solely for collection and distribution of news and does not distribute its income in any manner to its members.

In accordance with the stated policy of the Government of phasing out of exemptions and deductions under the Act, the exemption available to news agencies under clause (22B) of section 10 of the Act has been withdrawn from the assessment year 2024-25.

## **23. Removal of exemption from TDS on payment of interest on listed debentures to a resident**

Section 193 of the Act provides for TDS on payment of any income to a resident by way of interest on securities.

The proviso to section 193 of the Act provides exemption from TDS in respect of payment of interest on certain securities. Clause (ix) of the proviso to the aforesaid section provides that no tax is to be deducted in the case of any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognized stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (32 of 1956) and the rules made thereunder.

It is seen that there is under reporting of interest income by the recipient due to above TDS exemption. Hence, clause (ix) of the proviso to section 193 of the Act has been omitted.

## **24. TDS and taxability on net winnings from online games**

Section 194B of the Act provides that the person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort in an amount exceeding ten thousand rupees shall, at the time of payment thereof, deduct income-tax thereon at the rates in force.

Section 194BB of the Act provides for similar provisions for deduction of tax at source for horse racing in any race course or for arranging for wagering or betting in any race course.

It is seen that deductors are deducting tax under section 194B and 194BB of the Act by applying the threshold of Rs 10,000/- per transaction and avoiding tax deduction by splitting a winning into multiple transactions each below Rs 10,000/-. This is against the intention of legislature.

It is also seen that in recent times, there has been a rise in the users of online games. There is a need to bring in specific provisions regarding TDS and taxability of online games due to its different nature, being easily accessible via the Internet and computer resources with a variety of playing options and payment options.

Accordingly, following amendment has been made:

- (i) Amendment in section 194B and 194BB of the Act to provide that deduction of tax under these sections shall be on the amount or aggregate of the amounts exceeding ten thousand rupees during the financial year;
- (ii) Amendment in section 194B of the Act to include “gambling or betting of any form or nature whatsoever” within its scope;
- (iii) Amendment in section 194B of the Act to exclude online games from the purview of the said section from the 1st day of July, 2023, since a new section 194BA is inserted for deduction of tax at source on winnings from online games from that date;
- (iv) Inserted a new section 194BA in the Act, with effect from 1st July 2023, to provide for deduction of tax at source on net winnings in the user account at the end of the financial year. In case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on net winnings comprised in such withdrawal. In addition, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year. Net winnings shall be computed in the prescribed manner.
- (v) In a case where the net winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings;
- (vi) Amendment in section 115BB of the Act to exclude income from winnings from online games from the purview of the said section from the assessment year 2024-25, since the new section 115BBJ to tax winnings from online games from that assessment year;
- (vii) Inserted a new section 115BBJ in the Act with regard to tax on winnings from online games to provide that where the total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be the aggregate of—
  - the amount of income-tax calculated on net winnings from such online games during the previous year, computed in the prescribed manner, at the rate of thirty per cent; and
  - the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the net winnings referred to above;

## 25. Increasing rate of TCS of certain remittances

Section 206C of the Act provides for TCS on business of trading in alcohol, liquor, forest produce, scrap etc. Sub-section (1G) of the aforesaid section provides for TCS on foreign remittance through the Liberalised Remittance Scheme and on sale of overseas tour package.

In order to increase TCS on certain foreign remittances and on sale of overseas tour packages, amendment in sub-section (1G) of section 206C of the Act has been made as under:

Type of remittance	Present rate	Amended Rate
For the purpose of any education, if the	0.5% of the amount or the aggregate	No change.

amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	of the amounts in excess of Rs. 7 lakh.	
For the purpose of education, other than (i) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	
Overseas tour package	5% without any threshold limit.	20% without any threshold limit.
Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	

\*This amendment will take effect from 1st July, 2023.

## **26. Limiting the roll over benefit claimed under section 54 and section 54F**

The existing provisions of section 54 and section 54F of the Income-tax, 1961 (the Act) allows deduction on the Capital gains arising from the transfer of long-term capital asset if an assessee, within a period of one year before or two years after the date on which the transfer took place purchased any residential property in India, or within a period of three years after that date constructed any residential property in India. For section 54 of the Act, the deduction is available on the long-term capital gain arising from transfer of a residential house if the capital gain is reinvested in a residential house. In section 54F of the Act, the deduction is available on the long term capital gain arising from transfer of any long term capital asset except a residential house, if the net consideration is reinvested in a residential house.

An amendment has been made to impose a limit on the maximum deduction that can be claimed by the assessee under section 54 and 54F to rupees ten crore. It has been provided that if the cost of the new asset purchased is more than rupees ten crore, the cost of such asset shall be deemed to be ten crores. This will limit the deduction under the two sections to ten crore rupees.

Further, for the purpose of deposit in the Capital Gains Account Scheme, shall apply only to capital gains or net consideration, as the case may be, upto rupees 10 Crores.

## **27. Special provision for taxation of capital gains in case of Market Linked Debentures**

‘Market Linked Debentures’ are listed securities. They are currently being taxed as long term capital gain at the rate of 10% without indexation. However, these securities are in the nature of derivatives which are normally taxed at applicable rates. Further, they give variable interests as they are linked with the performance of the market.

In order to tax the capital gains arising from the transfer or redemption or maturity of these securities as short-term capital gains at the applicable rates, new section 50AA in the Act has been inserted to treat the full value of the consideration received or accruing as a result of the transfer or redemption or maturity of the “Market Linked Debentures” as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with transfer or redemption of such debenture, as capital gains arising from the transfer of a short term capital asset.

Further, ‘Market linked Debenture’ has been defined as a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any securities classified or regulated as a Market Linked Debenture by Securities and Exchange Board of India.

## **28. Preventing permanent deferral of taxes through undervaluation of inventory**

Assesseees are required to maintain books of account for the purposes of the Act. The Central Government has notified the Income Computation and Disclosure Standards (ICDS) for the computation of income. ICDS-II relates to valuation of inventory. Section 148 of the Companies Act 2013 also mandates maintenance of cost records and its audit by cost accountant in some cases.

In order to ensure that the inventory is valued in accordance with various provisions of law, section 142 of the Act has been amended relating to Inquiry before assessment to ensure the following:

- (i) To enable the Assessing Officer to direct the assessee to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf. Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require.
- (ii) The expenses of, and incidental to, such inventory valuation (including remuneration of the cost accountant) shall be determined by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in accordance with the prescribed guidelines and that the expenses so determined shall be paid by the Central Government.
- (iii) Except where the assessment is made under section 144 of the Act, the assessee will be given an opportunity of being heard in respect of any material gathered on the basis of such inventory valuation which is proposed to be utilized for assessment.

## **29. Rationalisation of exempt income under life insurance policies**

Clause (10D) of section 10 of the Act provides for income-tax exemption on the sum received under a life insurance policy, including bonus on such policy. There is a condition that the premium payable for any of the years during the terms of the policy should not exceed ten per cent of the actual capital sum assured.

Finance Act, 2021, amended clause (10D) of section 10 of the Act to, inter-alia, provide that the sum received under a ULIP (barring the sum received on death of a person), issued on or after the 01.02.2021 shall not be exempt if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs 2,50,000. It was also provided that if premium is payable for more than one ULIPs, issued on or after the 01.02.2021, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs 2,50,000 for any of the previous years during the term of any of the policy. Circular no 02 of 2022 dated 19.01.2022 was issued to explain how the exemption is to be calculated when there are more than one policies. 4. After the enactment of the above amendment, while ULIPs having premium payable exceeding Rs 2, 50,000/- have been excluded from the purview of clause (10D) of section 10 of the Act, all other kinds of life insurance policies are still eligible for exemption irrespective of the amount of premium payable.

Receipts from life insurance policies issued on or after April 1st, 2023 shall be considered as income from other sources if the premium payable for any of the previous years during the term of such policy exceeds Rs. 5 lakhs. The exemption for receipts in the event of the insured person's death shall remain unchanged.

### **30. Defining the cost of acquisition in case of certain assets for computing capital gains**

The existing provisions of the section 55 of the Act, inter alia, defines the ‘cost of any improvement’ and ‘cost of acquisition’ for the purposes of computing capital gains. However, there are certain assets like intangible assets or any sort of right for which no consideration has been paid for acquisition. The cost of acquisition of such assets is not clearly defined as ‘nil’ in the present provision. This has led to many legal disputes and the courts have held that for taxability under capital gains there has to be a definite cost of acquisition or it should be deemed to be nil under the Act. Since there is no specific provision which states that the cost of such assets is nil, the chargeability of capital gains from transfer of such assets has not found favour with the Courts.

Therefore, to define the term ‘cost of acquisition’ and ‘cost of improvement’ of such assets, an amendment has been made in the provisions of sub-clause (1) of the Clause (b) of the sub-section (1) and clause (a) of sub-section (2) of section 55 so as to provide that the ‘cost of improvement’ or ‘cost of acquisition’ of a capital asset being any intangible asset or any other right ( other than those mentioned in the said sub-clause or clause, as the case may be) shall be ‘Nil’

### **31. Amendments in consequence to new provisions of TDS**

Section 271C of the Act has provisions for penalty for failure to deduct tax at source. Under this section, a person who has failed to deduct whole or part of tax as required under provisions of Chapter XVII-B (Tax Deduction at Source - TDS) or pay the whole or part of tax as required under section 115-O (Tax on distributed profits) or under proviso to section 194B (tax on winnings from crossword, lottery, puzzles etc) is liable to pay penalty of sum equal to the amount of tax he failed to deduct or pay. Section 276B of the Act makes provisions for prosecution for failure to pay tax to the credit of Central Government under Chapter XII-D (as required under section 115-O) or under XVII-B (deduction at source).

Two new provisions – section 194R and section 194S were introduced in the Act vide Finance Act, 2022. Section 194R makes provisions for deduction of tax on benefit or perquisite in respect of business or profession. In addition, section 194BA is inserted in the Act to provide for TDS on net winnings from online games.

Section 194S makes provisions for deduction of tax on payment on transfer of virtual digital asset (VDA) owing to their very nature, payments related to benefit or perquisite or VDA may also be wholly in kind or partly in cash and partly in kind. Accordingly, the first proviso to section 194R provides that in case the benefit or perquisite or VDA has a “in kind” component, then the person responsible shall ensure that required amount of tax has been paid, before releasing the benefit or perquisite.

In the case of VDA, since the consideration for transfer could be in exchange of another VDA (fully “in kind”) or partly in kind, the first proviso to section 194S provides that the person responsible for paying the consideration shall ensure that the required amount of tax has been paid, before releasing the consideration.

Similarly, in the case of winnings from online games, sub-section (2) provides that where the net winnings are wholly in kind or partly in cash and partly in kind, the person responsible for paying the net winnings shall ensure that tax has been paid in respect of the net winnings, before releasing the winnings.

Presently, the provisions for penalty and prosecution do not clearly mandate a penalty or prosecution for a person who does not pay or fails to ensure that tax has been paid in a situation where the benefit or

perquisite is passed in kind. Therefore, to enable such penalty and prosecution, an amendment has been made in section 271C by inserting two new sub-clauses under clause (b) in sub-section (1) providing reference to the first proviso to section 194R and the first proviso to section 194S. Similar amendments are also made in section 276B.

### **32. TDS on payment of accumulated balance due to an employee**

Section 192A of the Act provides for TDS on payment of accumulated balance due to an employee under the Employees' Provident Fund Scheme, 1952. The existing provisions of section 192A of the Act, inter-alia, provide for deduction of tax at the rate of 10% of the taxable component of the lump sum payment due to an employee. Further, no deduction of tax is to be made where the amount of such payment or the aggregate amount of such payment to the payee is less than fifty thousand rupees.

The second proviso to section 192A of the Act provides that any person entitled to receive any amount on which tax is deductible shall furnish his Permanent Account Number (PAN) to the person responsible for deducting such tax, failing which tax shall be deducted at the maximum marginal rate.

It was observed that many low-paid employees do not have PAN and thereby TDS is being deducted at the maximum marginal rate in their cases under section 192A. Hence second proviso to section 192A of the Act has been omitted, so that in case of failure to furnishing of PAN by the person relating to payment of accumulated balance due to him, tax will be deducted at the rate of 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate.

### **33. Facilitating TDS credit for income already disclosed in the return of income of past year**

Representations have been received that in many instances, tax is deducted by the deductor in the year in which the income is actually paid to the assessee. However, following accrual method, the assessee may have already disclosed this income in earlier years in their return of income. This results in TDS mismatch, since the corresponding income has already been offered to tax by the assessee in earlier years, however, TDS is only being deducted much later when actual payment is being made. The assessee cannot claim the credit of TDS in the year in which tax is deducted since income is not offered to tax in that year. It may also not be possible to revise the return of past year in which the corresponding income was included since time to revise the return of income for that year may have lapsed. This results in difficulty to the assessee in claiming credit of TDS.

New sub-section (20) in section 155 of the Act has been inserted. This new sub-section applies where any income has been included in the return of income furnished by an assessee under section 139 of the Act for any assessment year (hereinafter referred to as the "relevant assessment year") and tax has been deducted at source on such income and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year. In such a case the assessee can make application in the prescribed form to the Assessing Officer within two years from the end of the financial year in which such tax was deducted at source. Then Assessing Officer shall amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year. It has been further provided that the provisions of section 154 of the Act shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted. Further, credit of such tax deducted at source shall not be allowed in any other assessment year.

Amendment has also been made in section 244A of the Act to provide that the interest on refund arising out of above rectification shall be for the period from the date of the application to the date on which the refund is granted.

### **34. Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax returns**

Section 206AB of the Act provides for special provision for higher TDS for non-filers of income-tax returns. Similarly, section 206CCA of the Act provides for special provision for higher TCS for non-filers of income-tax returns. These non-filers in these sections are referred to as “specified person”.

These sections define “specified person” to mean a person who has not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted or collected (as the case may be)-

- (i) for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired; and
- (ii) the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

The provisos to these definitions exclude a non-resident from the definition of specified person, if the non-resident does not have a permanent establishment in India.

The definition of the “specified person” in sections 206AB and 206CCA of the Act has been amended so as to exclude a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and who is notified by the Central Government in the Official Gazette in this behalf.

### **35. Clarification regarding advance tax while filing Updated Return**

The Finance Act, 2022 inserted sub-section (8A) in section 139 of the Act enabling the furnishing of an updated return by taxpayers up to two years from the end of the relevant assessment year subject to fulfilment of certain conditions as well as payment of additional tax. For the determination of the amount of additional tax on such updated return section 140B was inserted in the Act.

The sub-section (4) of the section 140B of the Act provides for the computation of interest under section 234B of the Act on the tax on updated return. The said sub-section (4) provides that interest payable under section 234B of the Act shall be computed on an amount equal to the assessed tax or the amount by which the advance tax paid falls short of the assessed tax. This implied that interest was payable only on the difference of the assessed tax and advance tax. Further, the sub-clause (i) of the clause (a) of the said sub-section also provides advance tax which has been claimed in earlier return of income shall be taken into account for computing the amount on which the interest was to be paid.

Therefore, in order to clarify the provisions of the sub-section (4) of section 140B of the Act, an amendment has been amended in the said sub-section that interest payable under section 234B shall be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any.

### **36. Bringing the non-resident investors within the ambit of section 56(2)(viib) to eliminate the possibility of tax avoidance**

Section 56(2)(viib) of the Act, inter alia, provides that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares that exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head 'Income from other sources'. Rule 11UA of the Income-tax Rules provides the formula for computation of the fair market value of unquoted equity shares for the purposes of the Section 56(2) (viib) of the Act.

Clause (viib) of sub section (2) of section 56 of the Act was inserted vide Finance Act, 2012 to prevent generation and circulation of unaccounted money through share premium received from resident investors in a closely held company in excess of its fair market value. However, the said section is not applicable for consideration (share application money/ share premium) received from non-resident investors.

Accordingly, an amendment has been made to include the consideration received from a non- resident also under the ambit of clause (viib) by removing the phrase 'being a resident' from the said clause. This will make the provision applicable for receipt of consideration for issue of shares from any person irrespective of his residency status.

### **37. Removal of certain funds from section 80G**

Section 80G of the Act, inter alia, provides for the procedure for granting approval to certain institutions and funds receiving donation and the allowable deductions in respect of such donations to the assessee making such donations.

Sub-section (2) of section 80G of the Act, inter alia, provides the list of these funds to which any sum paid by the assessee in the previous year as donations is allowed as a deduction to an extent of 50 per cent/100% of the amount so donated.

It has been observed that there are only three funds based on names of the persons in the said section. In order to remove such funds, sub-clauses (ii), (iiic) and (iiid) of clause (a) of sub-section (2) of section 80G of the Act has been omitted.

### **38. Omission of certain redundant provisions of the Act**

Section 10 of the Act provides for incomes which are not included in total income. Clauses (23BBF), (23EB), (26A), (41) and (49) of this have already been sunset Hence, clauses (23BBF), (23EB), (26A), (41) and (49) of section 10 of the Act has been omitted.

### **39. Rationalisation of the provisions of Charitable Trust and Institutions**

Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or subclause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act or any trust or institution registered u/s 12AA or 12AB of the Act is

exempt subject to the fulfilment of the conditions provided under various sections. The exemption to these trusts or institutions is available under the two regimes-

- Regime for any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act (hereinafter referred to as trust or institution under first regime); and
- Regime for the trusts registered under section 12AA/12AB of the Act (hereinafter referred to as trust or institution under the second regime).

Section 12A of the Act, inter alia, provides for procedure to make application for the registration of the trust or institution to claim exemption under section 11 and 12 of the Act. Section 12AB of the Act is the new section which comes into effect from the 1st April, 2021.

#### **Treatment of donation to other trusts:**

The income of the trusts and institutions under both regimes is exempt subject to the fulfilment of certain conditions. Some of such conditions are as follows:

- a) at least 85% of income of the trust or institution should be applied during the year for the charitable or religious purposes to ensure bare minimum application for charitable or religious purposes.
- b) Trusts or institutions are allowed to either apply mandatory 85% of their income either themselves or by making donations to the trusts with similar objectives.
- c) If donated to other trusts or institutions, the donation should not be towards corpus to ensure that the donations are applied by the donee trust or institutions.
- d) Thus, every trust or institution under both the regimes is allowed to accumulate 15% of its income each year.

Instances have come to the notice that certain trusts or institutions are trying to defeat the intention of the legislature by forming multiple trusts and accumulating 15% at each layer. By forming multiple trusts and accumulating 15% at each stage, the effective application towards the charitable or religious activities is reduced significantly to a lesser percentage compared to the mandatory requirement of 85%.

In order to ensure intended application toward charitable or religious purpose, an amendment has been made that only 85% of the eligible donations made by a trust or institution under the first or the second regime to another trust under the first or second regime shall be treated as application only to the extent of 85% of such donation. Accordingly, the following amendments are made:

- a) inserted clause (iii) in Explanation 2 to the third proviso of clause (23C) of section 10 of the Act to provide that any amount credited or paid out of income of any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act, other than the amount referred to in the twelfth proviso, to any other fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause 56 (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act or trust or institution registered under section 12AB of the Act, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent. of such amount credited or paid;

- b) inserted clause (iii) in Explanation 4 to sub-section (1) of section 11 of the Act to provide that any amount credited or paid, other than the amount referred to in Explanation 2 to the said sub-section, to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act or other trust or institution registered under section 12AB of the Act, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent. of such amount credited or paid.

#### **40. Omission of redundant provisions related to roll back of exemption**

There are roll back provisions for the trust or institutions under the second regime. Sub-section (2) of section 12A of the Act provides that where an application for registration under section 12AB of the Act has been made, the exemption shall be available with respect to the assessment year relevant to the financial year in which the application is made and subsequent assessment years.

Second proviso to sub-section (2) of section 12A of the Act provides that where registration has been granted to the trust or institution under section 12AA or section 12AB of the Act, then, the provisions of sections 11 and 12 of the Act shall apply in respect of any income derived from property held under trust of any assessment year preceding the aforesaid assessment year, for which assessment proceedings are pending before the Assessing Officer as on the date of such registration if the objects and activities of such trust or institution remain the same for such preceding assessment year.

The roll back provision become redundant after the amendment of section 12A of the Act by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020. Now the trusts and institutions under the second regime are required to apply for provisional registration before the commencement of their activities and therefore there is no need of roll back provisions provided in section 12A of the Act. With a view to rationalise the provisions and accordingly omitted.

#### **41. Alignment of the time limit for furnishing the form for accumulation of income and tax audit report**

The trusts and institutions under the first regime are required to get their accounts audited as per the provisions of clause (b) of the tenth proviso to clause (23C) of section 10 of the Act. The trusts and institutions under second regime are required to get their accounts audited as per the provisions of sub-clause (ii) of clause (b) of sub-section (1) of section 12A of the Act. The audit report under both the regimes is required to be furnished at least one month before the due date for furnishing the return of income.

An amendment has been made to provide for filing of Form No. 10A/9A at least two months prior to the due date specified under sub-section (1) of section 139 for furnishing the return of income for the previous year.

## 42. Tax Rates under Section 115BAC

With effect from assessment year 2024-25, the following rates provided in sub-section (1A) of section 115BAC of the Act. The rates applicable for determining the income-tax payable in respect of the total income of a person, being an individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person.

Total income	Rates of Tax
Upto Rs. 3,00,000	Nil
From Rs. 3,00,001 to Rs. 6,00,000	5%
From Rs. 6,00,001 to Rs.9,00,000	10%
From Rs. 9,00,001 to Rs. 12,00,000	15%
From Rs. 12,00,001 to Rs. 15,00,000	20%
Above Rs. 15,00,000	30%

The above-mentioned rates shall apply to all individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, unless an option is exercised under proposed sub-section (6) of section 115BAC. Thus, rates given in sub-section (1A) of section 115BAC of the Act are the default rates.

Further, the income-tax payable in respect of the total income of the person [other than a person who has exercised an option under sub-section (6) of section 115BAC], shall be computed without allowing for any exemption or deduction as provided under clause (i) of subsection (2) of section 115BAC of the Act. However, standard deduction as provided under clause (ia) of section 16 of the Act, deduction in respect of income in the nature of family pension as provided under clause (iia) of section 57 of the Act and deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund to be provided under sub-section (2) section 80CCH of the Act, shall be allowed for the purposes of computing the income chargeable to tax under sub-section (1A) of section 115BAC.

A person having income from business or profession who has exercised the above option of shifting out of the regime provided under the sub-section (1A) of section 115BAC shall be able to exercise the option of opting back to the regime under proposed sub-section (1A) of section 115BAC only once. However, a person not having income from business or profession shall be able to exercise this option every year.

Surcharge: Surcharge is levied u/s 115BAC on the amount of income tax at the following rates if he total income of an assessee exceeds specified limits:

Rs. 50 lakhs to Rs. 1 crore	Rs. 1 crore to 2 crore	Exceeding Rs. 2 crore
10%	15%	25%

Health & Education Cess: 4%

#### **43. Tax rate under section 115BAD and section 115BAE**

A co-operative society resident in India has the option to pay tax at 22% for assessment year 2021-22 onwards as per the provisions of section 115BAD of the Act, subject to fulfilment of certain conditions.

As per the new section 115BAE of the Act, a new manufacturing co-operative society set up on or after 01.04.2023, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for assessment year 2024-25 onwards. Surcharge would be at 10% on such tax.

#### **44. Rebate under section 87A**

Under the provisions of section 87A of the Act, an assessee, being an individual resident in India, having total income not exceeding Rs 5 lakh, is provided a rebate of 100 per cent of the amount of income-tax payable i.e., an individual having income till Rs 5 lakh is not required to pay any income-tax.

From assessment year 2024-25 onwards, an assessee, being an individual resident in India whose income is chargeable to tax under sub-section (1A) of section 115BAC, shall now be entitled to a rebate of 100 per cent of the amount of income-tax payable on a total income not exceeding Rs 7 lakh.

## Lesson 3

### Incomes which do not form part of Total Income

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>Pension fund “Ontario Inc” as specified person for Section 10 (23FE) [Notification No. 128 Dated December 28, 2022]</b></p> <p>The Central Government specifies the pension fund, namely, 1000242244 Ontario Inc. (PAN: AACCCZ0457B), (hereinafter referred to as the assessee) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfillment of the certain condition.</p>	<a href="https://income taxindia.gov.in/communications/notification/notification-128-2022.pdf">https://income taxindia.gov.in/communications/notification/notification-128-2022.pdf</a>
2.	<p><b>CBDT notifies California Public Employees Retirement System Pension Fund u/s 10(23FE) [Notification No. 2 Dated January 25, 2023]</b></p> <p>The Central Government specifies the pension fund, namely, the California Public Employees Retirement System (PAN: AAATC6038J), as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31<sup>st</sup> day of March, 2024 subject to the fulfillment of the certain conditions.</p>	<a href="https://income taxindia.gov.in/communications/notification/notification-2-2023.pdf">https://income taxindia.gov.in/communications/notification/notification-2-2023.pdf</a>
3.	<p><b>CBDT notifies Insolvency and Bankruptcy Board of India’, New Delhi for the purpose of clause 46 of section 10 [Notification No. 9 Dated March 1, 2023]</b></p> <p>The Central Government notifies ‘Insolvency and Bankruptcy Board of India’, New Delhi (PAN AAAGI0193K), a Board established by the Central Government, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p>	<a href="https://incom etaxindia.gov.in/communications/notification/notification-9-2023.pdf">https://incom etaxindia.gov.in/communications/notification/notification-9-2023.pdf</a>
4.	<p><b>CBDT notifies ‘Karnataka State Building and Other Construction Workers Welfare Board’, Karnataka for the purpose of clause 46 of section 10 [Notification No. 12 Dated March 3, 2023]</b></p> <p>The Central Government notifies “Karnataka State Building and Other Construction Workers Welfare Board (PAN AAALK0820C)”, a Board constituted by the State Government of Karnataka, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p>	<a href="https://incom etaxindia.gov.in/communications/notification/notification-12-2023.pdf">https://incom etaxindia.gov.in/communications/notification/notification-12-2023.pdf</a>
5.	<p><b>CBDT notify ‘Bhadohi Industrial Development Authority’ for Section 10(46) [Notification No. 16 Dated April 1, 2023]</b></p> <p>The Central Government notifies ‘Bhadohi Industrial Development Authority’, (PAN AAALB0141M), an Authority constituted by the state government of Uttar</p>	<a href="https://incom etaxindia.gov.in/communications/notifi">https://incom etaxindia.gov.in/communications/notifi</a>

	<p>Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Bhadohi Industrial Development Authority” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	<a href="#">cation/notification-no-16-of-2023.pdf</a>
6.	<p><b>CBDT notify ‘Greater Noida Industrial Development Authority’ for Section 10(46) [Notification No. 18 Dated April 10, 2023]</b></p> <p>The Central Government notifies ‘Greater Noida Industrial Development Authority’, (PAN AAALG0129L), an Authority constituted by the State Government of Uttar Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Greater Noida Industrial Development Authority” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	<a href="https://income-taxindia.gov.in/communications/notification/notification-18-2023.pdf">https://income-taxindia.gov.in/communications/notification/notification-18-2023.pdf</a>
7.	<p><b>CBDT notify ‘Central Board of Secondary Education’ for Section 10(46) [Notification No. 19 Dated April 10, 2023]</b></p> <p>The Central Government notifies ‘Central Board of Secondary Education’, Delhi (PAN AAAAC8859Q), a Board constituted by the Central Government, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Central Board of Secondary Education” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	<a href="https://income-taxindia.gov.in/communications/notification/notification-19-2023.pdf">https://income-taxindia.gov.in/communications/notification/notification-19-2023.pdf</a>
8.	<p><b>Pune Metropolitan Region Development Authority notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 25 Dated May 10, 2023]</b></p> <p>The Central Government notifies ‘Pune Metropolitan Region Development Authority’(PAN AAALP1603L), an Authority constituted by the state government of Maharashtra, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions.</p> <p><i>Accordingly, Pune Metropolitan Region Development Authority’ can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.</i></p>	<a href="https://income-taxindia.gov.in/communications/notification/notification-25-2023.pdf">https://income-taxindia.gov.in/communications/notification/notification-25-2023.pdf</a>
9.	<p><b>Food Safety and Standards Authority of India notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 26 Dated May 10, 2023]</b></p> <p>The Central Government notifies ‘Food Safety and Standards Authority of India’, New Delhi (PAN AAAGF0023K), an Authority established by the Ministry of Health and Family Welfare, Government of India, for the purposes of the clause (46) of section 10 of the</p>	<a href="https://income-taxindia.gov.in/communications/notification/notification-26-2023.pdf">https://income-taxindia.gov.in/communications/notification/notification-26-2023.pdf</a>

	<p>Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions.</p> <p><i>Accordingly, Food Safety and Standards Authority of India' can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.</i></p>	
10.	<p><b>Pension fund 2743298 Ontario Limited notified for exemption u/s 10(23FE) of Income Tax Act, 1961 [Notification No. 36 Dated June 7, 2023]</b></p> <p>The Central Government specifies the pension fund, namely, 2743298 Ontario Limited (PAN: AACZ0130B), as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain specified conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-36-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-36-2023.pdf</a></p>
11.	<p><b>CBDT notifies "Yamuna Expressway Industrial Development Authority" for section 10(46) of Income tax Act, 1961 [Notification No. 48 Dated July 11, 2023]</b></p> <p>The Central Government notifies 'Yamuna Expressway Industrial Development Authority', (PAN AAALT0341D), an authority constituted by the State Government of Uttar Pradesh, for the purpose of clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p> <p><i>Accordingly, 'Yamuna Expressway Industrial Development Authority' can claim exemption u/s 10(46) for certain income as specified subject to fulfilment of certain condition.</i></p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-48-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-48-2023.pdf</a></p>
12.	<p><b>Income Tax Exemption for IFSC Aircraft Leasing under section 10(34B) [Notification No. 52 Dated July 20, 2023]</b></p> <p>The notification provides an income tax exemption for dividends from aircraft leasing within International Financial Services Centres (IFSC).</p> <p>The notification specifies that no income tax deduction shall be made from any dividend income paid by an IFSC unit primarily engaged in aircraft leasing to another company operating within the IFSC, subject to certain conditions. The payee must furnish a statement-cum-declaration in Form No. 1 to the payer, detailing the relevant assessment year for exemption. The payer must not deduct tax after receiving the declaration and report these transactions accordingly. Effective from 1st September, 2023, this notification offers a boost to the aircraft leasing business within IFSCs by providing an income tax exemption for eligible dividends.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-52-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-52-2023.pdf</a></p>
13.	<p><b>CBDT notify "Chandigarh Building and Other Construction Workers Welfare Board, Chandigarh" under section 10(46) [Notification No. 59 Dated August 10, 2023]</b></p> <p>The Central Government notifies, 'Chandigarh Building and Other Construction Workers Welfare Board, Chandigarh, a Board constituted by the Administrator, Union territory, Chandigarh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-59-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-59-2023.pdf</a></p>

	<p>subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Chandigarh Building and Other Construction Workers Welfare Board’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	
14.	<p><b>CBDT notify ‘State Pollution Control Board Odisha’ under section 10(46) [Notification No. 60 Dated August 10, 2023]</b></p> <p>The Central Government notifies, ‘State Pollution Control Board Odisha’, a Board constituted by the State Government of Odisha, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘State Pollution Control Board Odisha’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-60-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-60-2023.pdf</a></p>
15.	<p><b>CBDT notify "Urban Improvement Trust, Udaipur" under section 10(46) [Notification No. 62 Dated August 16, 2023]</b></p> <p>The Central Government notifies, ‘Urban Improvement Trust Udaipur’, (PAN AAALU0072E), a Trust constituted by the State Government of Rajasthan, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Trust subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Urban Improvement Trust Udaipur’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-62-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-62-2023.pdf</a></p>
16.	<p><b>CBDT notify "Haryana Water Resources (Conservation, Regulation and Management) Authority" under section 10(46) [Notification No. 63 Dated August 16, 2023]</b></p> <p>The Central Government notifies, ‘Haryana Water Resources (Conservation, Regulation and Management) Authority’ (PAN AADAH3590A), an Authority established by the State Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Haryana Water Resources (Conservation, Regulation and Management) Authority’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-63-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-63-2023.pdf</a></p>
17.	<p><b>CBDT notify ‘District Mineral Foundation Trust’ for Section 10(46) [Notification No. 66 Dated August 23, 2023]</b></p> <p>The Central Government notifies ‘District Mineral Foundation Trust’ as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under section 9(B) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) as a ‘class of Authority’, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-66-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-66-2023.pdf</a></p>

18.	<p><b>CBDT notify ‘Punjab Building and Other Construction Welfare’ for Section 10(46) [Notification No. 67 Dated August 23, 2023]</b></p> <p>The Central Government notifies "Punjab Building and Other Construction Welfare" (PAN: AAALP0698P), a body constituted by the State Government of Punjab , for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Punjab Building and Other Construction Welfare’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-67-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-67-2023.pdf</a>
19.	<p><b>CBDT notify ‘Unique Identification Authority of India’ for Section 10(46) [Notification No. 68 Dated August 23, 2023]</b></p> <p>The Central Government notifies "Unique Identification Authority of India", a statutory Authority established under the provisions of the AADHAAR Act, 2016 by the Govt. of India, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Unique Identification Authority of India’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-68-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-68-2023.pdf</a>
20.	<p><b>CBDT notify ‘Swasthya Sathi Samiti’, Kolkata for Section 10(46) [Notification No. 69 Dated August 23, 2023]</b></p> <p>The Central Government notifies "Swasthya Sathi Samiti’, Kolkata”, a body established by Government of West Bengal, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p> <p>Accordingly, ‘Swasthya Sathi Samiti’ can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-69-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-69-2023.pdf</a>
21.	<p><b>Rajasthan State Dental Council notify u/s 10(46) [Notification 74 Dated September 1, 2023]</b></p> <p>The Central Government notifies ‘Rajasthan State Dental Council’ (PAN AABAR7223E), a body constituted by the Government of Rajasthan, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-74-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-74-2023.pdf</a>
22.	<p><b>E-Governance Society, Department of Food, Civil Supplies and Consumer Affairs, notify u/s 10(46) [Notification 75 Dated September 1, 2023]</b></p> <p>The Central Government notifies ‘E-Governance Society, Department of Food, Civil Supplies and Consumer Affairs, Himachal Pradesh, a body constituted / established by the state Government of Himachal Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-75-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-75-2023.pdf</a>

23.	<p><b>Multi Commodity Exchange Investor (Client) Protection Fund Trust specify u/s 10(23EC) [Notification 77 Dated September 12, 2023]</b></p> <p>The Central Government specifies the Multi Commodity Exchange Investor (Client) Protection Fund Trust set up by Multi Commodity Exchange of India Limited, Mumbai for the purposes of the sub-section (23EC) of section 10 of the Income-tax Act, 1961 for the assessment year 2014-15.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-77-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-77-2023.pdf</a></p>
24.	<p><b>Uttar Pradesh Expressways Industrial Development Authority notify u/s 10(46) [Notification 78 Dated September 19, 2023]</b></p> <p>The Central Government notifies ‘Uttar Pradesh Expressways Industrial Development Authority’ (PAN AAALU0121E), an Authority constituted by the State government of Uttar Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-78-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-78-2023.pdf</a></p>
25.	<p><b>‘District Mineral Foundation Trust’ notified under section 10(46) [Notification No. 86 Dated October 4, 2023]</b></p> <p>The Central Government notifies ‘District Mineral Foundation Trust’ as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under section 9(B) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) as a ‘class of Authority’, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-86-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-86-2023.pdf</a></p>
26.	<p><b>‘Dental Council of India’ notified under section 10(46) [Notification No. 87 Dated October 6, 2023]</b></p> <p>The Central Government notifies ‘Dental Council of India, New Delhi’ (PAN AAAJD0821E), a body constituted by the Central Government, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-87-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-87-2023.pdf</a></p>
27.	<p><b>Stichting Pensioenfonds ABP notified as specified person for Section 10(23FE) [Notification No. 89 Dated October 13, 2023]</b></p> <p>The Central Government specifies the pension fund, namely, the Stichting Pensioenfonds ABP (PAN: AACCS2647E), as the specified person for the purposes of the sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfilment of the certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-89-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-89-2023.pdf</a></p>
28.	<p><b>‘Punjab Dental Council, Mohali’ notified under section 10(46) [Notification No. 90 Dated October 19, 2023]</b></p> <p>The Central Government notifies ‘Punjab Dental Council, Mohali’(PAN: AAAJP0976C), a Council constituted by the Government of Punjab, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that council subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-90-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-90-2023.pdf</a></p>

29.	<p><b>‘West Bengal Pollution Control Board’ notified under section 10(46) [Notification No. 92 Dated October 26, 2023]</b></p> <p>The Central Government notifies ‘West Bengal Pollution Control Board’ (PAN: AAALW0078B), a Board established by the State Government of West Bengal, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that board subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-92-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-92-2023.pdf</a></p>
30.	<p><b>‘Telangana Building and Other Construction Workers Welfare Board’ notified under section 10(46) [Notification No. 93 Dated October 26, 2023]</b></p> <p>The Central Government notifies ‘Telangana Building and Other Construction Workers Welfare Board’, (PAN AAEAT9368D), a board established by the Government of Telangana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that board subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-93-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-93-2023.pdf</a></p>
31.	<p><b>BPC Penco XVII Corporation notified as specified person for Section 10(23FE) [Notification No. 95 Dated November 1, 2023]</b></p> <p>The Central Government specifies the pension fund, namely, the BPC Penco XVII Corporation (PAN: AALCB4169R), as the specified person for the purposes of the sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfilment of the certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-95-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-95-2023.pdf</a></p>
32.	<p><b>‘Press Council of India’ notified under section 10(46) [Notification No. 98 Dated November 6, 2023]</b></p> <p>The Central Government notifies ‘Press Council of India’ (PAN AAABP0351P), a body established under Para 1 of Chapter II of the Press Council of India Act, 1978 (Central Act), for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-98-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-98-2023.pdf</a></p>
33.	<p><b>Chhattisgarh Rajya Beej Pramanikaran Sanstha notified under section 10(46) [Notification No. 100 Dated November 24, 2023]</b></p> <p>The Central Government notifies 'Chhattisgarh Rajya Beej Pramanikaran Sanstha (PAN AADAC3163E)', a body constituted by the State Government of Chhattisgarh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification_100_2023.pdf">https://incometaxindia.gov.in/communications/notification/notification_100_2023.pdf</a></p>
34.	<p><b>Maharashtra Council of Homoeopathy notified under section 10(46) [Notification No. 101 Dated November 24, 2023]</b></p> <p>The Central Government notifies ‘Maharashtra Council of Homoeopathy’ (PAN AAATM8895K), a Body established under clause No 14 of the Maharashtra Homoeopathy Practitioners’ Act, 1960 by the Government of Maharashtra, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification_101_2023.pdf">https://incometaxindia.gov.in/communications/notification/notification_101_2023.pdf</a></p>

## Lesson 4 Income under the head Salary

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)																				
1.	<p><b>CBDT notifies Rule for determination of value of perquisite in respect of residential accommodation provided by employer [Notification No. 65 Dated August 18, 2023]</b></p> <p>Finance Act, 2023 brought in an amendment for the purposes of calculation of “perquisite with regard to the value of rent-free or concessional accommodation provided to an employee, by his employer. Accordingly, CBDT has modified Rule 3 of the Income-tax Rules, 1961 to provide for the same. This is summarized as under:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Previous Categorisation and Rates</th> <th colspan="2" style="text-align: center;">New Categorisation and Rates</th> </tr> <tr> <th style="text-align: center;">Population</th> <th style="text-align: center;">Perquisite Rate</th> <th style="text-align: center;">Population</th> <th style="text-align: center;">Perquisite Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">More than 25 lakh</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">More than 40 lakh</td> <td style="text-align: center;">10%</td> </tr> <tr> <td style="text-align: center;">Between 10 lakh and 25 lakh</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">Between 15 lakh and 40 lakh</td> <td style="text-align: center;">7.5%</td> </tr> <tr> <td style="text-align: center;">Less than 10 lakh</td> <td style="text-align: center;">7.5%</td> <td style="text-align: center;">Less than 15 lakh</td> <td style="text-align: center;">5%</td> </tr> </tbody> </table> <p>The Rule has also been further rationalized so as to compute a fair tax implication of the same accommodation being occupied by an employee for more than one previous year.</p>	Previous Categorisation and Rates		New Categorisation and Rates		Population	Perquisite Rate	Population	Perquisite Rate	More than 25 lakh	15%	More than 40 lakh	10%	Between 10 lakh and 25 lakh	10%	Between 15 lakh and 40 lakh	7.5%	Less than 10 lakh	7.5%	Less than 15 lakh	5%	<p><a href="https://income-taxindia.gov.in/communications/notification/notification-65-2023.pdf">https://income-taxindia.gov.in/communications/notification/notification-65-2023.pdf</a></p>
Previous Categorisation and Rates		New Categorisation and Rates																				
Population	Perquisite Rate	Population	Perquisite Rate																			
More than 25 lakh	15%	More than 40 lakh	10%																			
Between 10 lakh and 25 lakh	10%	Between 15 lakh and 40 lakh	7.5%																			
Less than 10 lakh	7.5%	Less than 15 lakh	5%																			

## Lesson 6

### Profits and Gains from Business and Profession

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>Clarification for the purposes of clause (c) of Section 269ST of the Income-tax Act, 1961 in respect of dealership/distributorship contract in case of Co-operative Societies [Circular No. 25 Dated December 30, 2022]</b></p> <p>Section 269ST inter-alia prohibits receipt of an amount of two lakh rupees or more (hereinafter referred to as 'the prescribed limit ') by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.</p> <p>References have been received in respect of Milk Producers' Cooperative as to whether under the provisions of Section 269ST of the Act, receipt(s) in cash in a day of bank holiday/closure of bank day within 'the prescribed limit' from a distributor against sale of milk when payments were through bank on all other days is to be considered as a single transaction or whether all such receipts in cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion.</p> <p>it is clarified that in respect of Co -operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of clause (c) of Section 269ST. Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purposes of clause (c) of Section 269ST for that previous year.</p>	<p><a href="https://incometaxindia.gov.in/communications/circular/circular-25-2022.pdf">https://incometaxindia.gov.in/communications/circular/circular-25-2022.pdf</a></p>
2.	<p><b>Indian Institute of Science Education and Research, Tirupati notified as 'Scientific Research' for Section 35 [Dated January 16, 2023]</b></p> <p>The Central Government approves 'Indian Institute of Science Education and Research, Tirupati (PAN: AAAAI9820P)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of Section 35 of the Income-tax Act, 1961 read with Rules 5C and 5E of the Income-tax Rules, 1962.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-so-270.pdf">https://incometaxindia.gov.in/communications/notification/notification-so-270.pdf</a></p>
3.	<p><b>CBDT approves 'National Institute of Design' as 'Scientific Research' for Section 35(1)(ii) [Notification No. 23 Dated April 21, 2023]</b></p> <p>The Central Government approves 'National Institute of Design, Ahmedabad (PAN: AAATN1137D)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-23-2024.pdf">https://incometaxindia.gov.in/communications/notification/notification-23-2024.pdf</a></p>
4.	<p><b>CBDT approves University of Patanjali' for Social Science Research under Section 35 of Income Tax Act [Notification No. 44 Dated June 23, 2023]</b></p>	<p><a href="notification-44-2023.pdf">notification-44-2023.pdf</a> (incometaxindia</p>

	<p>The Central Government approves ‘M/s Patanjali Yog Peeth Nyas, Delhi (PAN: AABTP0560H) for its university unit ‘University of Patanjali’, Haridwar’ under the category of ‘University, College or Other Institution’ for research in ‘Social Science or Statistical Research’ for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.</p>	<p><a href="https://www.incometaxindia.gov.in">.gov.in)</a></p>
	<p><b>New Income Tax Rule 6ABBB (Form 3AF) for Amortisation of External Preliminary Expenditure u/s 35D [Notification No. 54 Dated August 1, 2023]</b></p> <p>CBDT notifies new Income Tax Rule 6ABBB on “Form of statement to be furnished regarding preliminary expenses incurred under section 35D” which prescribes e-filing of the statement in Form 3AF one month before the ITR due date specified under section 139(1), using DSC or EVC.</p> <p>Prior to amendment in Section 35D, preliminary activities were required to be performed by the assessee inhouse or by an CBDT approved external company, which posed numerous challenges to the successful implementation of new projects. To simplify the process of claiming amortisation for these preliminary expenses, Finance Act 2023 has amended section 35D of the Income Tax Act to remove the requirement of incurring expense on conducting such activities through CBDT approved companies, as part of the measures to ease compliance. The assessee will now only be required to provide a statement containing the specifics of this expenditure in the prescribed form 3AF in the prescribed manner.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-54-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-54-2023.pdf</a></p>
	<p><b>Classification of NBFC for Section 43B and 43D of the Income tax Act, 1961 [Dated September 25, 2023]</b></p> <p>To implement the amendment introduced by the Finance Act 2023, the CBDT issued Notification No. 79/2023 and Notification No. 80/2023, both dated September 22, 2023. These notifications have classified all Non-Banking Financial Companies (“NBFCs”) into Top Layer, Upper Layer, and Middle Layers for the purpose of complying with Section 43B and Section 43D of the Income Tax Act, 1961.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-79-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-79-2023.pdf</a>  <a href="https://incometaxindia.gov.in/communications/notification/notification-80-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-80-2023.pdf</a></p>

## Lesson 7

### Capital Gains

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)			
1.	<p data-bbox="199 436 1263 474"><b>Cost Inflation Index for FY 2023-24 [Notification No. 21 Dated April 10, 2023]</b></p> <table border="1" data-bbox="339 533 1128 571"><tr><td data-bbox="342 533 722 571">Cost Inflation Index</td><td data-bbox="722 533 943 571">FY 2023-24</td><td data-bbox="943 533 1125 571">348</td></tr></table>	Cost Inflation Index	FY 2023-24	348	<p data-bbox="1295 436 1520 653"><a href="https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf</a></p>
Cost Inflation Index	FY 2023-24	348			

## Lesson 8

### Income from Other Sources

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>Income tax rules amended for accurate computation of tax on winnings from online gaming [Notification No. 28 Dated May 22, 2023]</b></p> <p>Central Board of Direct Taxes (CBDT) has amended Income Tax rules to streamline and standardize the calculation and reporting of winnings from online gaming to improve tax compliance.</p> <p>The Income Tax (Fifth Amendment) Rules, 2023, notified by the direct tax authority, specifies a formula for computing the net winnings from online games in a financial year which is liable to a 30% income tax.</p> <p>The new rule said that net taxable winning in a year would be the difference between the sum of amount withdrawn from the user account and the closing balance and the sum of non- taxable deposits made in the user account and the opening balance.</p> <p>The rule also prescribes formulas for tax to be deducted at source (TDS) at various stages such as first and subsequent withdrawals from the user account. The new rules also define terms like non-taxable deposit in the user account such as borrowed amounts deposited in it. The rules also define the taxability of bonus, referral bonus and incentives etc.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-28-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-28-2023.pdf</a></p>
2.	<p><b>CBDT notifies Persons exempt from the provisions related to ‘Angel Tax’ [Notification No. 29 Dated May 24, 2023]</b></p> <p>The Finance Act 2023 has enhanced the scope of section 56(2)(viib) to make it applicable to share application money/premium received from any person, regardless of residential status. Further, Proviso to section 56(2)(viib) gives power to the Central Government to notify class or classes of persons to whom the provisions of said section shall not apply. In the exercise of the power, the CBDT has notified the following class or classes of persons:</p> <ol style="list-style-type: none"> <li>i. The Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies, including entities controlled by the Government or where direct or indirect ownership of the Government is 75% or more;</li> <li>ii. Banks or Entities involved in Insurance Business where such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident;</li> <li>iii. Any of the following entities, which is a resident of any country or specified territory, and such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident: <ul style="list-style-type: none"> <li>• Entities registered with SEBI as Category-I Foreign Portfolio Investors;</li> </ul> </li> </ol>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-29-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-29-2023.pdf</a></p>

	<ul style="list-style-type: none"> <li>• Endowment funds associated with a university, hospitals or charities;</li> <li>• Pension funds created or established under the law of the foreign country or specified territory;</li> <li>• Broad-Based Pooled Investment Vehicle or fund where the number of investors in such vehicle or fund is more than 50, and such fund is not a hedge fund or a fund which employs diverse or complex trading strategies</li> </ul> <p>The board has notified 21 Countries/Specified Territories for point (iii).</p>	
3.	<p><b>CBDT amends the provisions of the ‘Angel Tax’ that are not applicable to start-ups recognised by DPIIT [Notification No. 30 Dated May 24, 2023]</b></p> <p>The CBDT amends the provisions of section 56(2)(viib) of the Income Tax Act, 1961 (“the IT Act”) as per which the provision shall not apply to the consideration received by a company for the issue of shares that exceeds the face value of such shares, if the said consideration has been received from any person, by a company which fulfils the conditions specified in Para 4 of the Notification No. G.S.R. 127(E), dated February 19, 2019 issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-30-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-30-2023.pdf</a>
4.	<p><b>CBDT amends income tax rules; to expand tax exemption for public sector shares [Notification No. 35 Dated May 31, 2023]</b></p> <p>The Central Board of Direct Taxes (CBDT) has amended the income tax rules to facilitate strategic disinvestment of public sector companies by expanding the scope of a tax exemption on shares received below fair market value.</p> <p>As per the Income-tax (Eighth Amendment) Rules, 2023, any person receiving shares from a public sector company below their fair market value is exempt from the purview of section 56(2)(x) of the Income Tax Act, 1961 that makes such discounted share issues taxable in the hands of the recipient. At present, this exemption applies to shares received by a person from the central or state government under strategic disinvestment.</p> <p><i>The amended provision makes the exemption applicable to "any movable property, being equity shares, of a public sector company or a company, received by a person from a public sector company or the Central Government or any State Government under strategic disinvestment." The rule change effectively expands the scope of the tax exemption.</i></p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-35-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-35-2023.pdf</a>
5.	<p><b>Income Tax department issues new guidelines on online gaming taxes [Circular No. 5 Dated May 22, 2023]</b></p> <p>The Income Tax Department issued guidelines for the removal of difficulties in dealing with winnings from online games. According to the guidelines, anyone who is responsible for paying to anyone else any income by way of winnings from any online game during the financial year must deduct income tax on the net winnings from the person’s user account. Also, tax is required to be deducted at the time of withdrawal as well as at the end of the financial year.</p> <p><b>Multiple Wallets</b> Talking about multiple wallets under one user, CBDT said the main account must include every account of the user and will be registered with an online gaming intermediary. This</p>	<a href="https://incometaxindia.gov.in/communications/circular/circular-5-2023.pdf">https://incometaxindia.gov.in/communications/circular/circular-5-2023.pdf</a>

	<p>wallet is where any taxable deposit, non-taxable deposit or the winning of the user is credited, and withdrawal by the user is debited. However, one deductor with multiple platforms must calculate the tax required to be deducted for each platform separately. Further, the notice clarified that self-transfer between a user's multiple accounts on the same platform shall not be considered a withdrawal or deposit.</p> <p><b>Bonus</b> The CBDT noted that any deposit in the form of a bonus, referral bonus, incentives, etc, would form part of net winnings and is liable for tax to be deducted at the time of withdrawal as well as at the end of the financial year. For non-taxable deposits, CBDT said it's necessary that the amount deposited by the user is not taxable — it's from already taxed income or not tax-chargeable. In a case where the user borrows the money and deposits it in his user account, it will be considered a non-taxable deposit.</p> <p><b>Withdrawal of a small amount</b> If the withdrawal amount is very small, the tax will not be deducted if the net winnings or part of the amount withdrawn do not exceed Rs 100 per month. However, the tax will be deducted when the net winnings from withdrawal exceed Rs 100 in the same month or a subsequent month, or if there is no such withdrawal, at the end of the financial year.</p>	
	<p><b>Income tax 13<sup>th</sup> Amendment Rules 2023 [Notification No. 51 Dated July 18, 2023]</b></p> <p>The Central Board of Direct Taxes introduces the Income-tax (Thirteenth Amendment) Rules, 2023 wherein a new sub-rule has been inserted in rule 11UAC. This sub-rule pertains to movable property, such as shares or units, received by the fund management entity of the resultant fund in exchange for shares or units held by the investment manager entity in the original fund during relocation. The sub-rule outlines specific conditions for this exchange to take place, including the proportion of shares or units held by the same entities or persons. Definitions for terms like “relocation,” “original fund,” “resultant fund,” “fund management entity,” and “investment manager entity” are also provided.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-51-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-51-2023.pdf</a></p>
	<p><b>Income-tax (Sixteenth Amendment) Rules, 2023 [Notification No. 61 Dated August 16, 2023]</b></p> <p>The CBDT has issued the Income tax Amendment (Sixteenth Amendment), Rules, 2023. The amendment provides that where a sum is received by an assessee for the first time under the life insurance policy during the previous year, the income chargeable to tax in the first previous year shall be computed in accordance with the formula A-B where, –</p> <p>A = the sum or aggregate of sum received under the life insurance policy during the first previous year; and</p> <p>B = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the first previous year that has not been claimed as deduction under any other provision of the Act;</p> <p>Where the sum is received under the life insurance policy during the previous year subsequent to the first previous year, the income chargeable to tax in the subsequent previous year shall be computed in accordance to the formula C-D, where-</p> <p>C = the sum or aggregate of sum received under the life insurance policy during the subsequent previous year; and</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-61-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-61-2023.pdf</a></p>

	<p>D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which –</p> <p>(a) has been claimed as deduction under any other provision of the Act; or</p> <p>(b) is included in amount ‘B’ or amount ‘D’ of this rule in any of the previous year or years.</p>	
	<p><b>CBDT notifies changes to Rule 11UA in respect of ANGEL TAX [PIB Dated September 26, 2023]</b></p> <p>The Finance Act, 2023, brought in an amendment to bring the consideration received from non-residents for issue of shares by an unlisted company within the ambit of section 56(2)(viib) of the Income-tax Act, 1961(the Act), which provides that if such consideration for issue of shares exceeds the Fair Market Value (FMV) of the shares, it shall be chargeable to income-tax under the head ‘Income from other sources’.</p> <p>Taking into consideration the suggestions received in this regard and detailed interactions held with stakeholders, Rule 11UA for valuation of shares for the purposes of section 56(2)(viib) of the Act has been modified vide notification no. 81/2023 dated 25<sup>th</sup> September, 2023.</p> <p>The key highlights of the changes in Rule 11 UA are:</p> <ol style="list-style-type: none"> <li>a. In addition to the two methods for valuation of shares, namely, Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, available to residents under Rule 11UA, five more valuation methods have been made available for non-resident investors, namely, Comparable Company Multiple Method, Probability Weighted Expected Return Method, Option Pricing Method, Milestone Analysis Method, Replacement Cost Method.</li> <li>b. Where any consideration is received for issue of shares from any non-resident entity notified by the Central Govt., the price of the equity shares corresponding to such consideration may be taken as the FMV of the equity shares for resident and non-resident investors, subject to the following: <ol style="list-style-type: none"> <li>i. To the extent the consideration from such FMV does not exceed the aggregate consideration that is received from the notified entity, and</li> <li>ii. The consideration has been received by the company from the notified entity within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation.</li> </ol> </li> <li>c. On similar lines, price matching for resident and non-resident investors would be available with reference to investment by Venture Capital Funds or Specified Funds.</li> <li>d. Valuation methods for calculating the FMV of Compulsorily Convertible Preference Shares (CCPS) have also been provided.</li> <li>e. A safe harbor of 10% variation in value has been provided.</li> </ol>	<p><a href="https://www.pib.gov.in/PressReleasePage.aspx?PRID=1961031">https://www.pib.gov.in/PressReleasePage.aspx?PRID=1961031</a></p>

## Lesson 10

### Deductions

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
	<p><b>Income tax 12<sup>th</sup> Amendment Rules 2023 [Notification No. 50 Dated July 17, 2023]</b></p> <p>The Central Board of Direct Taxes introduces the twelfth amendment to the Income Tax Rules 1962, specifically addressing proposals related to International Financial Services Centers (IFSC) mentioned in the Finance Act 2023. Notification amends Income Tax rule 21AK and rule 114AAB. The amendment primarily focuses on provisions related to non-resident income, offshore banking units, alternative investment funds, and reporting requirements. It provides exemptions for income accrued from non-deliverable forward contracts or offshore derivative instruments, subject to specified conditions. The amendment also revises reporting form (FORM NO. 10CCF Report under section 80LA(3) of the Income-tax Act, 1961) and clarifies the eligibility criteria for deductions under section 80LA.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-50-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-50-2023.pdf</a></p>
	<p><b>CBDT condoning delay for claiming Deduction u/s 80P for AY 2018-19 to AY 2022-23 [Circular No. 13 Dated July 26, 2023]</b></p> <p>The CBDT has issued Circular regarding the condonation of delay for returns of income claiming deduction under section 80P (deduction in respect of income of co-operative societies) of Income Tax Act for various assessment years from AY 2018-19 to AY 2022-23.</p> <p>In order to mitigate genuine hardship in cases, the Board directs that the Chief Commissioners of Income-tax (CCSIT) / Directors General of Income-tax (DGSIT) are authorised to deal with such applications of condonation of delay pending before the Board, upon transfer of such applications by the Board, and decide such applications on merits, in accordance with the law. The CCSIT/DGSIT shall examine the following while deciding such applications –</p> <p>(i) the delay in furnishing the return of income within the due date was caused due to circumstances beyond the control of the assessee with appropriate documentary evidence/s;</p> <p>(ii) where delay in furnishing return of income was caused due to delay in getting the accounts audited by statutory auditors appointed under the respective State Law under, the date of completion of audit vis-à-vis the due date of furnishing the return of income; and</p> <p>(iii) any other issue indicating towards tax avoidance or tax evasion specific to the</p>	<p><a href="https://incometaxindia.gov.in/communications/circular/circular-13-2023.pdf">https://incometaxindia.gov.in/communications/circular/circular-13-2023.pdf</a></p>

	<p>case, which comes into the light in the course of verification and having bearing either in the relevant assessment year or establishing connection of relevant assessment year with other assessment year/s.</p>	
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	<p>The CCSIT/DGSIT shall preferably dispose the application within three months from the end of the month in which such application is received from the applicant or transferred by the Board. No order rejecting the application under section 119(2)(b) of the Act shall be passed without providing the applicant an opportunity of being heard.</p>	
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## Lesson 11

### Computation of Total Income and Tax Liability of various Entities

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>Section 80G Provisional Approval is Effective from the Relevant AY of the Application Year [Notification No. 34 Dated May 30, 2023]</b></p> <p>The Central Board of Direct Taxes (CBDT) has notified an amendment to rule 11AA. The amendment provides that in case of an application made for the grant of provisional approval under section 80G, the provisional approval shall be effective from the assessment year relevant to the previous year in which such application is made.</p> <p>Earlier, Rule 11AA provided that the approval for the provisional registration would be effective from the date of provisional order.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-34-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-34-2023.pdf</a></p>
2.	<p><b>CBDT Notifies New Form 10IEA for Opting &amp; withdrawing from New Tax regime for FY 2023-24 [Notification No. 43 Dated June 21, 2023]</b></p> <p>The Finance Act 2023 amended provisions of section 115BAC to provide the reduced tax rates under the new tax scheme for the assessment year 2024-25 and onwards. The new tax scheme is made the default scheme for taxpayers, and its scope also extended to the Association of Persons (AOP), Body of Individuals (BOI) and Artificial Juridical Person (AJP). The Central Board of Direct Taxes (CBDT) has notified Income-tax (Tenth Amendment) Rules, 2023 to implement consequential changes. These rules modify the existing rules 2BB, 3, and 5, and also introduce a new Rule 21AGA.</p> <p><b>Amendments in Rule 2BB, 3 and 5</b></p> <p>Rule 2BB and Rule 3 pertain to the exempt allowance and the valuation of perquisites. Previously, it was stated that a person who exercised the option under section (5) of section 115BAC would not be eligible for the benefits available under these rules (subject to certain conditions). However, as the new tax regime under section 115BAC is now the default tax regime for taxpayers, the rules have been amended to specify that person whose income is taxable under section 115BAC(1A); the benefits of these rules will not be available.</p> <p>Further, Rule 5, which talks about depreciation, has been amended to provide a ceiling limit on depreciation allowance. It has been provided that the rate of depreciation of any block of assets entitled to more than 40% is restricted to 40%.Further, if the income of an assessee is chargeable to tax under section 115BAC(1A), the unabsorbed depreciation (attributable to the additional depreciation) would be allowed to be added to the written down value (WDV) of the block of assets as on 01-04-2023.</p> <p><b>Insertion of new Rule 21AGA</b></p>	<p><a href="#">notification-43-2023.pdf (incometaxindia.gov.in)</a></p>

	<p><b>A. Opting out from the new tax regime:</b> A new rule 21AGA has been inserted prescribing manners for opting out from the new tax regime under section 115BAC. Starting from the Assessment Year 2024-25, a person who wants to exercise option to opt-out from new tax regime must furnish Form 10-IEA on or before the due date specified under section 139(1). Form 10-IEA is to be furnished by the person who has income from business or profession. Form 10-IEA is to be furnished electronically either under a digital signature or electronic verification code. If a person does not have income from business or profession, he can opt-out from the new tax regime by exercising the option in the return of income to be furnished under section 139(1).</p> <p><b>B. Re-entering into new tax regime:</b> If a person wants to re-enter the new tax regime, then the same is done by furnishing Form 10-IEA if such has income from business or profession. If the person doesn't have income from business or profession, he can re-enter the new tax regime while furnishing return of income.</p>	
3.	<p><b>CBDT amends rules pertaining to registration, approval &amp; activities of Institutions, trusts &amp; funds [Notification No. 45 Dated June 23, 2023]</b></p> <p>The CBDT vide the Income-tax (Eleventh Amendment) Rules, 2023, has made amendments to Rule 2C, Rule 11AA, and Rule 17A, as well as various forms (Form No. 10A, Form No. 10AB, Form No. 10AC, Form No. 10AD, Form No. 10B, and Form No. 10BB) related to Charitable Trusts and NGO. These changes will be effective from October 1, 2023.</p> <p><b>Amendment in Rule 2C(1)(i) – Newly Established Fund or Trust Not Commenced Activities:</b> This amendment addresses explicitly the scenario of a newly established fund or trust that has yet to commence its activities at the time of applying. Under the amended rule, such funds or trusts are now required to apply for approval by submitting Form No. 10A. Upon submission; provisional approval will be granted to these entities.</p> <p><b>Amendment in Rule 2C(1)(ii) – Newly Established Fund or Trust Commenced Activities:</b> This amendment specifically relates to a newly established fund or trust that has already commenced its activities at the time of applying. Under the revised rule, such funds or trusts must apply for approval by utilizing Form No. 10AB. Once the application is verified, these entities will be granted regular approval for five years.</p> <p><b>Amendment in Rule 11AA(7):</b> The amendment also brings changes to Rule 11AA(7), which specifies the effective date of provisional approval for applications made under clause (iv) of the first proviso to subsection (5) of section 80G. Under the amended rule, the provisional license will be effective from the assessment year relevant to the previous year in which the application is made.</p> <p>Several changes have been introduced to various forms and reports related to charitable or religious trusts.</p>	<p><a href="https://www.incometaxindia.gov.in/notification-45-2023.pdf">notification-45-2023.pdf</a> (<a href="https://www.incometaxindia.gov.in">incometaxindia.gov.in</a>)</p>

## Lesson 12

### Classification and Tax Incidence on Companies

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>CBDT notifies Centralised Processing of Equalisation Levy Statement Scheme 2023 [Notification No. 3 Dated February 7, 2023]</b></p> <p>The Central Board of Direct Taxes (CBDT) has notified the Centralised Processing of Equalisation Levy Statement Scheme, 2023. This Scheme is applicable in respect of the processing of the Equalisation Levy Statements. The scheme provides that the Centralised Processing Centre (CPC) shall process a valid Equalisation Levy Statement in the following manner:</p> <ul style="list-style-type: none"><li>a) Equalization levy shall be computed after adjusting for any arithmetical error in the Equalisation Levy Statement.</li><li>b) Interest (if any) shall be computed based on the sum deductible or payable as computed in the Equalisation Levy Statement;</li><li>c) The sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the amount computed under sections 166(2)(b), 166A, 170, and any amount paid otherwise by way of tax or interest;</li><li>d) No intimation shall be sent, after the expiry of one year from the end of the financial year in which the Equalisation Levy Statement or revised Equalisation Levy Statement is furnished.</li><li>e) If a revised Equalisation Levy Statement is furnished, the CPC shall process only the revised Equalisation Levy Statement and no further action shall be taken on the original Equalisation Levy Statement.</li></ul> <p>Scheme also provides that no assessee shall be required to appear personally or through an authorized representative before CPC in connection with any proceedings. Written or electronic communication in the format specified by CPC shall be sufficient compliance with the query or clarification received from CPC.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-3-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-3-2023.pdf</a></p>

## Lesson 13

### Procedural Compliance

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p><b>Addendum to Notification 2 of 2021: Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income (Abolishing of limit of Rs. 5000) [Notification No. 1 Dated January 5, 2023]</b></p> <p>Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filing the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to interest income as per which the information is to be reported for all account/deposit holders where cumulative interest exceeds Rs. 5,000 per person in the financial year.</p> <p><i>The limit has been modified and may be read the information is to be reported for all account/deposit holders where any interest exceeds zero per account in the financial year excluding Jan Dhan Accounts". Accordingly the limit of Rs. 5000 has been abolished.</i></p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-1-2023-systems.pdf">https://incometaxindia.gov.in/communications/notification/notification-1-2023-systems.pdf</a></p>
2.	<p><b>Income-tax (Fourth Amendment) Rules, 2023 - Last date for linking of PAN-Aadhaar extended [Notification No. 15 Dated March 28, 2023]</b></p> <p>In order to provide some more time to the taxpayers, the date for linking PAN and Aadhaar has been extended to 30<sup>th</sup> June, 2023, whereby persons can intimate their Aadhaar to the prescribed authority for Aadhaar-PAN linking without facing repercussions.</p> <p>Under the provisions of the Income-tax Act, 1961(the 'Act') every person who has been allotted a PAN as on 1st July, 2017 and is eligible to obtain Aadhaar Number, is required to intimate his Aadhaar to the prescribed authority on or before 31st March, 2023, on payment of a prescribed fee. Failure to do so shall attract certain repercussions under the Act w.e.f. 1st April, 2023. The date for intimating Aadhaar to the prescribed authority for the purpose of linking PAN and Aadhaar has now been extended to 30th June, 2023.</p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-15-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-15-2023.pdf</a></p>
3.	<p><b>Consequences of PAN becoming inoperative as per the newly substituted rule 114AAA [Circular No. 3 Dated March 28, 2023]</b></p> <p>It is hereby clarified that a person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule 114AAA shall face the following consequences as a result of his PAN becoming inoperative:</p> <ul style="list-style-type: none"> <li>(i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him;</li> <li>(ii) interest shall not be payable to him on such refund for the period, beginning with the date specified under sub-rule (4) of rule 114AAA</li> </ul>	<p><a href="https://incometaxindia.gov.in/communications/circular/circular-03-2023.pdf">https://incometaxindia.gov.in/communications/circular/circular-03-2023.pdf</a></p>

	<p>and ending with the date on which it becomes operative;</p> <p>(iii) where tax is deductible under Chapter XVJJ-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA;</p> <p>(iv) where tax is collectible at source under Chapter XVJJ-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC.</p> <p>These consequences shall take effect from 1st July, 2023 and continue till the PAN becomes operative. A fee of Rs. 1000 will continue to apply to make the PAN operative by intimating the Aadhaar number.</p> <p>The consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number under the provisions of sub-section (3) of section 139AA of the Act.</p>	
4.	<p><b>CBDT notifies TDS u/s 194A applicable to Scheme of Mahila Samman Savings Certificate, 2023 [Notification No. 27 Dated May 16, 2023]</b></p> <p>The Central Board of Direct Taxes (CBDT) notified that the Scheme of Mahila Samman Savings Certificate, 2023 will be covered under Tax Deduction at Source (TDS) under Section 194A(1)(3)(a) of the Income Tax Act, 1961. The Section 194A covers Interest other than Interest on Securities.</p> <p><i>Accordingly, TDS will be applicable to the interest earned on the Mahila Samman Savings Scheme.</i></p>	<p><a href="https://incometaxindia.gov.in/communications/notification/notification-27-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-27-2023.pdf</a></p>
5.	<p><b>CBDT issues Frequently Asked Questions (FAQs) for removal of difficulty on issues pertaining to TCS on LRS and purchase of overseas tour program package [Circular No. 10 Dated June 30, 2023]</b></p> <p>The Central Board of Direct Taxes (CBDT) recently issued Circular 10/2023 on June 30th, 2023, providing valuable clarifications and FAQs regarding the implementation of changes related to Tax Collection at Source (TCS) on the Liberalised Remittance Scheme (LRS) and the purchase of overseas tour program packages. Accordingly, following points have been clarified.</p> <ul style="list-style-type: none"> <li>• No TCS on Expenditure through International Credit Cards</li> <li>• Combined Threshold of Rs. 7 Lakh Applicable for TCS on LRS</li> <li>• Threshold of Rs. 7 Lakh per financial year per individual</li> <li>• Rs. 7 Lakh Threshold for Remitter and not for Authorized Dealer</li> <li>• Independent Thresholds for TCS on LRS and Overseas Tour Packages</li> <li>• TCS on Rs. 3 Lakh Remitted under LRS for Overseas Tour?</li> <li>• Scope of Remittance under LRS for Medical Treatment and Education</li> <li>• TCS on Purchase of Overseas Tour Program Packages</li> </ul>	<p><a href="https://incometaxindia.gov.in/circular-10-2023.pdf">circular-10-2023.pdf</a> (<a href="https://incometaxindia.gov.in">incometaxindia.gov.in</a>)</p>
6.	<p><b>CBDT exempted TDS on payment of rent to a unit located in IFSC for lease of Ship [Notification No. 57 Dated August 1, 2023]</b></p> <p>Section 194-I provides that any person, including specified individual and HUF, paying rent to a resident person in respect of plant, machinery, land, building, or</p>	<p><a href="https://incometaxindia.gov.in/communication/notification/notification-57-2023.pdf">https://incometaxindia.gov.in/communication/notification/notification-57-</a></p>

	<p>furniture shall deduct tax therefrom. The tax shall be deducted if the sum paid or payable during the financial year exceeds Rs. 2,40,000.</p> <p>The Central Board of Direct Taxes (CBDT) has exempted deduction of tax at source under section 194-I on payment of lease rent or supplemental lease rent made to a unit located in the International Financial Services Center (IFSC) for the lease of an ship subject to the fulfillment of certain conditions such as: The lessor shall furnish a statement-cum-declaration in form no. 1 to the lessee giving details of previous years relevant to the 10 consecutive assessment years for which the lessor opts for claiming deduction section 80LA.</p> <p>The lessee shall not deduct tax on payment made or credited after the date of receipt of Form no. 1 and furnish the particulars of all the payments made to the lessor on which tax has not been deducted in the TDS statement.</p> <p>The exemption shall be available during the said previous years relevant to the ten consecutive assessment years as declared by the lessor in Form No. 1 for which deduction under section 80LA is being opted. The lessee shall be liable to deduct tax on payment of lease rent for any other year.</p>	<a href="#">2023.pdf</a>
7.	<p><b>Income-tax (Seventeenth Amendment) Rules, 2023 [Notification No. 64 Dated August 17, 2023]</b></p> <p>The Central Board of Direct Taxes has issued the Income-tax (Seventeenth Amendment) Rules, 2023. The amendment provides that the for the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable to an assessee outside India, to a Unit located in an International Financial Services Centre or by a Unit located in an International Financial Services Centre to an assessee in India, shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-64-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-64-2023.pdf</a>
8.	<p><b>CBDT notifies Rule 21AHA &amp; FORM No. 10-IFA for Section 115BAE(5) Option [Notification No. 83 Dated September 29, 2023]</b></p> <p>Central Board of Direct Taxes (CBDT) has introduces Income Tax Rule 21AHA and Form No. 10-IFA, which are related to the exercise of an option under sub-section (5) of section 115BAE of the Income-tax Act, 1961. These rules lay out the procedures and requirements for individuals, specifically co-operative societies, to exercise this option. The introduction of CBDT Rule 21AHA and Form No. 10-IFA signifies the importance of complying with the rules and regulations governing the exercise of an option under sub-section (5) of section 115BAE of the Income-tax Act, 1961. Co-operative societies and individuals need to adhere to these rules when opting for this provision. Digital filing and adherence to specified conditions are crucial aspects of this process. These rules come into force from 29th September 2023.</p>	<a href="https://incometaxindia.gov.in/communications/notification/notification-83-2023.pdf">https://incometaxindia.gov.in/communications/notification/notification-83-2023.pdf</a>
9.	<p><b>CBDT provides certain relaxations to charitable institutions for reporting details about Significant Donors and their relatives/concerns in audit report [Circular No. 17 Dated 20<sup>th</sup> October, 2023]</b></p>	<a href="https://incometaxindia.gov.in/communications/circular/circular-17-2023.pdf">https://incometaxindia.gov.in/communications/circular/circular-17-2023.pdf</a>

<p>The CBDT provides that for the purposes of reporting in audit report, any person who has given donation of more than Rs.50,000 during the tax year may be considered as Significant Donor and past years donation may not be reckoned for the purposes of such reporting. Also, details of relatives/concerns of such Significant Donor may be reported 'if available'.</p>	<p><a href="#">rcular/circular-17-2023.pdf</a></p>
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