



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT PROFESSIONAL PROGRAMME (NEW SYLLABUS)

for

December, 2020 Examination

ADVANCED TAX LAWS
(PART II - DIRECT TAX AND INTERNATIONAL TAX)

MODULE 1

PAPER 2

Disclaimer: This document has been prepared purely for academic purposes only and it does not necessarily reflect the views of ICSI. Any person wishing to act on the basis of this document should do so only after cross checking with the original source.

PROFESSIONAL PROGRAMME
(NEW SYLLABUS)
SUPPLEMENT
FOR
ADVANCED TAX LAWS

(Part II - Direct Tax and International Tax)

(Relevant for Students appearing in December, 2020 Examination)

MODULE 1- PAPER 2

Students appearing in December, 2020 Examination shall note the following:

1. For Direct taxes, Finance Act, 2019 is applicable.
2. Applicable Assessment year is 2020-21 (Previous Year 2019-20).
3. For Indirect Taxes: Goods and Services Tax 'GST' & Customs Law is applicable for Professional Programme (New Syllabus)

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT, CBIC & Central Government, on or before six months prior to the date of the examination.

Note: The Finance Act, 2019 i.e. Assessment year is 2020-21 (Previous Year 2019-20) is applicable for Direct Tax & International Taxation Part – II for both June 2020 and December 2020 examinations (Which is merged now). Therefore, the students are advised to refer the study material (i.e. Study material relevant June 2020) only for Direct Tax & International Taxation Part – II (based on Finance Act, 2019) for December 2020 exam. The same is available at ICSI website weblink:

<https://www.icsi.edu/media/webmodules/Advance Tax Law 1 10 219.pdf>

Sr. No.	Amendments to Regulations/Rules/Act/Circular/Notification	Lesson No.
1.	<p>Notification No. 8/2020 Dated 29th January, 2020</p> <p>The Central Board of Direct Taxes hereby makes the Income-tax (3rd Amendment) Rules, 2020 which shall come into force on the date of their publication in the Official Gazette.</p> <p>In the Income-tax Rules, 1962 (i) after rule 6ABB, the following rule shall be inserted and shall be deemed to have been inserted from the 1st day of September, 2019, namely:-</p> <p>“Other electronic modes</p> <p>6ABBA. The following shall be the other electronic modes for the purposes of clause (d) of first proviso to section 13A, clause (f) of sub-section (8) of section 35AD, sub-section (3), sub-section (3A), proviso to subsection (3A) and sub-section (4) of section 40A, second proviso to clause (1) of Section 43, sub-section (4) of section 43CA, proviso to sub-section (1) of section 44AD, second proviso to sub-section (1) of section 50C, second proviso to sub-clause (b) of clause (x) of sub-section (2) of section 56, clause (b) of first proviso of clause (i) of Explanation to section 80JJAA, section 269SS, section 269ST and section 269T, namely:-</p> <p>(a) Credit Card; (b) Debit Card; (c) Net Banking; (d) IMPS (Immediate Payment Service); (e) UPI (Unified Payment Interface); (f) RTGS (Real Time Gross Settlement); (g) NEFT (National Electronic Funds Transfer), and (h) BHIM (Bharat Interface for Money) Aadhar Pay”;</p> <p>Accordingly, rule 6ABBA specify other electronic mode of payment as specify above for the purpose of various section as specified above.</p> <p>https://www.incometaxindia.gov.in/communications/notification/notification_08_2020.pdf</p>	<p>Lesson 18</p> <p>Taxation of Companies, LLP and Non-Resident</p>
2.	<p>Notification No. 10/2020 Dated 12th February, 2020</p> <p>The Central Board of Direct Taxes hereby makes the Income-tax (4th Amendment) Rules, 2020 which shall come into force on the 1st day of April, 2020. In the Income-tax Rules, 1962, after rule 21AD, the rule 21AE and 21AF has been inserted, namely:</p> <p>“21AE. Exercise of option under sub-section (5) of section 115BAA - The option to be exercised in accordance with the provisions of sub-section (5) of section 115BAA by a person, being a domestic company, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2020, shall be in Form No. 10-IC.</p> <p>21AF. Exercise of option under sub-section (7) of section 115BAB. The option to be exercised in accordance with the provisions of sub-section (7) of section 115BAB by a person, being a domestic company, for any previous year relevant to the</p>	<p>Lesson 18</p> <p>Taxation of Companies, LLP and Non-Resident</p>

	<p>assessment year beginning on or after the 1st day of April, 2020, shall be in Form No. 10-ID.</p> <p>Accordingly, the domestic company opting for concessional rate of tax as specified in section 115BAA / 115BAB shall filed Form No. 10-IC / 10-ID electronically as specified in rule 21AE / 21AF of the Income Tax Rules, 1962.</p> <p>https://www.incometaxindia.gov.in/communications/notification/notification_10_2020.pdf</p>	
3.	<p>Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961 [Circular No. 12 dated 20th May, 2020]</p> <p>In furtherance to the declared policy objective of the Government to encourage digital transactions and move towards a less-cash economy, a new provision namely Section 269SU was inserted vide the Finance (No.2) Act 2019 as per which person carrying on business and having sales/turnover/gross receipts from business of more than Rs 50 crores in the immediately preceding previous year to mandatorily provide facilities for accepting payments through prescribed electronic modes.</p> <p>It is hereby further clarified that the provisions of section 269SU of the Act shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by any mode other than cash.</p> <p>https://www.incometaxindia.gov.in/communications/circular/circular_no_12_2020.pdf</p>	<p>Lesson 18</p> <p>Taxation of Companies, LLP and Non-Resident</p>
4.	<p>Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961 [Circular No. 12 dated May 20, 2020]</p> <p>To encourage digital transactions and move towards a less-cash economy, a new provision namely Section 269SU was inserted in the Income-tax Act, 1961 ("the Act"), vide the Finance (No.2) Act 2019 which requires every person carrying on business and having sales/turnover/gross receipts from business of more than Rs 50 Crores ("specified person") in the immediately preceding previous year to mandatorily provide facilities for accepting payments through prescribed electronic modes.</p> <p>The following were notified vide notification no. 105/2019 dated 30.12.2019 as prescribed electronic modes:</p> <ul style="list-style-type: none"> (i) Debit Card powered by RuPay; (ii) Unified Payments Interface (UPI) (BHIM-UPI); and (iii) Unified Payments Interface Quick Response Code (UPI QR Code) (BHIM-UPI QR Code) <p>Representations have been received stating that the above requirement of mandatory facility for payments through the prescribed electronic modes is</p>	<p>Lesson 18</p> <p>Taxation of Companies, LLP and Non-Resident</p>

	<p>generally applicable in B2C (Business to Consumer) businesses, which directly deal with retail customers. Moreover, since the prescribed electronic modes have a maximum payment limit per transaction or per day they are not so relevant to B2B (Business to Business) businesses, which generally receive large payments through other electronic modes of payment such as NEFT or RTGS. Mandating such businesses to provide the facility for accepting payments through prescribed electronic modes would cause administrative inconvenience and impose additional costs.</p> <p>In view of the above, it is hereby clarified that the provisions of section 269SU of the Act shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by any mode other than cash.</p> <p>Accordingly, providing facility for accepting payments through above electronic mode is not applicable to a specified person having B2B transactions if 95% of amount received are by any mode other than cash.</p> <p>https://incometaxindia.gov.in/communications/circular/circular_no_12_2020.pdf</p>					
5.	<p>Notification No. 32/2020 [Dated June 12, 2020]</p> <table border="1" data-bbox="240 982 987 1073"> <thead> <tr> <th>Financial Year</th> <th>Cost Inflation Index</th> </tr> </thead> <tbody> <tr> <td>2020-210</td> <td>301</td> </tr> </tbody> </table> <p>This notification shall come into force with effect from 1st day of April, 2021 and shall accordingly apply to the assessment year 2021-22 and subsequent years.</p> <p>https://www.incometaxindia.gov.in/communications/notification/notification_32_2020.pdf</p>	Financial Year	Cost Inflation Index	2020-210	301	Lesson 22 Income Tax Implication on specified transaction
Financial Year	Cost Inflation Index					
2020-210	301					
6.	<p>Income-tax (15th Amendment) Rules, 2020 [Notification No. 42/2020 Dated June 30, 2020]</p> <p>The Section 50CA provides that consideration received for transfer of an unquoted share computed in prescribed manner shall be full consideration even if it is less than fair market value.</p> <p>The Central Board of Direct Taxes has issued the Income-tax (15th Amendment) Rules, 2020 to add Rule 11UAD which provides that the provisions of Section 50CA shall not apply to transfer of any movable property, being unquoted shares, of a company and its subsidiary and the subsidiary of such subsidiary in certain situation.</p> <p>https://www.incometaxindia.gov.in/communications/notification/notification_42_2020.pdf</p>	Lesson 22 Income Tax Implication on specified transaction				