EXECUTIVE PROGRAMME

OLD SYLLABUS

SUPPLEMENT

FOR

TAX LAWS

(Part I - Direct Tax)

(Relevant for Students appearing in December, 2024 Examination)

MODULE 1- PAPER 4

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

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

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT& Central Government, on or before 31st May, 2024.

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Amendment vide Finance Act, 2022

1. Definition of "books or books of account" [Section 2(12A)]
Definition of the term "slump sale" [Section 2(42C)]

- As per clause 12(A), books or books of account includes ledgers, day books, cash books, account books and other books, whether kept in written form or as print outs of data stored in a floppy, disc, tape, or any other form of electro-magnetic storage device. The words in the electronic form or in the digital form are added after the terms in written form or as print outs of data in the definition of books or books of account under section 2(12A). This amendment has been brought about to include all records even in digital form such as those maintained using block chain technology, etc.

- Slump sale is defined in clause (42C) of section 2 of the Act, as the transfer of one or more undertaking, by any means, for a lump sum consideration without values being assigned to individual assets and liabilities in such sales. Vide the Finance Act, 2021, the definition of "slump sale" was amended to expand its scope to cover all forms of transfer under slump sale. However, inadvertently, in the last sentence there is reference to the word "sales" instead of "transfer". Therefore, consequential amendment has been made by amending the provision of clause (42C) of section 2 of the Act, to substitute the word "sales" with the word "transfer".

2. Income exempt for trusts [Amendment to Section 10] Amendment to fifteenth proviso Amendment to nineteenth proviso

As per section 10(23C), any income received by a fund or institution established for charitable purposes (approved by the prescribed Authority) or a trust or education wholly for religious or charitable purposes shall be exempt from the provisions of the Act.

This clause has been amended to also include the words provisionally approved. Thus, the scope of the said sub-section has been extended to funds/institutions which have also been granted provisional approval. Consequently, even provisional approval granted to an institution, fund, etc., can now be withdrawn. Further, where any such fund or institution is notified under section 10(46), the approval or provisional approval granted to the fund or institution shall become inoperative from the date of the notification to the body under the said section.

3. Income exempt for trusts [Amendment to Section 10]

Amendment made by Finance Act, 2022 also provides that where the income of any fund or institution referred to in clauses (iv) to (via) of section 10(23C) has been applied for the benefit of any specified persons defined under section 13(3), such income or property shall be deemed to be the income of such person of the previous year in which it is applied.

For the words, 'such person', the words such fund or institution or trust or university or other educational institution or hospital or other medical institution is substituted. Thus, the application of the income by the fund, trust, etc., for the benefit of the persons specified in section 13(3), will be deemed to be the income of such fund, trust, etc., of previous year in which it is so applied.

4. Incomes not included in total income pertaining to International Financial Service Center (IFSC) [Amendment to Section 10]

Section 10(4D) provides that specified funds shall be eligible to claim exemption with respect to income accrued or arisen or received by it which is attributable to units held by a non-resident (not being a PE in India) or to the investment division of an offshore banking unit. Such exemption is available in respect of income from transfer of a capital asset as referred to in section 47(viiab) on a recognised stock exchange in an IFSC, securities (other than shares of companies resident in India) and income from securities issued by a non-resident where such income is not deemed to accrue or arise in India and securitization trusts (chargeable under Profits under Business or Profession).

Section 10(4D) has been amended to provide for a situation where a person, being a non-resident in the previous year in which the units were issued, becomes a resident during any subsequent previous year. In such a situation, the provisions for income exclusion under section 10(4D) shall continue to apply to the specified fund, provided that the aggregate value and the number of the units held by such resident does not exceed 5% of the total value and number of the units issued, and such other prescribed criteria are satisfied.

5. Withdrawal of exemption under clauses (8), (8A), (8B) and (9) of section 10 of the Income-tax Act, 1961

Clause (8) of the section 10 of the Act provides for exemption to the income of an individual who is assigned duties in India in connection with any co-operative technical assistance programmes and projects

Clause (8A) of the said section provides for exemption on the remuneration or fee received by a consultant, directly or indirectly out of the funds made available to an international organisation (agency) under a technical assistance grant agreement between the agency and the Government of a foreign state. The said clause also provides exemption to such consultant in respect of any income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which the consultant is required to pay income or social security tax to the Government of the country of his or its origin.

Clause (8B) of the said section provides for exemption to an individual who is an employee of the consultant as referred to in clause (8A) of section 10. Such individuals are those who are assigned duties in India in connection with any technical assistance programme and project.

Clause (9) of the said section provides for exemption to the income of the family members of any individual or consultant as referred in clause (8), clause (8A) and clause (8B), who accompanies such individual or consultant to India. The exemption is provided to income accruing or arising outside India (which is not deemed to accrue or arise in India), in respect of which such member is required to pay any income or social security tax to the Government of that foreign state or country of origin of such member.

Accordingly, an amendment has been made clauses (8), (8A), (8B) and (9) of section 10 of the Act to provide that the provisions of the said clauses shall not apply to remuneration, fee or income of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2023

6. Amendment to sub-section (1A) of section 35

Sub-section (1A) to section 35 of the Act was inserted by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from the 1st April, 2021. It mandated the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35 of the Act to file the statement of donations received by these entities from the donors. However, an inadvertent drafting error has crept in the sub-section. The present language reads that no deduction shall be allowed to the research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35, if such statement of donations is not filed. However, that was not the intention of the law. The deduction claimed by the donor needs to be disallowed in such cases. In section 80G of the Act similar provisions were introduced by the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 with effect from the 1st April, 2021, whereby the deduction claimed by the donor under this section was disallowed in case the donee fails to furnish the statement of donations.

Hence, an amendment has been made in sub-section (1A) of section 35 of the Act to provide that the deduction claimed by the donor with respect to the donation given to any research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (iia) of sub-section (1) of section 35 of the Act shall be disallowed unless such research association, university, college or other institution or company files the statement of donations.

7. Reduction of Goodwill from block of assets to be considered as 'transfer'

From the assessment year 2021-2022, goodwill of a business or profession is not considered as a depreciable asset and there would not be any depreciation on goodwill of a business or profession in any situation. In case where goodwill is purchased by an assessee, the purchase price of the goodwill will continue to be considered as cost of acquisition for the purpose of computation of capital gains under section 48 of the Act subject to the condition that in case depreciation was obtained by the assessee in relation to such goodwill prior to the assessment year 2021-22, then the depreciation so obtained by the assessee shall be reduced from the amount of the purchase price of the goodwill.

Accordingly, it has been clarified that for the purposes of section 50 of the Act, reduction of the amount of goodwill of a business or profession, from the block of asset in accordance with sub item (B) of item (ii) of sub-clause (c) of clause (6) of section 43, shall be deemed to be transfer.

Since the amendment to the effect that goodwill of a business or profession is not a depreciable asset has been made applicable from assessment year 2021-2022 the above amendment will take effect retrospectively from 1st April 2021 and will accordingly apply in relation to the assessment year 2021-22 and subsequent assessment years.

8. Clarification regarding deduction on payment of interest only on actual payment [Section 43B]

Section 43B of the Act provides for certain deductions to be allowed only on actual payment. Explanation 3C, 3CA and 3D of this section provides that a deduction of any sum, being interest payable on loan or borrowing from specified financial institution/NBFC/scheduled bank or a co-operative bank under clause (d),

clause (da), and clause (e) of this section respectively, shall be allowed if such interest has been actually paid and any interest referred to in these clauses which has been converted into a loan or borrowing or advance shall not be deemed to have been actually paid.

An amendment has been made in Explanation 3C, Explanation 3CA and Explanation 3D of section 43B to provide that conversion of interest payable under clause (d), clause (da), and clause (e) of section 43B, into debenture or any other instrument by which liability to pay is deferred to a future date, shall also not be deemed to have been actually paid.

9. Income from other sources [Amendment to Section 56]

Section 56(2)(x)(c) provides that when a person receives gifts or acquires any immoveable property or specified moveable assets either without consideration or inadequate consideration, the aggregate fair market value of the property being more than INR 50,000 or received for a consideration which is lower than the fair market value by more than INR 50,000, shall be taxable in the hands of the recipient under income from other sources. Provided that the provisions of the above section shall not apply to sum of money or property received from a trust or institution, etc., registered under section 10(23C), 12A or section 12AA or section 12AB.

A second proviso has been inserted to section 56(2)(x)(c), it provides that the exemptions under the first proviso to section 56(2)(x)(c) in respect of receipt of sum of money or property from a trust or an educational institution referred above shall not apply if the property or money has been received by the persons referred to under section 13(3).

The persons defined under section 13(3) include the author or founder of the trust or institution, a person with significant contribution exceeding INR 50,000, any trustee of the trust or any relative of the above-mentioned persons or any concern in which such person has substantial interest.

10. Exemption of amount received for medical treatment and on account of death due to COVID-19 [Section 17(2) & 56(2)(x)]

Clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 (the Act) inter alia, provides that where any person receives, in any previous year, from any person or persons any sum of money, without consideration, the aggregate value of which exceeds fifty thousand rupees, the whole of the aggregate value of such sum shall be the income of the person receiving such sum. However, certain exceptions have been provided in the clause for transaction specified therein.

The Finance Ministry has released a press statement dated: 25.06.2021 where it was announced that income-tax shall not be charged on the amount received by a taxpayer for medical treatment from employer or from any person for treatment of COVID-19 during FY 2019-20 and subsequent years. It was further announced that in order to provide relief to the family members of such taxpayer, income-tax exemption shall be provided to ex-gratia payment received by family members of a person from the employer of such person or from other person on the death of the person on account of COVID-19 during FY 2019-20 and subsequent years. Also, it was stated that the exemption shall be allowed without any limit for the amount received from the employer and the exemption shall be limited to Rs. 10 lakh in aggregate for the amount received from any other persons.

In order to provide the relief as stated in the press statement, an amendment has been made in clause (2) of section 17 and to insert a new sub-clause in the proviso to state that any sum paid by the employer in respect

of any expenditure actually incurred by the employee on his medical treatment or treatment of any member of his family in respect of any illness relating to COVID-19 subject to such conditions, as may be notified by the Central Government, shall not be forming part of "perquisite".

Further, an amend has been made to the proviso to Clause (x) of sub-section (2) of section 56 and insert two new clauses in the proviso so as to provide that-

(i) any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, in respect of any illness related to COVID-19 subject to such conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person;

(ii) any sum of money received by a member of the family of a deceased person, from the employer of the deceased person (without limit), or from any other person or persons to the extent that such sum or aggregate of such sums does not exceed ten lakh rupees, where the cause of death of such person is illness relating to COVID-19 and the payment is, received within twelve months from the date of death of such person, and subject to such other conditions, as may be notified by the Central Government in this behalf, shall not be the income of such person.

11. Cash credits [Section 68]

Section 68 of the Act provides that where any sum is found to be credited in the books of an assessee maintained for any previous year, and the assessee offers no explanation about the nature and source thereof or the explanation offered by him is not, in the opinion of the Assessing Officer, satisfactory, the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

The onus of satisfactorily explaining such credits remains on the person in whose books such sum is credited. If such person fails to offer an explanation or the explanation is not found to be satisfactory then the sum is added to the total income of the person.

An amendment has been made in the provisions of section 68 of the Act so as to provide that the nature and source of any sum, whether in form of loan or borrowing, or any other liability credited in the books of an assessee shall be treated as explained only if the source of funds is also explained in the hands of the creditor or entry provider. However, this additional onus of proof of satisfactorily explaining the source in the hands of the creditor, would not apply if the creditor is a well regulated entity, i.e., it is a Venture Capital Fund, Venture Capital Company registered with SEBI.

12. Facilitating strategic disinvestment of public sector companies [Section 79]

Section 79 of the Act provides for carry forward and set-off of losses in case of certain companies. Sub-section (1) of the said section, inter-alia, provides that where a change in shareholding has taken place during the previous year in the case of a company, not being a company in which the public are substantially interested, no loss incurred in any year prior to the previous year shall be carried forward and set off against the income of the previous year, unless on the last day of the previous year, the shares of the company carrying not less than fifty-one per cent of the voting power were beneficially held by persons who beneficially held shares of the company carrying not less than fifty-one per cent of the voting power on the last day of year or years in which the loss was incurred. Sub-section (2) of the said section provides certain circumstances in which the provisions of sub-section (1) shall not apply.

It order to facilitate the strategic disinvestment of public sector companies, an amendment has been made in section 79 of the Act to provide that the provisions of sub-section (1) of section 79 shall not apply to an erstwhile public sector company subject to the condition that the ultimate holding company of such erstwhile public sector company, immediately after the completion of strategic disinvestment, continues to hold, directly or through its subsidiary or subsidiaries, at least fifty one per cent of the voting power of the erstwhile public sector company in aggregate.

Further it has been provided that if the above condition is not complied with in any previous year after the completion of strategic disinvestment, the provisions of sub-section (1) shall apply for such previous year and subsequent previous years.

13. Set off of loss in search cases [Section 79A]

Chapter VI of the Act deals with aggregation of income and set off or carry forward of loss. In Sections 70-80 of the Act there are specific provisions relating to set off or carry forward and set off of losses while computing the income under various heads and with respect to different classes of persons.

It is noticed that in some cases, assessees claim set off of losses or unabsorbed depreciation, against undisclosed income corresponding to difference in stock, undervaluation of stock, unaccounted cash payment etc. which is detected during the course of search or survey proceedings. Currently there is no provision in the Act to disallow such set-off and no distinction is made between undisclosed income which was detected owing to search & seizure or survey or requisition proceedings and income assessed in scrutiny assessment in the regular course of assessment though for incomes falling in section 68, section 69, section 69B etc., such restriction is there.

Therefore, an amendment has been made by inserting a new section 79A in the Act to provide that notwithstanding anything contained in the Act, where consequent to a search initiated under section 132 or a requisition made under section 132A or a survey conducted under section 133A, other than under sub-section (2A) of section 133A, the total income of any previous year of an assessee includes any undisclosed income, no set off, against such undisclosed income, of any loss, whether brought forward or otherwise, or unabsorbed depreciation under sub-section (2) of section 32 shall be allowed to the assessee under any provision of this Act in computing his total income for such previous year.

14. Incentives to National Pension System (NPS) subscribers for state government employees [Section 80CCD]

Under the existing provisions of the Act, any contribution by the Central Government or any other employer to the account referred to in section 80CCD of the Act (NPS account), shall be allowed as a deduction to the assesses in the computation of his total income, if it does not exceed 14% of his salary where such contribution is made by the Central Government. This limit is presently 10% of his salary where such contribution is made by any other employer. The State Governments were given an option to raise the contribution to 14% w.e.f 01.04.2019 on their own volition, based on their own internal approvals and notifications, without seeking the approval of the Pension Fund Regulatory and Development Authority.

An amendment has been made to increase the limit of deduction under section 80CCD of the Act from the existing ten per cent to fourteen per cent in respect of contribution made by the State Government to the account of its employee.

15. Condition of releasing of annuity to a disabled person [Section 80DD]

The existing provision of section 80DD, inter alia, provide for a deduction to an individual or HUF, who is a resident in India, in respect of

(a) expenditure for the medical treatment (including nursing), training and rehabilitation of a dependant, being a person with disability; or
(b) amount paid to LIC or any other insurer or administrator or specified company in respect of a scheme for the maintenance of a disabled dependant.

Sub-section (2) of the aforesaid section provides that the deduction shall be allowed only if the payment of annuity or lump sum amount is made to the benefit of the dependant, in the event of the death of the individual or the member of the HUF in whose name subscription to the scheme has been made.

Sub-section (3) of the aforesaid section provides that if the dependant with disability, predeceases the individual or the member of the HUF, the amount deposited in such scheme shall be deemed to be the income of the assessee of the previous year in which such amount is received by the assessee and shall accordingly be chargeable to tax as the income of that previous year.

An amendment has been made to allow the deduction under the said section also during the lifetime, i.e., upon attaining age of sixty years or more of the individual or the member of the HUF in whose name subscription to the scheme has been made and where payment or deposit has been discontinued. Further, the provisions of sub-section (3) shall not apply to the amount received by the dependant, before his death, by way of annuity or lump sum by application of the condition referred to in the amendment.

16. Extension of date of incorporation for eligible start up for exemption [Section 80-IAC]

The existing provisions of the section 80-IAC of the Act inter alia, provide for a deduction of an amount equal to one hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years, beginning from the year of incorporation, at the option of the assesses subject to the condition that,-

(i) the total turnover of its business does not exceed one hundred crore rupees,
(ii) it is holding a certificate of eligible business from the Inter-Ministerial Board of Certification, and
(iii) it is incorporated on or after 1st day of April, 2016 but before 1st day of April 2022

An amendment has been made to the provisions of section 80-IAC of the Act to extend the period of incorporation of eligible start-ups to 31st March, 2023.

17. Provisions pertaining to bonus stripping and dividend stripping to be made applicable to securities and units

Section 94 of the Act contains anti avoidance provisions to deal with transactions in securities and units of mutual fund which, inter-alia, include dividend stripping and bonus stripping.

However, the current provisions of sub-section (8) of section 94 of the Act do not apply to bonus stripping

undertaken in case of securities. It is also not applicable to units of Infrastructure Investment Trust (InvIT) or Real Estate Investment Trust (REIT) or Alternative Investment Funds (AIFs) as the definition of the term "unit" has not been modified subsequent to introduction of provisions relating to RETIs, InvITs etc. Further, the current provisions of sub-section (7) of section 94 of the Act, i.e. provisions pertaining to dividend stripping, are not applicable to the units of new pooled investment vehicles such as InvIT or REIT or AIFs.

In view of the above, an amendment has been made in sub-section (8) of section 94, pertaining to the prevention of tax evasion through bonus stripping, so as to make the said provision applicable to securities as well.

Further, an amendment has been made in the Explanation to the said section to modify the definition of unit, so as to include units of business trusts such as InvIT, REIT and AIF, within the definition of units.

18. Withdrawal of concessional rate of taxation on dividend income under section 115BBD

Section 115BBD of the Act provides for a concessional rate of tax of 15 % on the dividend income received by an Indian company from a foreign company in which the said Indian company holds 26 % or more in nominal value of equity shares (specified foreign company). This rate was aligned to the rate of tax provided under section 115-O of the Act

Finance Act, 2020 abolished the dividend distribution tax provided in section 115-O to, inter-alia, provide that dividend shall be taxed in the hands of the shareholder at applicable rates plus surcharge and cess.

In order to provide parity in the tax treatment in case of dividends received by Indian companies from specified foreign companies vis a vis dividend received from domestic companies, it is proposed to amend section 115BBD of the Act to provide that the provisions of this section shall not apply to any assessment year beginning on or after the 1st day of April, 2023.

19. Tax on income from virtual digital assets [Amendment to Section 115BBH]

As per the newly introduced section 115BBH of the Income Tax Act, the income in respect of transfer of a virtual digital asset in the hands of the assessee shall be taxed at a flat rate of 30% without the benefit of any deductions except the cost of acquisition or set off of losses.

Where the total income of an assessee includes any income from the transfer of any virtual digital asset, the income-tax payable shall be the aggregate of:
(a) the amount of income-tax calculated on the income from transfer of such virtual digital asset at the rate of thirty per cent.; and
(b) the amount of income-tax with which the assessee would have been chargeable, had the total income of the assessee been reduced by the income referred to in clause (a).

After the words "asset", the words "notwithstanding anything contained in any other provision of this Act" have been added implying that the sections of 115BBH override any other provisions of the Act governing the same income. Thus, income from transfer of virtual digital assets shall be computed and taxed as per section 115BBH, though such income may be taxable under other heads of income. Further, section 115BBH(2) has been amended to provide that in computing income under this section, the cost of acquisition if any is to be deducted. Thus, income from virtual digital assets shall be computed even if the cost of

acquisition is Nil or cannot be computed. Further the scope of virtual digital assets has been clarified to include all forms of digital assets whether capital or not.

It has been clarified that no set off of losses under any provision of the Act shall be allowed including computing income under the said section for different classes of virtual digital assets. The word other has been omitted. Further, a new sub section (3) has been inserted which states that the definition of transfer as stated in section 2(47) is to be applied for this section, whether the virtual digital assets are held as capital assets or not.

20. Extension of the last date for commencement of manufacturing or production, under section 115BAB, from 31.03.2023 to 31.03.2024

Section 115BAB of the Income-tax Act provides for an option of concessional rate of taxation @ 15 % for new domestic manufacturing companies provided that they do not avail of any specified incentives or deductions and fulfill certain other conditions.

Sub-section (2) of section 115BAB of the Act contains the conditions required to be fulfilled by such companies. Clause (a) of said sub-section (2) provides that the new domestic manufacturing company is required to be set up and registered on or after 01.10.2019, and is required to commence manufacturing or production of an article or thing on or before 31st March, 2023.

An amendment has been made in section 115BAB so as to extend the date of commencement of manufacturing or production of an article or thing, from 31st March, 2023 to 31st March, 2024.

21. Rationalization of provisions of the Act to promote the growth of co-operative societies [Section 115JC]

Section 115JC of the Act, inter alia, provides for the alternate minimum tax (AMT) payable by co-operative societies, which is at the rate of 18.5%. However, vide the Taxation Laws (Amendment) Act, 2019, the Minimum Alternate Tax (MAT) rate for companies has been reduced to 15%.

Therefore, in order to provide parity between co-operative societies and companies, An amendment has been made to modify sub-section (4) of section 115JC to reduce the AMT rate at which co-operative societies are liable to pay income-tax to 15%. Consequential amendment is also proposed in clause (b) of section 115JF in relation to the definition of "alternate minimum tax".

22. Updated Return [Section 139(8A)]

Section 139 provides for the circumstances and process for filing of returns by individuals and other assesses. Section 139 has been amended to provide that any assessee, irrespective of the fact whether he/she has filed a return under the respective provisions of the section, may opt to furnish an updated return with additional tax under the sub-section 8A in respect of the income under which he/she is assessable under the Act, for the previous year relevant to such assessment year. However, such a submission is permitted only within 24 months from the end of the relevant assessment year pertaining to the previous year.

Updated return could not be filed in respect of cases where search is initiated, survey is conducted or requisition is made, for that assessment year and two assessment years preceding such assessment year. The

words two assessment years have been substituted and the words 'any assessment year' are inserted. Thus, in such cases the assessee cannot file updated return of income for any of the preceding assessment years.

Further wherein a return of loss is filed and verified under sub section (1) in respect of losses sustained in any previous year, the assessee shall be permitted such updated return provided the updated return is a return of income. The words used in the amendment are 'return of income', probably what it means is a return of income which determines income chargeable to tax.

Further the provisions of subsection 8A shall not apply where the return has an effect of generating a loss, decreasing the tax liability or generating or increasing the refund for the assessee on the basis of the return/s filed under subsections (1), (4) or (5), or the return is filed in response to a search initiated under section 132, requisition under section 132A, survey under section 133A or a notice issued under the above mentioned sections, for the assessment year relevant to the previous year in which the search or requisition is initiated and/or two assessment years preceding it.

In addition, filing of an updated return is not permitted where any proceeding for assessment or reassessment or re-computation of income is pending or has been completed for the relevant AY, information under section 90/90A has been received in respect of the said assessee or prosecution proceedings under Chapter XXII have been initiated against him or her.

Section 139 has also been amended to provide that wherein any loss carried forward under Chapter VI or unabsorbed depreciation carried forward under section 32 or tax credit carried forward under section 115JAA and 115JD is to be reduced for any subsequent year as a result of filing an updated return under section 139(8A) for a previous year, an updated return shall also be furnished for each such subsequent previous year (for which the impact of the reduction is effected).

23. Additional Tax Liability for filing Updated Return [Section 140B]

a) Where no return furnished earlier: where no return of income under sub-section (1) or sub-section (4) of section 139 has been furnished by an assessee, he shall before furnishing the return under sub-section (8A) of section 139, be liable to pay the tax due together with interest and fee payable under any provision of the Act for any delay in furnishing the return or any default or delay in payment of advance tax, along with the payment of additional tax.

b) where, return of income under sub-section (1) or sub-section (4) or sub-section (5) of section 139 (referred to as earlier return) has been furnished by an assessee: he shall before furnishing the return under sub-section (8A) of section 139, be liable to pay the tax due together with interest and fee payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax, along with the payment of additional tax, as reduced by the amount of interest paid under the provisions of the Act in the earlier return.

The additional tax, payable at the time of furnishing the return under sub-section (8A) of section 139, shall be equal to twenty-five per cent of aggregate of tax and interest payable, as determined. If such return is furnished after expiry of the time available under sub-section (4) or sub-section (5) of section 139 and before completion of period of twelve months from the end of the relevant assessment year. However, if such return is furnished after the expiry of twelve months from the end of the relevant assessment year but before completion of the period of twenty-four months from the end of the relevant assessment year, the additional

tax payable shall be fifty per cent of aggregate of tax and interest payable, as determined. It is also clarified that for the purposes of computation of "additional income-tax", tax shall include surcharge and cess, by whatever name called, on such tax.

Such updated return shall also be accompanied by proof of payment of such tax, additional tax, interest and fee.

24. Rationalization of provisions relating to assessment and reassessment

The Finance Act, 2021 amended the procedure for assessment or reassessment of income in the Act with effect from the 1st April, 2021. The said amendment modified, inter alia, sections 147, section 148, section 149 and also introduced a new section 148A in the Act. In cases where search is initiated under section 132 of the Act or books of account, other documents or any assets are requisitioned under section 132A of the Act, on or after 1st April, 2021, assessment or reassessment is now made under sections 143 or 144 or 147 of the Act after the Finance Act, 2021.

As part of the government's policy related to simplification of procedures under the Act, an amendment has been made by:

(i) by inserting a new proviso to the effect that requirement for approval to issue notice under section 148 shall not be required to be taken by the Assessing Officer if he has passed an order under 148A(d) with prior approval in that case stating that the income is escaping assessment.
(ii) omitting the requirement of approval of specified authority in clause (b) of section 148A.

25. Time limit for completion of assessment, reassessment and re-computation [Amendment to Section 153(1)]

Section 153(1) provides that the time limit for completion of assessment under section 143 or section 144 would be 21 months from the end of the assessment year ('AY') in which the income was first assessable.

The second proviso to this section has been amended to provide that in case of an order of assessment relating to AY 2019-20, the time limit would be 12 months instead of 21 months and in case of that relating to AY 2020-21, the time limit would be 18 months instead of 21 months. The same shall be applicable from 1st April 2021.

26. Time limit for completion of assessment under section 153A [Amendment to Section 153B(1)]

Section 153B(1) provides the time limit for completion of assessment or reassessment in search or requisition cases. A new sixth proviso to section 153B (1) has been inserted to provide that the assessment in the below cases for AY 2021-22 shall be made on or before 30 September 2022:

- in case where the last of the authorisations for search under section 132 or requisition under section 132A was executed during financial year ('FY') 2020-21, or
- in case of other person referred to in section 153C, the books of account or document or asset seized or requisitioned were handed over under section 153C to the Assessing Officer ('AO') having jurisdiction over such other person during FY 2020-21.

27. Amendment to Section 155 [Deduction in respect of Surcharge and Education Cess]

The Bill proposed to clarify that the term 'tax' includes and shall be deemed to have always included any surcharge or cess, by whatever name called, and thereby the same is not a deductible expenditure as stated in section 40(a)(ii).

'Surcharge' or 'cess' claimed as deduction in any previous year deemed to be under-reporting of income. Section 155 is amended to include sub-section (18) to provide that deduction in respect of surcharge or cess which is not allowable as deduction under section 40, claimed and been allowed to an assessee in any previous year ('PY') shall be deemed to be under-reported income of the assessee for such PY, for the purpose of section 270A(3).

The provisions of section 270A(6) relating to exceptions for under-reported income would not be applicable to this sub-section. The AO shall re-compute total income of the assessee for such PY and make the necessary amendment. The provisions of section 154 regarding rectification of mistake shall apply to the same and the period of 4 years specified in section.

Section 154(7), which relates to time limit for passing of order of rectification, would be reckoned from the end of PY 2021-22. The claim shall not be deemed to be under-reported income for the purposes of section 270A(3), in case the following requirements are fulfilled:

- Assessee makes an application to the AO in prescribed form and within prescribed time,
- Assessee has requested for re-computation of the total income of the PY without allowing deduction of surcharge or cess, and Assessee pays amount due thereon within the specified time.

28. Succession to business otherwise than on death [Amendment to Section 170]

This section pertains to Succession to business otherwise than on death. A new sub-section 2A was inserted to provide that in case of a business reorganization, the assessment or reassessment or other proceedings, made on the predecessor during the course of pendency of such reorganisation, shall be deemed to have been made on the successor.

An explanation was also inserted to define the terms 'business organisation' and 'pendency'. An amendment is made to sub-section 2A to include: where there is succession, the assessment or reassessment or any other proceedings, made or initiated on the predecessor during the course of pendency of such succession, shall be deemed to have been made or initiated on the successor. The explanation is also consequently amended to exclude the definition of business reorganization and the word pendency is defined to mean: 'the period commencing from the date of filing of application for such succession of business before the High Court or tribunal or the date of admission of an application for corporate insolvency resolution by the Adjudicating Authority as defined in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016 and ending with the date on which the order of such High Court or tribunal or such Adjudicating Authority, as the case may be, is received by the Principal Commissioner or the Commissioner.'

29. Amendment in the provisions of section 179 of the Act

Section 179 of the Act contains provisions which enables Income tax authorities to recover tax due from a private company from its directors, under certain circumstances where such tax cannot be recovered from the company itself. The section makes each director of the private company jointly and severally liable for the payment of such tax with certain conditions. However, the title of the section inadvertently refers to the liability of directors of private company in liquidation.

The liability of directors of a private company under this section is not conditional upon the company being in liquidation and the section makes no reference to liquidation. Therefore, to make the title of the section uniform with its provisions, an amendment has been made in the title of the section to "Liability of directors of private company"

Further, Explanation to the section clarifies that the expression "tax due" in the section includes penalty, interest of any other sum payable under the Act. In order to avoid unnecessary litigation and to provide further clarity, the word "fees" in the scope of the expression "tax due" under Explanation to the section has been inserted.

30. Rationalization of provisions of TDS on sale of immovable property [Section 194-IA]

Section 194-IA of the Act provides for deduction of tax on payment on transfer of certain immovable property other than agricultural land. Sub-section (1) of the said section provides for deduction of tax by any person responsible for paying to a resident any sum by way of consideration for transfer of any immovable property (other than agricultural land) at the time of credit or payment of such sum to the resident at the rate of one percent of such sum as income-tax thereon. Sub-section (2) provides that no deduction of tax shall be made where the consideration for the transfer of an immovable property is less than fifty lakh rupees.

As per the provisions of the said section, TDS is to be deducted on the amount of consideration paid by the transferee to the transferor. This section does not take into account the stamp duty value of the immovable property, whereas, as the provisions of section per 43CA and 50C of the Act, for the computation of income under the head "Profits and gains from business or profession" and "capital gains" respectively, the stamp duty value is also to be considered. Thus there is inconsistency in the provisions of section 194-IA and sections 43CA and 50C of the Act.

In order to remove inconsistency, an amendment has been made in section 194-IA of the Act to provide that in case of transfer of an immovable property (other than agricultural land), TDS is to be deducted at the rate of one percent of such sum paid or credited to the resident or the stamp duty value of such property, whichever is higher. In case the consideration paid for the transfer of immovable property and the stamp duty value of such property are both less than fifty lakh rupees, then no tax is to be deducted under section 194-IA.

31. Deduction of tax on benefit or perquisite in respect of business or profession [Amendment to Section 194R]

A new section 194R was introduced whereby a person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, is required to deduct tax at 10% of the value or aggregate of value of such benefit or perquisite. In case such benefit or perquisite is provided wholly in kind or partly in kind and partly in cash but such part in cash is not sufficient to meet the liability of deduction of tax in

respect of whole of such benefit or perquisite, the person responsible for providing such benefit or perquisite shall, before releasing the benefit or perquisite, ensure that tax has been deducted has been paid in respect of the benefit or perquisite.

Section 194R is amended to clarify that 'ensure that tax has been deducted' means ensure that tax required to be deducted has been paid in respect of the benefit or perquisite.

New sub-sections (2) and (3) are inserted to provide that in case any difficulty arises in giving effect to the provisions of this section, the CBDT may, with the previous approval of the Central Government, issue guidelines for the purpose of removing the difficulty and such guidelines would be binding on the assessee and assessing authority.

32. Payment on transfer of virtual digital asset [Amendment to Section 194S]

The newly introduced section 194S provides that any person responsible for paying to a resident any sum by way of consideration for transfer of a virtual digital asset, shall, at the time of credit of such sum to the account of the resident or at the time of payment of such sum by any mode, whichever is earlier, deduct an amount equal to one percent of such sum as income-tax.

As per the amendment brought that payments made in respect of consideration on transfer of virtual digital assets shall be liable to TDS under section 194S. Further, the amendment has clarified that notwithstanding anything contained in the Chapter, a transaction in respect of which tax is deducted under section 194S shall not be liable to deduction to tax under any provisions in the chapter. It has been clarified that payment by any person of any sum by way of consideration for transfer of virtual digital assets made to any resident is liable for deduction of tax under section 194S.

Further, it is now clarified that the person responsible for deducting tax, should ensure that tax which is 'required to be deducted' shall be paid, before release of such consideration for transfer of a virtual digital asset. The Finance Bill has omitted subsection (8) of section 194S and same is substituted in subsection (4) of section 194S. It is clarified that notwithstanding anything contained in section 194-O, in case of a transaction to which the provisions of the said section are applicable along with the provisions of section 194S, tax shall be deducted under section 194S(1).

Payment on transfer of virtual digital asset [Amendment to Section 194S] – Section 194-O specifies that where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform, such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant, whichever is earlier, deduct income-tax at the rate of one per cent of the gross amount of such sales or services or both.

33. Rationalization of the provisions of sections 271AAB, 271AAC and 271AAD of the Act

Sections 271AAB, 271AAC and 271AAD of the Act under Chapter XXI contain provisions which give powers to the Assessing Officer to levy penalty in cases involving undisclosed income in cases where search has been initiated u/s 132 or otherwise, or for false entry etc. in books of account.

Under Chapter XXI of the Act which deals with penalties, Commissioner (Appeals) has concomitant powers

with Assessing Officer to levy penalty in eligible cases under section 270A, section 271, section 271A, section 271AA, section 271G, section 271J which deal with deliberate concealment, non-disclosure and omission by an assessee to evade tax.

Similarly, sections 271AAB, 271AAC, 271AAD penalise actions pertaining to undisclosed income, unexplained credits or expenditures, or deliberate falsification or omission in books of accounts. Therefore, in order to improve deterrence against noncompliance among tax payers, an amendment has been made in sections 271AAB, 271AAC and 271AAD by enabling the Commissioner (Appeals) to levy penalty under these sections to the along with Assessing Officer.

34. Amendment in the provisions of section 272A of the Act

Section 272A of the Act provides for penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections etc. At present, the amount of penalty for failures listed under sub-section (2) of section 272A is one hundred rupees for every day during which the failure continues. Section 272A ensures compliance with various obligations under the Incometax Act by penalising non-compliance and acting as a deterrent.

An amendment has been made to increase the amount of penalty for failures listed under sub-section (2) of section 272A to five hundred rupees from the existing sum of one hundred rupees.

Amendment vide Finance Act, 2023

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

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

- **Amendment Pertaining to Filing of Return of Income:** Section 10AA does not provide for the condition to file return before due date provided under section 139(1) for claiming deduction as is provided for similar deductions. Section 143(1), however, provides that the deduction under section 10AA shall be eligible if such return is filed before the due date. To align the two provisions, section 10AA has been amended (with effect from the assessment year 2024-25) to provide that no deduction under section 10AA shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under section 139(1).

- **Amendment Pertaining to the Time-Limit for Remittance of Foreign Exchange:** There is no time-limit prescribed for timely remittance of the export proceeds from sale of goods or provision of services under section 10AA as is provided under other similar export related deductions under the Act. To provide time-limit for remittance, section 10AA has been amended (with effect from the assessment year 2024-25). After the amendment, deduction under section 10AA shall be available, if the proceeds from sale of goods (or provision of services) is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of 6 months from the end of the previous year (or within such further period as may be allowed by the competent authority). A few more amendments are as follows –

    1. The export proceeds from sale of goods (or provision of services) shall be deemed to have been received in India where such proceeds are credited to a separate account maintained by the assessee with any bank outside India with the approval of RBI.

    2. Further, section 155(11A) has been amended to allow the Assessing Officer to amend the assessment order later where the export earning is realized in India after the permitted period. The Assessing Officer can amend the assessment order within 4 years from the end of the previous year in which such income is received in India.

2. Amendment to Section 17 [Perquisites]

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

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

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

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

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

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

Board's Clarifications

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

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

Ruling of the Apex Court

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

Amendment

Section 28(*iv*) has been amended (with effect from the assessment year 2024-25) to clarify that these provisions shall apply whether benefit or perquisite is convertible into money or not. In other words, after the amendment these provisions also apply to cases where benefit or perquisite is provided in cash or in kind or partly in cash or partly in kind. This amendment will supersede the aforesaid ruling of the Supreme Court in the case of *Mahindra & Mahindra Ltd*. Cash benefits or perquisites, arising from business or exercises of profession, which were not considered as taxable after the ruling of the Supreme Court, may become taxable under the amended provisions of section 28(*iv*).

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

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

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

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

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

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

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

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

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

Due Date of Payment Specified Under MSMED Act, 2006

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

Consequences of Amendment to Section 43B

These are given below –

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

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

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

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

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

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

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

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

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

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

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

Section 43D provides, *inter alia*, for special provision in case of income of deposit-taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company. Interest income in relation to certain categories of bad or doubtful debts received by such deposit-taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company, shall be chargeable to tax in the previous year in which it is credited to its profit and loss account for that year or actually received, whichever is earlier.
Section 43B and section 43D currently use two erstwhile categories of NBFC (namely, Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company). Such classification for non-banking financial companies is no longer followed by RBI for the purpose of asset classification.

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

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

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

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

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

Tax Audit under Section 44AB

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

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

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

Section 44ADA

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

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

Amendment to Section 44AB

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

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

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

Different situations	**Turnover of the assessee falls in the range given below**	**Whether section 44AD is applicable**	**Whether section 44AB tax audit is required**	**Notes**
Situation 1	0 – Rs. 1 crore	Yes	No	*See* Note 1
Situation 2	Rs. 1 crore – Rs. 2 crore	Yes	Not required [if income is declared under section 44AD(1)]	*See* Note 2
Situation 3	Rs. 2 crore – Rs. 3 crore (AY 2024-25)	Yes (if a few conditions are satisfied)	Not required [if income is declared under section 44AD(1)]	*See* Note 3
Situation 4	Rs. 2 crore – Rs. 10 crore (not being covered by *Situation 3*)	No	Not required (if a few conditions are satisfied)	*See* Note 4
Situation 5	Above Rs. 10 crore	No	Required	*See* Note 5

Notes –

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

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

***Case 1* –** If the assessee falls under section 44AD(4).
***Case 2* –** If aggregate of all receipts in cash during the previous year exceeds 5 per cent of such receipt.
***Case 3* –** If aggregate of all payments in cash during the previous year exceeds 5 per cent of such payment.

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

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

9. Amendment to Section 45(5A)

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

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

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

10. Amendment to Section 47

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

Relocation

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

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

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

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

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

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

Conversion of Gold into Electronic Gold Receipt

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

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

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

Electronic Gold Receipt (EGR) issued in re spect of gold deposited as referred to in sec tion 47(viid)	Period of holding shall include period for which such gold was held by the assessee prior to conversion into EGR
Gold released in respect of an Electronic G old Receipt (EGR) as referred to in section 47(viid)	Period of holding shall include period for which such EG R was held by the assessee prior to its conversion into gol d

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

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

Different Cases	**Deemed of Cost of acquisition**
Cost of acquisition of Electronic Gold Receipt (EGR) issued by a Vault Manager which became the property of the transferor as refe rred to in section 47(viid)	Cost of gold in the hands of the perso n in whose name EGR is issued
Cost of acquisition of gold released against an Electronic Gold Rec eipt (EGR), which became the property of the person as considerat ion for a transfer, referred to in section 47(viid)	Cost of the EGR in the hands of suc h person

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

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

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

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

Section 48, *inter alia*, provides that the income chargeable under the head "Capital gains" shall be computed, by deducting the cost of acquisition/cost of improvement from the full value of the consideration received or accruing as a result of the transfer of the capital asset. Interest on capital borrowed for the purpose of financing acquisition, construction/reconstruction/renewal of house property is deductible under section 24(*b*).

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

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

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

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

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

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

13. Agnipath Scheme, 2022

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

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

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

Further, it has been provided that in the new tax regime of section 115BAC an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund shall get a deduction of the government contribution to his Seva Nidhi [sub-section (2) of section 80CCH].

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

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

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

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

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

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

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

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

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

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

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

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

18. Facilitating certain strategic disinvestment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Clause (22B) of section 10 of the Act, inter-alia, provides exemption to any income of a notified news agency which is set up in India solely for collection and distribution of news. This is subject to condition that the

news agency applies its income or accumulates it for application solely for collection and distribution of news and does not distribute its income in any manner to its members.

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

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

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

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

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

24. TDS and taxability on net winnings from online games

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

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

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

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

Accordingly, following amendment has been made:

(i) Amendment in section 194B and 194BB of the Act to provide that deduction of tax under these sections shall be on the amount or aggregate of the amounts exceeding ten thousand rupees during the financial year;
(ii) Amendment in section 194B of the Act to include “gambling or betting of any form or nature whatsoever” within its scope;

(iii) Amendment in section 194B of the Act to exclude online games from the purview of the said section from the 1st day of July, 2023, since a new section 194BA is inserted for deduction of tax at source on winnings from online games from that date;

(iv) Inserted a new section 194BA in the Act, with effect from 1st July 2023, to provide for deduction of tax at source on net winnings in the user account at the end of the financial year. In case there is withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on net winnings comprised in such withdrawal. In addition, income-tax shall also be deducted on the remaining amount of net winnings in the user account at the end of the financial year. Net winnings shall be computed in the prescribed manner.

(v) In a case where the net winnings are wholly in kind or partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person responsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings;

(vi) Amendment in section 115BB of the Act to exclude income from winnings from online games from the purview of the said section from the assessment year 2024-25, since the new section 115BBJ to tax winnings from online games from that assessment year;

(vii) Inserted a new section 115BBJ in the Act with regard to tax on winnings from online games to provide that where the total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be the aggregate of—

- the amount of income-tax calculated on net winnings from such online games during the previous year, computed in the prescribed manner, at the rate of thirty per cent; and
- the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the net winnings referred to above;

25. Increasing rate of TCS of certain remittances

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

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

Type of remittance	Present rate	Amended Rate
For the purpose of any education, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E.	0.5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	No change.
For the purpose of education, other than (i) or for the purpose of medical treatment.	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	
Overseas tour package	5% without any threshold limit.	20% without any threshold limit.
Any other case	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh.	

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

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

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

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

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

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

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

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

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

28. Preventing permanent deferral of taxes through undervaluation of inventory

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

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

(i) To enable the Assessing Officer to direct the assessee to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf. Assessee is then required to furnish the report of inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars as may be prescribed and such other particulars as the Assessing Officer may require.

(ii) The expenses of, and incidental to, such inventory valuation (including remuneration of the cost accountant) shall be determined by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in accordance with the prescribed guidelines and that the expenses so determined shall be paid by the Central Government.

(iii) Except where the assessment is made under section 144 of the Act, the assessee will be given an opportunity of being heard in respect of any material gathered on the basis of such inventory valuation which is proposed to be utilized for assessment.

29. Rationalisation of exempt income under life insurance policies

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

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

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

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

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

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

31. Alignment of timeline provisions under section 153 of the Act

Section 153 of the Act, as substituted vide Finance Act, 2016, provides for the time limit for completion of assessment, reassessment or recomputation. The sub-section (1) of the said section provides the time limit for order of assessment under section 143 or section 144 of the Act as 21 months from the end of the assessment year in which the income was first assessable. Thereafter, vide subsequent Finance Acts, this time period of 21 months was reduced to 9 months from the end of the assessment year in which the income was first assessable for assessment year 2021-22 and later assessment years. Further, vide Finance Act, 2022 sub-section (1A) was inserted in the section 153 of the Act providing that in a case where an updated return under sub-section (8A) of the section 139 of the Act has been furnished by an assessee, an order of assessment or reassessment under section 143 or section 144 of the Act may be made at any time before the expiry of 9 months from the end of the financial year in which such return was furnished.

Further, a notice under sub-section (2) of section 143 of the Act can be served on the assessee up to 3 months from the end of the relevant assessment year. This gives a time of 6 months to the Assessing Officer for making assessment which, inter alia, includes making investigations, giving assessees opportunities of hearing, bringing on record any material relevant to the case, analysing judicial positions of various legal matters etc. Further, with the Faceless Assessment, different aspects of the assessment are carried out by different units viz. Assessment Unit, Verification Unit, Technical Unit and Review Unit, Therefore, a lot of co-ordination is required between the different units in every single scrutiny assessment and adequate time is essential for a rational and speaking order.

The period of six months is, however, short to complete the entire process of assessment. As a result, taxpayers' grievances of not being given enough time to explain themselves or provide evidences in their favour may arise. This may also compromise the dispensation of reasonableness of orders as well as natural justice to the assessees. Therefore, the time available for completion of assessment relating to the assessment year commencing on or after the 1st day of April, 2022 shall be twelve months from the end of the assessment year in which the income was first assessable. Consistent with the above, the time available for completion of assessment proceedings in the case of an updated return is increased to 12 months from the end of the financial year in which such return is furnished.

It may also be noted that prior to the Finance Act, 2021 in cases where search is initiated under section 132 of the Act or books of account, other documents or any assets are requisitioned under section 132A of the Act, assessment was made in the case of the assessee, or any other person, in accordance with the special provisions of sections 153A, 153B and 153C of the Act that deal specifically with such cases. The section 153A of the Act provided that an assessment or reassessment, if any, relating to any assessment year falling within the period of six assessment years, as given in section 153A of the Act, and for the relevant assessment year or years pending on the date of initiation of the search under section 132 of the Act or making of requisition under section 132A of the Act, as the case may be, shall abate. The scrutiny proceedings would later on be re-opened under the provisions of section 153A of the Act, so that correct assessment of income subsequent to a search operation can logically be concluded based on the information available as a result of the search.

32. Penalty for furnishing inaccurate statement of financial transaction or reportable account

Section 285BA of the Act makes it mandatory for a person responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed, under any law for the time being in force, to furnish a statement in respect of such specified financial transaction or such reportable account to the prescribed income-tax authority. Further, vide Finance (No. 2) Act, 2014, section 271FAA was inserted in the Act in Chapter XXI to provide for penalty for furnishing inaccurate statement of financial transaction or reportable account.

Self-certifications by reportable persons and the account holders are mandated under the Rule 114H of the Income-tax Rules, 1962 for different purposes. This includes, inter alia, cases where new accounts are opened (to certify the country of tax residence), cases involving curing of indicia for pre-existing accounts (to certify the country of tax residence) and cases of entities to certify whether they are Passive Non-Reporting Financial Entities. While the requirement of having a valid self-certification has been specified in Rule 114H of the Income–tax Rules, 1962, however, there is no penal provision for the submission of a false self-certification which in turn leads to furnishing of an incorrect statement under section 285BA. Therefore, there is a need to introduce a provision for penalizing false self-certification in the Act.

Accordingly an amendment has been made that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of five thousand rupees shall be imposable on such institution, in addition to the penalty leviable on such financial institution in the said section, if any. This penalty shall be levied by the income tax authority prescribed under sub-section (1) of section 285BA of the Act. Further, the reporting financial institution may recover the amount so paid on behalf of the account holder or retain out of any moneys that may be in its possession or may come to it from every such reportable account holder.

33. Amendments in consequence to new provisions of TDS

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

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

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

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

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

Presently, the provisions for penalty and prosecution do not clearly mandate a penalty or prosecution for a person who does not pay or fails to ensure that tax has been paid in a situation where the benefit or perquisite is passed in kind. Therefore, to enable such penalty and prosecution, an amendment has been made in section 271C by inserting two new sub-clauses under clause (b) in sub-section (1) providing reference to the first proviso to section 194R and the first proviso to section 194S. Similar amendments are also made in section 276B.

34. TDS on payment of accumulated balance due to an employee

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

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

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

35. Facilitating TDS credit for income already disclosed in the return of income of past year

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

New sub-section (20) in section 155 of the Act has been inserted. This new sub-section applies where any income has been included in the return of income furnished by an assessee under section 139 of the Act for

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

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

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

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

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

(i) for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired; and

(ii) the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

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

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

37. Clarification regarding advance tax while filing Updated Return

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

The sub-section (4) of the section 140B of the Act provides for the computation of interest under section 234B of the Act on the tax on updated return. The said sub-section (4) provides that interest payable under section

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

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

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

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

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

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

39. Removal of certain funds from section 80G

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

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

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

41. Omission of certain redundant provisions of the Act

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

42. Decriminalisation of section 276A of the Act

Section 276A of the Act makes provision for prosecution with rigorous imprisonment up to two years in the case of a person, being a liquidator who fails to give notice in accordance with sub-section (1) of section 178, or fails to set aside the amount as required by sub-section (3) of the said section or parts with any of the assets of the company or the properties in contravention of the provisions of the said section.

It has been the stated policy of the Government to decriminalise minor offences as a step towards improving ease of business. In this regard, the provisions of the Act have been examined. Section 276A provides for prosecution of liquidator for non-compliance with section 178. Section also imposes personal liability on such liquidator for the same non-compliance. Further, with the operationalisation of the Insolvency and Bankruptcy Code, 2016 (IBC), waterfall mechanism for payment of dues is now in place for companies under liquidation and sub-section (6) of section 178 (the parent section) provides that this section shall not have effect when provisions of the IBC are in contrary. Moreover, the liquidator is now working under the oversight of this specific law.

In view of this, section 276A of the Act has been amended by providing a sunset clause on the section with effect from 31.03.2023. Hence, no fresh prosecution shall be launched under this section on or after 1st April, 2023. The earlier prosecutions will however continue.

43. Rationalisation of the provisions of Charitable Trust and Institutions

Income of any fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or subclause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 of the Act or any trust or institution registered u/s 12AA or 12AB of the Act is exempt subject to the fulfilment of the conditions provided under various sections. The exemption to these trusts or institutions is available under the two regimes-

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

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

Treatment of donation to other trusts:

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

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

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

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

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

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

44. Omission of redundant provisions related to roll back of exemption

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

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

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

45. Alignment of the time limit for furnishing the form for accumulation of income and tax audit report

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

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

46. Tax Rates under Section 115BAC

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

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

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

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

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

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

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

Health & Education Cess: 4%

47. Tax rate under section 115BAD and section 115BAE

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

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

48. Rebate under section 87A

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

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

Notifications / Circulars / Case Laws

Lesson 2

Basic Concepts of Income Tax

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Residential status of certain individuals under Income-tax Act, 1961 (Circular No. 2 Dated March 3, 2021)** Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to determination of residential status of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, inter-alia, on the period for which the person is in India during a previous year or years preceding the previous year. The Board has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 from individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has been examined by the Board and following facts have emerged: 1. Short stay will not result into Indian residency 2. Possibilities of dual non-residency in case of general relaxation 3. Tie breaker rule as per Double Taxation Avoidance Agreement (DTAA) 4. Employment income taxable only subject to conditions as per DTAA 5. Credit for the taxes paid in other country 6. International Experience Thus, it can be seen that OECD as well as most of the countries have clarified that in view of the provisions of the domestic income tax law read with the DTAAs, there does not appear a possibility of the double taxation of the income for PY 2020-21. The possibility of double taxation does not exist as per the provisions of the Income-tax Act, 1961 read with the DTAAs. However, in order to understand the possible situations in which a particular taxpayer is facing double taxation due to the forced stay in India, it would be in the fitness of things to obtain relevant information from such individuals. After understanding the possible situations of double taxation, the Board shall examine that, i. whether any relaxation is required to be provided in this matter; and ii. if required, then whether general relaxation can be provided for a class of individuals or specific relaxation is required to be provided in individual cases. Therefore, if any individual is facing double taxation even after taking into consideration the relief provided by the respective DTAAs, he may furnish the information in Form -NR annexed to this circular by 31st March, 2021. This form shall be submitted electronically to the Principal Chief Commissioner of Income-tax (International Taxation).	https://www.incometaxindia.gov.in/communications/circular/residency-circular-02-of-2021.pdf
2.	**CBDT notifies Amendment to Rule 10V for Computation of Remuneration payable to Fund Managers [Notification No. 13 Dated March 9, 2021]**	https://incometaxindia.gov.in/communic

<table>
<tr><td></td><td>The Board notified the Income-tax (2nd Amendment) Rules, 2021 which seeks to further amend rule 10V of the Income-tax Rules, 1962. Sub-rule (12) of Rule 10V provides for the amount of remuneration to be paid by the fund to a fund manager. Second provision of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed.

In the Income-tax Rules, 1962, in rule 10V, in sub-rule (12), after the second proviso and before the Explanation, the two provisos shall be inserted.

Firstly, "Provided also that the provisions of sub-rules (3) to (12) of rule 10VA shall, mutatis mutandis, apply to the application made under the second proviso as they apply to application made under sub- rule (2) of the said rule,"

Secondly, "Provided also that the provisions of sub-rule (3) of rule 10VA shall not apply to an application made under the second proviso, if it is for the previous year beginning on the 1st day of April, 2021, and made on or before the 1st day of February, 2021,"</td><td>ations/notification/notification_no_13.pdf</td></tr>
<tr><td>3.</td><td>Thresholds for the purposes of Significant Economic Presence - Rule 11UD [Notification No. 41 Dated May 3, 2021]

The Central Board of Direct Taxes has notified the Income-tax (13th Amendment) Rules, 2021 which shall come into force from 1st April 2022. Through this amendment a new rule 11UD has been inserted which notifies the threshold for significant economic presence.

As per the new rule, for the thresholds "the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees."

Further, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs.

Accordingly, the threshold limit has been notified for the purpose of significant economic presence.</td><td>https://www.incometaxindia.gov.in/communications/notification/notification_41_2021.pdf</td></tr>
<tr><td>4.</td><td>Income Tax (22nd Amendment) Rules 2021 [Dated August 9, 2021]

CBDT has notified Income tax (22nd Amendment) Rules, 2021 to insert the following two rules as follow:
<table><tr><td>Rule 21AI</td><td>Computation of exempt income of specified fund for the purposes of clause (4D) of section 10

The Rule provides formula for computation of income attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) in a specified fund for the purpose of clause (4D) of section 10 of the Income tax Act, 1961.</td></tr><tr><td>Rule 21AJ</td><td>Determination of income of a specified fund attributable to units held by non-residents under sub-section (1A) of section 115AD

The Rule provides formula of calculation, for purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of short-term or long-term capital gains, referred to in clause (b) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)</td></tr></table></td><td>https://www.incometaxindia.gov.in/communications/notification/notification_90_2021.pdf</td></tr>
</table>

CASE LAWS

1.	**CIT v. PL. M. TT.**	**Madras High Court**

Proof of power or capacity to control and manage is not relevant for determining the control and management. What is necessary is to test the actual power or control.

Where all partners of a firm were residing in India and they appointed a power of attorney in Ceylon (now Sri Lanka) who was entirely in charge of the business and the partners did not play any role in control and management, it was held that the firm was not tax resident in India. The High Court of Madras in CIT v. PL. M. TT. Firm3 held that as per the terms of the deed de jure control remained with the principal but de facto control or actual control was with the agent. Thus, rather than mere proof of power or capacity to control and manage, the actual power or control was relevant.

2.	**Saraswati Holding Corpn. Inc v. Dy. DIT(IT)4**	**ITAT**

Day to Day affairs of the business is not sufficient for determining the Control and Management of affairs.

Interpreting the phrase 'control and management of affairs' in Saraswati Holding Corpn. Inc v. Dy. DIT(IT)4, the ITAT held that control and management of affairs do not mean the control and management of the day-to-day affairs of the business. The fact that discretion to conduct operations of business is given to some person in India would not be sufficient. The words 'control and management of affairs' refer to head and brain, which directs the affairs of policy, finance, disposal of profits and such other vital things consisting the general and corporate affairs of the company. Thus, where decisions on investments were taken by directors outside India, the income from investments made in India could not be taxed in the hands of the company only because a few persons had been given authority to conduct the affairs.

Lesson 3

Incomes which do not form part of Total Income

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Notification No. 49/2020 [Dated July 17, 2020]** The Central Government hereby notifies to include Real Estate Regulatory Authority 'RERA' for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 for exemption of its specified incomes subject to certain conditions. ***Accordingly, the Real Estate Regulatory Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_49_2020.pdf
2.	**Notification of Sovereign Wealth Fund 'SWF' under section 10(23FE) of the Income-tax Act, 1961 [Circular No. 15/2020 Dated July 22, 2020]** The Finance Act, 2020 inserted clause (23FE) in section 10 the Income-tax Act, 1961 (the Act) to provide for exemption to income of a specified person in the nature of dividend, interest or long-term capital gains arising from investment made by it in India if the investment is made in specified infrastructure business (including business notified vide Notification No 44/2020 dated 06.07.2020, i.e., Infrastructure sub-sectors mentioned in Harmonised Master List updated as on 13.08.2018) during the period from 01.04.2020 to 31.03.2024, and held for at least three years. Specified person to mean wholly owned subsidiaries of Abu Dhabi Investment Authority (ADIA), notified Sovereign Wealth Fund (SWF) and notified Pension Funds (PF), which fulfiled conditions specified in the clause or to be prescribed for the PF. ***In order to facilitate the process of notification of the SWF, the CBDT specifies that the SWF shall file application in the Form I with the Member (Legislation), (CBDT), during the financial year 2020-21 and thereafter to the Member, CBDT having supervision and control over the work of Foreign Tax and Tax Research Division.*** ***Further, the SWF shall be required to file return of income along with audit report and also be required to file a quarterly statement within one month from the end of the quarter electronically in Form II in respect of* each investment made during the quarter.**	https://www.incometaxindia.gov.in/communications/circular/circular_15_2020.pdf
3.	**Notification No. 50/2020 [Dated July 21, 2020]** The Central Government hereby notifies to include 'Tamil Nadu e-Governance Agency' for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the specified income arising to that Agency subject to certain conditions. ***Accordingly, the 'Tamil Nadu e-Governance Agency' is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_50_2020.pdf

4.	**Income Tax 20th Amendment Rules 2020 [Notification No. 67/2020 Dated August 17, 2020]** The Central Board of Direct Taxes hereby makes the Income-tax (20th Amendment) Rules, 2020 as per which: • *after rule 2DA, the rules "2DB" shall be inserted which specify Other conditions to be satisfied by the pension fund.* • *After rule 2DA, the rules "2DC" shall be inserted which specifies the Guidelines for notification under clause (23FE) of section 10 of the Income Tax Act, 1961.*	https://www.incometaxindia.gov.in/communications/notification/notification_67_2020.pdf
5.	**Notification No. 73/2020 [Dated September 10, 2020]** The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'District Mineral Foundation Trust' in respect of the certain specified income arising to that Authority subject to certain conditions. ***Accordingly, the District Mineral Foundation Trust is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_73_2020.pdf
6.	**Notification No. 74/2020 [Dated September 11, 2020]** The Central Government hereby notifies to include the Infrastructure Debt Fund namely, the 'L&T Infra Debt Fund (PAN: AACCL4493R)' for the purposes of the clause (47) of section 10 of the Income-tax Act, 1961 for the assessment year 2018-2019 and subsequent years subject to the certain conditions. ***Accordingly, the L&T Infra Debt Fund (Infrastructure Debt Fund) is notified for the purpose of claiming exemption under section 10(47) of the Income tax Act, 1961 subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_74_2020.pdf
7.	**Notification No. 89 [Dated November 02, 2020]** The Central Government hereby specifies the sovereign wealth fund, namely, the MIC Redwood 1 RSC Limited, Abu Dhabi, United Arab Emirates, as the specified person for the purposes of Section 10(23FE)(b)(vi) of the Income-tax Act, 1961 in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain conditions. ***Accordingly, MIC Redwood 1 RSC Limited, Abu Dhabi, United Arab Emirates has been specified as sovereign wealth fund for the purposes of the section 10(23FE)(b)(vi) of the Income-tax Act, 1961.***	https://www.incometaxindia.gov.in/communications/notification/notification_no_89_2020.pdf
8.	**Notification No. 8 (Dated February 22, 2021)** The Central Government hereby notifies to include 'Haryana State Pollution Control Board' (PAN AAAJH0446F), a Board constituted by the State Government of Haryana under the Water (Prevention and Control of Pollution) Act, 1974 for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the following specified income arising to the Board subject to certain conditions. **Accordingly,** ***Haryana State Pollution Control Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification_8_2021.pdf

9.	**CBDT notifies 'Norfund, Government of Norway' as sovereign wealth fund [Notification No. 33 Dated April 19, 2021]** The Central Government specifies the sovereign wealth fund, namely, the Norfund, Government of Norway, (hereinafter referred to as "the assessee") as the specified person for the purposes of sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961, in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfillment of the certain conditions.	https://www.incometaxindia.gov.in/communications/notification/notification_33_2021.pdf
10.	**CBDT notifies Income-tax (11th Amendment) Rules, 2021 [Dated April 26, 2021]** The Central Board of Direct Taxes 'CBDT' issued the Income-tax (11th Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962 with regard to conditions to be satisfied by the Pension Fund, in a following manner: i. Inserted a proviso to Rule 2DB(ii) with respect to condition of assets being administered or invested by Pension Fund as mention in clause (ii) shall deemed to be satisfied if certain condition specified therein are satisfied. ii. Inserted a second proviso to Rule 2DB(iii) stating that provisions of clause (iii) shall not apply to earnings from assets referred in clause (ii), if the earning are credited either to the account of the Government of foreign country or to any other account designated by such Government so that no portion of the earnings insures any benefit to any private person. iii. Substituted Form No. 10BBA (Application for notification under Explanation 1(c)(iv) to Section 10(23FE) of the Income-tax Act, 1961)	https://incometaxindia.gov.in/communications/notification/notification_37_2021.pdf
11.	**Notification No. 72/2021 (June 09, 2021)** The Central Government notifies to include 'Competition Commission of India' (PAN AAAGC0012M), a Commission established under sub-section (1) of Section 7 of the Competition Act, 2002, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of certain specified income arising to the said Commission and subject to fulfillment of certain conditions. ***Accordingly, Competition Commission of India can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_72_2021.pdf
12.	**Notification No. 78 [Dated July 9, 2021]** The Central Government notifies to include 'Haryana Building and Other Construction Workers Welfare Board' (PAN AAATH6995H), a Board constituted by the State Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to certain conditions. ***Accordingly, Haryana Building and Other Construction Workers Welfare Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_78_2021.pdf
13.	**Notification No. 80 [Dated July 14, 2021]**	https://www.incometaxindia.gov.in/commu

	The Central Government hereby notifies to include 'Haryana Labour Welfare Board' (PAN AAATH2451C), a Board constituted by the State Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to certain conditions. ***Accordingly, Haryana Labour Welfare Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	nications/notification/notification_80_2021.pdf
14.	**Notification No. 81 [Dated July 14, 2021]** The Central Government notifies 'Himachal Pradesh Computerization of Police Society', (PAN AABAH0360G), a body established by the State Government of Himachal Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to certain conditions. ***Accordingly, Himachal Pradesh Computerization of Police Society can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_81_2021.pdf
15.	**Notification No. 84 [Dated August 3, 2021]** The Central Government specifies the pension fund, namely, the 2726247 Ontario Inc., (hereinafter referred to as the assessee) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as said investments) subject to the fulfillment of the certain conditions. ***Accordingly, 2726247 Ontario Inc. will be specified person for section 10(23FE).***	https://www.incometaxindia.gov.in/communications/notification/notification_84_2021.pdf
16.	**Notification No. 85 (Dated August 4, 2021)** The Central Government notifies, 'National Council of Science Museums', Kolkata (PAN AAAAN2541C), an autonomous body established under the Ministry of Culture, Government of India, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to the Council subject to certain conditions. **Accordingly,** ***National Council of Science Museums can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_85_2021.pdf
17.	**Notification No. 86 (Dated August 4, 2021)** The Central Government notifies 'Real Estate Regulatory Authority' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under sub-section (1) of section 20 of the Real Estate (Regulation and Development) Act, 2016 as a 'class of Authority' for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to certain conditions. **Accordingly,** ***Real Estate Regulatory Authority can claim exemption under section 10(46) with respect to specified income subject to certain conditions.***	https://www.incometaxindia.gov.in/communications/notification/notification_86_2021.pdf
18.	**CBDT notifies pension fund, namely '2452991 Ontario Limited' Section 10(23FE) [Notification No. 111 Dated September 16, 2021]**	https://incometaxindia.gov.in/communicat

	CBDT notifies pension fund, namely, '2452991 Ontario Limited' under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after 16th September, 2021 but on or before the 31st day of March, 2024 subject to fulfilment of certain conditions. ***Accordingly, 2452991 Ontario Limited will be specified person for section 10(23FE).***	ions/notification/notification-no-111-2021.pdf
19.	**CBDT notifies pension fund, namely '276522 Ontario Limited' Section 10(23FE) [Notification No. 112 Dated September 16, 2021]** CBDT notifies pension fund, namely, '276522 Ontario Limited' under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after 16th September, 2021 but on or before the 31st day of March, 2024 subject to fulfilment of certain conditions. ***Accordingly, 276522 Ontario Limited will be specified person for section 10(23FE).***	https://incometaxindia.gov.in/communications/notification/notification-no-112-2021.pdf
20.	**Notification No. 114 [Dated September 20, 2021]** The Central Government hereby specifies the pension fund, namely, the BCI IRR India Holdings Inc., as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain conditions. ***Accordingly, BCI IRR India Holdings will be specified person for section 10(23FE).***	https://incometaxindia.gov.in/communications/notification/notification-no-114-2021.pdf
21.	**Notification No. 115 [Dated September 20, 2021]** The Central Government notifies 'Gujarat Electricity Regulatory Commission', Gandhinagar (PAN AAAAG0638C), a commission established by the state government of Gujarat, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to the Commission subject to fulfillment of certain conditions. ***Accordingly, the Gujarat Electricity Regulatory Commission is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-no-115-2021.pdf
22.	**Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 [Circular No. 19 Dated October 26, 2021]** Finance Act, 2020 inserted clause (23FE) to provide for exemption to sovereign wealth funds and pension funds on their income in the nature of dividend, interest and long-term capital gains arising from investment in infrastructure in India made between 01 .04.2020 and 31.03.2024 subject to fulfillment of certain conditions. The Board issued the following guidelines in this regard: (a) if the loans and borrowings have been taken by the specified fund or any of its group concern, specifically for the purposes of making investment by the specified fund in India, such fund shall not be eligible for exemption under clause (23FE) of section 10 of the Act; and (b) if the loans and borrowings have been taken by the specified fund or any of its group concern, not specifically for the purposes of making investment in India, it shall not be	https://incometaxindia.gov.in/communications/circular/circular-19-2021.pdf

	presumed that the investment in India has been made out of such loans and borrowings and such specified fund shall be eligible for exemption under clause 23(FE) of section 10 of the Act, subject to the fulfillment of all other conditions under the said clause, provided that the source of the investment in India is not from such loans and borrowings. ***Accordingly, the above guidelines has been issued with respect to claiming exemption by sovereign wealth funds and pension funds on their income in the nature of dividend, interest and long-term capital gains arising from investment in infrastructure in India.***	
23.	**Notification No. 133 [Dated November 23, 2021]** The Central Government notifies to include 'Haryana State Legal Services Authority' Panchkula (PAN AAALH0475J), an authority constituted by the State Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to certain conditions. ***Accordingly, the Haryana State Legal Services Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-133-2021.pdf
24.	**CBDT notifies conditions for exemption of income accrued by non-resident as a result of transfer of non-deliverable forward contracts vide Income-tax (33rd Amendment) Rules, 2021 [Dated December 10, 2021]** The Central Board of Direct taxes notified Income-tax (33rd Amendment) Rules, 2021 further to amend the Income-tax Rules, 1962. In the Income-tax Rules, 1962, the rule 21AK shall be inserted as follow: Rule 21AK: Conditions for the purpose of clause (4E) of section 10: (1) The income accrued or arisen to, or received by, a non-resident as a result of transfer of non-deliverable forward contracts under clause (4E) of section 10 of the Act, shall be exempted subject to fulfillment of the following conditions: (i) the non-deliverable forward contract is entered into by the non-resident with an offshore banking unit of an International Financial Services Centre which holds a valid certificate of registration granted under International Financial Services Centers Authority (Banking) Regulations, 2020 by the International Financial Services Centers Authority; and (ii) such contract is not entered into by the non-resident through or on behalf of its permanent establishment in India. The offshore banking unit shall ensure that the condition provided in clause (ii) of sub-rule (1) is complied with.	https://www.incometaxindia.gov.in/communications/notification/notification-136-2021.pdf
25.	**Income-tax (34th Amendment) Rules, 2021 [Notification No. 138 Dated 27th December, 2021]** The Central Board of Direct taxes hereby makes the Income-tax (34th Amendment) Rules, 2021 further to amend the Income-tax Rules, 1962 as follow: **Rules 2DD** has been inserted related to Computation of exempt income of specified fund for the purposes of clause (23FF) of section 10.	https://egazette.nic.in/WriteReadData/2021/232154.pdf

	Form No. 10-II has been inserted related to Statement of exempt income under clause (23FF) of section 10 of the Income-tax Act, 1961	
26.	**Notification No. 1 (Dated 6th January, 2022)** The Central Government notifies, for the purpose of clause (46) of section 10 of the Income tax Act, 1961, 'Regional Air Connectivity Fund Trust' a trust constituted by Central Government, in respect of certain specified income arising to the trust subject to fulfilment of certain condition. ***Accordingly, 'Regional Air Connectivity Fund Trust' can claim exemption under section 10(46) of the Income Tax Act, 1961 subject to fulfillment of certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-1-2022.pdf
27.	**Notification No. 3 (Dated 11th January, 2022)** The Central Government notifies to include 'International Financial Services Centres Authority' Gandhinagar, Gujarat, an authority constituted under sub-sections (1) and (3) of section 4 of the International Financial Services Centres Authority, Act, 2019, for the purpose of clause (46) of section 10 of the Income tax Act, 1961 in respect of certain specified income arising to the Authority subject to fulfilment of certain condition. ***Accordingly, International Financial Services Centres Authority ' can claim exemption under section 10(46) of the Income Tax Act, 1961 subject to fulfillment of certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-3-2022.pdf
28.	**Notification No. 5 (Dated 13th January, 2022)** The Central Government notifies to include 'Assam Electricity Regulatory Commission, constituted by the Government of Assam, for the purpose of clause (46) of section 10 of the Income tax Act, 1961 in respect of certain specified income arising to the commission subject to fulfilment of certain condition. ***Accordingly, 'Assam Electricity Regulatory Commission' can claim exemption under section 10(46) of the Income Tax Act, 1961 subject to fulfillment of certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-05-2022.pdf
29.	**Income Tax 1st Amendment Rules, 2022 [Notification No. 6 Dated 14th January, 2022]** The Central Board of Direct Taxes (CBDT) on January 14th, 2022 has issued the Income Tax (1st Amendment), Rules, 2022 to further amend the Income tax Rules, 1962. Through this amendment, CBDT notifies new Rule 21AJA, Rule 21AJAA & Form No. 10-IK The rule shall come into force on April 1, 2022. **New Rule 21AJA** specifies that "Computation of exempt income of the specified fund, attributable to the investment division of an offshore banking unit, for clause (4D) of section 10 of the Income Tax Act" **New Rule 21AJAA** relates to Determination of income of a specified fund attributable to the investment division of an offshore banking unit under sub-section (1B) of section 115AD of the Act. **Form No. 10-IK – Annual Statement of Exempt Income:** The eligible investment division needs to furnish an annual statement of exempt income in Form No. 10-IK electronically under the digital signature on or before the due date, which is duly verified in the manner indicated therein.	https://incometaxindia.gov.in/communications/notification/notification-06-2022.pdf

30.	**Notification No. 10 (Dated 21st January, 2022)** The Central Government notifies, for the purpose of clause (46) of section 10 of the Income tax Act, 1961, 'National Skill Development Corporation, a body constituted by Central Government, in respect of certain specified income arising to the corporation subject to fulfilment of certain condition. ***Accordingly, 'National Skill Development Corporation' can claim exemption under section 10(46) of the Income Tax Act, 1961 subject to fulfillment of certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification_no_10_2022.pdf
31.	**Notification No. 11(Dated 27th January, 2022)** The Central Government notifies, for the purpose of clause (46) of section 10 of the Income tax Act, 1961, "West Bengal Electricity Regulatory Commission" a commission constituted by the state government of West Bengal, in respect of certain specified income arising to the Commission subject to fulfillment of certain condition. ***Accordingly, 'West Bengal Electricity Regulatory Commission' can claim exemption under section 10(46) of the Income Tax Act, 1961 subject to fulfillment of certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-11-2022-new.pdf
32.	**Guidelines under clause (10D) section 10 of the Income-tax Act, 1961 (Circular No. 02 Dated 19th January, 2022)** Clause (10D) of section 10 of the Income-tax Act, 1961 provides for income-tax exemption on the sum received under a life insurance policy, including any sum allocated by way of bonus on such policy subject to certain exclusions. The Finance Act, 2021 amended clause (10D) of section 10 of the Act by inserting Four provisos (fourth to seventh provisos). Fourth proviso provides that, with effect from 01.02.2021, the sum received under a Unit Linked Insurance Policy (ULIP), issued on or after 01.02.2021, shall not be exempt under the said clause if the amount of premium payable for any of the previous years during the term of such policy exceeds Rs. 2,50,000. Further, fifth proviso provides that if premium is payable for more than one ULIP, issued on or after 01.02.2021, the exemption under the said clause shall be available only with respect to such policies where the aggregate premium does not exceed Rs. 2,50,000 for any of the previous years during the term of any of those policies. Sixth proviso provides that the fourth and fifth provisos shall not apply in case of sum received on death of the person. In order to remove difficulties, CBDT has issued the following guidelines. **Exemption to ULIP receipts u/s 10(10D):** Sum received including any sum allocated by way of bonus (hereinafter referred as "consideration") during the previous year (hereinafter referred as "current previous year") under any one or more ULIPs issued on or after 01.02.2021 ("eligible ULIP") shall be exempt under clause (10D) of section 10 of the Act, subject to the satisfaction of other provisions of said clause. The same are explained by way of examples of different situations.	https://www.incometaxindia.gov.in/communications/circular/circular-2-2022.pdf
33.	**Notification No. 22 Dated March 31, 2022]** The Central Government hereby notifies the infrastructure debt fund namely, the 'the Kotak Infrastructure Debt Fund Limited (PAN : AAACK5920G)' for the purposes of the clause (47) of section 10 of Income-tax Act, 1961 for the assessment year 2018-19 and subsequent years subject to the certain conditions.	**https://incometaxindia.gov.in/communications/notification/notification-22-2022.pdf**

34.	**Notification No. 35 [Dated April 20, 2022]** The Central Government notifies to include 'Gujarat Real Estate Regulatory Authority' (PAN AAAGG1260R), an Authority constituted by the State Government of Gujarat, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority, subject to fulfilment of certain conditions. ***Accordingly, Gujarat Real Estate Regulatory Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-35-2022.pdf
35.	**Notification No. 36 [Dated April 20, 2022]** The Central Government notifies to include 'SEEPZ Special Economic Zone Authority' (PAN AAALS4995G), an Authority constituted under the Special Economic Zone Act, 2005 by the Government of India, for the purposes of (46) of section 10 of the Income-tax Act, 1961, in respect of the following specified income arising to that Authority, subject to fulfilment of certain conditions. ***Accordingly, SEEPZ Special Economic Zone Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-36-2022.pdf
36.	**Notification No. 47 [Dated April 28, 2022]** The Central Government notifies to include Tamilnadu Construction Workers Welfare Board (PAN AAATT9440P), a Board constituted by the state Government of Tamil Nadu, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board, subject to fulfilment of certain conditions. ***Accordingly, Tamilnadu Construction Workers Welfare Board is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-47-2022.pdf
37.	**Income Tax (Thirteenth Amendment) Rules, 2022 [Notification No. 50 Dated May 6, 2022]** The Central Board of Direct Taxes notified Income Tax (Thirteenth Amendment) Rules, 2022. The amendment laid down the formula for computing infrastructure investments of sovereign wealth funds (SWFs) and pension funds that are eligible for income tax incentives, and the scheme of computation of tax-exempt income attributable to these investments. Rule 2DCA has been inserted to this effect. Further, the Rules also state that, for the purpose of valuation, Section 10 of the Income Tax Act, 1961 identifies incomes that are exempted from such valuation. Where any income is not included in the specified person's (Section 10(23FE) income, and where after any previous year if a person fails to meet any of the listed provisions for the valuation of that income that has to be excluded, it will be taxed as personal income. The Rules also place the following responsibilities on The Principal Director General of Income-tax (Systems) or the Director-General of Income-tax (Systems) to: i. Specify the procedure, formats and standards for ensuring secure capture and transmission of the data in Form No. 10BBD. ii. Specify the procedure, format, data structure, standards and manner of generation of electronic verification code, referred to in sub-rule (9), for verification of the person furnishing the said Form.	https://incometaxindia.gov.in/communications/notification/notification-no-50-2022.pdf

	iii. Be responsible for evolving and implementing appropriate security, archival and retrieval policies in relation to the Form No 10BBD so furnished. The following modifications have also been introduced vide amendments to Rule 3: 1. Intimation Form (10BBB) has been substituted by the Pension Fund of investment under Section 10(23FE). 2. Form 10BBC- Certificate of accountant in respect of compliance to the provisions is substituted by the notified Pension Fund. 3. New Form 10BBD- Statement of eligible investment received has been inserted.	
38.	**Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 [Circular No. 9 Dated May 9, 2022]** The Ministry of Finance (MoF) has issued the Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 to provide for exemption to wholly owned subsidiaries of Abu Dhabi Investment Authority (ADIA), sovereign wealth funds (SWF) and pension funds (PF) on their income in the nature of dividend, interest and long-term capital gains arising from investment made in infrastructure in India, during the period beginning with April 1, 2020 and ending on March 31, 2024 subject to fulfilment of certain conditions. Certain Provisions of the Finance Act has been amended to incentivise infrastructure investments by specified persons in India. **The guidelines are provided under the following headings:** • Transfer of investment within 3 years by the specified person or AIF/ domestic Company/NBFC • Eligible infrastructure entity carrying on other businesses as well • Violation of 50 %, 75 % or 90 % condition as per item (c), (d) or (e) of sub-clause (iii) of clause (23FE) of section 10 of the Act • Violation of one or more conditions in clause (23FE) of section 10 of the Act or rules thereunder or under the notification exempting the specified person under the said clause. • Computation of the capital gains arising to the specified person on account of the transfer of their holding in domestic company or non-banking finance company • Secondary investment in infrastructure companies • Tax audit • Quarterly statement of investments	https://incometaxindia.gov.in/communications/circular/cicular-9-2022.pdf
39.	**Notification No. 58 Dated May 31, 2022** The Central Government notifies to include 'National Biodiversity Authority' (PAN AAALN0331K), an Authority established under the Biological Diversity Act, 2002, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority. ***Accordingly, National Biodiversity Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.***	https://incometaxindia.gov.in/communications/notification/notification-58-2022.pdf
40.	**Notification No. 79 [Dated July 6, 2022]** The Central Government notifies to include 'Uttar Pradesh Electricity Regulatory Commission' (PAN AAALU0227H), a commission constituted under the Uttar Pradesh Electricity Reforms Act, 1999, for the purposes of the clause (46) of section	https://incometaxindia.gov.in/communications/notification/notific

	10 of the Income-tax Act, 1961 in respect of certain specified income arising to that Commission subject to fulfillment of certain conditions.	ation-79-2022.pdf
41.	**Notification No. 81 [Dated July 8, 2022]** The Central Government notifies to include 'Bihar Electricity Regulatory Commission' (PAN AAALB1099E), a Commission constituted by the State Government of Bihar, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Commission subject to fulfillment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-81-2022.pdf
42.	**Notification No. 85 [Dated July 21, 2022]** The Central Government notifies to include Odisha Electricity Regulatory Commission (PAN: AAALO0073B), a body constituted by the State Government of Odisha for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Commission subject to fulfillment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-85-2022.pdf
43.	**Notification No. 86 [Dated July 26, 2022]** The Central Government specifies the pension fund, namely, CPPIB Credit Investments VI Inc. (PAN: AAGCC5549K), (hereinafter referred to as the assessee) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfillment of the certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-86-2022.pdf
44.	**Income-tax (23rd Amendment) Rules, 2022 [Dated August 1, 2022]** CBDT amends Rule 21AK which explains Conditions for Section 10(4E) of Income Tax Act, 1961 by inserting the word 'non-deliverable forward contracts', the words 'or offshore derivative instruments or over-the-counter derivatives' in the rules and explained the meaning of Derivative, non-deliverable forward contract, offshore banking unit, offshore derivative instrument, over-the-counter derivatives and permanent establishment for the purpose of Rule 21AK.	https://incometaxindia.gov.in/communications/notification/notification-no-87-2022.pdf
45.	**Notification No. 88 [Dated August 2, 2022]** The Central Government notifies to include Telangana State Pollution Control Board (PAN AAAGT0080Q), a Board constituted by the State Government of Telangana under the Water (Prevention and Control of Pollution) Act, 1974, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of certain specified income arising to that Board subject to fulfillment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-no-88-2022.pdf
46.	**Income-tax (25th Amendment) Rules, 2022 [Dated August 17, 2022]** The Central Board of Direct Taxes makes the Income-tax (25th Amendment) Rules, 2022 further to amend the Income tax Rules, 1962 as per which for rule 17, the following rule shall be substituted: "17. Exercise of option etc. under Explanation 3 to the third proviso to clause (23C) of section 10 or section 11.– The option to be exercised in accordance with the provisions of the Explanation to sub-section (1) of section 11 of the Act in respect of income of any	https://egazette.nic.in/WriteReadData/2022/238126.pdf

	previous year relevant to the assessment year beginning on or after the 1st day of April, 2016 shall be in Form No. 9A and shall be furnished before the expiry of the time allowed under section 139(1) of the Income tax Act, 1961 for furnishing the return of income of the relevant assessment year.	
47.	**Notification No. 103 [Dated August 24, 2022]** The Central Government notifies to include Andhra Pradesh Pollution Control Board (PAN AAAJA1610Q), a Board constituted by the State Government of Andhra Pradesh under the Water (Prevention and Control of Pollution) Act, 1974 for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of certain specified income arising to that Board subject to fulfillment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-no-103-2022.pdf
48.	**Notification No. 107 [Dated September 5, 2022]** The Central Government notifies to include 'Central Registry of Securitisation Asset Reconstruction and Security Interest of India' (PAN AAECC5770G), a body set up under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002 for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfillment of certain condition.	https://incometaxindia.gov.in/communications/notification/notification-107-2022.pdf
49.	**Notification No. 108 [Dated September 5, 2022]** The Central Government notifies to include 'Haryana Electricity Regulatory Commission, a Commission constituted under the Haryana Electricity Reform Act, 1997 for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfillment of certain condition.	https://incometaxindia.gov.in/communications/notification/notification-108-2022.pdf
50.	**Notification No. 116 [Dated October 19, 2022]** The Central Government notifies to include 'H P Electricity Regulatory Commission' (PAN AAAJH0378N), a Commission constituted by the Government of Himachal Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Commission and subject to fulfillment of certain conditions.	**https://incometaxindia.gov.in/communications/notification/notification-116-2022.pdf**
51.	**Notification No. 117 [Dated October 19, 2022]** The Central Government notifies to include 'Kerala State Electricity Regulatory Commission (PAN: AAALK1634N), a Commission established by the State Government of Kerala, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Commission and subject to fulfillment of certain conditions.	**https://incometaxindia.gov.in/communications/notification/notification-117-2022.pdf**
52.	**CBDT notifies Under-17 Women's World Cup, 2022 as international sporting event [Notification No. 126 Dated November 30, 2022]**	https://incometaxindia.gov.in/communications/notification/noti

	The Central Government notifies the following as the international sporting event, persons and specified income for the purposes of the clause 39 of Section 10 of the Income tax Act, 1961 namely: a) Federation Internationale de Football Association Under-17 Women's World Cup, 2022 as the international sporting event; b) the Federation Internationale de Football Association, as the person; c) income arising from the receipts from National supporters namely; Hero Motocorp Ltd., the Department of Tourism, Government of Odisha, the National Thermal Power Corporation Limited and the Power Grid Corporation of India Limited - rupees twelve crores and fifty lakhs only (Rs. 12,50,00,000) as specified income arising to Federation Internationale de Football Association, from organising the Federation Internationale de Football Association, Under-17 Women's Football World Cup, 2022 in India.	fication-126-2022.pdf
53.	**Pension fund "Ontario Inc" as specified person for Section 10 (23FE) [Notification No. 128 Dated December 28, 2022]** The Central Government specifies the pension fund, namely, 1000242244 Ontario Inc. (PAN: AACCZ0457B), (hereinafter referred to as the assessee) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfillment of the certain condition.	https://incometaxindia.gov.in/communications/notification/notification-128-2022.pdf
54.	**CBDT notifies California Public Employees Retirement System Pension Fund u/s 10(23FE) [Notification No. 2 Dated January 25, 2023]** The Central Government specifies the pension fund, namely, the California Public Employees Retirement System (PAN: AAATC6038J), as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfillment of the certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-2-2023.pdf
55.	**CBDT notifies Insolvency and Bankruptcy Board of India', New Delhi for the purpose of clause 46 of section 10 [Notification No. 9 Dated March 1, 2023]** The Central Government notifies 'Insolvency and Bankruptcy Board of India', New Delhi (PAN AAAGI0193K), a Board established by the Central Government, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-9-2023.pdf
56.	**CBDT notifies 'Karnataka State Building and Other Construction Workers Welfare Board', Karnataka for the purpose of clause 46 of section 10 [Notification No. 12 Dated March 3, 2023]** The Central Government notifies "Karnataka State Building and Other Construction Workers Welfare Board (PAN AAALK0820C)", a Board constituted by the State Government of Karnataka, for the purposes of clause (46) of section 10 of the Income-	https://incometaxindia.gov.in/communications/notification/notification-12-2023.pdf

	tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.	
57.	**CBDT notify 'Bhadohi Industrial Development Authority' for Section 10(46) [Notification No. 16 Dated April 1, 2023]** The Central Government notifies 'Bhadohi Industrial Development Authority', (PAN AAALB0141M), an Authority constituted by the state government of Uttar Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fuilfilment of certain conditions. *Accordingly, "Bhadohi Industrial Development Authority" can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-no-16-of-2023.pdf
58.	**CBDT notify 'Greater Noida Industrial Development Authority' for Section 10(46) [Notification No. 18 Dated April 10, 2023]** The Central Government notifies 'Greater Noida Industrial Development Authority', (PAN AAALG0129L), an Authority constituted by the State Government of Uttar Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fuilfilment of certain conditions. *Accordingly, "Greater Noida Industrial Development Authority" can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-18-2023.pdf
59.	**CBDT notify 'Central Board of Secondary Education' for Section 10(46) [Notification No. 19 Dated April 10, 2023]** The Central Government notifies 'Central Board of Secondary Education', Delhi (PAN AAAAC8859Q), a Board constituted by the Central Government,, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fuilfilment of certain conditions. *Accordingly, "Central Board of Secondary Education" can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-19-2023.pdf
60.	**Pune Metropolitan Region Development Authority notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 25 Dated May 10, 2023]** The Central Government notifies 'Pune Metropolitan Region Development Authority'(PAN AAALP1603L), an Authority constituted by the state government of Maharashtra, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions. *Accordingly, Pune Metropolitan Region Development Authority' can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.*	https://incometaxindia.gov.in/communications/notification/notification-25-2023.pdf

61.	**Food Safety and Standards Authority of India notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 26 Dated May 10, 2023]** The Central Government notifies 'Food Safety and Standards Authority of India', New Delhi (PAN AAAGF0023K), an Authority established by the Ministry of Health and Family Welfare, Government of India,, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions. *Accordingly, Food Safety and Standards Authority of India' can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.*	https://incometaxindia.gov.in/communications/notification/notification-26-2023.pdf
62.	**Pension fund 2743298 Ontario Limited notified for exemption u/s 10(23FE) of Income Tax Act, 1961 [Notification No. 36 Dated June 7, 2023]** The Central Government specifies the pension fund, namely, 2743298 Ontario Limited (PAN: AACCZ0130B), as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain specified conditions.	https://incometaxindia.gov.in/communications/notification/notification-36-2023.pdf
63.	**CBDT notifies "Yamuna Expressway Industrial Development Authority" for section 10(46) of Income tax Act, 1961 [Notification No. 48 Dated July 11, 2023]** The Central Government notifies 'Yamuna Expressway Industrial Development Authority', (PAN AAALT0341D), an authority constituted by the State Government of Uttar Pradesh, for the purpose of clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions. *Accordingly, 'Yamuna Expressway Industrial Development Authority' can claim exemption u/s 10(46) for certain income as specified subject to fulfilment of certain condition.*	https://incometaxindia.gov.in/communications/notification/notification-48-2023.pdf
64.	**Income Tax Exemption for IFSC Aircraft Leasing under section 10(34B) [Notification No. 52 Dated July 20, 2023]** The notification provides an income tax exemption for dividends from aircraft leasing within International Financial Services Centres (IFSC). The notification specifies that no income tax deduction shall be made from any dividend income paid by an IFSC unit primarily engaged in aircraft leasing to another company operating within the IFSC, subject to certain conditions. The payee must furnish a statement-cum-declaration in Form No. 1 to the payer, detailing the relevant assessment year for exemption. The payer must not deduct tax after receiving the declaration and report these transactions accordingly. Effective from 1st September, 2023, this notification offers a boost to the aircraft leasing business within IFSCs by providing an income tax exemption for eligible dividends.	https://incometaxindia.gov.in/communications/notification/notification-52-2023.pdf

65.	**CBDT notify "Chandigarh Building and Other Construction Workers Welfare Board, Chandigarh" under section 10(46) [Notification No. 59 Dated August 10, 2023]** The Central Government notifies, 'Chandigarh Building and Other Construction Workers Welfare Board, Chandigarh, a Board constituted by the Administrator, Union territory, Chandigarh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions. Accordingly, 'Chandigarh Building and Other Construction Workers Welfare Board" can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-59-2023.pdf
66.	**CBDT notify 'State Pollution Control Board Odisha' under section 10(46) [Notification No. 60 Dated August 10, 2023]** The Central Government notifies, 'State Pollution Control Board Odisha', a Board constituted by the State Government of Odisha, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions. Accordingly, 'State Pollution Control Board Odisha' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-60-2023.pdf
67.	**CBDT notify "Urban Improvement Trust, Udaipur" under section 10(46) [Notification No. 62 Dated August 16, 2023]** The Central Government notifies, 'Urban Improvement Trust Udaipur', (PAN AAALU0072E), a Trust constituted by the State Government of Rajasthan, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Trust subject to fulfilment of certain conditions. Accordingly, 'Urban Improvement Trust Udaipur' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-62-2023.pdf
68.	**CBDT notify "Haryana Water Resources (Conservation, Regulation and Management) Authority" under section 10(46) [Notification No. 63 Dated August 16, 2023]** The Central Government notifies, 'Haryana Water Resources (Conservation, Regulation and Management) Authority' (PAN AADAH3590A), an Authority established by the State Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions. Accordingly, 'Haryana Water Resources (Conservation, Regulation and Management) Authority' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-63-2023.pdf
69.	**CBDT notify 'District Mineral Foundation Trust' for Section 10(46) [Notification No. 66 Dated August 23, 2023]**	https://incometaxindia.gov.in/communi

	The Central Government notifies 'District Mineral Foundation Trust' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under section 9(B) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) as a 'class of Authority' , for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.	cations/notification/notification-66-2023.pdf
70.	**CBDT notify 'Punjab Building and Other Construction Welfare' for Section 10(46) [Notification No. 67 Dated August 23, 2023]** The Central Government notifies "Punjab Building and Other Construction Welfare" (PAN: AAALP0698P), a body constituted by the State Government of Punjab , for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions. Accordingly, 'Punjab Building and Other Construction Welfare' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-67-2023.pdf
71.	**CBDT notify 'Unique Identification Authority of India' for Section 10(46) [Notification No. 68 Dated August 23, 2023]** The Central Government notifies "Unique Identification Authority of India", a statutory Authority established under the provisions of the AADHAAR Act, 2016 by the Govt. of India, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions. Accordingly, 'Unique Identification Authority of India' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-68-2023.pdf
72.	**CBDT notify 'Swasthya Sathi Samiti', Kolkata for Section 10(46) [Notification No. 69 Dated August 23, 2023]** The Central Government notifies "Swasthya Sathi Samiti', Kolkata", a body established by Government of West Bengal, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions. Accordingly, 'Swasthya Sathi Samiti' can claim exemption u/s 10(46) of certain specified income subject to fuilfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-69-2023.pdf
73.	**Rajasthan State Dental Council notify u/s 10(46) [Notification 74 Dated September 1, 2023]** The Central Government notifies 'Rajasthan State Dental Council' (PAN AABAR7223E), a body constituted by the Government of Rajasthan, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-74-2023.pdf

74.	**E-Governance Society, Department of Food, Civil Supplies and Consumer Affairs, notify u/s 10(46) [Notification 75 Dated September 1, 2023]** The Central Government notifies 'E-Governance Society, Department of Food, Civil Supplies and Consumer Affairs, Himachal Pradesh, a body constituted / established by the state Government of Himachal Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-75-2023.pdf
75.	**Multi Commodity Exchange Investor (Client) Protection Fund Trust specify u/s 10(23EC) [Notification 77 Dated September 12, 2023]** The Central Government specifies the Multi Commodity Exchange Investor (Client) Protection Fund Trust set up by Multi Commodity Exchange of India Limited, Mumbai for the purposes of the sub-section (23EC) of section 10 of the Income-tax Act, 1961 for the assessment year 2014-15.	https://incometaxindia.gov.in/communications/notification/notification-77-2023.pdf
76.	**Uttar Pradesh Expressways Industrial Development Authority notify u/s 10(46) [Notification 78 Dated September 19, 2023]** The Central Government notifies 'Uttar Pradesh Expressways Industrial Development Authority' (PAN AAALU0121E), an Authority constituted by the State government of Uttar Pradesh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-78-2023.pdf
77.	**'District Mineral Foundation Trust' notified under section 10(46) [Notification No. 86 Dated October 4, 2023]** The Central Government notifies 'District Mineral Foundation Trust' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under section 9(B) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (10 of 2015) as a 'class of Authority', for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-86-2023.pdf
78.	**'Dental Council of India' notified under section 10(46) [Notification No. 87 Dated October 6, 2023]** The Central Government notifies 'Dental Council of India, New Delhi' (PAN AAAJD0821E), a body constituted by the Central Government, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-87-2023.pdf
79.	**Stichting Pensioenfonds ABP notified as specified person for Section 10(23FE) [Notification No. 89 Dated October 13, 2023]** The Central Government specifies the pension fund, namely, the Stichting Pensioenfonds ABP (PAN: AACCS2647E), as the specified person for the purposes of	https://incometaxindia.gov.in/communications/notification/notific

	the sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfilment of the certain conditions.	ation-89-2023.pdf
80.	**'Punjab Dental Council, Mohali' notified under section 10(46) [Notification No. 90 Dated October 19, 2023]** The Central Government notifies 'Punjab Dental Council, Mohali'(PAN: AAAJP0976C), a Council constituted by the Government of Punjab, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that council subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-90-2023.pdf
81.	**'West Bengal Pollution Control Board' notified under section 10(46) [Notification No. 92 Dated October 26, 2023]** The Central Government notifies 'West Bengal Pollution Control Board' (PAN: AAALW0078B), a Board established by the State Government of West Bengal, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that board subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-92-2023.pdf
82.	**'Telangana Building and Other Construction Workers Welfare Board' notified under section 10(46) [Notification No. 93 Dated October 26, 2023]** The Central Government notifies 'Telangana Building and Other Construction Workers Welfare Board', (PAN AAEAT9368D), a board established by the Government of Telangana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that board subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-93-2023.pdf
83.	**BPC Penco XVII Corporation notified as specified person for Section 10(23FE) [Notification No. 95 Dated November 1, 2023]** The Central Government specifies the pension fund, namely, the BPC Penco XVII Corporation (PAN: AALCB4169R), as the specified person for the purposes of the sub-clause (iv) of clause (c) of Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as the said investments) subject to the fulfilment of the certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-95-2023.pdf
84.	**'Press Council of India' notified under section 10(46) [Notification No. 98 Dated November 6, 2023]** The Central Government notifies 'Press Council of India' (PAN AAABP0351P), a body established under Para 1 of Chapter II of the Press Council of India Act, 1978 (Central Act), for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-98-2023.pdf
85.	**Chhattisgarh Rajya Beej Pramanikaran Sanstha notified under section 10(46) [Notification No. 100 Dated November 24, 2023]**	https://incometaxindia.gov.in/communications/notifi

	The Central Government notifies 'Chhattisgarh Rajya Beej Pramanikaran Sanstha (PAN AADAC3163E)', a body constituted by the State Government of Chhattisgarh, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that body subject to fulfilment of certain conditions.	cation/notification_100_2023.pdf
86.	**Maharashtra Council of Homoeopathy notified under section 10(46) [Notification No. 101 Dated November 24, 2023]** The Central Government notifies 'Maharashtra Council of Homoeopathy' (PAN AAATM8895K), a Body established under clause No 14 of the Maharashtra Homoeopathy Practitioners' Act, 1960 by the Government of Maharashtra, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that authority subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification_101_2023.pdf
87.	**'Godavari River Management Board' notify u/s 10(46) [Notification No. 102 Dated December 5, 2023]** The Central Government notifies Godavari River Management Board, Hyderabad' (PAN AAAGG1473Q), a Board constituted by Central Government in pursuance of section 85 of the Andhra Pradesh Re-Organization Act, 2014 for the purpose of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to the said Authority subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-102-2023.pdf
88.	**CBDT notifies 'Ravenna Investments Holding B.V' for Section 10(23FE) exemption [Notification No. 106 Dated December 27, 2023]** The Central Board of Direct Taxes (CBDT) has notified the pension fund "Ravenna Investments Holding B.V." for exemption under section 10(23FE). The fund shall be eligible to claim the exemption in respect of the eligible investments made by it in India between 27-12-2023 and 31-03-2024, subject to prescribed conditions, including furnishing of return of income under section 139(1) and various compliance forms like Form No. 10BBB, Form No. 10BBC.	https://incometaxindia.gov.in/communications/notification/notification-106-2023.pdf
89.	**'Bellary Urban Development Authority' notify u/s 10(46) [Notification No. 1 Dated January 2, 2024]** The Central Government notifies 'Bellary Urban Development Authority' (PAN AAALB0037A), an Authority constituted by the State Government of Karnataka, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that authority, subject to fulfilment of certain conditions. *Accordingly, Bellary Urban Development Authority can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-1-2024.pdf
90.	**'Karnataka State Rural Livelihood Promotion Society' notify u/s 10(46) [Notification No. 2 Dated January 2, 2024]**	https://incometaxindia.gov.in/communications/notifi

	The Central Government notifies 'Karnataka State Rural Livelihood Promotion Society' (PAN AACAK0581H), a body constituted by the Government of Karnataka, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that body, subject to fulfilment of certain conditions. *Accordingly, 'Karnataka State Rural Livelihood Promotion Society' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	cation/notification-2-2024.pdf
91.	**'Madhya Pradesh Professional Examination Board', Bhopal notify u/s 10(46) [Notification No. 3 Dated January 2, 2024]** The Central Government notifies Madhya Pradesh Professional Examination Board, Bhopal (PAN- AAAGP1792B), a Board constituted by the Madhya Pradesh Government, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that body, subject to fulfilment of certain conditions. *Accordingly, 'Madhya Pradesh Professional Examination Board' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-3-2024.pdf
92.	**Central Government notifies Investment in Financial Product by Non Resident with 'IFSC Capital Market Intermediary' for Section 10(4G) Exemption [Notification No. 4 Dated January 4, 2024]** Section 10(4G) exempts income earned by a non-resident from its portfolio subject to certain conditions. With effect from Assessment Year 2024-25, the Finance Act 2023 has extended the scope of this exemption to any income received by a non-resident from the specified activity carried out by the specified person. The Central Government is empowered to notify the activity and the person who can carry out such activity. *Exercising such power, the Central Government has notified the non-resident's activity of investment in a financial product, in accordance with the contract with such non-resident entered into by a capital market intermediary, being a Unit of an International Financial Services Centre.*	https://incometaxindia.gov.in/communications/notification/notification-4-2024.pdf
93.	**'District Legal Service Authority Union Territory Chandigarh' notify u/s 10(46) [Notification No. 6 Dated January 5, 2024]** The Central Government notifies 'District Legal Service Authority Union Territory Chandigarh' (PAN: AAAGD1545A), an Authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that authority, subject to fulfilment of certain conditions. *Accordingly, 'District Legal Service Authority Union Territory Chandigarh' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-6-2024.pdf

94.	**Karmayogi Bharat notify u/s 10(46) [Notification No. 7 Dated January 5, 2024]** The Central Government notifies 'Karmayogi Bharat (PAN: AAJCK2949L), a Company incorporated under Section 8 of the Companies Act, 2013 with 100% equity shared owned by the President of India i.e. Government of India, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that company, subject to fulfilment of certain conditions. *Accordingly, Karmayogi Bharat can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-7-2024.pdf
95.	**'Haryana State Board of Technical Education, Panchkula' notify u/s 10(46) [Notification No. 8 Dated January 5, 2024]** The Central Government notifies 'Haryana State Board of Technical Education, Panchkula' (PAN: AAAGT0008A), a Board constituted by Government of Haryana, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that Board, subject to fulfilment of certain conditions. *Accordingly, 'Haryana State Board of Technical Education' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-8-2024.pdf
96.	**'Polavaram Project Authority, Hyderabad notify u/s 10(46) [Notification No. 9 Dated January 5, 2024]** The Central Government notifies 'Polavaram Project Authority, Hyderabad (PAN: AAAGP0436N), an Authority constituted by the Central Government, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that Authority, subject to fulfilment of certain conditions. *Accordingly, 'Polavaram Project Authority' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-9-2024.pdf
97.	**'Chennai Metropolitan Water Supply and Sewerage Board' notify u/s 10(46) [Notification No. 10 Dated January 8, 2024]** The Central Government notifies 'Chennai Metropolitan Water Supply and Sewerage Board' (PAN: AAALM0037B), a Board constituted by the Government of Tamil Nadu, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that Board, subject to fulfilment of certain conditions. *Accordingly, 'Chennai Metropolitan Water Supply and Sewerage Board' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-10-2024.pdf
98.	**'Punjab State Faculty of Ayurvedic and Unani Systems of Medicine' notify u/s 10(46) [Notification No. 11 Dated January 8, 2024]** The Central Government notifies 'Punjab State Faculty of Ayurvedic and Unani Systems of Medicine' (PAN: AAALT1669E), a body constituted by the Punjab	https://incometaxindia.gov.in/communications/notification/notific

	Government for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of certain specified income arising to that Body, subject to fulfilment of certain conditions. *Accordingly, 'Punjab State Faculty of Ayurvedic and Unani Systems of Medicine' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	ation-11-2024.pdf
99.	**'State Legal Service Authority Union Territory Chandigarh' notify u/s 10(46) [Notification No. 15 Dated January 23, 2024]** The Central Government notifies 'State Legal Service Authority Union Territory Chandigarh' (PAN: AAAGS1716A), an Authority constituted by the Administrator, Union Territory, Chandigarh under the Legal Services Authority Act, 1987 (Central Act 39 of 1987), for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to the said Authority subject to fulfilment of certain conditions. *Accordingly, 'State Legal Service Authority Union Territory Chandigarh' can claim exemption u/s 10(46) subject to fulfilment of certain conditions.*	https://incometaxindia.gov.in/communications/notification/notification-15-2024.pdf
100.	**CBDT approves Panjab University's for Scientific Research deduction u/s 35(1)(ii) [Notification No. 23 Dated February 26, 2024]** The Central Government approves 'Panjab University, Chandigarh (PAN: AAAJP0325R) under the category of 'University, college or other institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.	https://incometaxindia.gov.in/communications/notification/notification_23-2024.pdf
101.	**Kerala Autorickshaw Workers Welfare Fund Scheme notifies u/s 10(46) [Notification No. 41 Dated April 24, 2024]** The Central Government notifies 'Kerala Autorickshaw Workers Welfare Fund Scheme, Kollam' (PAN:AAATK3080E), a Board constituted by the Government of Kerala, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to the said Authority, subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-41-2024.pdf
102.	**CBDT notifies 'Tamil Nadu Electricity Regulatory Commission' for section 10(46) [Notification No. 42 Dated May 8, 2024]** The Central Government notifies the 'Tamil Nadu Electricity Regulatory Commission' (hereinafter referred to as "the assessee"), a body constituted by the Government of Tamil Nadu, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 with respect to certain specified income arising to the body subject to fulfilment of certain conditions.	https://incometaxindia.gov.in/communications/notification/notification-42-2024.pdf
103.	**CBDT notifies 'Tamil Nadu Water Supply and Drainage Board, Chennai' for section 10(46) [Notification No. 43 Dated May 22, 2024]** The Central Government notifies the 'Tamil Nadu Water Supply and Drainage Board, Chennai' (PAN: AAALT0834F), a Board constituted under the Tamil Nadu Water	https://incometaxindia.gov.in/communications/notification/notif

	Supply and Drainage Board Act, 1970 for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961 with respect to certain specified income arising to the board subject to fulfilment of certain conditions.	ication-43-2024.pdf
104.	**CBDT notifies Mathura Vrindavan Development Authority for section 10(46A) [Notification No. 47 Dated May 29, 2024]** The Central Government notifies the Mathura Vrindavan Development Authority (hereinafter referred to as "the assessee"), an authority constituted under the Uttar Pradesh Urban Planning Development Act, 1973 (President's Act 11 of 1973), for the purposes of the sub-clause (b) of clause (46A) of section 10 of the Income-tax Act, 1961.	https://incometaxindia.gov.in/communications/notification/notification-47-2024.pdf

Lesson 4 Part I

Income under the head Salary

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**CBDT Notifies Rule 3B Prescribing Computation of Perquisite for Annual Accretion in PF and Other Funds u/s 17(2)(viia) for excess contribution by Employer Over Rs. 750000 [Notification No. 11 Dated March 5, 2021]** Finance Act, 2020 has amended the provisions of section 17(2)(vii) of the Income tax Act to provide that the amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in sub-section (1) of section 80CCD (NPS); and in an approved superannuation fund shall be treated as a perquisite, to the extent it exceeds Rs. 7,50,000 in a previous year. Further, Finance Act, 2020 has inserted a new sub-clause (viia) in section 17(2) so as to provide that annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner. The manner of computation of such annual accretion in the provident and other welfare funds specifying the method of computation of perquisite u/s 17(2)(viia) is now notified by this Notification 11 of 2021.	https://incometaxindia.gov.in/communications/notification/notification_no_11_2021.pdf
2.	**CBDT notifies rules for LTC Cash Voucher Scheme [Notification No. 50 Dated May 5, 2021]** CBDT notifies rules for LTC (Leave Travel Concession) Cash Voucher Scheme [Section 10(5)] vide which LTC Exemption of Rs. 36000 per family member For FY 2020-21 available to Employees of Both Private & Government Sector. Rules are notified by inserting Sub-Rule 1A & IB in Rule 2B of Income Tax Rules as follows: **Sub-Rule 1A:** For the assessment year beginning on the 1st day of April, 2021, where the individual avails any cash allowance from his employer in lieu of any travel concession or assistance, the amount exempted shall be the amount, not exceeding thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfillment of the certain conditions. **Sub-Rule 1B:** Where an exemption is claimed and allowed, shall have effect as if for the words "two journeys", the words "one journey" has been substituted."	https://www.egazette.nic.in/WriteReadData/2021/226843.pdf
3.	**CBDT notifies list of documents to be submitted by employee to claim exemption on sum received for COVID-19 treatment [Notification No. 90 Dated August 5, 2022]** The Finance Act, 2022 had inserted a new sub-clause (c) under clause (ii) of the first proviso to section 17(2) to provide that any sum paid by the employer in respect of any expenditure actually incurred by the employee on his medical treatment or treatment of	https://incometaxindia.gov.in/communications/notification/notification_90_2022.pdf

	any member of his family in respect of any illness relating to Covid-19, shall not be taxable as perquisite in the hands of the employee. The Central Board of Direct Taxes (CBDT) has notified conditions that shall be fulfilled by the employee seeking the benefit of this sub-clause. To claim the benefit, an employee is required to submit the following documents to the employer: a) The COVID-19 positive report of the employee or family member, or medical report if clinically determined to be COVID-19 positive through investigations, in a hospital or an in-patient facility by a treating physician of a person so admitted; b) All necessary documents of medical diagnosis or treatment of the employee or his family member for COVID-19 or illness related to COVID-19 suffered within six months from the date of being determined as COVID-19 positive; and c) A certification in respect of all expenditure incurred on the treatment of COVID-19 or illness related to COVID-19 of the employee or of any member of his family. The notification shall be deemed to have come into force from Assessment Year 2020-21	
4.	**CBDT notifies Rule for determination of value of perquisite in respect of residential accommodation provided by employer [Notification No. 65 Dated August 18, 2023]** Finance Act, 2023 brought in an amendment for the purposes of calculation of "perquisite with regard to the value of rent-free or concessional accommodation provided to an employee, by his employer. Accordingly, CBDT has modified Rule 3 of the Income-tax Rules, 1961 to provide for the same. This is summarized as under: **Previous Categorisation and Rates** / **New Categorisation and Rates** **Population** / **Perquisite Rate** / **Population** / **Perquisite Rate** More than 25 lakh / 15% / More than 40 lakh / 10% Between 10 lakh and 25 lakh / 10% / Between 15 lakh and 40 lakh / 7.5% Less than 10 lakh / 7.5% / Less than 15 lakh / 5% The Rule has also been further rationalized so as to compute a fair tax implication of the same accommodation being occupied by an employee for more than one previous year.	https://incometaxindia.gov.in/communications/notification/notification-65-2023.pdf

CASE LAWS

CIT v. Shyam Sundar Chhaparia	High Court

Whether the amount received by the employee on cessation of employment with his Employer will be exempted from tax under section 17(3)(i) of the Income-tax Act?

Facts of the Case: The assessee after his retirement was granted an amount of Rs. 27,50,000 as a special Compensation in lieu of an agreement for refraining from taking up any employment activities Or consultation which would be prejudicial to the business/interest of his employer.

The assessee claimed that it was a non-taxable receipt being the compensation for not taking up any competitive employment under a restrictive covenant. The Assessing Officer did not accept the claim of the assessee on the grounds that (i) the decision of the Supreme Court relied on by the assessee was that of an agency whereas the case of the assessee was that of one who was in service, and (ii) section 17(3)(i) was squarely applicable to the case of the assessee.

The Commissioner (Appeals) held that as there was restriction for the assessee not to work in business of any type and anywhere, the compensation was received in lieu of loss of future work and was a capital receipt. The Tribunal held in favour of the assessee.

Judgement: The High Court held that the assessee retired from service on attaining the age of superannuation and hence there was severance of the master-servant relationship and there was no material to suggest that there existed a service contract providing therein a restrictive covenant preventing thereby the assessee from taking up any employment or activities on consultation which would be prejudicial to the business/interest of his employer.

Therefore, it could not be termed as profit in lieu of salary because it was not compensation due to or received by the assessee from his employer or partner- employer at or in connection with the termination of his employment. Thus, the Commissioner (Appeals) and the Tribunal rightly held that the amount could not be added for the purpose of income-tax.

CIT v. Shiv Charan Mathur	High Court

Can reimbursement of expenditure on medical treatment taken by the assessee, who was a member of the Legislative Assembly, be taxed as perquisite under section 17(2)(iv)?

Facts of the Case: Notice under section 148 was issued to the assessee, at the relevant time a sitting MLA and former Chief Minister of the State, for the reason that he received a sum from the State Government as reimbursement of medical expenses which amount was liable to be taxed under section 17 but had not been offered for taxation. The contention of the assessee was that the amount received by MPs and MLAs was not taxable under the head “Salary” but under the head “Income from other sources”.

Judgement: The High Court held that MLAs and MPs are not employed by anybody rather they areelected by the public, their election constituencies and it is consequent upon such election that they acquire constitutional position and are in charge of constitutional functions and obligations. The remuneration received by them, after swearing in, cannot be said to be"salary" within the meaning of section 15 of the Income-tax Act, 1961.

The fundamental requirement for attracting section 15 is that there should be a relationship of employer and employee whether in existence or in the past. This basic ingredient is missing in the cases of MLAs and MPs. When the provisions of section 15 were not attracted to the remuneration received by the assessee, section 17 could not be attracted as section 17 only extends the definition of "Salary" by providing certain items mentioned therein to be included in salary.

Thus, the reimbursement of medical treatment taken by the assessee, who was a member of the Legislative Assembly for open heart surgery conducted abroad was not taxable as perquisite under section 17(2)(iv).

2021	**State Bank of India v. ACIT**	**ITAT Mumbai**

No denial of LTC exemption even if travel is not undertaken through shortest route

The Mumbai ITAT held that a plain reading of Section 10(5) read with Rule 2B does not indicate any requirement of taking the shortest route for travelling to any place in India. It does not restrict the route to be adopted for going to such a destination. However, the statutory provisions do envisage the possibility of someone taking a route other than the shortest route. It is implicit in the restriction that only an amount not exceeding the air economy fare of the national carrier by the shortest route to the place of destination is eligible for exemption under section 10(5).

There is no specific bar in the law on the travel, eligible for exemption under Section 10(5), involving a sector of overseas travel. In the absence of such a bar, the assessee couldn't be faulted for not inferring such a bar. The reimbursement was restricted to airfare, on the national carrier, by the shortest route, as was the mandate of Rule 2B. As part of that composite itinerary involving a foreign sector as well, the employee had travelled to the destination in India.

The guidance available to the assessee indicates that, in such a situation, the exemption under section 10(5) was available to the employee. Such exemption shall be available only to the extent of farthest Indian destination by the shortest route, and that was what assessee had allowed.

Lesson 4 Part II

Income under the head House Property

Letting out is subservient and incidental to the main business

CIT* v. *Delhi Cloth & General Mills Co. Ltd

If an assessee constructs residential quarter's & lets them out to his employees & letting out of residential quarter's is only related to business, i.e., it is not main business of assessee, then income is taxable as business income & not income from house property.

In the same way it was held in *CIT* v. *National News prints & Paper Mills Ltd.*, that if the assessee makes its accommodation available to Govt. for locating a branch of nationalised bank, post office, police station, central excise office etc., with the aim of carrying on its business efficiently and smoothly, rent collected is taxable as business income and not as house property income.

Lesson 4 Part III

Profits and Gains from Business and Profession

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
2.	**Notification No. 12 / 2021 [Dated March 9, 2021]** The Central Government hereby approves M/s Bennett University, Greater Noida, Uttar Pradesh (PAN: AAAJB13B8A) under the category of 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. This Notification shall be deemed to have been applied for the assessment year 2020-2021 and shall apply with respect to the assessment years 2021-2022, 2022-2023, 2023-2024, 2024-2025.	https://incometaxindia.gov.in/communications/notification/notification_12_2021.pdf
3.	**Tax Audit Report - Form 3CD- Applicability of Clause 30C and Clause 44 extended by one more year i.e. will be applicable for the Financials year 2022-23 [Circular No. 5 Dated March 25, 2021]** Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires specified persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification dated 20th July, 2018 with effect from 20th August, 2018. However, the reporting under clause 30C (impermissible avoidance arrangement) and clause 44 (Break-up of total expenditure of entities registered or not registered under the GST) of the Tax Audit Report was kept in abeyance till 31st March, 2019 vide Circular No. 6/2018 dated 17.08.2018, which was subsequently extended to 31st March, 2020 vide Circular No. 912019. Vide circular no. 10/2020 dated 24.04.2020, it was further extended to 31st March, 2021. In view of the prevailing situation due to COVID-19 pandemic across the country, it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2022.	https://incometaxindia.gov.in/communications/circular/circular_no_5_2021.pdf
4.	**New reporting requirements in Form 3CD & Revision (Notification No. 28 Dated April 1, 2021)** CBDT has vide Notification No. 28 inserted new clauses in Form 3CD (Tax Audit Report) and also notified that Tax Audit Report under Rule 6G can be revised if there is payment by Assessee after furnishing of report which necessitates recalculation of disallowance under section 40 or section 43B of the Income tax Act, 1961.	http://egazette.nic.in/WriteReadData/2021/226351.pdf
5.	**Income-tax (16th Amendment) Rules, 2021 [Notification No. 68 Dated May 24, 2021]** The Central Board of Direct Taxes on 24th May 2021 has published the Income- tax (16th Amendment) Rules, 2021 which has notified a new rule for computation of fair value of capital assets in slump sale. ***As per the Amendment, a new rule 11UAE has been inserted which provides two formulae for calculation of fair market value of the capital asset. The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined and FMV2 shall***	https://www.incometaxindia.gov.in/communications/notification/notification_68_2021.pdf

	be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale.	
6.	**Notification No.70/2021 u/s 35(1)(ii)/(iii) of the Income-tax Act, 1961 in the case of M/s Indian Institute of Technology (IIT), Bhilai (June 08, 2021)** The Central Government approves M/s Indian Institute of Technology, Bhilai (PAN: AABAI0415K) under the category of 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. ***Accordingly, M/s Indian Institute of Technology, Bhilai will be 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of section 35(1)(ii) and (iii) of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.***	https://www.incometaxindia.gov.in/communications/notification/notification_70_2021.pdf
7.	**Notification No. 79 (Dated July 12, 2021)** The Central Government approves M/s Patanjali Research Foundation Trust, Haridwar (PAN:- AABTP8183E) under the category "Research Association" for Scientific Research for the purposes of clauses (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962. ***Accordingly, M/s Patanjali Research Foundation Trust will be "Research Association" for Scientific Research for the purposes of section 35(1)(ii) of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962.***	https://www.incometaxindia.gov.in/communications/notification/notification_79_2021.pdf
8.	**Clarification regarding Section 36(1)(xvii) of the Income-tax Act, 1961 inserted vide Finance Act, 2015 [Circular No. 18 Dated Oct 25, 2021]** The Finance Act, 2015 inserted the clause (xvii) in sub-section (1) of section 36 of the Income-tax Act, 1961 (the Act) to provide for deduction on account of the amount of expenditure incurred by a co-operative society engaged in the business of manufacture of sugar for purchase of sugarcane at a price which is equal to or less than the price fixed or approved by the Government. The issue of treatment of additional payment for sugarcane price by Co-operative sugar mills as an income distribution to farmer members and the resultant tax liabilities has been brought to the notice of the Central Board of Direct Taxes (the Board). ***The matter has been examined by the Board and clarified that the phrase 'price fixed or approved by the Government' includes price fixation by State Governments through State-level Acts/Orders or other legal instruments that regulate the purchase price for sugarcane including State Advised Price, which may be higher than the Statutory Minimum Price/ Fair and Remunerative Price fixed by the Central Government.***	https://incometaxindia.gov.in/communications/circular/circular-no-18-2021.pdf
9.	**Relaxation from the requirement of electronic filing of application in Form No.3CF for seeking approval under section 35(1)(ii)/(iia)/(iii) of the Income-tax Act, 1961 (the Act) [Circular No. 5 Dated March 16, 2022]** On consideration of difficulties in electronic filing of Form No.3CF as stipulated in Rule 5C (1A) and Rule 5F(2)(aa) of the Income-tax Rules, 1962 w.e.f. 01.04.2021, the Central Board of Direct Taxes (CBDT), provides the following relaxation:	**https://incometaxindia.gov.in/communications/circular/circular-no-5-2022.pdf**

	(i) Applicants seeking approval under section 35(1)(ii)/(iia)/(iii) of the Act may file the application in Form No.3CF physically during the period from the date of issuance of this Circular till 30th September 2022; or the date of availability of Form No. 3CF for electronic filing on the e-filing website, whichever is earlier.	
10.	**Notification No. 33 [Dated April 19, 2022]** The Central Government hereby approves 'Sri Sharada Institute of Indian Management Research Foundation Trust, New Delhi, (PAN: AAJTS0088H)' as 'other Institution' under the category of 'University, College or other institution' for research in social science or statistical research for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.	https://incometaxindia.gov.in/communications/notification/notification-33-2022.pdf
11.	**Notification No.118 [Dated October 28, 2022]** The Central Government hereby approves 'Krea University, Sricity, Chittoor, A.P. (PAN: AAFAK4100P)' under the category of 'University, College or other institution' for research in 'Social science or Statistical research' for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.	**https://incometaxindia.gov.in/communications/notification/notification-118-2022.pdf**
12.	**Clarification for the purposes of clause (c) of Section 269ST of the Income-tax Act, 1961 in respect of dealership/distributorship contract in case of Co-operative Societies [Circular No. 25 Dated December 30, 2022]** Section 269ST inter-alia prohibits receipt of an amount of two lakh rupees or more (hereinafter referred to as 'the prescribed limit ') by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed. References have been received in respect of Milk Producers' Cooperative as to whether under the provisions of Section 269ST of the Act, receipt(s) in cash in a day of bank holiday/closure of bank day within 'the prescribed limit' from a distributor against sale of milk when payments were through bank on all other days is to be considered as a single transaction or whether all such receipts in cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion. it is clarified that in respect of Co -operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of clause (c) of Section 269ST. Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purposes of clause (c) of Section 269ST for that previous year.	https://incometaxindia.gov.in/communications/circular/circular-25-2022.pdf
13.	**Indian Institute of Science Education and Research, Tirupati notified as 'Scientific Research' for Section 35 [Dated January 16, 2023]** The Central Government approves 'Indian Institute of Science Education and Research, Tirupati (PAN: AAAAI9820P)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of Section 35 of the Income-tax Act, 1961 read with Rules 5C and 5E of the Income-tax Rules, 1962.	https://incometaxindia.gov.in/communications/notification/notification-so-270.pdf

14.	**CBDT approves 'National Institute of Design' as 'Scientific Research' for Section 35(1)(ii) [Notification No. 23 Dated April 21, 2023]** The Central Government approves 'National Institute of Design, Ahmedabad (PAN: AAATN1137D)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.	https://incometaxindia.gov.in/communications/notification/notification-23-2024.pdf
15.	**CBDT approves University of Patanjali' for Social Science Research under Section 35 of Income Tax Act [Notification No. 44 Dated June 23, 2023]** The Central Government approves 'M/s Patanjali Yog Peeth Nyas, Delhi (PAN: AABTP0560H) for its university unit 'University of Patanjali', Haridwar' under the category of 'University, College or Other Institution' for research in 'Social Science or Statistical Research' for the purposes of clause (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.	notification-44-2023.pdf (incometaxindia.gov.in)
16.	**New Income Tax Rule 6ABBB (Form 3AF) for Amortisation of External Preliminary Expenditure u/s 35D [Notification No. 54 Dated August 1, 2023]** CBDT notifies new Income Tax Rule 6ABBB on "Form of statement to be furnished regarding preliminary expenses incurred under section 35D" which prescribes e-filing of the statement in Form 3AF one month before the ITR due date specified under section 139(1), using DSC or EVC. Prior to amendment in Section 35D, preliminary activities were required to be performed by the assessee inhouse or by an CBDT approved external company, which posed numerous challenges to the successful implementation of new projects. To simplify the process of claiming amortisation for these preliminary expenses, Finance Act 2023 has amended section 35D of the Income Tax Act to remove the requirement of incurring expense on conducting such activities through CBDT approved companies, as part of the measures to ease compliance. The assessee will now only be required to provide a statement containing the specifics of this expenditure in the prescribed form 3AF in the prescribed manner.	https://incometaxindia.gov.in/communications/notification/notification-54-2023.pdf
17.	**Classification of NBFC for Section 43B and 43D of the Income tax Act, 1961 [Dated September 25, 2023]** To implement the amendment introduced by the Finance Act 2023, the CBDT issued Notification No. 79/2023 and Notification No. 80/2023, both dated September 22, 2023. These notifications have classified all Non-Banking Financial Companies ("NBFCs") into Top Layer, Upper Layer, and Middle Layers for the purpose of complying with Section 43B and Section 43D of the Income Tax Act, 1961.	https://incometaxindia.gov.in/communications/notification/notification-79-2023.pdf https://incometaxindia.gov.in/communications/notification/notification-80-2023.pdf

18.	**CBDT notifies Amul Research and Development Association u/s 35(1)(ii) [Notification No. 38 Dated April 9, 2024]** The Central Government approves 'Amul Research and Development Association, Anand, Gujarat (PAN: AAATA2673H)' under the category of 'Research Association' for research in 'Scientific Research' for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with Rules 5C and 5D of the Income-tax Rules, 1962.	https://incometaxindia.gov.in/communications/notification/notification-no-38-2024.pdf

CASE LAWS

KKB Projects Pvt. Ltd, Surat v. (Appellant) v/s Pr. CIT (Respondent)	**ITAT Surat**

Fact of the Case: During the year under consideration, the assessee was engaged in the business as a government contractor for construction works. The scrutiny assessment was finalized u/s 143(3) of the Income tax Act, 1961 'the Act'. Subsequently, the Pr.CIT observed that there were various payments made by assessee to persons covered u/s 40A(2)(b) of the Act in the form of director remuneration, rent expenses and purchase payments and was of the opinion that no proper verification has been made by the AO in respect of these payments. Therefore, Pr.CIT made revision to the order u/s 263 of the Act.

Judgement: Tribunal held that the assesse has filed the audited reports containing all the details regarding related parties u/s 40A(2)(b) along with Name, PAN, Relations, nature of transactions and payments made. Even otherwise, the assessee has also duly furnished the report from expert in Form 3CEB as required by Law, wherein all the details of payment made related to party were mentioned i.e. name of persons with whom specifically domestic transactions as entered into, description of transaction along with quantitative details if any. Total amounts paid or payable in the transaction as per the books and as computed by the assessee having regard to arm's length price. The method used for determining the arm's length price which also goes to show that there is nothing on the record to suggest that assessee had made any excessive payments to the related parties which has caused loss to the Revenue. Thus, the order passed by the AO is neither erroneous nor prejudicial to the interest of the Revenue.

Merely just because the view taken by the AO was not found acceptable does not mean that the AO has failed to make requisite enquiries. Thus, the view taken by the AO was plausible view, which cannot be disturbed by the Ld. Pr. CIT. Therefore, the Ld. Pr.CIT was not correct in exercise the jurisdiction under section 263 of the Act. In view of these facts and circumstances, the proceedings initiated in the impugned order passed under section 263 of the Act are quashed and allow the appeal of the assessee.

Lesson 4 Part IV

Capital Gains

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Cost Inflation Index for FY 2021-22 [Notification No. 73 Dated June 15, 2021]** ***The Central Board of Direct Taxes (CBDT) has notified the cost inflation index (CII) for FY 2021-22 as "317" via a notification dated June 15, 2021. CII is used to calculate the inflation adjusted cost price of an asset. The inflation adjusted price then is used to arrive at long-term capital gains or long-term losses.***	https://www.incometaxindia.gov.in/communications/notification/notification_73_2021.pdf
2.	**Income-tax Amendment (18th Amendment) Rules, 2021 [Notification No. 76 Dated July 02, 2021]** The Central Board of Direct taxes has issued the Income tax (18th Amendment) Rules, 2021. ***The amendment provides that in case of the amount which is chargeable to income-tax as income of specified entity under the head Capital gains, the specified entity shall furnish the details of amount attributed to capital asset remaining with the specified entity in new Form No. 5C.*** Form No. 5C shall be furnished electronically either under digital signature or through electronic verification code and shall be verified by the person who is authorized to verify the return of income of the specified entity under section 140 of the Income-tax Act, 1961.	https://www.incometaxindia.gov.in/communications/notification/notification_76_2021.pdf
3.	**Guidelines under section 9B and sub-section (4) of section 45 of the Income-tax Act, 1961 [Circular No. 14 Dated July 02, 2021]** The Government has inserted a new section 9B of the Income Tax Act, 1961 and substituted sub-section (4) of section 45 of the Income Tax Act, 1961 by the Finance Act, 2021. The CBDT has come out with Notification No. 76 dated July 2, 2021 to insert sub-rule (5) to Rule 8AA and a new Rule-8AB so as to prescribe the manner of calculating the income chargeable to tax under section 45(4) of the Act as "capital gains" and also the manner in which such income shall be attributed to remaining assets with the specified entity under clause (iii) of section 48 of the Act. ***Accordingly, CBDT issued guidelines for application of section 9B and section 45(4) read with the aforesaid rules.***	https://www.incometaxindia.gov.in/communications/circular/circular_14_2021.pdf
4.	**Income Tax (19th Amendment) Rules, 2021 [Notification No. 77 Dated July 7, 2021]** The Central Board of Direct taxes makes Income-tax (19th Amendment), Rules, 2021 further to amend the Income-tax Rules, 1962. ***As per notification, after rule 8AB, rule 8AC [i.e. Computation of short term capital gains and written down value under section 50 where depreciation on goodwill has been obtained] has been inserted.***	**https://egazette.nic.in/WriteReadData/2021/228152.pdf**
5.	**New Income Tax Rule 8AD on Computation of Capital Gains u/s 45(1B) [Notification No. 8 Dated January 18, 2022]** Section 45(1B) provides that when a person receives an amount under ULIP, to which exemption under Section 10(10D) does not apply, any profits arising from such receipt shall	https://www.incometaxindia.gov.in/communications/

	be chargeable to tax under the head capital gains. The CBDT has notified Rule 8AD for computation of income deemed as capital gains in such cases.	notification/notification-8-2022.pdf
6.	**Cost Inflation Index FY 2022-23 [Notification No. 62 Dated June 14, 2022]** Financial Year: 2022-23 — Cost Inflation Index: 331	https://incometaxindia.gov.in/communications/notification/notification-62-2022.pdf
7.	**Notification No. 63 [Dated June 15, 2022]** The Central Government notifies the transfer of capital asset from NTPC Limited (PAN: AAACN0255D), being transferor public sector company, to NTPC Green Energy Limited (PAN: AAICN1737G), being transferee public sector company, under the plan approved by the Central Government on 21st day of March, 2022, for the purposes of the clause (viiaf) of section 47 of the Income tax Act, 1961.	https://incometaxindia.gov.in/communications/notification/notification-63-2022.pdf
8.	**Notification No. 74 [Dated June 30, 2022]** The Central Government notifies following virtual digital assets which shall be excluded from the definition of virtual digital asset: i. Gift card or vouchers, being a record that may be used to obtain goods or services or a discount on goods or services; ii. Mileage points, reward points or loyalty card, being a record given without direct monetary consideration under an award, reward, benefit, loyalty, incentive, rebate or promotional program that may be used or redeemed only to obtain goods or services or a discount on goods or services; iii. Subscription to websites or platforms or application.	https://incometaxindia.gov.in/communications/notification/notification-no-74-2022.pdf
9.	**Notification No. 75 [Dated June 30, 2022]** The Central Government specifies a token which qualifies to be a virtual digital asset as non-fungible token within the meaning of sub-clause (a) of clause (47A) of section 2 of the Income tax Act, 1961 but shall not include a non-fungible token whose transfer results in transfer of ownership of underlying tangible asset and the transfer of ownership of such underlying tangible asset is legally enforceable.	https://incometaxindia.gov.in/communications/notification/notification-no-75-2022.pdf
10.	**Income-tax (21st Amendment) Rules, 2022 [Notification No. 80 Dated July 8, 2022]** The Central Board of Direct Taxes hereby makes the Income-tax (21st Amendment) Rules, 2022 as per which after rule 21AK, rule 21AL shall be inserted as follows: **Rule 21AL: Other Conditions required to be fulfilled by the original fund:** For the purposes of sub-clause (iv) of clause (a) of Explanation to clause (viiad) of section 47 of the Income Tax Act 1961, the original fund, in a case where a capital asset is transferred to a resultant fund being a Category III Alternative Investment Fund, shall fulfill the condition that the aggregate participation or investment in the original fund, directly or indirectly, by persons resident in India shall not exceed 5% of the corpus of such fund at the time of such transfer.	https://incometaxindia.gov.in/communications/notification/notification-80-2022.pdf

<table>
<tr><td>11.</td><td>Amount received for Covid-19 Treatment from any person- CBDT notifies conditions & Forms [Notification No. 91 Dated August 5, 2022]

Clause (XII) of the first proviso of clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 provides that any sum of money received by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family in respect of any illness related to COVID-19, shall not be considered as income of such person. CBDT vide Notification No. 91/2022 specify the documents to be maintained and form to be furnished for non-taxability of above amount.</td><td>https://incometaxindia.gov.in/communications/notification/notification_91_2022.pdf</td></tr>
<tr><td>12.</td><td>CBDT specifies conditions for exemption to money received from employer or other person in Covid cases by family of deceased vide Notification No. 92 [Dated August 5, 2022]

Clause (XIII) of the first proviso to clause (x) of sub-section (2) of section 56 of the Income-tax Act, 1961 provides that where any sum of money received by family member of a person who died due to COVID-19, the money so received shall not be considered as income of the family member where such money is received from the employer of deceased person. If the money is received from any other person, the exemption amount shall be limited to Rs. 10 lakh in aggregate.</td><td>https://incometaxindia.gov.in/communications/notification/notification_92_2022.pdf</td></tr>
<tr><td>13.</td><td>Cost Inflation Index for FY 2023-24 [Notification No. 21 Dated April 10, 2023]

<table><tr><td>Cost Inflation Index</td><td>FY 2023-24</td><td>348</td></tr></table></td><td>https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf</td></tr>
<tr><td>14.</td><td>Cost Inflation Index for FY 2024-25 [Notification No. 44 Dated May 24, 2024]

<table><tr><th>Financial Year</th><th>Cost Inflation Index</th></tr><tr><td>2024-25</td><td>"363"</td></tr></table></td><td>https://incometaxindia.gov.in/communications/notification/notification-44-2024.pdf</td></tr>
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CASE LAWS

1. Sale of a Running Business with all Assets and Liabilities is a Slump Sale, would not attract Section 50(2) of Income Tax Act

CIT v. Equinox Solution Pvt. Ltd

In CIT v. Equinox Solution pvt. Ltd, the two-judge bench of the Supreme Court held that the sale of a running business with all its assets and liabilities would not be covered by section 50(2) of the Income Tax Act since such transactions are slump sale of a "long term capital asset" within the ambit of section 48(2) of the Income Tax Act.

The factual settings of the case are that the assessee-Company sold its entire business- a running concern to another Company for the year under consideration, the assessee filed return claiming deduction under section 48 of the IT Act stating that the sale is in the nature of "slump sale" of the going concern being in the nature of long term capital gain in the hands of the assessee.

The assessing officer rejected the contention of the assessee and denied the claim by invoking

section 50(2). He was of the view that the transaction was in the nature of short term capital gain as specified in Section 50 (2) of the Act.

Assessee successfully appealed the impugned order before the first appellate authority. Though the order was challenged before the ITAT and high Court, the Revenue couldn't secure any relief. Dissatisfied by the orders of the appellate authorities and the high Court, the Revenue carried the matter before the Apex Court.

Concurring with the orders of the lower authorities, the bench comprising Justice R.K Agarwal and Justice Ajay Manohar Sapre held that the transaction was rightly treated as slum sale under section 48. "Section 50 (2) applies to a case where any block of assets are transferred by the assessee but where the entire running business with assets and liabilities is sold by the assessee in one go, such sale, in our view, cannot be considered as "short-term capital assets". In other words, the provisions of Section 50 (2) of the Income Tax Act would apply to a case where the assessee transfers one or more block of assets, which he was using in running of his business. Such is not the case here because in this case, the assessee sold the entire business as a running concern."

2. ***Can exemption under section 54F be denied solely on the ground that the new residential house is purchased by the assessee exclusively in the name of his wife?***

CIT v. Kamal Wahal (2013) [Delhi High Court]

high Court's Decision: The Delhi high Court, having regard to the rule of purposive construction and the object of enactment of section 54F, held that the assessee is entitled to claim exemption under section 54F in respect of utilization of sale proceeds of capital asset for investment in residential house property in the name of his wife.

3. ***Whether assessee is eligible for exemption under section 54F for the investment made in 2 properties which were adjacent to each?***

Mohammadanif Sulatanali Pradhan (Appellant) v/s DCIT (Respondent) - ITAT Ahmadabad

Fact of the Case: Assessee had declared income under the head of Capital Gains in his return for AY 2015-16 after claiming the exemption u/s 54F for the investment made in 2 bungalows which were adjacent to each other. Assessing Officer and CIT(A) observed that after the amendment made in section 54F; the expression earlier used as "a residential house" was substituted with "one residential house". This amendment was effective from Assessment Year 2015-16 i.e. the year under consideration. Accordingly, it was contended by the revenue that Assessee cannot claim exemption u/s. 54F for investment made in 2 bungalows. Assessee contended that as both the bungalows were in the same society, adjacent to each other and hence can be considered as one unit for the residential purposes. Accordingly exemption u/s 54F for investment made in both of the bungalows should be allowed.

Judgement: Hon'ble Tribunal decided the matter in favor of assessee and allowed the exemption u/s 54F for investment made in both the bungalows, observing the following:

Section 54F does not provide definition for the area of a residential property to be invested in. So, for instance if an assessee buys only one property, even though area of such property is huge, he is entitled to exemption u/s. 54F. Now, merely because if assessee buys two separate properties adjacent to each other; the aggregate area of which may even be lesser than that of the property described in former instance, cannot be denied exemption just for the reason that there are two different properties based

on registry documents.

Thus, assessee cannot be deprived of the benefit u/s 54F merely on the ground that there were two different registries of the properties when both such properties were adjacent to each other and were used as single residential unit by the assessee.

Lesson 4 Part V
Income from Other Sources

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Income tax rules amended for accurate computation of tax on winnings from online gaming [Notification No. 28 Dated May 22, 2023]** Central Board of Direct Taxes (CBDT) has amended Income Tax rules to streamline and standardize the calculation and reporting of winnings from online gaming to improve tax compliance. The Income Tax (Fifth Amendment) Rules, 2023, notified by the direct tax authority, specifies a formula for computing the net winnings from online games in a financial year which is liable to a 30% income tax. The new rule said that net taxable winning in a year would be the difference between the sum of amount withdrawn from the user account and the closing balance and the sum of non- taxable deposits made in the user account and the opening balance. The rule also prescribes formulas for tax to be deducted at source (TDS) at various stages such as first and subsequent withdrawals from the user account. The new rules also define terms like non-taxable deposit in the user account such as borrowed amounts deposited in it. The rules also define the taxability of bonus, referral bonus and incentives etc.	https://incometaxindia.gov.in/communications/notification/notification-28-2023.pdf
2.	**CBDT notifies Persons exempt from the provisions related to 'Angel Tax' [Notification No. 29 Dated May 24, 2023]** The Finance Act 2023 has enhanced the scope of section 56(2)(viib) to make it applicable to share application money/premium received from any person, regardless of residential status. Further, Proviso to section 56(2)(viib) gives power to the Central Government to notify class or classes of persons to whom the provisions of said section shall not apply. In the exercise of the power, the CBDT has notified the following class or classes of persons: i. The Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies, including entities controlled by the Government or where direct or indirect ownership of the Government is 75% or more; ii. Banks or Entities involved in Insurance Business where such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident; iii. Any of the following entities, which is a resident of any country or specified territory, and such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident: • Entities registered with SEBI as Category-I Foreign Portfolio Investors; • Endowment funds associated with a university, hospitals or charities;	https://incometaxindia.gov.in/communications/notification/notification-29-2023.pdf

	• Pension funds created or established under the law of the foreign country or specified territory; • Broad-Based Pooled Investment Vehicle or fund where the number of investors in such vehicle or fund is more than 50, and such fund is not a hedge fund or a fund which employs diverse or complex trading strategies The board has notified 21 Countries/Specified Territories for point (iii).	
3.	**CBDT amends the provisions of the 'Angel Tax' that are not applicable to start-ups recognised by DPIIT [Notification No. 30 Dated May 24, 2023]** The CBDT amends the provisions of section 56(2)(viib) of the Income Tax Act, 1961 ("the IT Act") as per which the provision shall not apply to the consideration received by a company for the issue of shares that exceeds the face value of such shares, if the said consideration has been received from any person, by a company which fulfils the conditions specified in Para 4 of the Notification No. G.S.R. 127(E), dated February 19, 2019 issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade.	https://incometaxindia.gov.in/communications/notification/notification-30-2023.pdf
4.	**CBDT amends income tax rules; to expand tax exemption for public sector shares [Notification No. 35 Dated May 31, 2023]** The Central Board of Direct Taxes (CBDT) has amended the income tax rules to facilitate strategic disinvestment of public sector companies by expanding the scope of a tax exemption on shares received below fair market value. As per the Income-tax (Eighth Amendment) Rules, 2023, any person receiving shares from a public sector company below their fair market value is exempt from the purview of section 56(2)(x) of the Income Tax Act, 1961 that makes such discounted share issues taxable in the hands of the recipient. At present, this exemption applies to shares received by a person from the central or state government under strategic disinvestment. ***The amended provision makes the exemption applicable to "any movable property, being equity shares, of a public sector company or a company, received by a person from a public sector company or the Central Government or any State Government under strategic disinvestment." The rule change effectively expands the scope of the tax exemption.***	https://incometaxindia.gov.in/communications/notification/notification-35-2023.pdf
5.	**Income Tax department issues new guidelines on online gaming taxes [Circular No. 5 Dated May 22, 2023]** The Income Tax Department issued guidelines for the removal of difficulties in dealing with winnings from online games. According to the guidelines, anyone who is responsible for paying to anyone else any income by way of winnings from any online game during the financial year must deduct income tax on the net winnings from the person's user account. Also, tax is required to be deducted at the time of withdrawal as well as at the end of the financial year. **Multiple Wallets** Talking about multiple wallets under one user, CBDT said the main account must include every account of the user and will be registered with an online gaming intermediary. This	https://incometaxindia.gov.in/communications/circular/circular-5-2023.pdf

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

	D = the aggregate of the premium paid during the term of the life insurance policy till the date of receipt of the sum in the subsequent previous year not being premium which – (a) has been claimed as deduction under any other provision of the Act; or (b) is included in amount 'B' or amount 'D' of this rule in any of the previous year or years.	
8.	**CBDT notifies changes to Rule 11UA in respect of ANGEL TAX [PIB Dated September 26, 2023]** The Finance Act, 2023, brought in an amendment to bring the consideration received from non-residents for issue of shares by an unlisted company within the ambit of section 56(2)(viib) of the Income-tax Act, 1961(the Act), which provides that if such consideration for issue of shares exceeds the Fair Market Value (FMV) of the shares, it shall be chargeable to income-tax under the head 'Income from other sources'. Taking into consideration the suggestions received in this regard and detailed interactions held with stakeholders, Rule 11UA for valuation of shares for the purposes of section 56(2)(viib) of the Act has been modified vide notification no. 81/2023 dated 25th September, 2023. The key highlights of the changes in Rule 11 UA are: a. In addition to the two methods for valuation of shares, namely, Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, available to residents under Rule 11UA, five more valuation methods have been made available for non-resident investors, namely, Comparable Company Multiple Method, Probability Weighted Expected Return Method, Option Pricing Method, Milestone Analysis Method, Replacement Cost Method. b. Where any consideration is received for issue of shares from any non-resident entity notified by the Central Govt., the price of the equity shares corresponding to such consideration may be taken as the FMV of the equity shares for resident and non-resident investors, subject to the following: i. To the extent the consideration from such FMV does not exceed the aggregate consideration that is received from the notified entity, and ii. The consideration has been received by the company from the notified entity within a period of ninety days before or after the date of issue of shares which are the subject matter of valuation. c. On similar lines, price matching for resident and non-resident investors would be available with reference to investment by Venture Capital Funds or Specified Funds. d. Valuation methods for calculating the FMV of Compulsorily Convertible Preference Shares (CCPS) have also been provided. e. A safe harbor of 10% variation in value has been provided.	https://www.pib.gov.in/PressReleasePage.aspx?PRID=1961031

CASE LAW

Dy. Commissioner of Income Tax (Appellant) v/s Shri Arvind N. Nopany (Respondent)	**ITAT Ahmedabad**

As assessee has proved the identity, genuiness and credit worthiness of donor and as relation with brother in law fits in the definition of relative given in the proviso to Section 56 of the Income tax Act, 1961 therefore the gift received qualifies for the exemption under section 56 of the Act.

Fact of the Case: A search was conducted u/s 132 of the Income tax Act, 1961 'the Act' on 29.09.2011 in the Nopany Group cases at Baroda including the case of the assessee. Accordingly, u/s 153A(a) of the Act a notice was issued to the assessee on 07.02.2012 directing him to furnish the return of income within 45 days thereof. In compliance to the same, the assessee filed his return of income on 27.07.2012 declaring total income at Rs.10,22,830 same as declared in the original return of income filed u/s 139(1) of the Act on 19.06.2008. A notice u/s 143(2) of the Act was issued on 30.07.2012 followed by a further notice u/s 142(1) of the Act along with a detailed questionnaire on 14.01.2013. It is relevant to mention that the assessee during the year under consideration shown income from companies in which he was director, house property, business or profession, capital gain and income from other sources. The documents which were received from the residents as well as the factory premises of companies in which assessee was a director during search proceeding revealed following amounts were received by the assessee as gift:

Sr. No.	Dated	Amount	Cheque No.
1.	23.11.2006	6,00,00,000	848692
2.	16.10.2007	5,00,00,000	973868
3.	06.05.2008	5,00,00,000	107949

The said gift amounts were received from one Shri Narotam Sekhsariya. A show-cause was issued directing the assessee to prove the identity, creditworthiness and genuineness of the above transaction mentioned as gift.

In reply, the assessee categorically mentioned that Shri Narotam Sekhsariya was the brother-in-law of the assessee being the founder of Ambuja Cements Ltd. and remained its Managing Director till recently. Shri Narotam Sekhsariya was the 40th richest man according to the Forbes and had high net worth. Assessing Officer doubted the donor's relation with assessee and required the assessee to prove the identity, genuineness and creditworthiness of the donor and also required the assessee to produce the donor. Assessee submitted donor's PAN, account statement, bank statement in order to prove the same however it was not possible to produce the donor in short notice period as the donor resided in different city.

Judgement: Tribunal did not find any inference with the judgement of CIT(A) wherein it was held that as assessee has proved the identity, genuiness and credit worthiness of donor and as relation with brother in law fits in the definition of relative given in the proviso to Section 56 of the Income tax Act, 1961 'the Act' therefore the gift received qualifies for the exemption under section 56 of the Act. Hence, Revenue's appeal is dismissed.

Lesson 6

Deduction from Gross Total Income, Rebate & Relief

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Notification No. 134 [Dated December 6, 2021]** The Central Government specifies the Jeevan Akshay-VII Plan of the Life Insurance Corporation of India, as filed by that Corporation with the Insurance Regulatory and Development Authority, as the annuity plan of the Life Insurance Corporation of India for the purposes of the clause (xii) of sub-section (2) of Section 80C of the Income-tax Act, 1961 for the assessment year 2021-22 and subsequent years. ***Accordingly, Deduction u/s 80C will be available for availing the aforesaid LIC policy.***	https://incometaxindia.gov.in/communications/notification/notification-no-134-2021.pdf
2.	**Income tax 12th Amendment Rules 2023 [Notification No. 50 Dated July 17, 2023]** The Central Board of Direct Taxes introduces the twelfth amendment to the Income Tax Rules 1962, specifically addressing proposals related to International Financial Services Centers (IFSC) mentioned in the Finance Act 2023. Notification amends Income Tax rule 21AK and rule 114AAB. The amendment primarily focuses on provisions related to non-resident income, offshore banking units, alternative investment funds, and reporting requirements. It provides exemptions for income accrued from non-deliverable forward contracts or offshore derivative instruments, subject to specified conditions. The amendment also revises reporting form (FORM NO. 10CCF Report under section 80LA(3) of the Income-tax Act, 1961) and clarifies the eligibility criteria for deductions under section 80LA.	https://incometaxindia.gov.in/communications/notification/notification-50-2023.pdf
3.	**CBDT condoning delay for claiming Deduction u/s 80P for AY 2018-19 to AY 2022-23 [Circular No. 13 Dated July 26, 2023]** The CBDT has issued Circular regarding the condonation of delay for returns of income claiming deduction under section 80P (deduction in respect of income of co-operative societies) of Income Tax Act for various assessment years from AY 2018-19 to AY 2022-23. In order to mitigate genuine hardship in cases, the Board directs that the Chief Commissioners of Income-tax (CCSIT) / Directors General of Income-tax (DGSIT) are authorised to deal with such applications of condonation of delay pending before the Board, upon transfer of such applications by the Board, and decide such applications on merits, in accordance with the law. The CCSIT/DGSIT shall examine the following while deciding such applications – (i) the delay in furnishing the return of income within the due date was caused due to circumstances beyond the control of the assessee with appropriate documentary evidence/s; (ii) where delay in furnishing return of income was caused due to delay in getting the accounts audited by statutory auditors appointed under the respective State Law	https://incometaxindia.gov.in/communications/circular/circular-13-2023.pdf

	under, the date of completion of audit vis-à-vis the due date of furnishing the return of income; and (iii) any other issue indicating towards tax avoidance or tax evasion specific to the case, which comes into the light in the course of verification and having bearing either in the relevant assessment year or establishing connection of relevant assessment year with other assessment year/s. The CCSIT/DGSIT shall preferably dispose the application within three months from the end of the month in which such application is received from the applicant or transferred by the Board. No order rejecting the application under section 119(2)(b) of the Act shall be passed without providing the applicant an opportunity of being heard.	
4.	**CBDT notifies 'Shree Ramanuj Kot Laxmi Venkatesh Mandir' for purposes of section 80G exemption [Notification No. 40 Dated April 23, 2024]** The Central Government notifies "Shree Ramanuj Kot Laxmi Venkatesh Mandir" managed by Shree Ramanuj Kot Trust, Indore, Madhya Pradesh (PAN: AAATR0970L) to be place of historic importance and a place of public worship of renown throughout the state of Madhya Pradesh for the purposes of the clause (b) of sub-section (2) of section 80G of the Income-tax Act, 1961. The Notification will be valid only for the renovation or repair of the "Shree Ramanuj Kot Laxmi Venkatesh Mandir" to the extent of Rs. 1,63,06,311/- (Rupees One Crore Sixty Three Lakhs Six Thousand Three Hundred and Eleven only) and will cease to be effective after the said amount has been collected or on 31.03.2029, whichever is earlier.	https://incometaxindia.gov.in/communications/notification/notification-40-2024.pdf

Lesson 7

Computation of Total Income and Tax Liability of various Entities

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**CBDT notifies New Income Tax Rules & Forms for Trust & NPOs (Notification No. 19 Dated March 26, 2021)** CBDT issues Notification no. 19/2021 dated 26/03/2021 pertaining to procedure for registration of fund/ trust/charitable institutions etc. Notification Substitutes Substitutes Rule 2C -Application for the purpose of grant of approval of a fund or trust or institution or university or any hospital or other medical institution under clause (i) or clause (ii) or clause (iii) or clause (iv) of first proviso to clause (23C) of Section 10 • Amends Rule 5C, Inserts Rule 5CA Intimation under Fifth Proviso to sub-section (1) of section 35, • Amends Rule 5F, Substitutes Rule 11AA – Requirement for approval of institution of fund under clause (vi) of sub-section (5) of section 80G • Substitutes Rule 17A - Application for registration of charitable or religious trusts etc. • Inserts Rule 18AB - Furnishing of Statement of particulars and certificate under clause (viii) and clause (ix) of sub-section (5) of section 80G or under sub-section (1A) of section 35 and Substitutes/Inserts/Amends various Forms.	https://incometaxindia.gov.in/communications/notification/notification_19_2021.pdf
2.	**Clarification regarding Form No 10AC issued till the date of this Circular [Circular 11 Date June 3, 2022]** The Finance Act, 2022 has inserted amended provisions of the Income-tax Act allowing the Principal Commissioner or Commissioner of Income-tax to examine if there is any 'specified violation' by the trust or institution registered or provisionally registered. After examination, an order is required to be passed for either cancellation of the registration or refusal to cancel the registration. In view of the amendments made vide Finance Act, 2022, the conditions subject to which the registration/approval or provisional registration/ provisional approval was granted to trusts and institutions need to be revised to align the same with the amendments made by Finance Act, 2022.Thus, the Central Board of Direct Taxes (CBDT) has issued a circular clarifying that: **Conditions for grant of registration under sections 12AB, 10(23C), and 80G**: The Board has listed down the revised conditions that should be followed by the trust or institution seeking: a) Re-registration and provisional registration under section 12AB, b) Re-approval and provisional approval under section 10(23C), and c) Re-approval and provisional approval under section 80G	https://incometaxindia.gov.in/communications/circular/circular_11_2022.pdf

	The conditions contained in Form No. 10AC, issued between 01.04.2021 till the date of issuance of Circular, i.e., 03-06-2022, shall be read as if the said conditions had been substituted with the conditions as provided by the board with effect from 1st April 2022. **Provisional registration / approval to be deemed as registration/approval**: The Board has clarified that if due to technical glitches, Form No. 10AC has been issued during FY 2021-2022 with the heading "Order for provisional registration" or "Order for provisional approval" instead of "Order for registration" or "Order for approval", then all such Form No. 10AC shall be considered as an "Order for registration or approval".	
3.	**Income tax 24th Amendment Rules, 2022 [Dated August 10, 2022]** The Finance Act 2022 had amended the enabling provisions for the charitable institutions to maintain books of account and other documents and it is one of the pre-conditions for availing exemption under the Income Tax Law. The new rule provides that charitable trust and other eligible institutions (charitable institutions) are required to maintain books of account and other documents. The documents prescribed require maintenance of record exhaustively in respect of different segments such as sources of income, application, investment or deposit of money etc. It also includes maintenance of details such as name, address, PAN, Aadhar number of every donor, as also of every person in respect of whom application is made or claimed. The books of account and other documents are to be maintained at the registered office for a period of ten years from the end of the relevant tax year. It may be kept at any other place as decided by the management by way of a resolution. It may be maintained in written or electronic form. Furthermore, if the charitable institutions are subjected to reassessment for any tax year, the books of account are to be maintained till the reopened assessment is finalized.	https://incometaxindia.gov.in/communications/notification/notification-94-2022.pdf
4.	**Section 80G Provisional Approval is Effective from the Relevant AY of the Application Year [Notification No. 34 Dated May 30, 2023]** The Central Board of Direct Taxes (CBDT) has notified an amendment to rule 11AA. The amendment provides that in case of an application made for the grant of provisional approval under section 80G, the provisional approval shall be effective from the assessment year relevant to the previous year in which such application is made. Earlier, Rule 11AA provided that the approval for the provisional registration would be effective from the date of provisional order.	https://incometaxindia.gov.in/communications/notification/notification-34-2023.pdf
5.	**CBDT Notifies New Form 10IEA for Opting & withdrawing from New Tax regime for FY 2023-24 [Notification No. 43 Dated June 21, 2023]** The Finance Act 2023 amended provisions of section 115BAC to provide the reduced tax rates under the new tax scheme for the assessment year 2024-25 and onwards. The new tax scheme is made the default scheme for taxpayers, and its scope also extended to the Association of Persons (AOP), Body of Individuals (BOI) and Artificial Juridical Person (AJP). The Central Board of Direct Taxes (CBDT) has notified Income-tax (Tenth Amendment) Rules, 2023 to implement consequential changes. These rules modify the existing rules 2BB, 3, and 5, and also introduce a new Rule 21AGA.	notification-43-2023.pdf (incometaxindia.gov.in)

	Amendments in Rule 2BB, 3 and 5 Rule 2BB and Rule 3 pertain to the exempt allowance and the valuation of perquisites. Previously, it was stated that a person who exercised the option under section (5) of section 115BAC would not be eligible for the benefits available under these rules (subject to certain conditions). However, as the new tax regime under section 115BAC is now the default tax regime for taxpayers, the rules have been amended to specify that person whose income is taxable under section 115BAC(1A); the benefits of these rules will not be available. Further, Rule 5, which talks about depreciation, has been amended to provide a ceiling limit on depreciation allowance. It has been provided that the rate of depreciation of any block of assets entitled to more than 40% is restricted to 40%.Further, if the income of an assessee is chargeable to tax under section 115BAC(1A), the unabsorbed depreciation (attributable to the additional depreciation) would be allowed to be added to the written down value (WDV) of the block of assets as on 01-04-2023. **Insertion of new Rule 21AGA** A. **Opting out from the new tax regime**: A new rule 21AGA has been inserted prescribing manners for opting out from the new tax regime under section 115BAC. Starting from the Assessment Year 2024-25, a person who wants to exercise option to opt-out from new tax regime must furnish Form 10-IEA on or before the due date specified under section 139(1). Form 10-IEA is to be furnished by the person who has income from business or profession. Form 10-IEA is to be furnished electronically either under a digital signature or electronic verification code. If a person does not have income from business or profession, he can opt-out from the new tax regime by exercising the option in the return of income to be furnished under section 139(1). B. **Re-entering into new tax regime**: If a person wants to re-enter the new tax regime, then the same is done by furnishing Form 10-IEA if such has income from business or profession. If the person doesn't have income from business or profession, he can re-enter the new tax regime while furnishing return of income.	
6.	**CBDT amends rules pertaining to registration, approval & activities of Institutions, trusts & funds [Notification No. 45 Dated June 23, 2023]** The CBDT vide the Income-tax (Eleventh Amendment) Rules, 2023, has made amendments to Rule 2C, Rule 11AA, and Rule 17A, as well as various forms (Form No. 10A, Form No. 10AB, Form No. 10AC, Form No. 10AD, Form No. 10B, and Form No. 10BB) related to Charitable Trusts and NGO. These changes will be effective from October 1, 2023. **Amendment in Rule 2C(1)(i) – Newly Established Fund or Trust Not Commenced Activities:** This amendment addresses explicitly the scenario of a	notification-45-2023.pdf (incometaxindia.gov.in)

	newly established fund or trust that has yet to commence its activities at the time of applying. Under the amended rule, such funds or trusts are now required to apply for approval by submitting Form No. 10A. Upon submission; provisional approval will be granted to these entities. **Amendment in Rule 2C(1)(ii) – Newly Established Fund or Trust Commenced Activities:** This amendment specifically relates to a newly established fund or trust that has already commenced its activities at the time of applying. Under the revised rule, such funds or trusts must apply for approval by utilizing Form No. 10AB. Once the application is verified, these entities will be granted regular approval for five years. **Amendment in Rule 11AA(7):** The amendment also brings changes to Rule 11AA(7), which specifies the effective date of provisional approval for applications made under clause (iv) of the first proviso to subsection (5) of section 80G. Under the amended rule, the provisional license will be effective from the assessment year relevant to the previous year in which the application is made. Several changes have been introduced to various forms and reports related to charitable or religious trusts.	

CASE LAWS

02.08.2021	**Commissioner of Income Tax (Exemption) (Appellant) v/s Batanagar Education and Research Trust (Respondent)**	**Supreme Court**

Entity which misuses Status under Section 12AA Income Tax Act Not Entitled to Retain It.

Fact of the Case: The Trust was registered under Section 12AA of the Income tax Act, 1961 'the Act' and was also accorded approval under Section 80G(vi) of the Act. In a survey conducted on an entity, it was prima facie observed that the Trust was not carrying out its activities in accordance with the objects of the Trust. A show cause notice was, therefore, issued by the CIT.

The CIT (Exemption) cancelled registration of the Trust on the ground that the Trust had received bogus donation from School of Human Genetics and Population Health. The Income Tax Appellate Tribunal dismissed the appeals filed by the Trust. The Calcutta High Court allowed the appeal filed by the Trust and set aside the cancellation order.

Supreme Court Judgement: In appeal, the bench comprising Justice Uday Umesh Lalit and Ajay Rastogi noted that the answers given to the questionnaire by the Managing Trustee of the Trust show the extent of misuse of the status enjoyed by the Trust by virtue of registration under Section 12AA of the Act.

"These answers also show that donations were received by way of cheques out of which substantial money was ploughed back or returned to the donors in cash. The facts thus clearly show that those were bogus donations and that the registration conferred upon it under Sections 12AA and 80G of the Act was completely being misused by the Trust. An entity which is misusing the status conferred upon it by Section 12AA of the

Act is not entitled to retain and enjoy said status. The authorities were therefore, right and justified in cancelling the registration under Sections 12AA and 80G of the Act", the Court said.

31.10.2022	Commissioner of Income-tax v. MAC Public Charitable Trust	Madras High Court

HC applies "lifting of corporate veil" to deny exemption u/s11 to educational trust receiving capitation fees disguised as donations from sister trusts

There is no bar to apply the doctrine of lifting of corporate veil in the case of trusts. What is to be seen, is the existence of the systemised mechanism to collect the capitation fee as donation through other entities. The principles laid down in various decided cases while expounding the concept of lifting the corporate veil, especially in cases relating to tax evasion, and in cases where public interest and policy are sought to be defeated by fraud, are squarely applicable to the present appeals where while the Assessee Trusts are controlled by common trustees and are in indeed sister Trusts, this Court may be constrained to lift the veil to see the real beneficiaries and the object of the donations by relatives/friends of parents as quid pro quo for admissions into the Assessee educational institutions as well as the other Assessees who are not educational institutions.

On lifting the veil, it is clear as daylight that the modus operandi adopted by the Assessee Institutions and Trusts are with the twin objectives of circumventing/violating the provisions of the Capitation Fee Act of Tamil Nadu as well as evading tax while seeking tax exemption under the corporate veil of being different and distinct entities receiving funds from each other for purely charitable purposes.

Suffice it to say, nothing can be farther from the naked truth that cannot hide itself sufficiently behind the fig leaf of the legal cover sought to be taken by the Assessees under the guise of being charitable trusts and seeking exemption thereof.

Lesson 8

Classification and Tax Incidence on Companies

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**Income tax (23rd Amendment) Rules, 2021 [Notification No. 92 Dated August 10, 2021]** CBDT notifies the Income tax (23rd Amendment), Rules 2021, to prescribe the procedure / methodology for re-computation of book profit u/s 115JB of the Income tax Act, 1961, to provide relief in MAT payable in certain cases. Accordingly, new IT Rule 10RB on 'Relief in tax payable u/s 115JB(1) due to operation of section 115JB(2D)' along with new FORM No. 3CEEA for 'annual furnishing of particulars of re-computation for any adjustment on account of income of past year(s) included in books of account of previous year by a Company on account of secondary adjustment u/s 92CE or on account of an Advance Pricing Agreement entered u/s 92CC' have been introduced/ inserted in the Income Tax Rules, 1962.	https://www.incometaxindia.gov.in/communications/notification/notification_92_2021.pdf
2.	**CBDT notifies Centralised Processing of Equalisation Levy Statement Scheme 2023 [Notification No. 3 Dated February 7, 2023]** The Central Board of Direct Taxes (CBDT) has notified the Centralised Processing of Equalisation Levy Statement Scheme, 2023. This Scheme is applicable in respect of the processing of the Equalisation Levy Statements. The scheme provides that the Centralised Processing Centre (CPC) shall process a valid Equalisation Levy Statement in the following manner: **a)** Equalization levy shall be computed after adjusting for any arithmetical error in the Equalisation Levy Statement. b) Interest (if any) shall be computed based on the sum deductible or payable as computed in the Equalisation Levy Statement; c) The sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the amount computed under sections 166(2)(b), 166A, 170, and any amount paid otherwise by way of tax or interest; d) No intimation shall be sent, after the expiry of one year from the end of the financial year in which the Equalisation Levy Statement or revised Equalisation Levy Statement is furnished. e) If a revised Equalisation Levy Statement is furnished, the CPC shall process only the revised Equalisation Levy Statement and no further action shall be taken on the original Equalisation Levy Statement. Scheme also provides that no assessee shall be required to appear personally or through an authorized representative before CPC in connection with any proceedings. Written or electronic communication in the format specified by CPC shall be sufficient compliance with the query or clarification received from CPC.	**https://incometaxindia.gov.in/communications/notification/notification-3-2023.pdf**

CASE LAWS

21.09.2021	**Deputy Commissioner of Income Tax (Appellant) v/s Leena Power Tech Engineers Pvt. Ltd (Respondent)**	**ITAT Mumbai**

Using 'shell' companies to launder money or dodge tax will become tougher with a tribunal ruling shifting the 'burden of proof' from the income tax (IT) department to the taxpayer dealing with such private entities which, though legal, simply serve as conduits for fund transfers.

Facts of the Case: The assessee 'Leena Power Tech Engineers' is a private limited company stated to be engaged in the business as 'Investment Company'. Its assessment under section 143(3) was completed on 27th February, 2014 at Rs. 4,64,80,490. On 28th March 2018, the assessment was reopened on the basis of certain information so received indicated that the assessee has received monies, in the form of share application money, from an entity 'Rohini Vyapar Pvt Ltd' but that money, though subjected to routing through several layers, ultimately has its source in of huge cash deposits in one of the branches of ICICI Bank. It was found that high value cash deposits, just below Rs 10,00,000, were regularly deposited in 19 different bank accounts maintained with ICICI Bank and the amount so deposited in cash, in ICIC Bank alone, aggregated to Rs 241.50 crores.

The assessee was asked to "prove identity, capacity and genuineness (of its share application money) even if confirmations are filed and the persons are assessed to tax". The Assessing Officer also issued notice under section 133(6) to Rohini Vyapar Pvt Ltd. The assessee was then asked as to why the amounts so received from Rohini Vyapar Pvt Ltd not be brought to tax, in his hands, under section 68 of the Income tax Act, 1961.

The Assessing Officer, not satisfied with the reply of assessee, thus proceeded to treat the entire share capital subscription, aggregating to Rs 8,13,29,600 as unexplained credit under section 68 of the Income tax Act, 1961. Aggrieved, the assessee carried the matter in appeal before the CIT(A). The stand of the Assessing Officer was reversed by the learned CIT(A). The Assessing Officer has challenged the correctness of the order passed by the learned CIT(A).

Judgement: "The Tribunal has categorically held that once there is doubt in the credentials of a transaction, the entire onus shifts onto the assessee to prove that the transactions are genuine and compliant. The burden is thus on the assessee to prove the nature and source of credits in his books of accounts, to the satisfaction of the Assessing Officer.

Lesson 9

Procedural Compliance

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	**The Income-tax (16th Amendment) Rules, 2020 [Notification No. 43/2020 Dated July 3, 2020]** The Central Board of Direct Taxes has issued the Income-tax (16th Amendment) Rules, 2020 as per which the tax deductors while filing quarterly statements under Rule 31A (TDS Return) shall also required to furnish following documents: • *disclosure pertaining to tax deducted at lower rate* • *particulars of amount paid or credited on which tax was not deducted* ***or deducted at lower rate*** *in view of the notification issued under second proviso or exemption provided in third proviso or notification issued under fourth proviso to section 194N OR 194A(5).* • *particulars of amount paid or credited on which tax was not deducted under section 194LBA(2A) or 197A(1D)(a) or (b) or in view of the exemption provided to persons referred to in Board Circular No. 3 & 11 of 2002 or Board Circular No. 18 of 2017.* ***Accordingly, the above documents are required to be furnished while filing of quarterly statement of TDS return under rule 31A of the Income tax Rules, 1962.***	https://www.incometaxindia.gov.in/communications/notification/notification_43_2020.pdf
2.	**Clarification in relation to notification issued under clause (v) of proviso to section 194N of the Income-tax Act, 1961 (the Act) prior to its amendment by Finance Act, 2020 [Circular No. 14 Dated July 20, 2020]** Section 194N of the Act as inserted by Finance (No.2) Act 2019 provided for deduction of tax at source on payment made by a banking company, a cooperative society engaged in the business of banking or post office, in cash to a recipient exceeding Rs. 1 crore in aggregate during a financial year from one or more account maintained by such recipient. Clause (v) of proviso to the said section had empowered the Central Government to exempt by way of notification in Official Gazette, persons or class of persons so that payments made to such persons or class of persons shall not be subjected to TDS under this section. Accordingly, Central Government has issued three notifications. ***CBDT vide Circular No. 14/2020 dated 20.07.2020 clarified that the Notifications so far issued to exempt class of persons so that the payments made to such persons shall not be subjected to TDS under clause (v) of the proviso to section 194N as was introduced by the Finance (No. 2) Act, 2019 shall be read as Notifications issued under the fourth proviso to section 194N as amended by the Finance Act, 2020.***	https://www.incometaxindia.gov.in/communications/circular/circular_14_2020.pdf
3.	**Income-tax (17th Amendment) Rules, 2020 [Dated July 24, 2020]** CBDT notified Income-tax (17th Amendment) Rules, 2020 which shall come into force with effect from the 1st day of October, 2020 and thereby amending Tax Collected at Source (TCS) Rules. **Rule 31AA [Statement of collection of tax u/s 206C(3)]**: To furnish the particulars of amount received or debited on which TCS was not collected from the buyer is to be reported.	https://abcaus.in/wp-content/uploads/2020/07/cbdt-notification-2.pdf

	Rule 37BC [Relaxation from deduction of tax at higher rate under section 206AA]: In the case of a non-resident, not being a company, or a foreign company (hereafter referred to as 'deductee') and not having permanent account number the provisions of section 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, if the deductee furnishes the details and the documents specified in sub-rule (2) to the deductor. ***In sub-rule (1), after the words "fees for technical services", the words "dividend" shall be inserted.*** **Rule 37-I [Credit for tax collected at source for the purposes of section 206C(4)]**, after sub-rule (2), the sub-rule 2A shall be inserted as follow: "(2A) Notwithstanding anything contained in sub-rule (2), for the purposes of section 206C (1F) / (1G) / (1H), credit for tax collected at source shall be given to the person from whose account tax is collected and paid to the Central Government account for the assessment year relevant to the previous year in which such tax collection is made" **Appendix II**, in Form 27EQ, for the "Annexure", the following "Party wise break up of TCS" Annexure shall be substituted. ***Accordingly, the above amendment has been made in the Income-tax Rules, 1962 relating to Tax Collected at Source (TCS).***	
4.	**Income-tax (18th Amendment) Rules, 2020 [Notification No. 55 Dated July 28, 2020]** The Central Board of Direct Taxes has published the Income-tax (18th Amendment) Rules, 2020 that provides for furnishing details of income paid or credited by an investment fund to its unit holder as follow: • The statement of income paid or credited by an investment fund to its unit holder shall be furnished by the person making payment of the income on behalf of an investment fund to the unit holder by June 30 of the financial year following the previous year during which the income is paid or credited in Form No. 64C. • It shall also be furnished to the Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the Principal office of the investment fund is situated by June 15 in Form No. 64D. • The Principal Director General of Income-tax (Systems) shall specify the procedure for filing of Form No. 64D. ***Accordingly, the above details of income paid or credited by an investment fund to its unit holder are required to be furnished.***	https://www.incometaxindia.gov.in/communications/notification/notification_55_2020.pdf
5.	**Income-tax (21st Amendment) Rules, 2020 (September 22, 2020)** The Central Board of Direct Taxes vide Notification No. 75/2020 makes the Income-tax (21st Amendment) Rules, 2020 to further amend the Income-tax Rules, 1962 as follows: **Rule 29B** which specifies the submission of application for certificate authorising receipt of interest and other sums without the deduction of tax, has been substituted, stating that	https://www.incometaxindia.gov.in/communications/notification/notification_75_2020.pdf

	the words, "banking company" wherever occurring shall be replaced with "banking company or an insurer." **Rule 29B(5)** which specifies the validity of the certificate, an explanation has been inserted, namely:"for the purposes of this rule, "insurer" shall have the same meaning as assigned to it in sub-clause (d) of clause (9) of section 2 of the Insurance Act, 1939" ***Accordingly, the insurer, which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India, and which carries on operations in India through a branch, any income by way of interest, not being interest on securities (other than interest payable on securities referred to in proviso to section 193), or any other sum, not being dividends; can make an application for certificate authorising receipt of interest and other sums without deduction of tax subject to certain conditions.***	
6.	**Guidelines under section 194-O (4) and section 206C (1-1) of the Income-tax Act, 1961 (Circular No. 17 Dated September 29, 2020)** Finance Act, 2020 inserted following section in the Income Tax Act, 1961 effective from October 1, 2020. **Section 194-O:** An e-commerce operator shall deduct income-tax @ 1%of the gross amount of sale of goods or provision of service or both, facilitated through its digital or electronic facility or platform. **Section 206(1H):** A seller receiving an amount as consideration for sale of any goods of the value or aggregate of such value exceeding 50 lakh rupees in any previous year to collect tax from the buyer a sum equal to 0.1 % of the sale consideration exceeding 50 lakh rupees as Income-tax. ***In order to remove difficulties, the Central Board of Direct Tax vide Circular No. 17 issued guidelines with respect to 194-O (4) and section 206C (1-1) of the Income-tax Act, 1961.***	https://www.incometaxindia.gov.in/communications/circular/circular_17_2020.pdf
7.	**Clarification on doubts arising on account of new TCS provisions (September 30, 2020)** Finance Act, 2020 amended provisions relating to TCS with effect from 1st October, 2020 to provide that seller of goods shall collect tax @ 0.1 per cent (0.075% up to 31.03.2021) if the receipt of sale consideration from a buyer exceeds Rs. 50 lakh in the financial year. Further, to reduce the compliance burden, it has been provided that a seller would be required to collect tax only if his turnover exceeds Rs. 10 crore in the last financial year. Moreover, the export of goods has also been exempted from the applicability of these provisions. The Central Board of Direct Taxes issues press note clarifying doubts arising on the applicability of TCS provisions introduced vide Finance Act, 2020. Circular No. 17 of 2020 dated 29.09.2020 containing guidelines for the same issued earlier. *TCS shall be applicable only on the amount received on or after 1st October, 2020. For example, a seller who has received Rs. 1 crore before 1st October, 2020 from a particular buyer and receives Rs. 5 lakh after 1st October, 2020 would be required to collect tax on*	https://pib.nic.in/PressReleasePage.aspx?PRID=1660392

<table>
<tr><td></td><td>Rs. 5 lakh only and not on Rs. 55 lakh [i.e Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October, 2020.

It may be noted that TCS applies only in cases where receipt of sale consideration exceeds Rs. 50 lakh in a financial year. As the threshold is based on the yearly receipt, it may be noted that only for the purpose of calculation of this threshold of Rs. 50 lakh, the receipt from the beginning of the financial year i.e. from 1st April, 2020 shall be taken into account. For example, in the above illustration, the seller has to collect tax on receipt of Rs. 5 lakh after 1st October, 2020 because the receipts from 1st April, 2020 i.e. Rs. 1.05 crore exceeded the specified threshold of Rs. 50 lakh.</td><td></td></tr>
<tr><td>8.</td><td>Income tax (22nd Amendment) Rules, 2020 (October 1, 2020)

CBDT vide Notification No. 82/2020 dated October 1, 2020 issued Income tax (22nd Amendment) Rules, 2020 to notify changes in Form 3CD, Form No 3CEB and ITR6. Further, amended Rule 5 of Income Tax Rules, 1962 and inserted new Rules and Forms namely:

• Rule 21AG- Exercise of option under sub-section (5) of section 115BAC
• Rule 21AH– Exercise of option under sub-section (5) of section 115BAD
• FORM No. 10-IE– Application for exercise/ withdrawal of option under clause (i) of sub-section (5) of Section 115BAC of the Income-tax Act, 1961
• FORM No. 10-IF– Application for exercise of option under sub-section (5) of Section 115BAD of the Income-tax Act, 1961.</td><td>https://www.incometaxindia.gov.in/communications/notification/notification_82_2020.pdf</td></tr>
<tr><td>9.</td><td>Procedure, Formats and Standards of issue of Permanent Account Number (PAN) (Notification No. 1 Dated February 8, 2021)

The Director General of Income-tax (Systems) lays down the procedure, formats and standards for issue of permanent account number as under:

<table>
<tr><td>Issuing Authority</td><td>Procedure for issue of PAN</td><td>Formats and standards for issue of PAN</td></tr>
<tr><td rowspan="2">Assistant/ Deputy Director of Income Tax (Systems) -1(5)</td><td>Physical mode</td><td>Coloured, laminated and credit card sized permanent account number card as per approved design and specifications having one or more security features of only hologram or hologram and QR code enhanced QR code (having demographic as well as biometric information).</td></tr>
<tr><td>Electronic mode (e-PAN)</td><td>Electronic document in PDF format with enhanced QR code (having demographic as well as biometric information)</td></tr>
</table>

The digital Signature of class 2 or class 3 will be used for Signing of e-PAN as per Information Technology Act, 2000 which provides for legal recognition of electronic records with digital signatures.</td><td>https://incometaxindia.gov.in/communications/notification/notification2021.pdf</td></tr>
<tr><td>10.</td><td>Income-tax (5th Amendment) Rules, 2021 (Dated March 16, 2021)

The Central Board of Direct Taxes makes the Income-tax (5th Amendment) Rules, 2021 (w.e.f. April 1, 2021) as follow:</td><td>http://egazette.nic.in/WriteReadData/2021/225942.pdf</td></tr>
</table>

	Rule 29BA has been inserted with respect to "Application for grant of certificate for determination of appropriate proportion of sum (other than Salary), payable to non-resident, chargeable in case of the recipients". **Form No. 15E** has been inserted with respect to "Application by a person for a certificate under section 195(2) and 195(7) of the Income-tax Act, 1961, for determination of appropriate proportion of sum (other than salary) payable to non-resident, chargeable to tax in case of the recipient".	
11.	**Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend income [Notification No. 1 Dated April 20, 2021]** The Central Board of Direct Taxes (CBDT) notified the Format, Procedure, and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend income. Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish SFT.	https://www.incometaxindia.gov.in/communications/notification/notification_1_2021_dividend_income.pdf
12.	**Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income [Notification No. 2 Dated April 20, 2021]** The Central Board of Direct Taxes (CBDT) notified the Format, Procedure, and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income. Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish SFT.	https://www.incometaxindia.gov.in/communications/notification/notification_2_2021_interest_income.pdf
13.	**Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Depository Transactions [Notification No. 3 Dated April 30, 2021]** Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to Capital gains on transfer of listed securities or units of Mutual Funds. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified. Accordingly, The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information, format of control statement to be submitted by the Designated Director and data structure and validation rules have been prescribed.	https://www.incometaxindia.gov.in/communications/notification/notification-3_2021_depository_transaction.pdf
14.	**Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Mutual Fund Transactions by Registrar and Share Transfer Agent [Notification No. 4 Dated April 30, 2021]** Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to Capital gains on transfer of units of Mutual Funds. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified. Accordingly, The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information,	https://www.incometaxindia.gov.in/communications/notification/notification_4_2021_mutual_fund_transaction.pdf

	format of control statement to be submitted by the Designated Director and data structure and validation rules have been prescribed.	
15.	**CBDT notifies Amendment in Rule 114AAB and Form No. 49BA [Notification No. 42 Dated May 4, 2021]** CBDT relaxes PAN requirement for a non-resident eligible foreign investor making transaction only in a capital asset listed on a recognised stock exchange located in any IFSC and consideration paid in Foreign Currency.	**https://www.egazette.nic.in/WriteReadData/2021/226833.pdf**
16.	**Income-tax (17th Amendment) Rules, 2021(June 08, 2021)** The Central Board of Direct Taxes (CBDT) notified the Income Tax (17th Amendment) Rules, 2021 which further amends the Income Tax Rules, 1962 as follow: As per the notification the deductor at the time of preparing statements of tax deducted shall furnish particulars of amount paid or credited on which tax was not deduced or deducted at lower rate in view of the notification issued under section 194A(5) or in view of exemption provided under clause (x) of sub-section (3) of section 194A. The deductor at the time of preparing statements of tax deducted shall furnish particulars of amount paid or credited on which tax was not deducted in view of clause (d) of the second proviso to section 194 or in view of the notification issued under clause (e) of the second proviso to section 194. ***The notification mandates the deductor at the time of preparing statements of tax deducted to furnish particular amounts paid or credited on which tax was not deducted in view of proviso to subsection (1A) or in view of sub-section (2) of section 196D.***	https://www.incometaxindia.gov.in/communications/notification/notification_71_2021.pdf
17.	**CBDT issues functionality for Compliance Check for Sections 206AB & 206CCA [Circular No. 11 Dated June 21, 2021]** Section 206AB contains the special provisions for (TDS) deduction of tax at source for non-filers of the income tax return, whereas, section 206CCA provides for special provision for (TCS) collection of tax at source for non-filers of the income tax return. Section 206AB & section 206CCA inserted in the Income-tax Act, 1961 via Finance Act, 2021 will be effective from the 1st day of July, 2021. According to the interpretation of the new sections, the tax deductor or the tax collector is required to do a due diligence to check whether the deductee or the collectee is a specified person. This is a compliance burden on the part of such tax deductor or the tax collector. ***To ease this compliance burden, the CBDT has issued a new functionality called "Compliance Check for Sections 206AB & 206CCA". Through this functionality, tax deductor or the collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee or collectee and can get a response from the functionality if such deductee or collectee is a specified person or not.***	https://www.incometaxindia.gov.in/communications/circular/circular_11_2021.pdf
18.	**Guidelines under section 194Q of the Income-tax Act, 1961 [Circular No. 13 Dated June 30, 2021]** The Finance Act, 2021 inserted a new section 194Q in the Income-tax Act 1961 which takes effect from 1st July, 2021. It applies to any buyer who is responsible for paying any sum to	https://www.incometaxindia.gov.in/communications/circular/circ

	any resident seller for the purchase of any goods of the value or aggregate of value exceeding Rs. 50 lakh in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding Rs. 50 lakh as income tax. It has been represented that there are practical difficulties in implementing the provisions of Tax Deduction at Source (TDS) contained in section 194-Q of the Act. ***Accordingly, the CBDT issued guidelines which, at some places have also tried to remove difficulties in implementing the provisions of section 194-O and sub-section (IH) of section 206C of the Act using power contained in sub-section (4) of section 194-O of the Act and sub-section (1- I) of section 206C of the Act.***	ular_13_2021.pdf
19.	**Income-tax (20th Amendment) Rules, 2021 [Notification No. 82 Dated July 27, 2021]** The Central Board of Direct Taxes (CBDT) vide notification dated 27th July, 2021 has issued the Income-tax (20th Amendment) Rules, 2021 further amending the Income-tax Rules, 1962. ***Through this amendment, in Rule 12 which relates to 'Return of Income & Return of Fringe Benefits' the assessment year for the assessment procedure shall be substituted from '2019' to '2020'.***	https://www.incometaxindia.gov.in/communications/notification/notification_82_2021.pdf
20.	**Income-tax (21st Amendment) Rules, 2021 [Notification No. 83 Dated July 29, 2021]** The Central Board of Direct Taxes (CBDT) on July 29, 2021 has issued the Income-tax (21st Amendment) Rules, 2021 to further amend the Income-tax Act, 1961 as follows: **Rule 131** provides for omission of certain Rules and saving clause under the Act. **Rule 132** provides for electronic furnishing of any forms, returns, statements, reports, orders etc. in two ways: • Under digital signature in cases where, the return of income is required to be furnished under digital signature; or • Through electronic verification code in other cases. Further, The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) with the approval of Board shall be responsible for the following: 1. Specify the forms, returns, statements, reports, orders, which are to be furnished electronically; 2. Lay down the data structure, standards and procedure of furnishing and verification of such forms, returns, statements, reports, orders, including modification in format, if required, to make it compatible for furnishing electronically; and 3. Formulation and implementation of appropriate security, archival and retrieval policies in relation to the said Forms, returns, statements, reports, orders.	https://www.incometaxindia.gov.in/communications/notification/notification_83_2021.pdf
21.	**Income-tax (29th Amendment) Rules, 2021 [Dated September 13, 2021]** The Central Board of Direct Taxes notifies Income-tax (29th Amendment) Rules, 2021 to amend Income-tax Rules, 1962. The Amendment inserts a provision prescribing income- tax authority under second proviso to clause (i) of sub-section (1) of section 142 as follow:	https://incometaxindia.gov.in/communications/notification/notification-no-109-2021.pdf

	Rules 12F: The Rule provides that the prescribed income-tax authority under second proviso to clause (i) of sub-section (1) of section 142 shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that clause. ***Accordingly, the Income tax authority has been prescribed under second proviso to clause (i) of section 142(1).***	
22.	**No Section 194A TDS on Interest payment to Scheduled Tribe by Scheduled Bank [Notification No. 110 Dated September 17, 2021]** CBDT notifies that no Section 194A TDS will be deducted by 'Scheduled Bank on payment of interest, other than interest on securities to Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) if the payment made or aggregate of payments made during the previous year does not exceed 20 lakhs rupees. ***Accordingly, TDS is not required to be deducted u/s 194A by 'Scheduled Bank on payment of interest, other than interest on securities to Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) if the payment made or aggregate of payments made during the previous year does not exceed 20 Lakhs rupees.***	https://incometaxindia.gov.in/communications/notification/notification-no-110-2021.pdf.pdf
23.	**Notification No. 119 [Dated October 11, 2021]** The Central Government exempts the following class of persons mentioned in column (2) of the Table below, subject to the conditions specified in column (3) of the said Table , from the requirement of furnishing a return of income under sub-section (1) of section 139 of the said Act from assessment year 2021-2022 onwards :	https://incometaxindia.gov.in/communications/notification/notification-119-2021.pdf

Sl. No.	class of Persons	Conditions
1.	(i) a non-resident, not being a company; or (ii) a foreign company	(i) The said class of persons does not earn any income in India, during the previous year, other than the income from investment in the specified fund referred to in sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10 of the said Act; and (ii) The provisions of section 139A of the said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (1) of rule 114AAB of the Income-tax Rules, 1962
2.	a non-resident, being an eligible foreign investor.	(i) The said class of persons, during the previous year, has made transaction only in capital asset referred to in clause (viiab) of section 47 of the said Act, which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency. (ii) The said class of persons does not earn any income in India, during the previous year, other than the income from transfer of capital asset referred to in clause (viiab) of section 47 of the said Act; and (iii) The provisions of section 139A of the said Act are not

		applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (2A) of rule 114AAB of the said rules.	

Accordingly, the class of persons mentioned in column (2) of the above Table is exempt from the requirement of furnishing a return of income from assessment year 2021-2022 onwards subject to the fulfillment of conditions specified in column (3) of the said Table.

24.	**CBDT Circular No. 04/2022 for Tax Deduction on Salaries u/s 192 for FY 2021-22 [Dated March 15, 2022]** The Central Board of Direct Taxes (CBDT) has released a circular concerning Tax Deduction at Source (TDS) and Income tax deduction on salaries for the year 2021-22. The circular provided the rates of the deduction of the income tax via payment of the income chargeable beneath the head salaries in the FY 2021-22 and elaborates specifically related provisions of the act and the income tax rules, 1962. The sections and the rules referred to the Income tax Act 1961 and Income tax Rules 1962 correspondingly unless any other decision has been given. Last year, a Circular No. 20/2020 on 03.12.2020 was given in which the rates of deduction of income-tax from the payment of income beneath the head Salaries under Section 192 of the Income-tax Act, 1961 (hereinafter 'the Act'), during the financial year 2020-21 were intimated. Under section 192(1) of the act, any individual liable for paying any income chargeable beneath the head salaries will during the payment time deduct income tax on the amount payable at the average rate of the income tax calculated on the grounds of the rates towards the fiscal year where the payment is made, on the estimated income of taxpayer beneath the head of the salary income for that fiscal year.	**https://incometaxindia.gov.in/communications/circular/circular-04-2022.pdf**
25.	**Condonation of delay under section 119(2)(b) of the Income-tax Act, 1961 in filing of Form 10-IC for Assessment Year 2020-21 [Circular No. 6 Dated March 17, 2022]** CBDT issues Income Tax Circular 06/2022 Dated: 17th March, 2022 to condone the default in filing Form 10-IC to avail lower tax rate of 22% under section 115BAA for AY 2020-21. Form 10-IC can now be filed till 30 June 2022, if Income Tax return was originally filed within due date and the option to avail lower rate was opted in ITR 6.	https://incometaxindia.gov.in/communications/circular/circular-no-6-2022.pdf
26.	**Clarification with respect to relaxation of provisions of rule 114AAA of Income-tax Rules, 1962 prescribing the manner of making Permanent Account Number (PAN) inoperative [Circular No. 7 Dated March 30, 2022]** The Ministry of Finance has extended the deadline for linking PAN Card with Aadhaar number till March 31, 2023. The deadline was otherwise set to end by 31.03.2022. However, a penalty up to Rupees 1000 will be payable for late linking of PAN-Aadhaar after March 31, 2022. A fee of Rs 500 will be payable for giving Aadhaar details for up to three months from April 1, 2022 and a fee of Rs.1000 after that. A Press Release issued by the Ministry has said that "till 31st March, 2023 the PAN of the assessees who have not intimated their Aadhaar, will continue to be functional for the procedures under the Act, like furnishing of return of income, processing of refunds etc".	**https://incometaxindia.gov.in/communications/circular/circular-no-7-2022.pdf**

27.	**Extension of time line for electronic filing of Form No.10AB for seeking registration or approval under Section 10(23C), 12A or 80G of the Income tax Act,1961 (the Act) [Circular No. 8 Dated March 31, 2022]** On consideration of difficulties in electronic filing of Form No.10AB as stipulated in Rule 2C or 11AA or 17A of the Income tax Rules, 1962 w.e.f. 01.04.2021 , the Central Board of Direct Taxes (CBDT), extends the due date for electronic filing of such Form as under: (i) The application for registration or approval under Section 10(23C), 12A or 80G of the Act in Form No.10AB, for which the last date for filing falls on or before 29th September, 2022, may be filed on or before 30th September, 2022.	**https://incometaxindia.gov.in/communications/circular/circular-no-8-2022.pdf**
28.	**Income-tax (Third Amendment) Rules, 2022 [Notification No. 17 Dated March 29, 2022]** The Central Board of Direct Taxes (CBDT) on March 29, 2022 has issued the Income-tax (Third Amendment) Rules, 2022 to further amend the Income-tax Rules, 1962. This has come into force on April 1, 2022. The following has been amended namely: • In Rule 114 which specify "Application for allotment of a permanent account number." the following sub-rule (5A) has been inserted namely: "Every person who, in accordance with the provisions of sub-section (2) of section 139AA, is required to intimate his Aadhaar number to the prescribed authority in the prescribed form and manner, fails to do so by the date referred to in the said sub-section, shall, at the time of subsequent intimation of his Aadhaar number to the prescribed authority, be liable to pay, by way of fee a prescribed amount" • In Rule 114AAA which specify "Manner of making permanent account number inoperative" the following proviso will be inserted after clause (2) namely: "Provided that the provisions of this sub-rule shall have effect from the date specified by the Board"	https://incometaxindia.gov.in/communications/notification/notification-17-2022.pdf
29.	**Provisions of TCS u/s 206C(1G) not applicable to a non-resident Individual who is visiting India [Notification No. 20 Dated March 30, 2022]** Section 206C(1G) provides the collection of tax at source (TCS) from remittance under the Liberalized Remittance Scheme and on sale of an overseas tour package. The CBDT has notified that provisions of TCS under section 206C(1G) shall not apply to an individual who is not a resident in India under section 6 and who is visiting India.	https://incometaxindia.gov.in/communications/notification/notification-20-2022.pdf
30.	**Income tax 6th Amendment Rules, 2022 [Notification No. 24 Dated 4th April, 2022]** CBDT notifies Income Tax Rule 21AAA i.e. Taxation of income from retirement benefit account maintained in a notified country and FORM No. 10-EE vide Notification No. 24/2022. • After rule 21AA which specifies "Furnishing of particulars for claiming relief" the following new rule 21AAA has been inserted "Where a specified person has income accrued in a specified account or accounts, during a previous year relevant to any assessment year beginning on or after the 1st day of April, 2022, such income shall, at the option of the specified person, be included in his total income of the previous year relevant to the assessment year in which income from the said specified account	https://incometaxindia.gov.in/communications/notification/notification-24-2022.pdf

	or accounts is taxed at the time of withdrawal or redemption, as the case may be, in the notified country" • Form No. 10-EE has been inserted under Appendix-II	
31.	**Additional conditions for compulsory filing of Income Tax return [Notification No. 37 Dated April 21, 2022]** CBDT has notified additional conditions under section 139(1) of Income Tax Act 1961 for compulsory return filing which are as follows: i. if his total sales, turnover or gross receipts, as the case may be, in the business exceeds sixty lakh rupees during the previous year; or ii. if his total gross receipts in profession exceeds ten lakh rupees during the previous year; or iii. if the aggregate of tax deducted at source and tax collected at source during the previous year, in the case of the person, is twenty-five thousand rupees or more; or iv. the deposit in one or more savings bank account of the person, in aggregate, is rupees fifty lakh or more during the previous year:	https://incometaxindia.gov.in/communications/notification/notification-37-2022.pdf
32.	**Income tax 11th Amendment Rules 2022 [Notification No. 48 Dated April 29, 2022]** The Central Board of Direct Taxes has issued the Income-tax (Eleventh Amendment) Rules, 2022 which provides that following class of persons shall file return of income relating to the assessment year commencing on the 1st day of April, 2020 and subsequent assessment years, in the Form ITR-U Electronically under digital signature. 1. Individual, or Hindu undivided family or a firm or limited liability partnership or an association of persons or a body of individuals, whether incorporated or not, or a local authority or an artificial juridical person in whose case accounts are required to be audited under section 44AB of the Act or a Company or a political party required to furnish a return in Form ITR-7. **2.** Individual, or Hindu undivided family, or firm, or limited liability partnership, or an association of persons or a body of individuals, whether incorporated or not, or a local authority or an artificial juridical person.	https://incometaxindia.gov.in/communications/notification/notification-48-2022.pdf
33.	**Income Tax (Fifteenth Amendment) Rules, 2022 [Notification No. 53 Dated May 10, 2022]** The Central Board of Direct Taxes has issued the Income–tax (Fifteenth Amendment) Rules, 2022 which provides that Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall lay down the formats and standards along with procedure for authentication of permanent account number or Aadhaar number. ***The amendment clarifies that permanent account number or Aadhaar number alongwith demographic information or biometric information of an individual shall be submitted to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person authorised by the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) with the approval of the Board, for the purposes of authentication of PAN or Aadhar Number.***	https://incometaxindia.gov.in/communications/notification/notification-no-53-2022.pdf
34.	**Circular regarding use of functionality under section 206AB and 206CCA of the Income-tax Act, 1961 [Circular No. 10 Dated May 17, 2022]** CBDT issued a Circular to modify the earlier Circular No. 11/2021 dated 21.06.2021 subsequent to amendments made in section 206AB (for TDS) and section 206CCA (for TCS) of the Income-tax Act, 1961 ('Act') by the Finance Act, 2022.	https://incometaxindia.gov.in/communications/circular/circular-no-10-2022.pdf

	This circular is issued to clarify the implementation of the provisions of section 206AB and section 206CCA of the Act and to ease the compliance burden of the deductors in applying these provisions. **Highlights of the Circular** • The deductor/collector shall check the status of the deductee at the beginning of each year. • The deductee who is marked as 'filer' shall remain a filer for the whole financial year even after the expiry of the due date of furnishing the return of income for the latest assessment year. • The status of the deductees who are marked as non-filers are subject to change and the deductor may recheck their status in the subsequent deduction. • In the case of a non-resident who does not have any PE in India is outside the purview of the provisions of section 206AB and section 206CCA. However, the online utility does not distinguish between a non-resident who has a PE or does not have a PE in India, hence, deductors needs to carry out the due diligence manually in respect of non-residents having PE in India and deduct the tax accordingly. • Deductor/collectors are not required to collect any evidence from the deductee for applying the provisions of section 206AB/206CCA. Compliance as per the information provided by the online tool is sufficient. • Section 206AB shall not apply to TDS under section 194S-TDS on transfer of Virtual Digital Assets.	
35.	**Compliance Check Functionality for Section 206AB & 206CCA of Income-tax Act 1961 [Notification No. 1 Dated June 9, 2022]** Section 206AB and 206CCA of the Income-tax Act, 1961 "the Act" (effective from 1st July 2021 and amended via Finance Act, 2022), imposed higher TDS / TCS rate on the "Specified Person". ***To facilitate Tax Deductors and Collectors in identification of Specified Persons as defined in sections 206AB and 206CCA, the Central Board of Direct Taxes ("CBDT") directing that Director General of Income-tax (Systems), New Delhi shall be the specified income-tax authority for furnishing information to the Tax Deductor / Tax Collector", having registered in the reporting portal of the Project Insight through valid TAN, to identify the 'Specified Persons' for the purposes of section 206AB and 206CCA of the Act through the functionality "Compliance Check for Section 206AB& 206CCA".*** Income Tax Department has released functionality Compliance Check for Section 206AB & 206CCA to facilitate tax deductors /collectors to verify if a person is a "Specified Person as per section 206AB & 206CCA. This functionality is made available through (https:/lreport.insight.gov.in) of Income-tax Department. Kindly refer to CBDT Circular No. 11 of 2021 dated	https://incometaxindia.gov.in/communications/notification/notification-no-01-of-2022.pdf

	21.06.2021 and CSOT Circular No. 10 of 2022 dated 17.05.2022 regarding use of functionality under section 206AB and 206CCA of the Income-tax Act, 1961.	
36.	**Guidelines for removal of difficulties under sub-section (2) of section 194R of the Income tax Act, 1961 [Circular 12 Date June 16, 2022]** The Finance Act, 2022 inserted a new section 194R for TDS on benefit or perquisite arising from business or profession w.e.f. 01/07/2022. The new section mandates a person, who is responsible for providing any benefit or perquisite to deduct tax at source @10% of the value of aggregate of value of such benefit or perquisite. The benefit or perquisite may or may not be convertible into money but should arise either for carrying out of business, or from exersing a profession, by such resident. ***Since there were several ambiguities in regard to the applicability of section 194R, CBDT has issued guidelines vide Circular No. 12/2022 dated 16 June 2022 in the form of Frequently Asked Questions ('FAQs') to remove such ambiguities and the difficulties. The FAQs provide clarification to ten questions identified by CBDT as vital while implementing the provisions of section 194R of the Act.***	https://incometaxindia.gov.in/communications/circular/circular-no-12-2022.pdf
37.	**Notification No. 65 [Dated June 16, 2022]** *The Central Government specifies that no deduction of tax shall be made under section 194-I of the Income-tax Act on payment in the nature of lease rent or supplemental lease rent, as the case may be, made by a person (hereafter referred as 'lessee') to a person being a Unit located in International Financial Services Center (hereinafter the 'lessor') for lease of an aircraft subject to the fulfillment of certain condition.*	https://incometaxindia.gov.in/communications/notification/notification-65-2022.pdf
38.	**Income tax 19th Amendment Rules 2022 [Notification No. 67 Dated June 21, 2022]** The CBDT has notifies Income tax 19th Amendment Rules 2022 to incorporate changes introduced by the Finance Act, 2022 related to TDS. With this amendment, CBDT notified furnishing of challan-cum-statement in Form No. 26QE and TDS certificates in Form No. 16E in case of TDS on Virtual Digital Assets (VDA) or crypto-currency under section 194S of the Income-tax Act, 1961.	https://incometaxindia.gov.in/communications/notification/notification-67-2022.pdf
39.	**Guidelines for removal of difficulties under sub-section (6) of section 194S of the Income-tax Act, 1961 [Circular 13 Date June 22, 2022]** The Finance Act 2022 inserted a new section 194S in the Income-tax Act, 1961 to provide for deduction of tax by any person who is responsible for paying consideration to a resident person in respect of the transfer of virtual digital assets (VDAs). It is to be noted that the liability to deduct under section 194S is of a person who is responsible for paying the consideration for the transfer of VDA (i.e., the payer) and not of the person who is buying the VDA (i.e., the buyer). Thus, the payer and buyer	https://incometaxindia.gov.in/communications/circular/circular-no-13-2022.pdf

	of VDA may be a different person. This generally happens when the VDAs are transferred through an Exchange or Broker. Where VDAs are transferred through an Exchange, the buyer would be crediting or making payment to the Exchange (either directly or through a broker). The Exchange then would be required to credit or make payment to the owner of VDA (either directly or through a broker). Since there can be multiple players involved in a transaction taking place through an Exchange, there is a possibility of tax deduction requirement under section 194S at multiple stages, and, accordingly, there would be a compliance burden on multiple parties involved in such transaction. To remove the difficulties that may arise while deducting tax at source under section 194S, where VDAs are transferred on or through an exchange, the CBDT has issued certain guidelines in the exercise of the power conferred by sub-section (6) of section 194S, which shall be binding on the income-tax authorities as well as the person responsible for paying the consideration for transfer of VDA. To answer 'who will be liable to deduct tax under section 194S where VDA is transferred on or through an exchange?' the CBDT has clarified the same under the following situations: • Where VDA is transferred through an exchange without the involvement of a broker • Where VDA is transferred through an exchange with the involvement of a broker • Where VDA being transferred is owned by the Exchange • Where VDA being transferred is owned by the Exchange and same is bought through a broker • Where under aforesaid situations, the consideration for transfer of VDA is in kind or in Exchange for another VDA	
40.	**Order under section 119 of the Income-tax Act, 1961 (the Act) in relation to tax deduction at source under section 194S of the Act for transactions other than those taking place on or through an Exchange** Finance Act, 2022 inserted a new section 194S in the Act with effect from 1st July 2022. The new section mandates a person, who is responsible for paying to any resident any sum by way of consideration for transfer of a virtual digital asset (VDA), to deduct an amount equal to 1% of such sum as income tax thereon. The tax deduction is required to be made at the time of credit of such sum to the account of the resident or at the time of payment, whichever is earlier. Sub-section (6) of section 194S of the Act authorises Central Board of Direct Taxes (CBDT) to issue guidelines, for removal of difficulties, with the approval of the Central Government. Accordingly, CBDT has issued guidelines in the form of Circular No. 13 of 2022 dated 22.06.2022 for transactions conducted on or through	https://incometaxindia.gov.in/communications/circular/circular-14-2022.pdf

	an Exchange. For all other transactions only the clarification provided in answer to question no 6 of that circular is applicable. The term "Exchange" has been defined to mean any person that operates an application or platform for transferring of VDAs, which matches buy and sell trades and executes the same on its application or platform. Same definition applies to this circular. For all other transactions (not covered by circular no 13/2022), this circular is being issued under section 119 for proper administration of the Act.	
41.	**Income Tax 20th Amendment Rules 2022 [Notification No. 73 Dated June 30, 2022]** The Central Board of Direct Taxes notifies the Income-tax (20th Amendment) Rules, 2022 as per which i. in rule 31A, after sub-rule (1), the following proviso shall be inserted: "Provided that where the exchange has, in accordance with the guidelines issued under sub-section (6) of section 194S, agreed to pay tax in relation to a transaction of transfer of a virtual digital asset, owned by it as an alternative to tax required to be deducted by the buyer of such asset under section 194S, the Exchange shall deliver or cause to be delivered, a quarterly statement of such transactions in Form No. 26QF to the Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) or the person 117uthorized by the Principal Director General of Income-tax (Systems) or the Director General of Income-tax (Systems). ii. after sub-rule (4D), the sub-rule 4(E) shall be inserted as follow: (4E) The exchange shall, at the time of preparing of quarterly statement in Form No. 26QF, furnish particulars of account paid or credited on which tax was not deducted in accordance with guidelines issued under sub-section (6) of section 194S."	https://egazette.nic.in/WriteReadData/2022/236915.pdf
42.	**CBDT issues procedure of PAN application & allotment for incorporating LLPs electronically [Notification No. 4 Dated July 26, 2022]** The Central Board of Direct Taxes (CBDT) has issued procedure of PAN application & allotment through Simplified Proforma for incorporating Limited Liability Partnerships (LLPs) electronically (Form: FiLLiP) of Ministry of Corporate Affairs. The following classes of person, forms, formats and procedure for PAN has been laid down namely:	https://incometaxindia.gov.in/communications/notification/notification-4-dated-26-7-2022.pdf

	• Classes of persons to which FiLLiP form will apply - Newly incorporated Limited Liability Partnership (LLP) • Applicable form – Simplified Proforma for incorporating Limited Liability Partnerships (Form: FiLLiP) of Ministry of Corporate Affairs (MCA) notified vide notification G.S.R. 173(E), dated March 4, 2022 • Procedure – Application for allotment of Permanent Account Number (PAN) will be filed in FiLLip form using Digital Signature of the applicant as specified by the Ministry of Corporate Affairs. After generation of Limited Liability Partnership Identification Number (LLPIN), MCA will forward the data in form 49A to the Income-tax Authority under its Digital signature, Class 2/Class 3 of MCA • Format – Xml	
43.	**Reduction of time limit for verification of Income Tax Return (ITR) from within 120 days to 30 days of transmitting the data of ITR electronically [Notification No. 5 Dated July 29, 2022]** The Central Board of Direct Taxes (CBDT) has reduced the time limit for verification of income tax return (ITR) to 30 days from 120 days earlier. The reduced time limit of 30 days applies to ITRs filed on and after August 1, 2022. The CBDT announced this via a notification issued on July 29, 2022. This notification will come into effect from August 1, 2022. For ITRs filed up till and including July 31, 2022 the earlier time limit of 120 days from date of filing of ITR continues to apply.	https://incometaxindia.gov.in/communications/notification/notification-5-dated-29-7-2022.pdf
44.	**Condonation of Delay in Filing Form 10B, Form 9A, Form 10 and Form 10BB: CBDT issues Order to extend period of delay upto 3 years for Assessment Year 2018-19 and subsequent years [Circular No. 15, 16 & 17 Dated July 19, 2022]** CBDT issues Order under section 119 vide Circulars Nos. 15, 16, and 17 all dated 19.07.2022 to extend the powers of Pr. CCIT/CCIT to grant condonation of delay in filing of Form No. 10BB, Form No. 10B, Form No. 9A and Form 10 respectively where the delay is beyond 365 days and upto 3 years for AY 2018-19 and subsequent years. Any delay beyond 3 years will be condoned by the CBDT only. Further, in order to get the condonation, the applicant must prove that there exists reasonable cause which prevented them from filing of such forms within the stipulated time. The application for condonation of delay in filing of Form 10B, Form 9A, Form 10 and Form 10BB shall be preferably disposed within a period of three months. Form 9A is required to be filed if a registered charitable or religious trust/institution fails to apply 85% of its income and accumulates the deficit to be applied in the next financial year or in the year of receipt of income. Form No. 10 is required to be filed by a registered charitable or religious trust/institution for claiming exemption of income for accumulation of 85% of income up to a period of 5 years.	https://incometaxindia.gov.in/communications/circular/circular-no-15-2022.pdf https://incometaxindia.gov.in/communications/circular/circular-no-16-2022.pdf https://incometaxindia.gov.in/communications/circular/circular-no-17-2022.pdf

	Form 10B – The audit report in Form 10B required to be filed by a registered charitable or religious trust/institution in order to claim exemption from income under section 11 when the total income of such trust or institution is computed without giving effect to Sections 11 and 12 and exceeds the maximum amount not chargeable to income tax in any given financial year, Form 10B is compulsorily required to be filed online from AY 2020-21. Form 10BB - The audit report in Form No. 10BB is required to be furnished by any educational or institution, university, hospital, or trust that claims exemption under section 10(23C) of the Income-tax Act, 1961 where the total income exceeds the basic exemption amount.	
45.	**Income-tax (26th Amendment) Rules, 2022 [Dated August 17, 2022]** The amendment inserts a new Rule 40G in the Income-tax Rules, 1962, relating to Refund Claim under Section 239-A has been inserted. It provides that a claim for refund under section 239-A shall be made in Form No. 29D and must be accompanied by a copy of an agreement or other arrangement referred to in section 239-A. The claim may be presented by the claimant himself or through a duly authorised agent. In the principal rules, Form No. 29D relating to Application by a person under section 239-A of the Income-tax Act, 1961 for refund of tax deducted has been inserted.	https://incometaxindia.gov.in/communications/notification/notification-no-98-2022.pdf
46.	**Notification No. 99 [Dated August 17, 2022]** The Central Government hereby notifies that the provisions of sub-section (1G) of section 206C of the Act shall not apply to a person (being a buyer) who is a non-resident in terms of section 6 of the Act and who does not have a permanent establishment in India.	https://incometaxindia.gov.in/communications/notification/notification-no-99-2022.pdf
47.	**CBDT relaxes quoting of PAN-Aadhaar No. in certain transaction [September 1, 2022]** Income tax rules require every person depositing or withdrawing ₹20 lakh or more from a banking company or a cooperative bank or post office in a year or open a current account or cash credit account with these entities are required to quote their PAN or Aadhaar in the documents related to the transaction and these entities that receive such document have to ensure that PAN or Aadhaar number has been quoted and authenticated. According to the amendment, the central government, the state government, or a consular office are not covered by this requirement. CBDT also stated that by giving retrospective effect to the latest notification, no person will be adversely affected in this regard.	https://incometaxindia.gov.in/communications/notification/notification-no-105-2022.pdf
48.	**Additional Guidelines for removal of difficulties under sub-section (2) of section 194R of the Income-tax Act, 1961 [Circular No. 18 Dated September 13, 2022]** The Central Board of Direct Taxes (CBDT) on September 13, 2022, issued Additional Guidelines for the removal of difficulties under sub-section (2) of section 194R of the Income-tax Act, 1961. According to the new clause, anybody who is in charge of giving a resident any benefit or perquisite must withhold tax at a source equal to 1% of the value of all	https://incometaxindia.gov.in/communications/circular/circular-no-18-2022.pdf

	such benefits or perquisites before giving them to the resident. The advantage of perquisite may or may not be exchangeable for cash and must result from the resident's professional or business activities. If the resident receives or is anticipated to receive a benefit or perk throughout the financial year, and the total value of those benefits or perks does not exceed 20,000 rupees, then this deduction is not necessary. A person who is an Individual/Hindu Undivided Family (HUF) deductor and whose total business sales, gross receipts, or gross turnover during the financial year that ended right before the fiscal year in which such benefit or perquisite is provided by him does not exceed one crore rupees, or whose total professional sales does not exceed fifty lakh rupees, is also exempt from the obligation to deduct taxes.	
49.	**Addendum to Notification 2 of 2021: Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income (Abolishing of limit of Rs. 5000) [Notification No. 1 Dated January 5, 2023]** Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to interest income as per which the information is to be reported for all account/deposit holders where cumulative interest exceeds Rs. 5,000 per person in the financial year. ***The limit has been modified and may be read the information is to be reported for all account/deposit holders where any interest exceeds zero per account in the financial year excluding Jan Dhan Accounts". Accordingly the limit of Rs. 5000 has been abolished.***	https://incometaxindia.gov.in/communications/notification/notification-1-2023-systems.pdf
50.	**Income-tax (Fourth Amendment) Rules, 2023 - Last date for linking of PAN-Aadhaar extended [Notification No. 15 Dated March 28, 2023]** In order to provide some more time to the taxpayers, the date for linking PAN and Aadhaar has been extended to 30th June, 2023, whereby persons can intimate their Aadhaar to the prescribed authority for Aadhaar-PAN linking without facing repercussions. Under the provisions of the Income-tax Act, 1961(the 'Act') every person who has been allotted a PAN as on 1st July, 2017 and is eligible to obtain Aadhaar Number, is required to intimate his Aadhaar to the prescribed authority on or before 31st March, 2023, on payment of a prescribed fee. Failure to do so shall attract certain repercussions under the Act w.e.f. 1st April, 2023. The date for intimating Aadhaar to the prescribed authority for the purpose of linking PAN and Aadhaar has now been extended to 30th June, 2023.	**https://incometaxindia.gov.in/communications/notification/notification-15-2023.pdf**
51.	**Consequences of PAN becoming inoperative as per the newly substituted rule 114AAA [Circular No. 3 Dated March 28, 2023]** It is hereby clarified that a person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule	**https://incometaxindia.gov.in/communications/circular/circular-03-2023.pdf**

	114AAA shall face the following consequences as a result of his PAN becoming inoperative: (i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him; (ii) interest shall not be payable to him on such refund for the period, beginning with the date specified under sub-rule (4) of rule 114AAA and ending with the date on which it becomes operative; (iii) where tax is deductible under Chapter XVJJ-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA; (iv) where tax is collectible at source under Chapter XVJJ-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC. These consequences shall take effect from 1st July, 2023 and continue till the PAN becomes operative. A fee of Rs. 1000 will continue to apply to make the PAN operative by intimating the Aadhaar number. The consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number under the provisions of sub-section (3) of section 139AA of the Act.	
52.	**CBDT notifies TDS u/s 194A applicable to Scheme of Mahila Samman Savings Certificate, 2023 [Notification No. 27 Dated May 16, 2023]** The Central Board of Direct Taxes (CBDT) notified that the Scheme of Mahila Samman Savings Certificate, 2023 will be covered under Tax Deduction at Source (TDS) under Section 194A(1)(3)(a) of the Income Tax Act, 1961. The Section 194A covers Interest other than Interest on Securities. ***Accordingly, TDS will be applicable to the interest earned on the Mahila Samman Savings Scheme.***	https://incometaxindia.gov.in/communications/notification/notification-27-2023.pdf
53.	**CBDT issues Frequently Asked Questions (FAQs) for removal of difficulty on issues pertaining to TCS on LRS and purchase of overseas tour program package [Circular No. 10 Dated June 30, 2023]** The Central Board of Direct Taxes (CBDT) recently issued Circular 10/2023 on June 30th, 2023, providing valuable clarifications and FAQs regarding the implementation of changes related to Tax Collection at Source (TCS) on the Liberalised Remittance Scheme (LRS) and the purchase of overseas tour program packages. Accordingly, following points have been clarified. • No TCS on Expenditure through International Credit Cards • Combined Threshold of Rs. 7 Lakh Applicable for TCS on LRS • Threshold of Rs. 7 Lakh per financial year per individual • Rs. 7 Lakh Threshold for Remitter and not for Authorized Dealer • Independent Thresholds for TCS on LRS and Overseas Tour Packages • TCS on Rs. 3 Lakh Remitted under LRS for Overseas Tour? • Scope of Remittance under LRS for Medical Treatment and Education	circular-10-2023.pdf (incometaxindia.gov.in)

	• TCS on Purchase of Overseas Tour Program Packages	
54.	**CBDT exempted TDS on payment of rent to a unit located in IFSC for lease of Ship [Notification No. 57 Dated August 1, 2023]** Section 194-I provides that any person, including specified individual and HUF, paying rent to a resident person in respect of plant, machinery, land, building, or furniture shall deduct tax therefrom. The tax shall be deducted if the sum paid or payable during the financial year exceeds Rs. 2,40,000. The Central Board of Direct Taxes (CBDT) has exempted deduction of tax at source under section 194-I on payment of lease rent or supplemental lease rent made to a unit located in the International Financial Services Center (IFSC) for the lease of an ship subject to the fulfillment of certain conditions such as: The lessor shall furnish a statement-cum-declaration in form no. 1 to the lessee giving details of previous years relevant to the 10 consecutive assessment years for which the lessor opts for claiming deduction section 80LA. The lessee shall not deduct tax on payment made or credited after the date of receipt of Form no. 1 and furnish the particulars of all the payments made to the lessor on which tax has not been deducted in the TDS statement. The exemption shall be available during the said previous years relevant to the ten consecutive assessment years as declared by the lessor in Form No. 1 for which deduction under section 80LA is being opted. The lessee shall be liable to deduct tax on payment of lease rent for any other year.	https://incometaxindia.gov.in/communications/notification/notification-57-2023.pdf
55.	**Income-tax (Seventeenth Amendment) Rules, 2023 [Notification No. 64 Dated August 17, 2023]** The Central Board of Direct Taxes has issued the Income-tax (Seventeenth Amendment) Rules, 2023. The amendment provides that the for the purpose of deduction of tax at source on any income payable in foreign currency, the rate of exchange for the calculation of the value in rupees of such income payable to an assessee outside India, to a Unit located in an International Financial Services Centre or by a Unit located in an International Financial Services Centre to an assessee in India, shall be the telegraphic transfer buying rate of such currency as on the date on which the tax is required to be deducted at source.	https://incometaxindia.gov.in/communications/notification/notification-64-2023.pdf
56.	**CBDT notifies Rule 21AHA & FORM No. 10-IFA for Section 115BAE(5) Option [Notification No. 83 Dated September 29, 2023]** Central Board of Direct Taxes (CBDT) has introduces Income Tax Rule 21AHA and Form No. 10-IFA, which are related to the exercise of an option under sub-section (5) of section 115BAE of the Income-tax Act, 1961. These rules lay out the procedures and requirements for individuals, specifically co-operative societies, to exercise this option. The introduction of CBDT Rule 21AHA and Form No. 10-IFA signifies the importance of complying with the rules and regulations governing the exercise of an option under sub-section (5) of section 115BAE of the Income-tax Act, 1961. Co-operative societies and individuals need to adhere to these rules when	https://incometaxindia.gov.in/communications/notification/notification-83-2023.pdf

	opting for this provision. Digital filing and adherence to specified conditions are crucial aspects of this process. These rules come into force from 29th September 2023.	
57.	**CBDT provides certain relaxations to charitable institutions for reporting details about Significant Donors and their relatives/concerns in audit report [Circular No. 17 Dated 20th October, 2023]** The CBDT provides that for the purposes of reporting in audit report, any person who has given donation of more than Rs.50,000 during the tax year may be considered as Significant Donor and past years donation may not be reckoned for the purposes of such reporting. Also, details of relatives/concerns of such Significant Donor may be reported 'if available'.	https://incometaxindia.gov.in/communications/circular/circular-17-2023.pdf
58.	**CBDT issues guidelines under section 194-O of the Income-tax Act, 1961 [Circular No. 20 December 28, 2023]** Section 194-O of the Income-tax Act, 1961 ('the Act') provides that an e-commerce operator shall deduct income-tax at the rate of one per cent of the gross amount of sale of goods or provision of service, or both, facilitated through its digital or electronic facility or platform. Vide CBDT Circular No. 20/2023 dated 28.12.2023 guidelines have been issued for removal of difficulties and clarity has been provided on various issues pertaining to applicability of section 194-O of the Act in a multiple e-commerce operator model framework, such as the Open Network for Digital Commerce (ONDC). The Circular details several types of situations with examples & provides clarity on multiple issues. Having received representations from various quarters, the CBDT Circular incorporates FAQs on varied issues.	https://incometaxindia.gov.in/communications/circular/circular-20-2023.pdf
59.	**Relief for TDS Deductors on PAN-Aadhar Linkage [Circular No. 6 Dated April 23, 2024]** The CBDT, aiming to address grievances of deductors/collectors who collected TDS/TCS at the normal rate but were required to deduct/collect at double the rate due to the deductee's PAN being inoperative (unlinked with Aadhar) since April 1, 2023, issued Circular No. 6 on April 23, 2024. This circular prevents treating such TDS deductors as in default (for short deduction) if, by May 31, 2024, the deductee's PAN is linked to Aadhar, rendering it operative for transactions until March 31, 2024. Consequently, no liability arises for deductors/collectors to deduct/collect tax under sections 206AA/206CC at double the rate due to PAN inoperability, and they need not pay the difference.	https://incometaxindia.gov.in/communications/circular/circular-6-2024.pdf

CASE LAWS

Amount paid by resident Indian end-users/distributors to non-resident computer software manufacturers/suppliers, as consideration for the resale/use of computer software through EULAs distribution agreements, is not payment of royalty for the use of copyright in computer software, and that the same does not give rise to any income taxable in India; as a result of which the persons are not liable to deduct any TDS under section 195 of the Income Tax Act.

Engineering Analysis Centre of Excellence Private Limited *(Appellant) vs. CIT (Respondent)* Supreme Court

Fact of the Case: The appellant, Engineering Analysis Centre of Excellence Pvt. Ltd. (EAC), is a resident Indian end-user of shrink-wrapped computer software, directly imported from the United States of America. The Assessing Officer by an order dated 15.05.2002, after applying Article 12(3) of the Double Taxation Avoidance Agreement (DTAA), between India and USA, and upon applying section 9(1)(vi) of the Income Tax Act, 1961 (Act), found that what was in fact transferred in the transaction between the parties was copyright which attracted the payment of royalty and thus, it was required that tax be deducted at source by the Indian importer and end-user, EAC. Since this was not done for both the assessment years, EAC was held liable to pay the amount of Rs. 1,03,54,784 that it had not deducted as TDS, along with interest under section 201(1A) of the Act amounting to Rs. 15,76,567. The appeal before the Commissioner of Income Tax (CIT) was dismissed by an order dated 23.01.2004. However, the appeal before the Income Tax Appellate Tribunal (ITAT) succeeded vide an order dated 25.11.2005. An appeal was made from the order of the ITAT to the High Court of Karnataka by the Revenue. The High Court held that since no application under section 195(2) of the Act had been made, the resident Indian importers became liable to deduct tax at source, without more, under section 195(1) of the Act.

Order/ Judgment: The "license" that is granted vide the end user license agreement 'EULA', is not a license in terms of section 30 of the Copyright Act, which transfers an interest in all or any of the rights contained in sections 14(a) and 14(b) of the Copyright Act, but is a "license" which imposes restrictions or conditions for the use of computer software. The EULAs do not grant any such right or interest to reproduce the computer software. In point of fact, such reproduction is expressly interdicted, and it is also expressly stated that no vestige of copyright is at all transferred, either to the distributor or to the end-user.

Further, what is "licensed" by the foreign, non-resident supplier to the distributor and resold to the resident end-user, or directly supplied to the resident end-user, is in fact the sale of a physical object which contains an embedded computer programme, and is therefore, a sale of goods.

Further, given the definition of royalties contained in Article 12 of the DTAAs, it is clear that there is no obligation on the persons mentioned in section 195 of the Income Tax Act to deduct tax at source, as the distribution agreements/EULAs in the facts of these cases do not create any interest or right in such distributors/end-users, which would amount to the use of or right to use any copyright. The provisions contained in the Income Tax Act (section 9(1)(vi), along with explanations 2 and 4 thereof), which deal with royalty, not being more beneficia**l to** the assessees, have no application in the facts of these cases.

The amounts paid by resident Indian end-users/distributors to non-resident computer software manufacturers/suppliers, as consideration for the resale/use of the computer software through EULAs/ distribution agreements, is not the payment of royalty for the use of copyright in the computer software, and that the same does not give rise to any income taxable in India, as a result of which the persons referred to in section 195 of the Act were not liable to deduct any TDS under section 195 of the Act.

TDS deductible u/s 192 on LTC paid for travel with a foreign leg, as exemption u/s 10(5) is not applicable for such travel.

04.11.2022	State Bank of India v. Assistant Commissioner of Income-tax	Supreme Court

Fact of the Case: The basic objective of the LTC scheme was to familiarise a civil servant or a Government employee to gain some perspective of Indian culture by traveling in this vast country. It is for this reason that the 6th Pay Commission rejected the demand of paying cash compensation in lieu of LTC and also rejected the demand of foreign travel.

Many of the employees of the appellants had undertaken travel to Port Blair via Malaysia, Singapore or Port Blair via Bangkok, Malaysia or Rameswaram via Mauritius or Madurai via Dubai, Thailand and Port Blair via Europe etc. It is very difficult to appreciate as to how the appellant who is the assessee-employer could have failed to take into account this aspect. This was the elephant in the room.

The obligation of deducting tax is distinct from payment of tax. The appellant cannot claim ignorance about the travel plans of its employees as during settlement of LTC Bills the complete facts are available before the assessee about the details of their employees' travels. Therefore, it cannot be a case of *bonafide* mistake, as all the relevant facts were before the Assessee employer and he was therefore fully in a position to calculate the 'estimated income' of its employees.

The contention of Shri K.V. Vishwanathan, learned senior advocate that there may be a *bonafide* mistake by the assessee-employer in calculating the 'estimated income' cannot be accepted since all the relevant documents and material were before the assessee- employer at the relevant time and the assessee employer therefore ought to have applied his mind and deducted tax at source as it was his statutory duty, under Section 192(1) of the Act.

Judgement: LTC u/s 10(5) read with Rule 2B is for travel within India, from one place in India to another place in India. The contention of the Appellant (SBI) that there is no specific bar under Section 10(5) for a foreign travel and therefore a foreign journey can be availed as long as the starting and destination points remain within India is without merits. In view of the provisions of the Act, the moment employees undertake travel with a foreign leg, it is not a travel within India and hence not covered under the provisions of Section 10(5) of the Act. A foreign travel also frustrates the basic purpose of LTC.

Lesson 10

Assessment, Appeals & Revision

1.	**Faceless Appeal (Amendment) Scheme, 2021 (Notification No. 26 Dated March 31, 2021)** "National Faceless Assessment Centre" shall mean the National e-Assessment Centre set up under the scheme notified under sub-section (3A) of section 143 of the Act or the National Faceless Assessment Centre referred to in section 144B of the Act, as the case may be. In this regard, for the expression "National e-Assessment Centre", wherever it occurs, the expression "National Faceless Assessment Centre" shall be substituted.	http://egazette.nic.in/WriteReadData/2021/226320.pdf
2.	**E-Settlement Scheme, 2021 [Notification No. 129 Dated November 1, 2021]** The Central Board of Direct Taxes (CBDT) notified the e-Settlement Scheme, 2021 to settle pending Applications transferred to the Settlement Commission. This Scheme shall be applicable to pending applications in respect of which the applicant has not exercised the option under sub-section (1) of section 245M of the Income tax Act, 1961 and which has been allotted or transferred by Central Board of Direct Taxes to an Interim Board. The Interim Board shall conduct e-settlement of pending applications allocated or transferred to it in accordance with the provisions of this Scheme. Under the e-Settlement scheme, all communication between the Interim Board and the applicant, or his authorised representative will be exclusively in electronic mode. There is no need for the applicant or his or her representative to make any personal appearance before the Interim Board or before any Income-tax Authority or any ministerial staff posted with the Interim Board. ***The scheme is in line with the government's vision to digitize the overall income tax litigation process in order to bring more transparency and credibility.***	https://incometaxindia.gov.in/communications/notification/notification-129-2021.pdf
3.	**Income tax (32nd Amendment) Rules, 2021 [Notification No. 132 Dated November 23, 2021]** ***Through this notification, CBDT has notified revised Form No. 52A relating to Statement to be furnished to the Assessing Officer under section 285B of the Income-tax Act, 1961, in respect of production of a cinematograph film under Rule 121A of Income-tax Rules, 1962.***	https://incometaxindia.gov.in/communications/notification/notification-132-2021.pdf
4.	**Notification No. 14 [Dated March 3, 2022]** The Central Government approves 'Sri Shankara Cancer Foundation, Bangalore (PAN: AAHTS5593F)' under the category of 'University, College or other institution' for Scientific Research for the purposes of clause (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. This Notification shall apply with effect from the date of publication in the Official Gazette (i.e. from the Previous Year 2021-22) and accordingly shall be applicable for Assessment Years 2022-2023 to 2026-2027.	**https://incometaxindia.gov.in/communications/notification/notification-no-14-2022.pdf**

5.	**CBDT notifies Faceless Jurisdiction of Income-tax Authorities Scheme, 2022 [Notification No. 15 [Dated March 28, 2022]** Section 130 of the Income-tax Act empowers the Central Government to make a scheme for: a) Exercise of all or any of the powers and performance of all or any of the functions conferred on or assigned to Income-tax authorities under Section 120; or b) Vesting the jurisdiction with the Assessing Officer under Section 124; or c) Exercise of power to transfer cases under Section 127; or d) Exercise of the jurisdiction in case of change of incumbency under Section 129 The Central Government has notified the Faceless Jurisdiction of Income-tax Authorities Scheme, 2022, of the purpose of section 130. The Scheme is applicable with effect from 28-03-2022.The jurisdiction of the Assessing Officer shall be vested in a faceless manner through automated allocation and in accordance with and to the extent provided in: 1. Section 144B with reference to making the faceless assessment of total income or loss of assessee; 2. The Faceless Appeal Scheme, 2021 with reference to the disposal of appeals; 3. The Faceless Penalty Scheme, 2021 with reference to the imposition of penalty under Chapter XXI of the Act; 4. The e-Verification Scheme, 2021 with reference to: • Calling for information under section 133, • Collecting certain information under section 133, or • Calling for information by the prescribed authority under section 133C, or • Exercise of power to inspect the register of companies under section 134, or • Exercise of power of Assessing Officer under section 135. 5. The e-Settlement Scheme, 2021 with reference to the settlement of pending applications by the interim Board; and 6. The e-advance rulings Scheme, 2022 with reference to dispute resolution for persons or class of persons, as specified by the Board, who may opt for dispute resolution under Chapter XIX-AA with reference to the dispute arising from any variation in the specified order fulfilling the specified conditions.	**https://incometaxindia.gov.in/communications/notification/notification-15-2022.pdf**
6.	**e-Assessment of Income Escaping Assessment Scheme, 2022 [Notification No. 18 Dated March 29, 2022]** The Central Government hereby makes the e-Assessment of Income Escaping Assessment Scheme, 2022. In this Scheme, unless the context otherwise requires, (a) Act means the Income-tax Act, 1961; (b) automated allocation‖ means an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimise the use of resources. **Scope of the Scheme** (a) assessment, reassessment or recomputation under section 147 of the Act, (b) issuance of notice under section 148 of the Act,	**https://incometaxindia.gov.in/communications/notification/notification-18-2022.pdf**

	shall be through automated allocation, in accordance with risk management strategy formulated by the Board as referred to in section 148 of the Act for issuance of notice, and in a faceless manner, to the extent provided in section 144B of the Act with reference to making assessment or reassessment of total income or loss of assessee.	
7.	**Faceless Inquiry or Valuation Scheme, 2022 [Notification No. 19 Dated March 30, 2022]** The Central Government hereby makes the Faceless Inquiry or Valuation Scheme, 2022. In this Scheme, unless the context otherwise requires, (a) "Act" means the Income-tax Act, 1961; (b) "automated allocation" means an algorithm for randomised allocation of cases, by using suitable technological tools, including artificial intelligence and machine learning, with a view to optimise the use of resources. **Scope of the Scheme** (a) issuing notice under sub-section (1) of section 142 of the Act, (b) making inquiry before assessment under sub-section (2) of section 142 of the Act, (c) directing the assessee to get his accounts audited under sub-section (2A) of section 142 of the Act, (d) estimating the value of any asset, property or investment by a Valuation Officer under section142A of the Act, shall be in a faceless manner, through automated allocation, in accordance with and to the extent provided in section 144B of the Act with reference to making faceless assessment of total income or loss of assessee	https://incometaxindia.gov.in/communications/notification/notification-19-2022.pdf
8.	**Income tax 7th Amendment Rules, 2022 [Notification No. 26 Dated April 5, 2022]** The Central Board of Direct Taxes hereby makes the Income-tax (Seventh Amendment) Rules, 2022 as per which after PART IX-A, PART IX-AA related to Dispute Resolution Committee shall be inserted as follows: **PART IX-AA DISPUTE RESOLUTION COMMITTEE** Rule 44DAA - Constitution of Dispute Resolution Committee Rule 44DAB - Application for resolution of dispute before the Dispute Resolution Committee Rule 44DAC - Power to reduce or waive penalty imposable or grant immunity from prosecution or both under the Act Rule 44DAD - Definitions (Dispute Resolution Committee, Specified Order, Specified Condition, Specified Person) FORM NO. 34BC - Application to the Dispute Resolution Committee.	**https://egazette.nic.in/WriteReadData/2022/234848.pdf**
9.	**e-Dispute Resolution Scheme, 2022 [Notification No. 27 Dated April 5, 2022]** The Central Government hereby makes e-Dispute Resolution Scheme, 2022. The scheme specifies the following: • Scope and Procedure • Application for Dispute Resolution and Screening of Application by Committee • Procedure to be followed by Dispute Resolution Committee • Powers of the Dispute Resolution Committee • Waiver of penalty imposable and Immunity from prosecution • Appeal or revision	https://egazette.nic.in/WriteReadData/2022/234851.pdf

	• Authorisation to be filed • Exchange of communication exclusively by electronic mode • Authentication and Delivery of electronic record • No personal appearance before the Dispute Resolution Committee • Proceedings not open to the public • Language of the Dispute Resolution Committee • Power to specify format, mode, procedure and processes	
10.	**CBDT notified amendment in Faceless penalty scheme, allowing mandatory personal hearing [Notification No. 54 Dated May 27, 2022]** The Central Board of Direct Taxes (CBDT) has notified the amendment in the faceless penalty scheme, allowing mandatory personal hearing through electronic mode to any taxpayer who has sought a hearing. ***The amendment has omitted the Regional Faceless Penalty Centre from the Faceless Penalty Scheme and provides that electronic records shall be authenticated by the National Faceless Penalty Centre and even hearing should be done via them and not regional faceless penalty centre.*** ***The Faceless Penalty (Amendment) Scheme, 2022, notified says that such hearing will be held exclusively through video conferencing or video telephony, including use of any telecommunication application software which supports video conferencing or video telephony.***	https://egazette.nic.in/WriteReadData/2022/236054.pdf
11.	**Notification No. 56 Dated May 28, 2022** The Central Board of Direct Taxes authorises the Assistant Commissioner of lncome Tax / Deputy Commissioner of Income Tax (International Taxation), Circle -1(1)(1), Delhi to act as the ' Prescribed Income-tax Authority' for the purpose of issuance of notice under subsection (2) of section 143 of the Income Tax Act, 1961.	https://incometaxindia.gov.in/communications/notification/notification-56-2022.pdf
12.	**Income Tax (Sixteenth Amendment) Rules, 2022 [Notification No. 57 Dated May 31, 2022]** The Central Board of Direct Taxes vide notification dated 31st May, 2022 has issued the Income-tax (Sixteenth Amendment) Rules, 2022 to provides that the form and manner of filing appeal to the High Court against a ruling pronounced or order passed by the Board for Advance Rulings by the assessee, or the Assessing Officer on the directions of the Principal Commissioner or Commissioner, shall be the same as provided in the applicable procedure laid down by the jurisdictional High Court for filing an appeal to the High Court.	https://incometaxindia.gov.in/communications/notification/notification-57-2022.pdf
13.	**Income-tax 22nd Amendment Rules, 2022 [Notification No. 83 Dated July 12, 2022]** The Central Board of Direct Taxes (CBDT) has issued the Income-tax (Twenty Second Amendment) Rules, 2022 to further amend the Income-tax Rules, 1962 as follow: Rule 16 which specifies 'Declaration u/s 158A' has been renumbered to Rule 15A New Rule 16 which specifies "Application under section 158AB to defer filing of appeal before the Appellate Tribunal or the jurisdictional High Court" has been inserted namely: -	https://incometaxindia.gov.in/communications/notification/notification-83-2022.pdf

	"The application referred to in sub-section (2) of section 158AB, required to be made before the Appellate Tribunal or the jurisdictional High Court, as the case may be, shall be made in Form No. 8A by the Assessing Officer" • In Appendix II a new Form 8A has been inserted.	
14.	**CBDT notifies Income Tax e-Appeals Scheme, 2023 [Notification No. 33 Dated May 29, 2023]** CBDT introduces the e-Appeals Scheme, 2023 under the provisions of the Income-tax Act, 1961. The key points of the scheme are as follows: • The scheme is called the e-Appeals Scheme, 2023 defines various terms used, including terms like "addressee," "appeal," "appellant," "authorised representative," "e-appeal," "registered account," etc. • The scheme applies to appeals filed under section 246 of the Income-tax Act, 1961, except for cases excluded under sub-section (6) of that section. • The Joint Commissioner (Appeals) (JCIT) is designated as the appeal authority under the scheme who is responsible for disposing of appeals filed before it or allocated or transferred to it. • The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) will devise a process for randomly allocating or transferring appeals to the JCIT (Appeals). • The scheme outlines the procedure to be followed in appeal proceedings. It includes provisions for condoning the delay in filing appeals, issuing notices to the appellant and the Assessing Officer, obtaining further information or reports, serving notices for submission of information or evidence, admitting additional grounds of appeal or evidence, and enhancing or reducing assessments or penalties. • The JCIT (Appeals) prepares an appeal order stating the points for determination, the decision, and the reasons for the decision. The order is digitally signed and communicated to the appellant, as well as to the relevant tax authorities. • Penalty proceedings may be initiated by the JCIT (Appeals) for non-compliance with notices, directions, or orders issued under the scheme. This scheme aims to introduce electronic filing and processing of appeals in order to streamline and expedite the appeals process under the Income-tax Act, 1961.	notification-33-2023.pdf (incometaxindia.gov.in)
15.	**CBDT Notifies New Monetary Limits For Condonation Of Delay in Filing Refund Claim And Claim Of Carry Forward Of Losses [Circular No. 7 Dated May 31, 2023]** CBDT revises monetary limits for condonation applications for claiming refund or carry forward of losses and set-off for application filed on or after June 01, 2023 vide Circular No. 07/2023 on 31st May 2023. It modifies the monetary limits for acceptance or rejection of such applications or claims by different authorities. The revised limits specify the powers of acceptance/rejection based on the amount of the claims for each assessment year.	https://incometaxindia.gov.in/communications/circular/circular-no-07-2023.pdf