

**CA MAYANK TRIVEDI CLASSES**



**CA/CMA FINAL**  
**DIRECT TAX**  
**AMENDMENTS**  
**MAY/JUNE 2025**



**CA MAYANK TRIVEDI**

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## CHAPTER 1 – TDS &amp; TCS

194G	Commission on sale of lottery tickets	> ₹ 15,000 in a financial year	5% W.e.f. 1.10.2024, rate of tax is 2%.
194H	Commission or brokerage	> ₹ 15,000 in a financial year	5% W.e.f. 1.10.2024, rate of tax is 2%.
194IB	Rent – Land & Building	> ₹ 50,000 for a month or part of a month	5% W.e.f. 1.10.2024, rate of tax is 2%.
192	Salary	Basic exemption limit This is taken care of in computation of the average rate of income-tax.	

POINTS

## 1. Employer considers

- Deduction
- Any Other Income
- **TDS or TCS, if any,**
- Only HP Loss & **not any other Loss**

193	Interest on Securities	10%
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POINTS

<u>Interest Type</u>	<u>Threshold</u>	<u>Details</u>
Interest on 8% Savings (Taxable) Bonds, 2003 or 7.75% Savings (Taxable) Bonds, 2018 or [6½% Gold Bonds, 1977 or 7% Gold Bonds, 1980, where the bonds are held by an individual (other than a non-resident)]	₹10,000 in a Financial Year	Includes Floating Rate Savings Bonds, 2020 (taxable) and other notified securities of the Central/State Government from 01.10.2024.

194DA	LIC Maturity	<ul style="list-style-type: none"> <li>• Maturity Sum ≥ 1,00,000 &amp;</li> <li>• Not Exempt u/s 10(10D)</li> </ul>	5% of (Maturity Amount Minus Premium Paid) W.e.f. 1.10.2024, rate of tax is 2%.
194-IA	Payment on transfer of certain immovable property other than agricultural land	≥ ₹ 50 lakh (Consideration for transfer or stamp duty value)	1% of consideration for transfer or stamp duty value, whichever is higher ➤ At the time of credit of such sum to the account of the transferor or at the time of payment, whichever is earlier.

**POINTS**

1. It is clarified, with effect from 01.10.2024, that where there is more than one transferor or transferee in respect of any immovable property, then the consideration shall be the aggregate of amount paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

<b>194C</b>	<b>Payments to Contractors</b>	<ul style="list-style-type: none"> <li>• <b>Single sum credited or paid &gt; ₹ 30,000 (or)</b></li> <li>• <b>The aggregate of sums credited or paid to a contractor during the F.Y. &gt; ₹ 1,00,000</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>1% of sum paid or credited, if the payee is an Individual or HUF</b></li> <li>• <b>2% of sum paid or credited, if the payee is any other person.</b></li> </ul>	<ul style="list-style-type: none"> <li>➤ Paid by Specified Assessee</li> <li>➤ At the time of credit of such sum to the account of the contractor or at the time of payment, whichever is earlier.</li> </ul>
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**POINTS**1. **“work” shall not include**

- manufacturing or supplying a product according to the requirement or specification of a customer by using raw material purchased from a person, other than such customer or associate of such customer, as such a contract is a contract for ‘sale’.
- **Further, w.e.f. 1.10.2024, it is clarified that work shall not include any sum referred to in section 194J(1).**

<b>194M</b>	<b>Payments to</b> • <b>Contractors</b> • <b>Commission</b> • <b>Fees for professional services</b>	<b>&gt; ₹ 50,00,000 in a financial year</b>  CA Mayank Trivedi	<b>5%</b> <b>W.e.f. 1.10.2024, rate of tax is 2%.</b>
<b>194O</b>	<b>E-Commerce</b>	<b>No Threshold</b>	<b>1%</b> <b>W.e.f. 1.10.2024, rate of tax is 0.1%.</b>
<b>194</b>	<b>Dividend (including dividends on preference shares) under Section 2(22)(a) to 2(22)(f).</b>	<ul style="list-style-type: none"> <li>• <b>Amount or aggregate amount &gt; ₹ 5,000 in F.Y., in case of dividend paid to an individual shareholder by any mode other than cash</b></li> <li>• <b>No threshold in other cases</b></li> </ul>	<b>10%</b>

**1. Points**1. **197**

- In the case of any income of any person or sum payable to any person, income-tax is required to be deducted at the time of credit or payment, as the case may be at the rates in force as per the provisions of sections 192, 193, 194, 194A, 194C, 194D, 194G, 194H, 194-I, 194J, 194K, 194LA, 194LBA, 194LBB, 194LBC, 194M, 194 O, **194Q** and 195

## 2. Payment &amp; Returns

<u>Points</u>	<u>TDS</u>	<u>TCS</u>
<b>Due Date of Payment</b>		
<b>For Other Months</b>	7th of Next month	7th of Next month
<b>For March</b>	30th April of Next F.Y (TDS u/s <b>194 IA, 194IB, 194M &amp; 194S</b> shall be deposited <b>within 30 days from end of month of deduction</b> ) <b>(Payer not required to obtain TAN)</b>	7th April of Next F.Y
<b>Due Date of Return</b>		
<b>For Other Quarter</b>	31st of Next Month	15th of Next Month
<b>For March Quarter</b>	31st May	15th May

## 3. Fees – TDS &amp; TCS

- Fees of **200 per day** applicable if TDS/TCS return after due dates
- If TDS/TCS **return filed after 1 year** of prescribed date the penalty ranging from a **min. of 10,000 to a max. of 1,00,000 shall also applicable (Sec 271H)**
- **No penalty shall be levied, if the person proves that after paying tax deducted along with the fee and interest, he had delivered TDS/TCS statement before the expiry of a period of 1 month from the time prescribed for delivering or causing to be delivered such statement.**

## 4. Interest

<u>Points</u>	<u>TDS</u>	<u>TCS</u>
<b>Late Deduction/Collection</b>	<b>1% per month or part</b> – From date when tax was deductible till date of actual deduction.	<b>1% per month or part</b> – From date when tax was collectible till date of actual collection.
<b>Late Payment</b>	<b>1.5% per month or part</b> – From date when tax was actually deducted till date of payment	<b>1.5% per month or part</b> – <b>From date when tax was actually deducted till date of payment</b>

## 5. Penalty

- **Penalty** - If a deductor fails to deduct tax at source or after the deducting fails to deposit – liable to **penalty u/s 221** that can extend upto maximum – **100% of TDS Amount**
- A deductor failing to deduct or pay tax is deemed to be an **assessee in default**.
- **No penalty** is chargeable if **Payee**
  - has furnished his **ROI** under section 139
  - has **taken into account such sum** for computing income in such return of income; and
  - has **paid the tax due** on the income declared by him in such return of income, and
  - The deductor furnishes a certificate to this effect in **Form No.26A** from a chartered accountant
- **No order can be passed deeming the deductor/collector as defaulting after:**
  - **6 years from the end of the financial year in which the payment/credit was made, or**
  - **2 years from the end of the financial year in which the correction statement is filed, Whichever is later.**

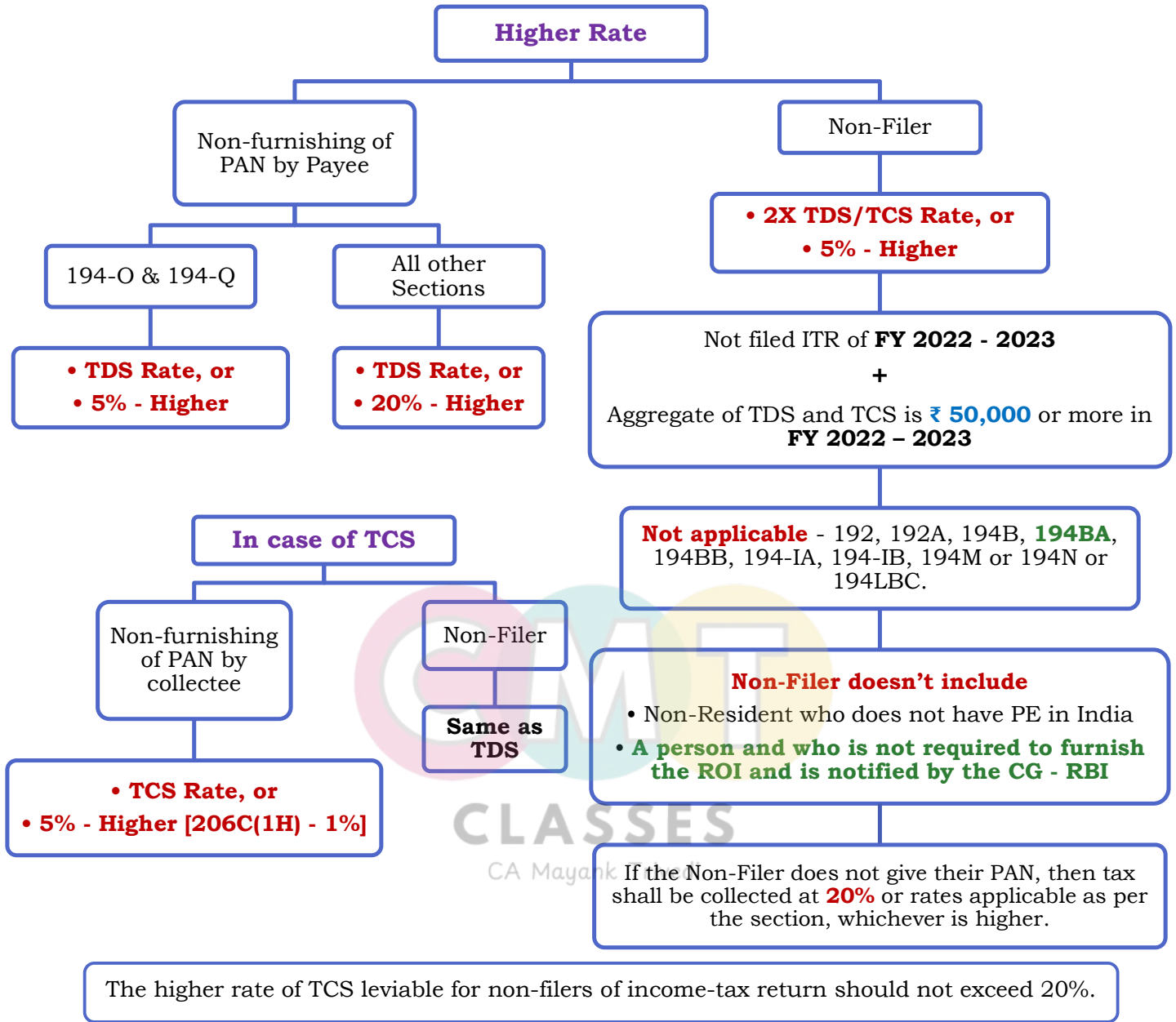
## 6. Duties and Responsibilities of a Person Deducting Tax [Section 200]

- The person deducting tax must deposit the deducted amount to the credit of the Central Government within the prescribed time or as directed by the Board.
- Prepare and submit TDS/TCS statements as prescribed.
- A correction statement can be filed to rectify errors, add, delete, or update details in the original statement.
- **Time Limit: No correction statements can be filed after 6 years from the end of the financial year in which the original statement was required to be filed (effective from 01-04-2025).**
- Statements filed under Section 200 or Section 206C are processed for
  - Arithmetical corrections.
  - Addressing incorrect claims apparent from the statement.
  - An intimation is issued to the deductor/collector for
  - Additional tax payable or refund due.
- Intimation must be sent within 1 year from the end of the financial year in which the statement is filed.

## Part 2 TCS

<b>206C(1F)</b>	<ol style="list-style-type: none"> <li>1. <b>Sale of Motor Vehicle or other notified goods (luxury goods)</b> of value <b>Exceeding ₹ 10 Lakhs (individually)</b>. [It is important to note that the provisions for collection of tax at source on the sale consideration of other notified luxury goods is effective from 01.01.2025. Accordingly, tax shall be collected on the consideration received on or after 01.01.2025.]</li> <li>2. TCS @ 1%</li> <li>3. Seller – <b>Specified Person</b></li> <li>4. Buyer – Any Person</li> <li>5. Only <b>applicable on Retail Sale</b> i.e., not applicable on sale by manufacturer to dealer/distributor</li> </ol>
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7. Section 206AA & Section 206AB



## CHAPTER 2 - CHARITABLE TRUST

### 1. Section 10 Exemption not available

Only 10(1) [Agriculture], 10(23C), 10(23EA), 10(23EC), 10(23ED), 10(46), 10(46A) and 10(46B) – Available

### 2. Procedure for Registration – 12AB

<u>Section 12A(1)(ac)</u>	<u>Case</u>	<u>Time limit for making the application</u>	<u>Time limit for passing order by the PC/ Commissioner [Section 12AB(3)]</u>	<u>Validity Period</u>	<u>Registration granted is applicable from</u>
<b>Clause (i)</b>	Reregistration of the institutions or funds which were <b>already registered under section 12A/section 12AA</b> . prior to 1.4.2021	Within <b>three months from April 1, 2021</b> in Form No. 10A	<b>Order to be passed within 3 months from end of the month</b> when application was made.	Five years [Section 12AB(1)(a)]	A.Y. from which registration was earlier granted [Proviso to section 12A(2)]
<b>Clause (ii)</b>	<b>Renewal</b> of registration for trust/ <b>approval for trust wef 1/10/2024/</b> institution <b>already registered under section 12AB or 10(23C)(iv)/(v)/(vi)/(via)</b> and whose period of 5 years is due to expire.	at least <b>six months prior to the expiry</b> of the five-year validity in Form No. 10AB.	<b>within 6 months from the end of the month/ quarter wef 1/10/2024</b> in which application was received after satisfying himself about the genuineness of activities and compliance of other laws, as are material for the purpose of achieving its objects. For this purpose, the PC or C shall call for such documents or information and	Five years (if approved) [Section 12AB(1)(b)]	A.Y. immediately following the F.Y. in which application is made [Section 12A(2)]
<b>Clause (iii)</b>	<b>Final registration</b> where a trust/ institution is <b>provisionally registered u/s</b>	At least <b>six months prior to the expiry</b> of the provisional registration <b>or provisional approval</b>			First of the A.Y. for which it was provisionally registered [Proviso to section 12A(2)]

	<b>12AB</b> or <b>provisionally approved 10(23C)(iv)/(v)/(vi)/(via)</b>	or within <b>six months of commencement of activities</b> , which is <b>earlier</b> , in Form No. 10AB.	make inquiries as he thinks necessary. If not satisfied, pass an order in writing rejecting such application and also cancelling its registration after giving opportunity of being heard.		
<b>Clause (iv)</b>	To <b>revive inoperative registration</b> of trust/ institution on account of grant of approval u/s 10(23C) or 10(46) as provided in first proviso to section 11(7)	At least <b>six months prior to the commencement of the AY</b> from which the said registration is sought to be made operative in Form No. 10AB.			A.Y. immediately following the F.Y. in which application is made [Section 12A(2)]
<b>Clause (v)</b>	The trust or institution has adopted or undertaken <b>modifications</b> of the objects which do not conform to the conditions of registration.	Within a period of <b>thirty days from the date of the said adoption or modification</b> , in Form No. 10AB			A.Y. immediately following the F.Y. in which application is made [Section 12A(2)]
<b>Clause (vi)</b>	In any <b>other case (for e.g., first time applications)</b> [See Note below]	At least <b>one month prior to the commencement of the previous year</b> relevant to the assessment year in which the registration is sought in Form No. 10A.	Within <b>one month from the end of the month</b> in which the application is made order to be passed for provisional registration without detailed enquiry.	Three years [Section 12AB(1)(c)]	the A.Y. for which registration is sought in Form 10A, where the application is filed within the stipulated time limit

**Points**

<b>Points</b>	<b>Details</b>
<b>Condonation of Delay</b>	<b>PCIT/CIT may condone delay in filing applications for registration if reasonable cause is demonstrated. - Amended w.e.f. 01-10-2024.</b>
<b>Procedure</b>	<ul style="list-style-type: none"> <li>• PCIT/CIT will verify documents, genuineness of activities, and compliance with laws.</li> <li>• If satisfied, grants registration; if not, issues a written rejection after providing a reasonable hearing.</li> <li>• Registration is valid for 5 years under Section 12AB(1)(b).</li> </ul>
<b>Cancellation of Registration</b>	<p><b>Can be cancelled for specified violations such as:</b></p> <ul style="list-style-type: none"> <li>• Income used for non-trust objectives.</li> <li>• Business income not incidental or separate books not maintained.</li> <li>• Income used for private religious purposes or specific communities/castes.</li> <li>• Activities not genuine or not following registration conditions.</li> <li>• Non-compliance with other laws, orders, or decrees.</li> <li>• Application with incomplete or false information.</li> </ul>
<b>Procedure for Cancellation</b>	<ul style="list-style-type: none"> <li>• PCIT/CIT conducts an inquiry and provides a hearing opportunity.</li> <li>• <b>Time limit: 6 months from the end of the quarter in which the first notice is issued.</b></li> </ul>
<b>Trusts Commencing Activities Post 1.10.2023</b>	<ul style="list-style-type: none"> <li>• Can apply directly for final registration in Form 10AB without seeking provisional registration.</li> <li>• Valid for 5 years.</li> </ul>
<b>Exemptions (Sections 11 &amp; 12)</b>	Applicable <b>from the A.Y. following the F.Y. in which the application is made.</b>
<b>Forms for Registration</b>	<ul style="list-style-type: none"> <li>• <b>Form 10A:</b> For re-approval/re-registration under specified sections. - Deadline extended to <b>30-06-2024 (Circular No. 7/2024).</b></li> <li>• <b>Form 10AB:</b> For renewal of approval/registration or final approval under the first or second regime.- Deadline extended to <b>30-06-2024 (Circular No. 7/2024).</b></li> </ul>
<b>Trusts Not Yet Commenced Activities</b>	Required to apply for provisional registration under Section 12AB(1)(c).

**3. Incomes of a trust that are not exempt under section 11**

- Any part of the income from the property held under a trust for **private religious purposes** which does not ensure for the benefit of the public.
- Any income of a charitable trust or institution created for the **benefit of any particular religion, community or caste except** those formed for the benefit of **schedule caste, schedule tribe** and other backward classes, women, children etc.
- Any part of such income or any of its property is used or **applied**, during the previous year, directly or indirectly **for the benefit of any specified person** referred to in Section 13(3)
- Any income of a charitable or religious trust/ institution, if for any period during the previous year any funds of the trust or institution are **invested** or deposited

- ✓ in **any shares other than shares in a public sector company**/share specified as mode of investment in Section 11(5); or
- ✓ otherwise than in any one or more of the forms or modes specified in **Section 11(5)**.
- ✓ **W.e.f. 1st October 2024, no application for approval can be made under the first regime, resultantly, certain trusts or institutions need to shift from first regime to second regime. In order to provide protection to these trusts or institutions the assets permissible for investment in first regime i.e., mentioned above and voluntary contributions received and maintained in the form of jewellery, furniture or any other article as the Board may specify are also included under section 13(1)(d).**

#### 4. **Penalty for providing benefit to person referred in section 13(3)**

- **100%** of the aggregate amount of income so applied, where the violation is noticed for the **first time** during any previous year; and
- **200%** of the aggregate amount of income so applied, where **violation is noticed again** in any subsequent previous year.

#### 5. **115TD – Exit Tax**

1. *Exit tax provisions not applicable where any trust or institution registered under section 12AB or approved under Section 10 (23C)(iv)/(v)/(vi)/(via) merges with another trust or institution if the other trust or institution has same or similar objects and the other trust or institution is registered u/s 12AA or section 12AB or approved under Section 10(23C)(iv)/(v)/(vi)/(via) and the said merger fulfils such conditions as may be prescribed.*

## CHAPTER 3 - PGBP

### 1. **Section 28 – Charging Section**

1. Any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head “Profits and gains of business or profession” and shall be chargeable under the head “Income from house property. [Explanation 3]

### 2. **Section 37 – General Deduction**

1. Expenditure incurred by an assessee to settle proceedings initiated in relation to contravention under such law as may be notified by the Central Government in the Official Gazette in this behalf

### 3. **Certain Deduction - Section 36**

1. **Employer’s contribution to pension fund** u/s 80CCD  
**Deduction allowed**
  - ✓ 14% of Sal (Basic +DA) or
  - ✓ Actual whichever is **Lower**

## CHAPTER 4 - ASSESSMENT OF FIRM

### 1. Sec 40(b): - Remuneration and Interest to Partners.

<u>Remuneration</u>	<u>Interest</u>
To working partners	To Any partner
To Individual only.	To Any partner
Should be authorized by Deed.	Should be authorized by Deed.
Should not be retrospective.	Should not be retrospective.
Note Below	Rate of Interest should be <b>specified in the deed. Should not exceed 12% p.a.</b>

**NOTE: MAXIMUM PERMISSIBLE REMUNERATION: -**

<u>On First ₹6 Lacs of Book Profit</u>	<u>Balance Book Profit</u>	<u>In case of Book Loss</u>
1) <b>Book Profit X 90%</b> 2) <b>₹ 3,00,000</b> <b>Whichever is Higher</b>	<b>60% of Book profit</b>	<b>₹ 3,00,000</b>

## CHAPTER 7 - MINIMUM ALTERNATE TAX

### 1. Applicability

**Applicable to all Company, including foreign company having PE or place of business in India.**

Company pays - TAX- **Higher** of

1) **Normal Provision** →

2) **15% of Book Profit**

**IFSC - 9% of Book Profit**

**(Income of Co. must be in**

**Convertible Foreign Exchange)**

<u>TAX RATE(Normal)</u>	<u>Domestic co.</u>	<u>Foreign co.</u>
T/O of <b>PY 2022 -2023</b> upto ₹ 400 cr	<b>25%</b>	<b>35%</b>
Otherwise	<b>30%</b>	
<b>Surcharge (SC)</b>		
BP/NTI > 1cr upto 10cr	<b>7%</b>	<b>2%</b>
BP/NTI > 10cr	<b>12%</b>	<b>5%</b>
HEC	<b>4%</b>	<b>4%</b>

## CHAPTER 9 - DOUBLE TAXATION RELIEF

### 1. Bilateral Relief

#### Points

**DTAA or Income Tax** Act whichever is **more beneficial** to assessee shall apply  
*[The charge of tax in respect of a foreign co. (35%) at a rate higher than the rate at which a domestic co. is chargeable, shall not be regarded as less favourable charge or levy of tax in respect of such foreign co.]*

**[General Anti-Avoidance Rule, shall apply to the assessee even if such provisions are not beneficial to him.]**

## CHAPTER 10 - EQUALISATION LEVY

### [Section 165A]

**Equalisation Levy (EL) on e-commerce supply or services facilitated on or after 01-04-2020 but before 01-08-2024.**

**Pay**

**Equalisation levy @ 2% of consideration received**

**From Supply Goods or Services made or Provided or Facilitated by it.**

**to**

- Person Resident in India
- Non-resident having PE in India
- NR in Specified Circumstance
- a person who buys such goods or services or both using Internet Protocol Address (IP Address) Located in India

### Specified Circumstances Means

- ❖ **Sale of advertisement, which targets customer,**
  - who is resident in India or
  - access advertisement through IP Address located in India
- ❖ **Sale of Data, collected from**
  - a person who is resident in India or
  - from a person who uses IP Address located in India

### Non-Applicability

- **Jammu & Kashmir**
- If **E-Commerce Operator has PE in India** & Goods & Service is connected to such PE
- Where Equalisation levy is leviable u/s 165 of FA 2016
- **Sales**, turnover or Gross Receipts, as the case may be of E-Commerce Operator from such business is **less than ₹ 2 crore during PY**

## CHAPTER 11 - CAPITAL GAIN

### 1. Short Term & Long-Term Capital Assets

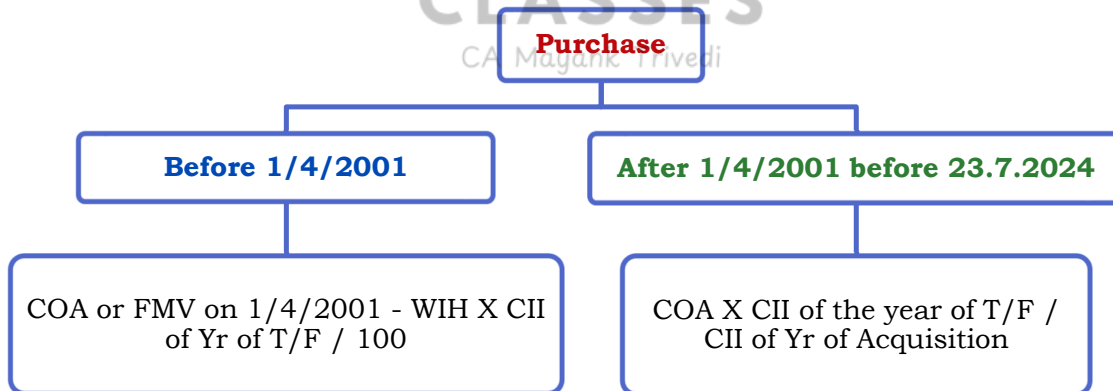
<i>Capital Asset</i>	<i>STCA</i>	<i>LTCA</i>
<b>In case transfer takes place before 23.7.2024</b>		
<ul style="list-style-type: none"> <li>• <b>Security (other than unit) listed in a recognized stock exchange</b></li> <li>• <b>Unit of equity-oriented fund/unit of UTI</b></li> <li>• <b>Zero Coupon bond</b></li> </ul>	<b>≤ 12 months</b>	<b>&gt; 12 months</b>
<ul style="list-style-type: none"> <li>• <b>Unlisted shares</b></li> <li>• <b>Land or building or both</b></li> </ul>	<b>≤ 24 months</b>	<b>&gt; 24 months</b>
<ul style="list-style-type: none"> <li>• <b>Listed units of a business trust</b></li> <li>• <b>Unlisted securities other than shares</b></li> </ul>	<b>≤ 36 months</b>	<b>&gt; 36 months</b>

• Other capital assets		
<b>In case transfer takes place on or after 23.7.2024</b>		
• Security listed in a recognized stock exchange including listed units of a business trust • Unit of equity-oriented fund/unit of UTI • Zero Coupon bond	≤ 12 months	> 12 months
Other capital assets	≤ 24 months	> 24 months

- ❖ As per **section 50AA**, capital gains arising from transfer of the following assets would **always** be capital gains arising from transfer of **short-term capital assets irrespective of the period of holding** of such assets –
  - units of a specified mutual fund acquired on or after 1.4.2023,
  - market linked debentures,
  - unlisted bond and unlisted debenture which is transferred or redeemed or matures on or after **23.7.2024**.

## 2. Indexed Cost of Acquisition (ICOA)

- ❖ For computation of **long-term capital gains arising** from the transfer which takes place **before 23.7.2024**, the cost of acquisition and cost of improvement will be **increased by applying the cost inflation index (CII)**. Once the cost inflation index is applied to the cost of acquisition and cost of improvement, it becomes **indexed cost of acquisition and indexed cost of improvement**.
- ❖ Consequent to the amendment made by the Finance (No. 2) Act, 2024 in section 48, **no indexation benefit is allowable on long-term capital gains arising on transfer of any capital assets taking place on or after 23.7.2024**.



### Gift

- 1. Previous Owner acquired the asset before 2001 & transferred before 2001**
  - Cost to PO or FMV on 1/4/2001 - WIH X CII of Yr of T/F / 100
- 2. Previous Owner acquired the asset Before 2001 & transferred After 2001 but before 23.7.2024**
  - **Act**
    - ✓ Cost to PO or FMV on 1/4/2001 - WIH X CII of Yr of T/F / CII for 1<sup>st</sup> held by Assessee (Jis din Assessee ko mila us din)
  - **Manjula Shah VS CIT**

✓ Cost to PO or FMV on 1/4/2001 -  $\text{WIH} \times \text{CII of Yr of T/F} / 100$

### 3. Previous Owner acquired the asset After 2001 & transferred After 2001 but before 23.7.2024

#### ➤ Act

✓ Cost to PO  $\times$  CII of Yr of T/F / CII for 1<sup>st</sup> held by Assessee (Jis din Assessee ko mila us din)

#### ➤ Manjula Shah VS CIT

✓ Cost to PO  $\times$  CII of Yr of T/F / CII of PO

❖ In case of Gift Jab bhi PO ayega tab do Tarike se solve 1. Act & 2. Manjula Shah

❖ CII FY 2023-2024 – 363

### 3. Indexed Cost of Improvement (ICOI)

1. Before 1/4/2001 – Nil

2. After 1/4/2001 but before 23.7.2024

➤ (Assessee + PO) both will be considered

➤  $\text{COI} \times \text{CII of Yr of T/F} / \text{CII of Yr of Improvement}$

### 4. Point

1. COA or COI would not include the deductions claimed in respect of interest u/s 24(b) or under the provisions of Chapter VI-A.

2. Reference to valuation officer [Section 55A]

Section 55A empowers the Assessing Officer to refer the valuation of a capital asset to a Valuation Officer in specific situations to determine its fair market value for capital gains purposes:

✓ If the Assessing Officer believes that the value claimed by the assessee, as per a registered valuer's estimate, differs from the fair market value.

✓ The Assessing Officer is of **opinion** that [Fair Market Value of the asset – Value claimed by the assessee] **exceeds ₹ 25,000; or 15% of the value claimed by the assessee.**

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## Part 4 - Tax Rate - Taxability of Capital Gains

### 1. Long-term capital gains in certain cases [Section 112A]

❖ This section is applicable only if the following conditions are satisfied :

❖ The total income includes LTCG arising from:

➤ **Equity shares** in a company.

➤ Units of **equity-oriented mutual funds.**

➤ Units of **a business trust.**

❖ Securities Transaction Tax (**STT**) is paid:

➤ On **both acquisition and transfer** in case of **equity shares.**

➤ On the **transfer of units** in case of **equity-oriented mutual funds or business trusts.**

*Transactions on recognized stock exchanges in International Financial Services Centres (IFSC) are exempt from STT requirements if consideration is paid in foreign currency.*

## ❖ Tax Rates

<u>Points</u>	<u>Details</u>
<b>Before 23-07-2024</b>	LTCG <b>exceeding ₹1,25,000: Tax @ 10%.</b>
<b>On or after 23-07-2024</b>	LTCG <b>exceeding ₹1,25,000: Tax @ 12.5%</b>
<b>LTCG ≤ ₹1,25,000.</b>	<b>No tax</b>
<b>Benefit of basic exemption limit is applicable</b> i.e. the long-term capital gains shall be reduced by the amount of such short fall and on balance LTCG tax shall be payable @ 10%/12.5%	
<b>No indexation</b> (Section 48).	
<b>No</b> deductions under <b>Chapter VI-A.</b>	
<b>No</b> tax rebate under <b>Section 87A.</b>	

**COA [Section 55(2)(ac)]**

This provision is applicable only in respect of equity shares /units acquired by the assessee before Feb 1, 2018.

**Higher** of (1) or (2)

(1) Actual Cost of Acquisition

(2) **Lower** of (i) FMV on 31/01/2018

(ii) Full value of Consideration

**FMV on 31/01/2018**

<u>Points</u>	<u>Details</u>
<b>Listed + Trading (Equity + Units)</b>	<b>Highest Value as on 31/01/2018</b>
<b>Listed + non-Traded on 31/01/2018</b>	<b>Highest Value of any Preceding day</b>
<b>Units (Unlisted)</b>	<b>NAV as on 31/01/2018</b>
<b>Unlisted</b>	<b>ICOA as per 2017 - 2018</b> <b>(COA X CII of FY 17 -18 i.e 272) / CII of Acquisition or 100</b>

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**2. Short term capital gains [Section 111A]**

❖ Short term capital gains on transfer of

- Listed Equity shares and
- Equity oriented fund Units or a unit of a business trust chargeable to STT

*Transactions in recognized IFSC stock exchanges (consideration paid in foreign currency) are eligible for concessional rates, even if STT is not paid.*

## ❖ Tax Rates

<u>Points</u>	<u>Details</u>
<b>Before 23-07-2024</b>	<b>Tax @ 15%.</b>
<b>On or after 23-07-2024</b>	<b>Tax @ 20%.</b>
<b>In case of resident individual/ HUF, if other income falls short of basic exemption limit then tax on such STCG = 15% /20% × [Such STCG – (Basic exemption limit – Other Income)]</b>	
<b>No</b> deductions under <b>Chapter VI-A.</b>	
<b>Other short-term capital gains shall be taxed at the normal rates applicable to the assessee</b>	

**3. Long-term capital gains in certain cases [Section 112]**

## ❖ Tax Rates

<u>Points</u>	<u>Details</u>
<b>Resident Individuals/HUFs</b>	<ul style="list-style-type: none"> <li>• <b>Before 23-07-2024:</b> Tax @ <b>20%</b>.</li> <li>• <b>On or after 23-07-2024:</b> Tax @ <b>12.5%</b>.</li> </ul>
<b>Land/Building – I/HUF</b>	<p>If LTCG arises from the <b>transfer of land/building (acquired before 23-07-2024)</b> by Resident <b>Individuals/HUFs</b></p> <p>Tax is the <b>lower of</b></p> <ul style="list-style-type: none"> <li>• <b>12.5%</b> of gross capital gains (<b>no indexation</b>)</li> <li>• <b>20%</b> of <b>indexed capital gains</b>.</li> </ul> <p><i>It may be noted that this <b>benefit</b> to a resident individual or HUF is to be <b>given only while computing tax on LTCG under section 112</b> on transfer of land or building or both and <b>not while computing Income under the head “Capital Gains”</b> which would form part of gross total income/total income. Thus, for computing income under the head “Capital Gains” to be included in gross total income, indexation benefit is not to be given even in case of resident individual/HUF transferring land or building or both on or after 23.7.2024 which was acquired before 23.7.2024.</i></p>
<b>Domestic Companies</b>	<ul style="list-style-type: none"> <li>• <b>Before 23-07-2024:</b> Tax @ <b>20%</b>.</li> <li>• <b>On or after 23-07-2024:</b> Tax @ <b>12.5%</b>.</li> </ul>
<b>Non-residents or Foreign Company</b>	<p><b>Unlisted Securities or shares of Pvt Co.</b></p> <ul style="list-style-type: none"> <li>• <b>Before 23-07-2024:</b> Tax @ <b>10%.(without Indexation)</b></li> <li>• <b>On or after 23-07-2024:</b> Tax @ <b>12.5%</b>.</li> </ul> <p><b>In case of other assessee,</b></p> <ul style="list-style-type: none"> <li>• <b>Before 23-07-2024:</b> Tax @ <b>20%</b>.</li> <li>• <b>On or after 23-07-2024:</b> Tax @ <b>12.5%</b>.</li> </ul>
<b>Listed securities/ZCB</b>	<p>LTCG on <b>listed securities (other than units) or zero-coupon bonds (before 23-07-2024) [Not applicable on or after 23-07-2024]</b></p> <p>Tax is <b>lower of</b></p> <ul style="list-style-type: none"> <li>• <b>10%</b> of gross LTCG (<b>no indexation, no exemption</b>).</li> <li>• <b>20%</b> of taxable LTCG (<b>after indexation</b>).</li> </ul>
<b>Other Cases</b>	<ul style="list-style-type: none"> <li>• <b>Before 23-07-2024:</b> Tax @ <b>20%</b>.</li> <li>• <b>On or after 23-07-2024:</b> Tax @ <b>12.5%</b>.</li> </ul>

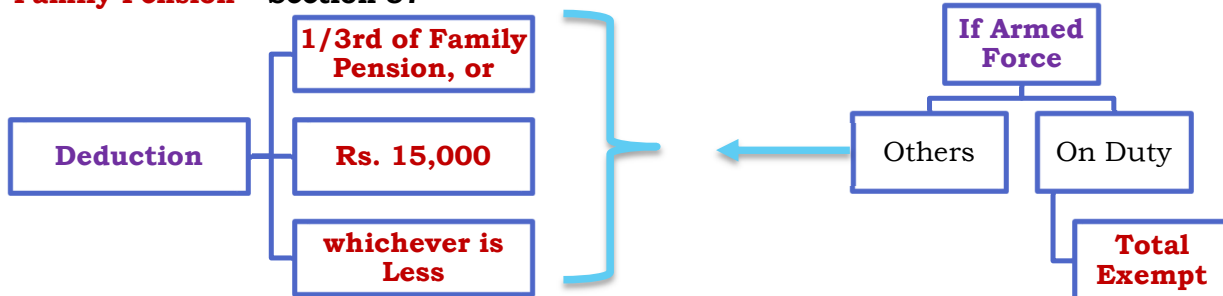
**4. Sec 47: - Non-Taxable Transfers****General Exclusion**

1. **Any transfer by an individual or HUF through a gift, will, or irrevocable trust is not a transfer. [Amendment w.e.f. A.Y. 2025-26: Exclusion now applies only to individuals/HUFs.]**

## CHAPTER 14 – IFOS

### 1. Items [Section -56]

#### 1. Family Pension – Section 57



- ❖ Family pension received by member of family who had been awarded notified gallantry awards like “param vir chakra” or “vir chakra” – **Not Taxable**
  - ❖ ₹25,000, in a case where income tax is computed under default tax regime u/s 115BAC(1A)(ii)
2. ~~Shares issued at premium by closely held company to a person Sec 56(2)(viib)~~
- ~~If, Issue price (Face Value + Premium) > FMV of Shares~~
  - ~~Then (Issue Price less FMV)~~
  - ~~Taxable in the hands of Company as IFOS~~

### 2. Section 57

<u>Type of Income</u>	<u>Allowable Deduction</u>
<b>Dividend</b>	Interest expenditure to earn such income, subject to a maximum of 20% of such income. <b>No deduction shall be allowed in case of dividend u/s 2(22)(f).</b>

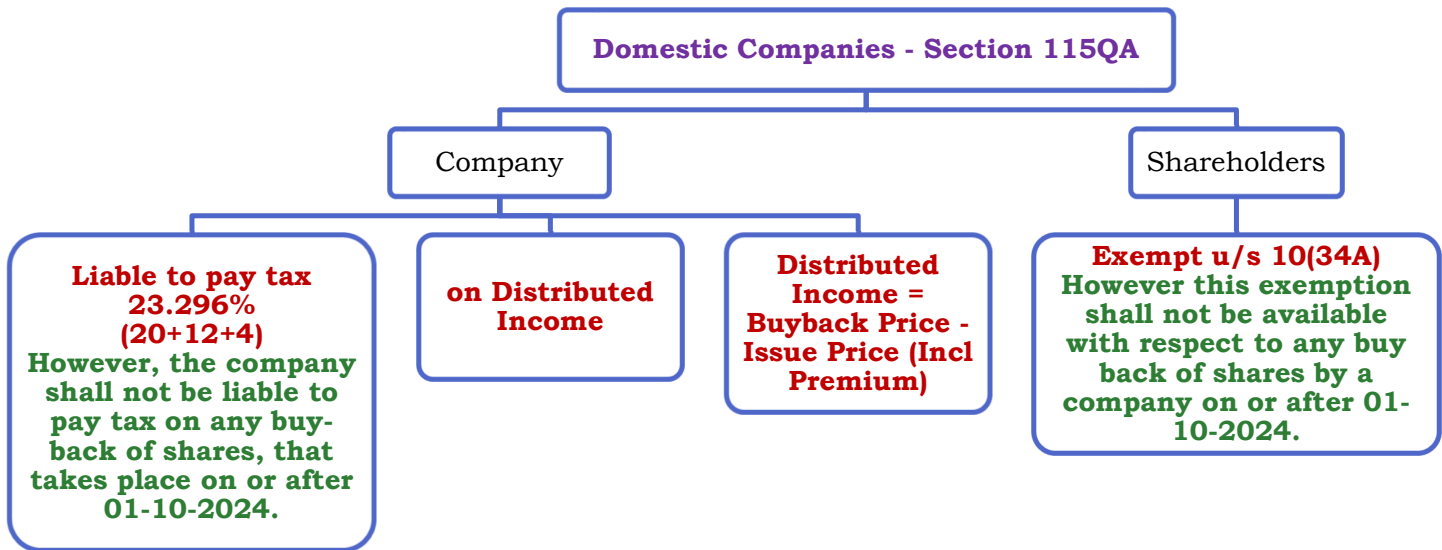
## CHAPTER 15 – DIVIDEND

### 1. Deemed Dividend – 2(22)

#### Points

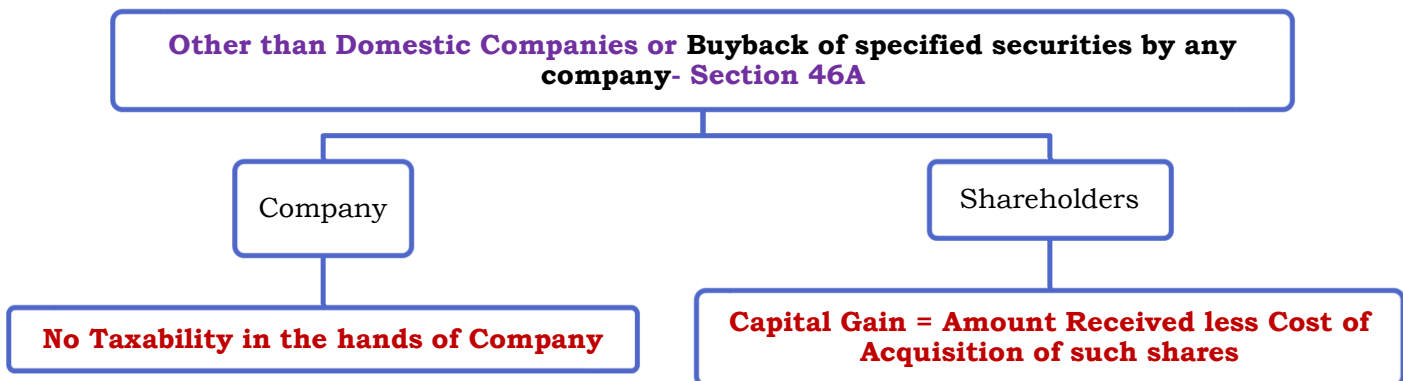
- f. Any payment by a company on purchase of its own shares from a shareholder in accordance with the provisions of section 68 of the Companies Act, 2013; [w.e.f. 01-10-2024] (Buyback)**

CHAPTER 19 - BUY-BACK



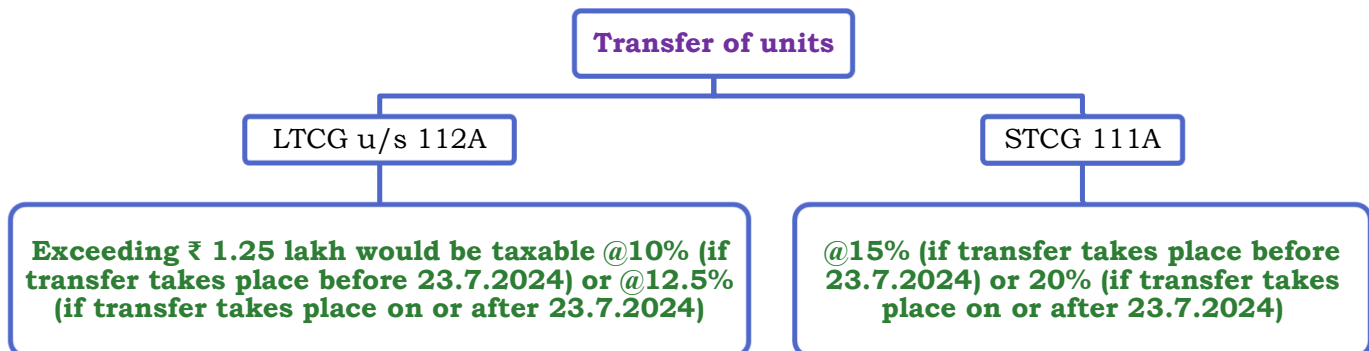
- ❖ ***In case of buy back of shares effected on or after 1.10.2024 by domestic companies*** - The sum paid by a domestic company for purchase of its own shares would be treated as dividend and taxable under the head “Income from other sources” in the hands of shareholders. No deduction for expenses would be available against such dividend income.
- ❖ The cost of acquisition of the shares which have been bought back would generate a capital loss in the hands of the shareholder as these assets have been extinguished. Therefore when the shareholder has any other capital gain from sale of shares or otherwise subsequently, he would be entitled to claim his original cost of acquisition of all the shares – POH till date of Buyback

<i>Particulars</i>	<i>Amount</i>
FVOC (Always Nil)	Nil
Less: COA of Shares	(XXX)
Capital Loss (Always)	(XXX)



## CHAPTER 22 - BUSINESS TRUST

### 1. Transfer of units of BT by unit holder



The period of holding of units of business trust to qualify as “long-term capital assets” is “more than 12 months”. If the transfer takes place before 23.7.2024, the period of holding to qualify as long-term capital asset would be 36 months instead of 12 months.

### 2. Transfer of Shares

Transfer of Shares of **SPV to BT** in exchange of unit of BT – **Not Transfer** as per sec 47. (POH – old + new)

The benefit of concessional tax regime of tax @15% or 20%, as the case may be, on STCG and @10% or 12.5%, as the case may be, on LTCG exceeding ₹ 1.25 lakh under section 112A shall be available to the sponsor on sale of units received in lieu of shares of SPV subject to levy of STT.

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## CHAPTER 25 - SETOFF & C/F

### 1. Brought forward losses/ depreciation is not allowed under the special concessional tax

- ❖ Brought forward business loss of specified business u/s 35AD
- ❖ Brought forward business loss on account of deduction u/s 35(1)(ii)/(iia)/(iii) or u/s 35(2AA) [or u/s 35(2AB), in case of computation of total income under sections 115BAA/115BAB, applicable to companies]
- ❖ Unabsorbed depreciation attributable to additional depreciation u/s 32(1)(iia)
- ❖ **In addition, in case of persons covered under section 115BAC, brought forward loss from self-occupied house property is not allowed to be set-off while computing total income for A.Y. 2025-26 under the default tax regime thereunder.**

**2. Closely Held Companies – Redrafting**

<i>Particulars</i>	<i>Details</i>
<b>Carry Forward and Set-Off of Losses (Non-Eligible Start-up)</b>	Business loss from previous years cannot be carried forward unless: <ul style="list-style-type: none"> <li>On the <b>last day of the previous year, at least 51% of the voting power is held by the same shareholder</b>s who held at least 51% on the last day of the year(s) when the loss was incurred.</li> </ul>
<b>Carry Forward and Set-Off of Losses (Eligible Start-up)</b>	Business loss is allowed to be carried forward and set-off if either condition is met: <ul style="list-style-type: none"> <li>At least <b>51% of voting power on the last day of the previous year is held by the same shareholders</b> who held it when the loss was incurred.</li> <li><b>All shareholders</b> holding voting power on the last day of the year(s) when the loss was incurred continue to hold shares on the last day of the year of set-off, and the loss is incurred <b>within 7 years of incorporation</b>.</li> </ul>

**CHAPTER 27 - ADVANCE TAX****1. Additional interest**

**Additional interest @ 3% p.a.** if refund arises as a result of appellate authorities or revisionary authorities order for the period beginning from the date following the date of expiry of the time allowed under Section 153(5) to the date on which the refund is granted. [Section 244A(1A)]

**Where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of section 245(2) and ending with the date up to which such refund is withheld, shall be excluded. [Amended w.e.f. 01-10-2024]**

**2. Set off of refunds against tax remaining payable or withholding of refund [Section 245]**

- ❖ The AO/CIT/PCIT/CCIT/PCCIT may after intimating , in lieu of payment of the refund, set-off the amount to be refunded against the sum payable by such person.
- ❖ If AO with previous approval of PCIT/CIT **withhold refund up to 60 days from the date on which such assessment or reassessment is made. [Amended w.e.f. 01-10-2024]**

## CHAPTER 29 - TRANSFER PRICING

### 1. Section 92CA – Reference to Transfer Pricing Officer (TPO).

- ❖ **Assessing Officer** can with the **previous approval** of the Principal Commissioner or Commissioner, if he considers necessary or expedient to do so, **refer the computation** of the arm's length price of such transaction **to the Transfer Pricing Officer (TPO)**
- ❖ **TPO shall serve a notice on the assessee to produce evidence** in support of the computation of arm's length price made by him in respect of such transaction
- ❖ The **TPO has to pass an order** determining the arm's length price in respect of the specified domestic transaction **after considering the evidence, documents, etc.** produced by the assessee and **after considering the material gathered by him.** He has to **send a copy** of his order to the **Assessing Officer as well as the assessee.**
- ❖ **TPO to pass order at least 60 days before the time-limit for completion of assessment.**
- ❖ **TPO can assess the ALP for additional international transactions/ specified domestic transaction that come to their attention during the proceedings,** they do not have the same authority for specified domestic transactions that are identified later on.
- ❖ Where in respect of an international transaction/ **specified domestic transaction, the assessee has not furnished the report under section 92E and such transaction comes to the notice of the TPO** during the course of proceeding before him, the **transfer pricing provisions shall apply** as if such transaction is referred to the TPO by the Assessing Officer

### 2. Limitation of interest deduction (Section 94B)

#### Condition

- ❖ **Borrower** Should be an **Indian company or a PE** of a Foreign company
- ❖ **Borrower should not** be a **bank or insurance or a Finance Company located in any IFSC or NBFC** notified by CG
- ❖ **Lender should not** be a PE in India of a non-resident engaged in **the business of banking**
- ❖ **interest** paid to NR AE **exceed Rs 1 crore**
- ❖ **Excess Interest not allowable** as deduction
- ❖ **Excess Interest** - Total interest paid or payable\* in excess of 30% of EBITDA or Interest paid or payable to AE for that previous year, whichever is lower
- ❖ **Disallowed interest** can be **carried forward for 8 AYs** for deduction against PGBP income to the extent of maximum allowable interest expenses

#### Simple hai...!

- ❖ Allowed Interest to AE is 30% of EBITDA

## CHAPTER 32 - NON-RESIDENT TAXATION

### Income Exempt for NR

#### 1. Others

<u>Section</u>	<u>Income</u>	<u>Available to</u>
<b>10(4F)</b>	<ul style="list-style-type: none"> <li>• Any income of a non-resident by way of royalty or interest, on account of lease of an aircraft or a ship in a previous year, paid by a unit of an IFSC referred to in section 80LA(1A), <b>if the unit has commenced its operation on or before 31.3.2025.</b></li> <li>• "Aircraft", here, means an aircraft or a helicopter, or an engine of an aircraft or a helicopter, or any part thereof.</li> <li>• "Ship" means a ship or an ocean vessel, engine of a ship or ocean vessel, or any part thereof.</li> </ul>	Non-resident
<b>10(15B)</b>	<p><b>Any income of a foreign company from lease rentals of cruise ships, received from a specified company which operates ships in India, where such foreign company and the specified company are subsidiaries of the same holding company, and such income is received or accrues or arises in India for any relevant assessment year beginning on or before the 01-04-2030.</b></p>	<p><b>"Specified company" means any company, other than a domestic company which operates cruise ships in India and opts to pay tax in accordance with the provisions of section 44BBC</b></p>
<b>10(23FE)</b>	<p>Dividend, interest, any sum referred to in section 56(2)(xii) or long-term capital gains arising to specified person from an investment made by it in India, whether in the form of debt or share capital or unit, if such investment</p> <ul style="list-style-type: none"> <li>(i) is made <b>between 1.4.2020 and 31.3.2025;</b></li> <li>(ii) is held for at least 3 years</li> <li>(iii) is in a business trust, a company/ enterprise/entity in developing/ operating/maintaining an infrastructure facility or</li> <li>(iv) a SEBI Category I or II AIF having not less than 50% investment in one or more of the company or enterprise or entity referred to in (iii) or in (v) or in (vi) or in an Infrastructure Investment Trust or</li> <li>(v) a domestic company, set up and registered on or after 1.4.2021, having minimum 75% investments in one or more of the companies or enterprises or entities referred to in (iii) or</li> <li>(vi) a NBFC registered as an Infrastructure Finance Company or in</li> </ul>	<p>Specified person, being</p> <ul style="list-style-type: none"> <li>(i) a wholly owned subsidiary of the Abu Dhabi Investment Authority</li> <li>(ii) a sovereign wealth fund</li> <li>(iii) Pension fund satisfying the prescribed conditions.</li> </ul>

	an Infrastructure Debt Fund, having minimum 90% lending to one or more of the companies or enterprises or entities referred to in (iii). Refer detailed discussion in pages 21.69 to 21.72	
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**A specified fund (10(4D))**

- ❖ a **fund established or incorporated in India** in the form of a trust or a company or a LLP or a body corporate –
  - which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the SEBI (Alternative Investment Fund) Regulation, 2012, made under the SEBI Act, 1992 or regulated under the IFSC Authority (Fund Management) Regulations, 2022 made under the IFSC Authority Act, 2019;
  - **which has been granted a certificate as a retail scheme or an Exchange Traded Fund, and is regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the International Financial Services Centres Authority Act, 2019 and satisfies such conditions, as may be prescribed;**
  - which is located in any IFSC
  - of which all the units are held by nonresidents other than units held by a sponsor or manager.
  - However, this condition would not apply where any unit holder or holders, being non resident during the previous year when such unit or units were issued, becomes resident u/s 6(1)/(1A) in any previous year subsequent to that year, if the aggregate value and number of the units held by such resident unit holder or holders do not exceed 5% of the total units issued and fulfill such other conditions as may be prescribed;
- ❖ **Investment division** of an offshore banking unit, which has been granted a certificate of registration as a Category-I foreign portfolio investor under the SEBI (FPI) Regulations, 2019 made under the SEBI Act, 1992 and which has commenced its operations **on or before the 31-03-2025;**

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**Non-resident tax rate****1. LTCG & Interest from Bond & GDR [Section 115AC]**

<i>Particulars</i>	<i>Tax Rate</i>
<b>Interest or dividend from bonds or GDRs</b>	<b>10%</b>
<b>Long term capital gain</b>	
<b>transfer which takes place before 23.7.2024</b>	<b>10%</b>
<b>transfer which takes place on or after 23.7.2024</b>	<b>12.5%</b>

**2. Income of Specified Fund or Foreign Institutional Investors from securities or capital gains arising from their transfer [Section 115AD]**

<i>Income</i>	<i>Rate of Tax</i>
Income received in respect of securities other than	• <b>20% in case of FII</b>
✓ Income on units referred to in section 115AB i.e., units of	• <b>10% in case of specified fund</b>

Mutual Fund specified u/s 10(23D) or UTI ✓ Interest referred u/s 194LD	
Interest referred u/s 194LD	<b>5%</b>
Income by way of Short term capital gains arising from the transfer of securities (other than STCG u/s 111A)	<b>30%</b>
Income by way of Short term capital gains u/s 111A	<ul style="list-style-type: none"> <li>• <b>5%, if the transfer takes place before 23.7.2024</b></li> <li>• <b>20%, if the transfer takes place on or after 23.7.2024</b></li> </ul>
Income by way of Long term capital gains arising from the transfer of securities (other than Long term capital gains u/s 112A)	<b>10%</b>
Income by way of long term capital gains u/s 112A <b>exceeding ₹ 1.25 lakh</b>	<ul style="list-style-type: none"> <li>• <b>10%, if the transfer takes place before 23.7.2024</b></li> <li>• <b>12.5%, if the transfer takes place on or after 23.7.2024</b></li> </ul>
Other income of Specified Fund or FII	<b>At normal rates of tax</b>

- ❖ Where the gross total income of the specified fund or Foreign Institutional Investor comprises only of the aforesaid interest or dividend income from securities, no deduction shall be allowed to it
- ❖ Deduction under Chapter VI-A will be available in respect of other incomes.

### 3. Overseas Financial organization [Section 115AB]

- ❖ Income from units from of UTI or a mutual fund specified u/s 10(23D), which were purchased in foreign currency

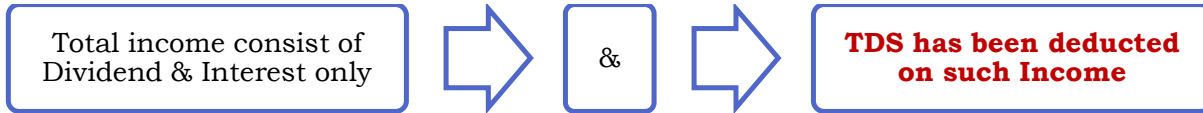
<i>Particulars</i>	<i>Tax Rate</i>
<b>Income received in respect of units purchased in foreign currency</b>	<b>10%</b>
<b>Long-term capital gain</b>	
<b>transfer which takes place before 23.7.2024</b>	<b>10%</b>
<b>transfer which takes place on or after 23.7.2024</b>	<b>12.5%</b>

- ❖ The benefit of **indexation** shall **not be available**
- ❖ **No deduction** under **Chapter VI-A** admissible.
- ❖ The **normal provisions** of the Income-tax Act, 1961 will apply for computation of **other income**.
- ❖ It may be noted that capital gain on transfer of unit of specified mutual fund (mutual fund where not more than 35% of its total proceeds is invested in the equity shares of domestic companies) is a **short-term capital gain [Section 50AA]**.
- ❖ It may be noted that short term capital gains on units of **equity-oriented fund** are **taxable @15%** if transfer takes place **before 23.7.2024 and @20% if the transfer takes place on or after 23.7.2024 under section 111A** provided securities transaction tax has been paid on the sale of such units.

### 4. Common Points

- ❖ No expenses allowed
- ❖ Chapter VIA – Not available (except Royalty)
- ❖ No indexation

- ❖ Special Income – No BEL available
- ❖ NR not required to furnish return If,



- ❖ **Submission of statement by a non-resident having liaison office within 60 days from the end of such financial year in prescribed form and containing prescribed particulars.**

**NRI - Chapter XII-A**

Tax Rate

<u>Points</u>	<u>Investment Income from FEA</u>	<u>LTCG relating to FEA, being a LTCA</u>	<u>LTCG of an asset, other than FEA</u>	<u>Other Income</u>
<b>Rate of tax</b>	<b>20%</b>	<ul style="list-style-type: none"> <li>• 10% for any transfer which takes place before 23.7.2024;</li> <li>• 12.5% for any transfer which takes place on or after 23.7.2024</li> </ul>	<ul style="list-style-type: none"> <li>• 20% for any transfer which takes place before 23.7.2024;</li> <li>• 12.5% for any transfer which takes place on or after 23.7.2024</li> </ul>	<b>Normal rates of tax</b>
<b>Deduction for expenses or allowance</b>	Not allowable	Allowable. However, benefit of <b>indexation of COA is not available</b>	Allowable. Benefit of <b>indexation of COA is available before 23.7.2024.</b>	Allowable
<b>Deduction under Chapter VI-A</b>	Not allowable	Not allowable	Not allowable	Allowable

**Presumptive Provisions Applicable to Non Residents**

<u>44B</u>	<u>Section 44BBC</u>
<b>Shipping Business of Non-Resident other than cruise ships</b>	<b>Business of operation of cruise ships</b>
Income of non-resident shall be <b>chargeable</b> under the head <b>PGBP</b> at the rate of <b>7.5% of Amount*</b>	<b>Income of non-resident shall be chargeable under the head PGBP at the rate of 20% of Amount#</b>
<b>NR</b>	<b>NR</b>

**Amount#[44BBC]**

- Amt paid or payable to the assessee or to any person on his behalf on account of the carriage of passengers; and
- Amt received or deemed to be received by or on behalf of the assessee on account of the carriage of passengers.

## CHAPTER 33 - NON-RESIDENT TDS RATE

<u>Section</u>	<u>Nature of payment</u>	<u>Rate of TDS</u>
<b>196B</b>	Income from units of a <b>MF or UTI</b> purchased in Foreign currency payable <b>to an Offshore Fund</b>	
	<ul style="list-style-type: none"> <li>• <b>Income from units; or</b></li> <li>• <b>Long term capital gain arising on transfer of such units which takes place before 23.7.2024</b></li> </ul>	<b>10%</b>
	<b>In respect of long-term capital gain on transfer of such units which takes place on or after 23.7.2024</b>	<b>12.5%</b>
<b>196C</b>	Income from <ul style="list-style-type: none"> <li>• <b>Interest on Bonds</b> of an Indian company or PSU Sold by Govt and purchased by an NR, or</li> <li>• <b>Dividends on GDRs</b> payable to an NR (including LTCG on transfer of such bonds or GDRs) u/s 115AC</li> </ul>	
	<ul style="list-style-type: none"> <li>• <b>Interest or dividend from bonds or GDRs or</b></li> <li>• <b>Long term capital gain on transfer of such bonds or GDRs which takes place before 23.7.2024</b></li> </ul>	<b>10%</b>
	<b>In respect of long-term capital gains on transfer of such bonds or GDRs which takes place on or after 23.7.2024</b>	<b>12.5%</b>

## CHAPTER 34 - RETURN FILING

### 1. Returns

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Section 139(9a)	<ul style="list-style-type: none"> <li>• <b>Where any return of income is furnished in pursuance of an order of CBDT u/s 119(2)(b), the provisions of section 139 shall apply</b></li> <li>• <b>Completed within 12 months from the end of the financial year in which such return was furnished.</b></li> </ul>
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### 2. 139AA - Aadhaar

- ❖ Every person is required to quote Aadhar in application form for PAN & ROI
- ❖ If a person does not have Aadhaar Number, he is required to quote Enrolment ID (28 digit) of Aadhaar application form **if Aadhar number not available upto 30-09-2024.**
- ❖ **Every person who has been allotted permanent account number on the basis of Enrolment ID of Aadhaar application form filed prior to 01-10-2024, shall intimate his Aadhaar number to prescribed authority within prescribed time limit.**

### 3. Effect of Order of Tribunal in Respect of Business Reorganisation [Section 170A] – Redrafting

- ❖ Where **prior to the date of order of a High Court** or Tribunal or an Adjudicating Authority as defined in section 5(1) of the Insolvency and Bankruptcy Code, 2016, as the case may be, **any return of income has been furnished** by an entity to which such order applies under the provisions of section 139 for any assessment year relevant to the previous year to which such order applies
- ❖ The **successor entity** must **furnish a modified return in Form ITR-A within six months** from the end of the month in which the order was issued.
- ❖ This return must be furnished electronically under digital signature.
- ❖ "**Successor**" means all resulting companies in a business reorganization, whether or not the company was in existence prior to such business reorganization.
- ❖ This provision applies notwithstanding anything contained in section 139.
- ❖ **Assessment on the Basis of Modified Return** [Section 170A(2)]

<u>Status of Assessment or reassessment proceedings</u>	<u>Completion of Assessment by the A.O. on the basis of modified return</u>
<b>Completed proceedings</b>	If the proceedings have been completed on the date of furnishing of the modified return in accordance with section 170A(1), the <b>A.O. must pass an order modifying the total income</b> of the relevant assessment year determined in such assessment or reassessment proceedings <b>in accordance with the order of the business reorganization and the modified return furnished.</b>
<b>Pending proceedings</b>	If the proceedings are pending on the date of furnishing of the modified return in accordance with section 170A(1), the <b>A.O. must proceed to complete the assessment</b> or reassessment proceedings and pass an order assessing or reassessing the total income of the relevant assessment year <b>in accordance with the order of the business reorganization and the modified return furnished.</b>
All other provisions of the Act shall apply to such assessment or reassessment made in respect of the assessment year to which the order of business reorganisation applies and the tax shall be chargeable at the rate or rates applicable to such assessment year.	
<b>Example:</b> If A Ltd. merges with B Ltd. with effect from 1.4.2022 via an order of the High Court dated 1.11.2023, and B Ltd. has already filed its return of income for A.Y. 2023-24 on 30th October, 2023, then B Ltd. must file a modified return for A.Y. 2023-24 in accordance with and limited to the High Court order on or before 31st May, 2024.	

## CHAPTER 36 - INCOME ESCAPING ASS

### 1. Section 147

- ❖ If AO has reason to believe income chargeable to tax has escaped assessment for any AY.
  - AO can **assess/reassess income or recompute loss, depreciation, or deductions** for the relevant AY.
  - AO **may assess any issue** that **comes to notice during proceedings**, even if Section 148A steps were not initially followed.
- ❖ **A.Y. for which income has escaped assessment is known as Relevant Assessment Year (RAY)**
- ❖ Completion - **12 Months from the end of FY in which Notice u/s 148 is served**

### 2. Procedure Before Issuing Notice [Section 148A]

- ❖ **Before issuing notice u/s 148**, AO shall (**148A**) -
  - a. **Conduct any enquiry**, if required, related to information with the prior approval of higher authority.
  - b. Provide **opportunity of being heard** to the assessee, by **serving upon him a notice** to show cause as to why notice u/s 148 should not be issued to him on the basis of information within **7 days to 30 days from the date on which such notice** is issued (may be extended)
  - c. **consider the reply of assessee** furnished, if any, in response to the SCN
  - d. **decide, on the basis of material available on record including reply of the assessee, whether or not it is a fit case to issue a notice under section 148, by passing an order**, with the prior approval of specified authority,
    - **within one month from the end of the month in which the reply** referred to in clause (c) is **received by him**; or
    - **where no such reply is furnished, within one month from the end of the month in which time** or extended time allowed to furnish a reply as per clause (b) **expires**.
- ❖ **Section 148A is not applicable in cases where:**
- ❖ a search is initiated under section **132/132A** in the case of the assessee **on or after 01.04.2021 but before 1.9.2024**
- ❖ any **money, bullion, jewellery or other valuable article** or thing, seized in a search under section 132 or requisitioned under section 132A, in the case of any other person **on or after 01.04.2021 but before 1.9.2024**, belongs to the assessee
- ❖ any **books of account or documents, seized in a search** under section 132 or requisitioned under section 132A, in case of any other person **on or after 01.04.2021 but before 1.9.2024**, pertains or pertain to, or any information contained therein, relate to, the assessee
- ❖ received any **information under the scheme notified in respect of faceless collection of information** under section 135A pertaining to income chargeable to tax escaping assessment for any assessment year in the case of the assessee

**3. Notice for Escaped Income [Section 148]**

- ❖ AO **issues a notice requiring the filing of Return** of Income (ROI) for the Relevant AY.
- ❖ **ROI must be filed within 3 months from the date of notice issuance** (extendable at AO's discretion). and the provisions of this Act shall apply accordingly **as if such return** were a return required to be **furnished under section 139**.
- ❖ However, where a return of income is **furnished beyond the period allowed above**, such return would not be deemed to be a return under section 139 and accordingly, the **assessing officer can proceed with best judgment assessment** in such a case.
- ❖ **Notice can be issued only when-** - there is **information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment** in the case of the assessee for the relevant assessment year **and Where the Assessing Officer has received information under the scheme notified under section 135A**, with the prior approval of the specified authority.
- ❖ Information Suggesting Escaped Income includes
  - any information in the case of the assessee for the relevant assessment year in accordance with the **risk management strategy** formulated by the Board from time to time; or
  - any **audit objection** to the effect that the assessment in the case of the assessee for the relevant assessment year has not been made in accordance with the provisions of this Act; or
  - any information received under an agreement referred to in **section 90 or section 90A** ; or
  - any information made available to the Assessing Officer under the scheme notified in respect of **faceless collection of information under section 135A**; or
  - any information which requires **action in consequence of the order of a Tribunal** or a Court.
  - any information emanating from a **survey conducted under section 133A (other than conducted under section 133A(2A) for verifying TDS and TCS) on or after 01.09.2024**.

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## CHAPTER 37 - INCOME TAX AUTHORITIES

### Part 3 - Search & Seizure

#### 1. Points

- ❖ The **assessee makes an application for release of assets & explains nature and source** of such assets, to the **satisfaction of AO. [Section 132B]**
  - **Within 30 days** from end of the month in which asset was seized.
  - Then **Amount of Existing liability will be Recovered & Remaining portion may be Released** with **prior approval of CCIT/CIT, does not include advance tax**
  - **Remaining assets shall be released within 120 days** from the completion of search.
  - **Any assets** or proceeds thereof, remain **after discharging liabilities** then it should **be returned back**, or else C.G. shall **pay simple interest @ 0.5% p.m. or part of the month.**
  - **Amount on which interest payable**

<u>Particulars</u>	<u>Amount</u>
<b>Amount of money seized u/s 132 or requisitioned u/s 132A</b>	<b>XXX</b>
<b>Add: Proceeds of any other asset sold towards discharge of liability under this Act and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015; [Amended w.e.f. 01-10-2024]</b>	<b>XXX</b>
<b>Less: Amount of money released to the assessee</b>	<b>XXX</b>
	<b>XXX</b>

### Block Assessment in Search & Requisition Cases (01.09.2024)

#### 1. Key Definitions [Section 158B]

<u>Term</u>	<u>Definition</u>
<b>Block Period</b>	<ul style="list-style-type: none"> <li>• <b>Period covering 6 previous years preceding the year of search/requisition, plus</b> the period from the <b>start of the financial year of search until the date of last</b> authorization.</li> <li>• <b>Example</b> - Search initiated on 10.12.2024 and concluded on 18.12.2024. Block Period: 6 preceding AYs: 2018-19 to 2023-24. Additional period: 01.04.2024 to 18.12.2024.</li> </ul>
<b>Undisclosed Income</b>	<p><b>Includes:</b></p> <ul style="list-style-type: none"> <li>• Unreported money, bullion, jewelry, assets, or income.</li> <li>• Incorrectly claimed expenses, exemptions, or deductions.</li> <li>• Income not disclosed for taxation.</li> </ul>

## 2. Applicability of Block Assessment [Section 158BA]

- ❖ Applicable when:
  - Search initiated under Section **132**.
  - Requisition made under Section **132A**,  
**on or after 01-09-2024**,
- ❖ Taxable income for the block period is assessed and charged at a **60% rate (plus applicable surcharge and cess)**.
- ❖ Where the search was **initiated before but concluded on or after 01-09-2024**, the **assessment shall be done as per the other provisions of this Act**.
- ❖ **Pending Assessments**, reassessment on the date of initiation of the search u/s 132, or making of requisition u/s 132A shall stand abated. Similarly pending proceeding before TPO under Section 92CA or his order u/s 92CA(3) shall also **stand abated**
- ❖ Where any search **assessment is pending** in the case of an assessee in whose case a **subsequent search is initiated**, or a requisition is made, **such assessment shall be duly completed**, and thereafter, the assessment in respect of such subsequent search or requisition shall and where the **period of completing the assessment in respect of subsequent search is less than 3 months** such period shall be **extended to 3 months from the end of the month** in which the assessment in respect of the earlier search was completed.
- ❖ If **any proceeding initiated** under this Chapter or any order of assessment or reassessment made u/s 158BC(1)(c) has been **annulled in appeal** or any other legal proceeding, then, the **assessment or reassessment relating to any assessment year which has abated, shall revive** with effect from the date of receipt of the order of such annulment by the Principal Commissioner or Commissioner. **Such revival shall cease to have effect, if such order of annulment is set aside**.
- ❖ The total income (other than undisclosed income) of the assessment year relevant to the previous year in which the last of the authorisations for a search is executed or a requisition is made shall be assessed separately in accordance with the other provisions of this Act. Thereby, **only undisclosed income of the block period of six years shall be subject to the provisions of this chapter**.

## 3. Computation of Block Period Income [Section 158BB]

<i>Components</i>	<i>Details</i>
<b>A. Disclosed Income</b>	Income disclosed in <b>returns filed under Section 158BC</b> .
<b>B. Assessed Income</b>	Income <b>already assessed under Sections 143(3), 144, 147, 153A, or 153C</b> prior to the search/requisition date.
<b>C. Declared Income</b>	Income declared in <b>returns filed under Section 139</b> or in response to notices under <b>Sections 142(1) or 148</b> .
<b>D. Current Period Income</b>	Income from <b>incomplete years</b> based on normal <b>accounting records</b> .
<b>E. Undisclosed Income</b>	Income determined based on evidence found during search/requisition (books, documents, material, or other information).
<b>Total Block Period Income</b>	Sum of <b>A + B + C + D + E, minus deductions for B, C, and D</b> .
<b>Special Rules</b>	<ul style="list-style-type: none"> <li>• <b>Losses and unabsorbed depreciation cannot offset</b> block period undisclosed income but can be carried forward.</li> <li>• Disclosed <b>losses</b> are <b>ignored</b> in computation.</li> </ul>

**4. Procedure for Block Assessment [Section 158BC]**

<i>Step</i>	<i>Details</i>
<b>Notice</b>	<ul style="list-style-type: none"> <li>• AO issues notice requiring return of total income for the block period.</li> <li>• Assessee must file within <b>60 days</b>.</li> <li>• Such return shall be considered as if it was a return furnished under the provisions of section 139 and notice under section 143(2) shall thereafter be issued.</li> <li>• Late filing does not qualify as a valid return.</li> </ul>
<b>Section 148</b>	<ul style="list-style-type: none"> <li>• <b>No separate notice under Section 148</b> for income escaping assessment is needed for block assessment cases.</li> </ul>
<b>Assessment Process</b>	<ul style="list-style-type: none"> <li>• AO assesses total income, including undisclosed income, using Sections 158BB, 142, 143(2), 143(3), 144, 145, 145A, and 145B.</li> </ul>
<b>Approval</b>	<ul style="list-style-type: none"> <li>• Prior approval from Additional/Joint Commissioner or Director is required before issuing a notice.</li> </ul>
<b>Assessment Order</b>	<ul style="list-style-type: none"> <li>• Assessment order must specify total block income and tax payable.</li> <li>• The AO, on determination of the total income of the block period, shall pass an order of assessment or reassessment and determine the tax payable by him on the basis of such assessment or reassessment and Section 144C (DRP) provisions and Section 143(1) (Centralized processing of return).</li> </ul>

**5. Time Limits for Block Assessment [Section 158BE]**

<i>Event</i>	<i>Details</i>
<b>Completion</b>	<ul style="list-style-type: none"> <li>• <b>12 months</b> from the end of the month in which the last search/requisition authorization was executed.</li> <li>• <b>24 months</b> if transfer pricing adjustments are involved.</li> </ul>
<b>Other Persons [Section 158BD]</b>	<ul style="list-style-type: none"> <li>• <b>12/24 months</b> from the issue of notice under Section 158BC.</li> </ul>
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>• Time for transferring seized items to AO.</li> <li>• Stay orders/injunctions by courts.</li> <li>• Transfer pricing references.</li> </ul>

**6. Assessment for Other Persons [Section 158BD]**

- ❖ If search reveals undisclosed income of a person other than the searched party:
  - Seized material is **transferred to the AO of such other person**.
  - Separate block assessment initiated for the other person.
  - **Same block period applies**.

**7. Interest and Penalty Provisions [Sections 158BFA, 158BF]**

<i>Provision</i>	<i>Details</i>
<b>Interest</b>	Interest @ <b>1.5% per month</b> on tax due for failure to file returns on time from the day <b>immediately following the expiry of the time specified in the notice and ending on the date of completion of the assessment</b> under section 158BC.
<b>Penalty for Undisclosed Income</b>	<ul style="list-style-type: none"> <li>Penalty equal to <b>50% of tax</b> on undisclosed income may be levied.</li> <li>Penalty applies <b>only to income exceeding the disclosed amount</b> in the return.</li> </ul>
<b>Immunity from Penalty</b>	Granted if: <ul style="list-style-type: none"> <li>such person has furnished a return under section 158BC;</li> <li>Tax on declared income is paid.</li> <li>No appeal is filed on assessed income.</li> <li>However, no immunity shall be available where the undisclosed income determined by the Assessing Officer is in excess of the income shown in the return. In such cases, <b>the penalty shall be imposed on that portion of undisclosed income determined which is in excess of the amount of income shown in the return</b></li> </ul>
<b>No Interest or Penalty</b>	Sections <b>234A, 234B, 234C, and 270A</b> penalties <b>do not apply</b> to undisclosed income of the block period.

**8. Procedure to Impose Penalty under Block Assessment**

- ❖ The assessee must be given a reasonable **opportunity to be heard** before imposing any penalty.
- ❖ If the **penalty amount exceeds ₹2 lakhs**, **prior approval** is mandatory from:
  - Additional Commissioner or Additional Director.
  - Joint Commissioner or Joint Director.
- ❖ If the **assessment is under appeal**, the penalty must be imposed:
  - By the **end of the financial year** in which the appellate **proceedings conclude**, or
  - Within **6 months from the end of the financial year** in which the **appellate order is received by the Principal Commissioner** or Commissioner whichever is **later**.
- ❖ For revisions under **Section 263**, the penalty must be imposed **within 6 months from the end of the financial year in which the revision order is passed**.
- ❖ In all **other cases**, the penalty must be imposed:
  - By the **end of the financial year** in which the **proceedings are completed**, or
  - Within 6 months from the end of the **financial year** in which the **penalty notice is issued** whichever is **later**.
- ❖ **Certain periods are excluded** while calculating the limitation period for imposing penalties:
  - Time taken in giving an **opportunity** to the assessee to be reheard under Section 129 (e.g., when there is a change of the Assessing Officer).
  - Period during which **proceedings are stayed by a court's order** or injunction.

- ❖ **Extension** of Limitation Period
  - If the remaining limitation period (after exclusions) is **less than 60 days**, it will be **extended to 60 days**.
  - If the limitation period expires before the end of a month, it will be extended to the end of that month.
- ❖ **Communication** of Penalty Order
  - A copy of the penalty order must be **sent to the Assessing Officer**, unless the order is passed by the AO themselves.

## 9. Special Rules for Undisclosed Income

<i>Points</i>	<i>Details</i>
<b>Firm's Income</b>	Computed <b>before deducting salary, interest, or remuneration to non-working partners</b> .
<b>Unexplained Transactions</b>	Sections 68, 69, 69A, 69B, and 69C apply for <b>unexplained cash, investments, expenses, etc., during the block period</b> .
<b>Loss Adjustments</b>	<b>Losses from prior periods cannot offset undisclosed income</b> but <b>can be carried forward</b> for set-off in future assessments.
<b>Section 92CA</b>	The provisions of section 92CA shall, so far as may be, apply and references to “previous year” in that section shall be construed as reference to the relevant previous year falling in the block period excluding the period referred to in sub section (3).

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## CHAPTER 38 - APPEAL & REVISION

### 1. Appeal before CIT(A) or JCIT(A)

1. Within 30 days of Receipt of copy of order - Appeal to CIT(A) - [Section 246A]

<b>158BC(1)(c)</b>	An order of assessment made by an Assessing Officer under section 158BC(1)(c) in respect of search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A on or after 1.9.2024.
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❖ The Powers of the JCIT(A) & CIT(A)

Points	Details
<b>Order of Assessment</b>	Confirm, reduce, enhance, or annul the assessment. <b>However, where such appeal is against an order of assessment made under section 144, he may set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment. [Amended w.e.f. 01-10-2024]</b>

### 2. Appeal to ITAT

1. Within 60 days of Receipt of copy of order - Appeal to Appellate Tribunal [Section 253] W.e.f. 1.10.2024, time limit for filing appeal is two months from the end of the month of Receipt of copy of order

<b>CIT(A)</b>	<b>271AAB</b>	Order imposing penalty in a case where search is initiated u/s 132.
	<b>272A</b>	Order imposing penalty for failure to answer questions, sign statements, furnish information returns etc
	<b>158BFA</b>	<b>Order imposing levy of interest and penalty in certain cases [inserted w.e.f. 1.10.24]</b>

### 3. Department can file appeal if Tax Effect is more than



## CHAPTER 39 - TIME LIMITS

153(8)

The order of assessment or reassessment, relating to any assessment year, which stands revived under Section 158BA(5), shall be made within a period of 1 year from the end of the month of such revival or within the period specified in this section or section 158BE, whichever is later

## CHAPTER 40 - DISPUTE RESOLUTION

### I. Constitution of Dispute Resolution Committee (DRC)

- ❖ **Eligible assessee** means the following assessees in whose case the Assessing Officer proposes to make any variation which is prejudicial to the interest of such assessee
  - any person in whose case such variation arises as a consequence of the order of the Transfer Pricing Officer passed under section 92CA(3); and
  - any non-resident (not being a company) or any foreign company
  - **However, such eligible assessee shall not include person referred to in Section 158BA(1) or other person referred to in section 158BD**

### V. Points

- ❖ **Powers to reduce or waive any penalty** imposable under this Act or **grant immunity** from prosecution
- ❖ **Time limit for passing an order by Assessing Officer** in conformity with directions issued by the DRC - **one month from the end of the month in which such order is received.**
- ❖ **The provisions of this section shall not apply to any proceedings under Chapter XIV-B i.e. when the assessment is made in pursuance of search. [Amended w.e.f. 01-09-2024]**

## CHAPTER 43 - TONNAGE TAXATION

### 1. Transfer of profit to Tonnage Tax Reserve Account- Section 115VT –

#### Redrafting

- ❖ A company engaged in the business of qualifying ships must **transfer at least 20% of its book profit from that business to a Tonnage Tax Reserve Account.**
- ❖ If there is a shortfall in creating reserves in a particular year, it can be carried forward to the next year to meet the requirement.
- ❖ If the shortfall continues for **two consecutive years**, the company will be deemed to have failed in creating sufficient reserves for the second year.
- ❖ This amount in the reserve account must be **used within eight years** of being credited for two purposes:
  - to **acquire a new ship** for the company's business, and
  - until a new ship is acquired, it **can be used for operating qualifying ships.**

- ❖ These funds **cannot be distributed as dividends**, profits, or remitted outside India as profits, **nor can they be used to create assets outside India**.
- ❖ **Misutilized or non-utilized reserve** or sale/transfer of new ship will lead to taxability:  
Taxable amount = Misutilized/Non-utilized Reserve or Cost of Ship Sold ÷ Total Reserve Created in Year of Reserve Creation X Relevant Shipping Income of year of creation of such reserve less Tonnage Income charged to tax in year of creation of such reserves
- ❖ **Taxability for Reserve Shortfall**  
Taxable Amount = Shortfall in Reserve ÷ Minimum Reserve Requirement X Total relevant shipping income of that year
- ❖ **Cease of Tonnage Tax Option** - If reserves are not created for **two consecutive years**, the tonnage tax option ceases from the beginning of the year following the second consecutive year.

## 2. Limit for Charter in of Tonnage (Section 115VV) – Redrafting

- ❖ A Tonnage Tax Company **cannot charter in more than 49% of net tonnage** of qualifying ships during a previous year.
  - Ships on bareboat charter-cum-demise terms are excluded from this limit.
- ❖ **Non-Compliance Consequences**
- ❖ **Income Computed Without Tonnage Tax Scheme:**
  - If the **49% limit is exceeded**, income for the year will be computed as if the tonnage tax **option is not applicable**.
- ❖ **Cease of Tonnage Tax Option:**
  - If the **49% limit is exceeded for two consecutive years**, the **option ceases** from the beginning of the year following the second year.

# CHAPTER 44 – BLACK MONEY ACT, 2015

## 1. Penal Provisions contained in Chapter IV

Section	Failure/Default	Quantum of penalty
41	Where tax has been computed in relation to undisclosed foreign income and asset	In addition to tax, a sum equal to three times the tax so computed
42	Failure to furnish return in relation to foreign income and asset However, this section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed ₹ 20 lakh.	₹ 10 lakh
43	Failure to furnish information in the return of income or for furnishing inaccurate particulars about an asset located outside India However, this section shall not apply in respect of an asset or assets (other than immovable property) where the aggregate value of such asset or assets does not exceed ₹ 20 lakh	₹ 10 lakh

44	Default in payment of tax arrear	Amount equal to the amount of tax arrears
45	Failure, without reasonable cause, to answer any question put to him by a tax authority or to sign any statement made by him in the course of any proceedings under the Act or to attend or produce books of account or documents at the place or time in response to summons issued under section 8	₹ 50,000 to ₹ 2 lakh

## CHAPTER 45 - BASIC CONCEPTS

### Tax Rate – Individual/HUF/AOP/BOI/AJP

#### 1. Default tax regime under section 115BAC of the Income-tax Act, 1961:

Individual/ Hindu Undivided Family (HUF)/ Association of Persons (AOP)/ Body of Individuals (BOI)/ Artificial Juridical Person [Other than Income Chargeable at Special Rates e.g. 111A etc.]

##### ❖ Time Limit to Opt-Out of Default Regime

Points	Details
For non-business income	Option exercised <b>annually</b> while filing returns (Section 139(1)).
For business/professional income	<ul style="list-style-type: none"> <li>Once opted out, it applies to all future years.</li> <li>Can withdraw the option only once.</li> <li>If business income ceases, annual option applies.</li> </ul>

##### ❖ Tax Rate

Total income (in ₹)	Rate of Tax
Upto ₹ 3,00,000	Nil
3,00,001 to 7,00,000	5%
7,00,001 to 10,00,000	10%
10,00,001 to 12,00,000	15%
12,00,001 to 15,00,000	20%
Above 15,00,000	30%

##### ❖ Losses not allowed to be Set Off

- Carried forward losses attributable to any deductions in the table given
- Loss under the head HP with any other head of Income

❖ BEL for Senior Citizen and Very Senior Citizen is also 3,00,000 i.e. **Not entitled for Higher BEL**

❖ Assessee exercising option u/s 115BAC is **not liable to AMT u/s 115JC**

❖ **REBATE 87A To Resident Individual** paying tax under **default tax regime u/s 115BAC**

- If total income of such individual **does not exceed ₹ 7,00,000**, the rebate shall be equal to the amount of income-tax payable on his total income for any assessment year or an amount of ₹ **25,000**, whichever is **less**.
- If total income of such individual **exceeds ₹ 7,00,000** and **income-tax** payable on such total income **exceeds (net total income minus ₹ 7,00,000)** the rebate would be as follows.

- ✓ **Step 1** – Total income (-) ₹ 7 lakhs (A)
- ✓ **Step 2** - Compute income-tax liability on total income (B)
- ✓ **Step 3** - If B > A, rebate under section 87A would be a B – A.
- ✓ The amount of rebate under section 87A shall not exceed the amount of income-tax (as computed before allowing such rebate) on the total income of the assessee.

<b>Exemptions and deductions not allowable</b>	<b>Exemptions and deductions available</b>
<b>Deduction u/s 80TTA/80TTB</b>	Transport allowances in case of a specially-abled person.
<b>Professional tax &amp; entertainment allowance on salaries</b>	Conveyance allowance received to meet the conveyance expenditure incurred as part of the employment.
<b>LTA/HRA - 10(5) &amp; 10(13A)</b>	Any compensation received to meet the cost of travel on tour or transfer
<b>Allowances to MPs/MLAs</b>	Daily allowance received to meet the ordinary regular charges or expenditure you incur on account of absence from his regular place of duty.
<b>Clubbing of Minor Income - 10(32)</b>	Perquisites for official purposes
<b>Helper allowance</b>	Exemption on voluntary retirement 10(10C), gratuity u/s 10(10) and Leave encashment u/s 10(10AA)
<b>Children education allowance</b>	Gifts up to Rs 50,000
<b>Other special allowances - 10(14)</b>	<b>Standard deduction of ₹75,000 (Sec 16)</b>
<b>Additional depreciation u/s 32(1)(iia)</b> <i>Unabsorbed additional depreciation is adjusted in the WDV as on 1st April 2024.</i>	Normal Depreciation <b>Depreciation capped at 40%.</b>
<b>Deductions u/s 32AD, 33AB, 33ABA</b>	Deduction under Section 57(iia) of family pension income
<b>Expenditure on scientific research</b>	Municipal Tax paid u/h House Property
<b>Interest on housing loan on the self-occupied property or vacant property (Section 24)</b>	Interest on Home Loan on let-out property (Section 24)
<b>Chapter VI-A deduction (Section 80C, 80D, 80E and so on, except Section 80CCD(2) and Section 80JJAA)</b>	Deduction for employer's contribution to NPS account [Section 80CCD(2)]
<b>Exemption or deduction for any other perquisites or allowances including food allowance of Rs 50/meal subject to 2 meals a day</b>	Deduction for additional employee cost (Section 80JJA)
<b>Employee's (own) contribution to NPS</b>	Deduction of amount paid or deposited in the Agniveer Corpus Fund under Section 80CCH(2)
<b>Donation to Political party/trust</b>	-
<b>10AA - SEZ</b>	-
<b>Deduction u/s 35AD or 35CCC</b>	-

**2. Company (not opting for the provisions of section 115BAA/115BAB)**

<b>Domestic Company</b>	
<b>Total turnover or gross receipts in the P.Y.</b> 2022-23 ≤ ₹ 400 crore	<b>25%</b>
<b>Other domestic companies</b>	<b>30%</b>
<b>Foreign Company</b>	
<b>35%</b>	
<b>Surcharge</b>	
<b>Domestic Companies</b>	
<b>Total Income &gt; 1 Cr. but ≤ 10 Cr.</b>	<b>7% of Income Tax</b>
<b>Total Income &gt; 10 Cr</b>	<b>12% of Income Tax</b>
<b>Foreign Companies</b>	
<b>Total Income &gt; 1 Cr. but ≤ 10 Cr</b>	<b>2% of Income Tax</b>
<b>Total Income &gt; 10 Cr</b>	<b>5% of Income Tax</b>

**3. Special Rates for Tax**

Section 115BAB it should commence manufacturing on or before the 31.03.2024.

## CHAPTER 46 - PENALTIES & PROSECUTION

<b>Section</b>	<b>Nature of default</b>	<b>Quantum of Penalty</b>
<b>271FAA</b> (1)	<b>SFTRA</b> <b>Penalty for furnishing inaccurate statement of financial or reportable account:</b> If a person referred to in section 285BA(1), who is required to furnish a statement under that section – a) provides inaccurate information in the statement or fails to furnish correct within 10 days; or b) fails to comply with the due diligence requirement prescribed u/s 285BA(7).	₹ 50,000
<b>271GC</b>	<b>Penalty for failure to submit statement u/s 285 – Failure to furnish statement u/s 285 within the prescribed period [Inserted w.e.f. 01-04-2025]</b>	₹ 1,000 for every day for which the failure continues, if the period of failure does not exceed 3 months; or ₹ 1,00,000 in any other case.

**Under-Reporting and Misreporting of Income [Section 270A] –****Redrafting****1. Under-Reporting and Misreporting of Income [Section 270A]**

- ❖ Penalty can be imposed by the **Assessing Officer (AO), Joint Commissioner (Appeals), Commissioner (Appeals), or Principal Commissioner.**
- ❖ During the course of proceedings under the Income-tax Act, 1961, if a person has under reported his income.

**2. Cases of Under-Reported Income [Section 270A(2)]**

Sl.	Situation	Definition of Under-Reported Income/Calculation
1	Return filed	<ul style="list-style-type: none"> <li>Income <b>assessed</b> &gt; <b>income determined</b> under Section 143(1)(a).</li> <li><b>Calculation</b> - Assessed Income <b>minus</b> Income determined u/s 143(1)(a).</li> </ul>
2	No return filed/first-time filing u/s 148	<ul style="list-style-type: none"> <li>Income <b>assessed</b> &gt; <b>basic exemption limit.</b></li> <li><b>Calculation</b></li> <li><b>Company/Firm/Local Authority: Assessed Income.</b></li> <li><b>Others: Assessed Income minus Basic Exemption Limit.</b></li> </ul>
3	Reassessment	<ul style="list-style-type: none"> <li>Income <b>reassessed</b> &gt; <b>income assessed</b> in the immediately preceding order.</li> <li><b>Calculation</b> - Income <b>reassessed minus income assessed/reassessed</b> in the preceding order.</li> </ul>
4	Mat/amt cases (deemed income)	<ul style="list-style-type: none"> <li>Deemed total income <b>assessed</b> &gt; <b>deemed income determined</b> under Section 143(1)(a).</li> <li><b>Calculation</b> <ul style="list-style-type: none"> <li>(A-B) + (C-D), where:</li> <li>A = Total income assessed under general provisions.</li> <li>B = Income assessed under general provisions excluding under-reported income.</li> <li>C = Total income assessed under MAT/AMT.</li> <li>D = Income assessed under MAT/AMT excluding under-reported income.</li> </ul> </li> </ul>
5	First-time filing under mat/amt	Deemed <b>total income assessed</b> > <b>basic exemption limit</b> for individuals/HUF/AOP/BOI where AMT applies. (Same as above - 4)
6	Reassessment under mat/amt	Deemed total income <b>reassessed</b> > <b>deemed income assessed/reassessed</b> in the preceding order. (Same as above -3)
7	Loss adjustment	<ul style="list-style-type: none"> <li>Income assessed/<b>reassessed results in reduced loss or conversion of loss into income.</b></li> <li><b>Calculation</b> - Claimed Loss <b>minus</b> Income or Loss as assessed/reassessed.</li> </ul>

### 3. Cases of misreporting of income

- Misrepresentation or suppression of facts;
- Failure to record investments in the books of account;
- Claim of expenditure not substantiated by any evidence;
- Recording of any false entry in the books of account;
- Failure to record any receipt in the books of account having a bearing on total income; and
- Failure to report any international transaction or deemed international transaction or specified domestic transaction under chapter X

### 4. Cases Excluded from Under-Reported Income [Section 270A(6)]

- ❖ Explanation provided by assessee is accepted as genuine, and all material facts are disclosed.
- ❖ Accounts are correct and complete, but income cannot be properly deduced, Assessee has voluntarily disclosed lower estimates.
- ❖ Additions made in conformity with Transfer Pricing Officer's adjustments, provided required documentation is maintained and disclosed.
- ❖ Penalty under Section 271AAB applies for undisclosed income discovered during search operations.

### 5. Special Cases

Case	Special Treatment
<b>Intangible Additions (Section 270A(4))</b>	If the source of any receipt, deposit, or investment is linked to a prior year where no penalty was imposed, it will be treated as under-reported income.
<b>Deemed Year of Under-Reported Income</b>	<ul style="list-style-type: none"> <li>• First preceding year where <b>receipt/investment appears</b>.</li> <li>• If <b>not sufficient</b>, extend to <b>earlier years in reverse order</b>.</li> </ul>

### 6. Computation of Tax on Under-Reported Income [Section 270A(10)]

Case	Special Treatment
<b>No Return Filed</b>	Tax calculated on (Under-Reported Income + Basic Exemption Limit).
<b>Loss Cases</b>	Tax calculated as if Under-Reported Income were the total income.
<b>Other Cases</b>	Tax payable on (Underreported Income + Total Income assessed previously) – Tax on Previously Assessed Income

### 7. Procedural Safeguards

- ❖ Penalty **cannot be imposed twice for the same disallowance**/addition in different years [Section 270A(11)].
- ❖ Penalty must be **imposed in writing** by the concerned authority [Section 270A(12)].

## 8. Penalty

<b>270A</b>	<b>Penalty for under reporting and misreporting of income</b>	
	<b>Under Reporting of income</b>	<b>50% of tax payable on under – reported income</b>
	<b>When under reporting of income results from misreporting of income by any person.</b>	<b>200% of tax payable on under – reported income</b>

## 9. Immunity from Imposition of Penalty and Prosecution [Section 270AA]

- ❖ An assessee may apply for immunity from penalty under Section 270A and prosecution under Sections 276C and 276CC if the following conditions are satisfied:
  - **Tax and Interest Payment:** The assessee has paid the tax and interest determined in the assessment/reassessment order u/s 143(3) or 147 within the time specified in the demand notice.
  - **No Appeal Filed:** The assessee has not filed an appeal against the assessment/reassessment order.
- ❖ Application for Immunity must be **made within one month from the end of the month in which the assessment/reassessment order was received.**
- ❖ Immunity will **not be granted** if penalty proceedings under Section 270A are **due to misreporting of income.**
- ❖ AO must pass an **order within one month from the end of the month in which the application is received.**
- ❖ Before rejecting the application, the AO must provide the assessee an **opportunity of being heard.**
- ❖ The order accepting or rejecting the application is **final and cannot be challenged** further.
- ❖ The period during which the **immunity application was pending will be excluded** when calculating the **30-day time limit for filing an appeal before the Commissioner (Appeals).**
- ❖ **If the application is accepted:**
  - No penalty u/s 270A.
  - No prosecution u/s 276C or 276CC.
  - The assessment/reassessment order cannot be appealed or revised.

## Prosecution

<u>Section</u>	<u>Nature of offences</u>	<u>Prosecution</u>
<b>276B</b>	If a person <b>fails to pay to the credit of the Central Government</b> , - a) the <b>tax deducted at source</b> by him as required by or under the provisions of Chapter XVII-B; or b) the tax payable by him, as required by or under- (i) the <b>second proviso to section 194B.</b> (ii) the first proviso to section <b>194R</b>	<b>Rigorous imprisonment for a term which shall not be less than 3 months but which may extend to 7 years and fine.</b>

	(iii) the proviso to section <b>194S</b> (iv) as per section <b>194BA(2)</b> <b>However, the provisions of this section shall not apply if the TDS payment has been made to the credit of the Central Government at any time on or before the time prescribed for filing the statement for such payment under section 200(3). [Amended w.e.f. 01-10-2024]</b>	
<b>276CCC</b>	<b>Failure to furnish return of income in search cases. If a person wilfully fails to furnish in due time the return of total income which he is required to furnish by notice given under section 158BC(1)(a)</b>	<b>Imprisonment for a term which shall not be less than 3 months but which may extend to 3 years and with fine</b>

## CHAPTER 48 – DEDUCTION

<b>80CCD</b>	<b>Individuals employed by the Central Govt or any other employer; Any other individual assessee.</b>	An individual employed by the Central Government on or after 1.1.2004 or any other employer or any other assessee, being an individual, who has paid or deposited any amount in his account under a <b>notified pension scheme [to his individual pension account [Tier I A/c] under National Pension Scheme &amp; Atal Pension Yojana]</b>	<b>Employee's Contribution/ Individual Contribution</b> In case of a <b>salaried individual</b> , deduction of own contribution u/s 80CCD(1) is restricted to <b>10% of his salary.</b> In any <b>other case</b> , deduction u/s 80CCD(1) is restricted to <b>20% of gross total income.</b> <b>Further, additional deduction of upto ₹ 50,000 is available u/s 80CCD(1B).</b> <b>[Deduction u/s 80CCD(1) and 80CCD(1B) would be available only if the individual exercises the option of shifting out of the default tax regime provided u/s 115BAC(1A)]</b>
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		<p><b>Employer's Contribution</b></p> <p>The entire employer's contribution would be included in the salary of the employee. The deduction of employer's contribution under section 80CCD(2) would be restricted to 14% of salary, where the employer is the Central Government or State Government; and 10%, in case of any other employer (<b>14% under default tax regime</b>), <i>[Deduction u/s 80CCD(2) would be available irrespective of the regime under which he pays tax.]</i></p>
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Note - As per section 80CCE, **maximum permissible deduction U/S 80C, 80CCC & 80CCD(1) is ₹ 1,50,000.** However, the limit ₹ 1.50 lakh under section 80CCE does not apply to deduction under section 80CCD(2) and 80CCD(1B).

<b>80G</b>	<b>All assessees</b>	Donations to certain funds, charitable institutions etc. There are four categories of deductions –		
			<b>Category</b>	<b>Donee</b>
		(i)	<b>100% deduction</b> of amount donated, <b>without any qualifying limit</b>	Prime Minister's National Relief Fund, National Children's Fund, Swachh Bharat Kosh, National Defence Fund, PM CARES Fund, <b>National Sports Development Fund set up by the Central Government;</b>
		(ii)	<b>50% deduction</b> of amount donated, <b>without any qualifying limit</b>	Prime Minister's Drought Relief Fund.
		(iii)	<b>100% deduction</b> of amount donated, <b>subject to qualifying limit</b>	Government or local authority, institution for promotion of family planning etc.
(iv)	<b>50% deduction</b> of amount donated, <b>subject to qualifying limit.</b>	Government or any local authority to be used for charitable purpose, other than promotion of family planning, notified temple, church, gurudwara, mosque etc.		

**Sections 80-IA to 80-IE – Redrafting**

<u>Section</u>	<u>Eligible Business</u>	<u>Year of commencement of eligible business</u>	<u>Period of Deduction</u>	<u>Deduction</u>
<b>80-IA</b>	<b>Developing or Operating and maintaining or any infrastructure facility</b>	On or after 1.4.1995 but not later than 1.4.2017	<b>Infrastructure Facility of road, or a bridge or a rail system or a highway project or a water supply project:</b> 10 consecutive assessment years out of 20 years beginning from the year in which the enterprise develops or begins to operate the eligible business.  <b>Other eligible businesses:</b> 10 consecutive assessment years out of 15 years beginning from the year in which the enterprise develops or begins to operate the eligible business.	100% of the profits and gains derived from such business for 10 consecutive assessment years.
	<b>Industrial parks</b>	on or after 1.4.1997 & ending on 31.3.2011.		
	<b>Power undertakings</b>	<b>Generation or Generation and distribution:</b> Set up between 1.4.1993 & 31.3.2017.  <b>Transmission or distribution:</b> Start transmission during the period from 1.4.1999 & 31.3.2017.  <b>Renovation and modernisation of existing network:</b> Undertakes substantial renovation and modernisation during the period on or after 1.4.2004 & ending on 31.3.2017.		
	<b>Undertaking owned by an Indian Company set up for Reconstruction or revival of a power generating plant</b>	Company formed on or before 30th November, 2005 and begins to generate or transmit or distribute power before 31st March 2011 and notified before 31.12.2005 by CG		
<b>80-IAB</b>	<b>Development of Special Economic Zones(SEZs)</b>	on or after 1st April 2005 but before 1st April 2017.	10 consecutive AYs out of 15 years beginning from the year in SEZ has been notified.	100% of the profits and gains derived from such business.
<b>80-IAC</b>	<b>A business carried out by an eligible start-up engaged in Innovation, Development or Improvement of products or processes or services or a</b>	The company or LLP is incorporated during the period 1.4.2016 - 31.3.2025	3 consecutive AYs out of 10 years beginning from the year in which company or LLP, incorporated.	100% of the profits and gains derived from such business.

	scalable business model with a high potential of employment generation or wealth creation			
80-IB	Processing, preservation and packaging of fruits or vegetables or meat and meat products or poultry or marine or dairy products or from the integrated business of handling, storage and transportation of foodgrains	<b>Processing, preservation and packaging of meat or meat products or poultry or marine or dairy products:</b> On or after 1.4.2009 <b>Other eligible businesses:</b> On or after 1.4.2001	10 consecutive AYs beginning with the initial AY	100% of the profits and gains derived from such business for 5 AYs beginning with the initial AY 25% (30% in case of company) for remaining 5 years
80-IBA	Developing and building housing projects or rental housing project	Housing Project referred under section 80-IBA(1) is approved after 1st June 2016 but on or before 31st March 2022		100% of the profits and gains
80-IE	Undertaking begun or begins the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura) • to manufacture or produce any eligible article or thing; • to undertake substantial expansion to manufacture or produce any eligible article or thing; • to carry on any eligible business.	between 1st April, 2007 and ending before 1st April, 2017 CA Mayank Trivedi	10 consecutive AYs commencing with the initial AY	100% of the profits and gains derived from such business