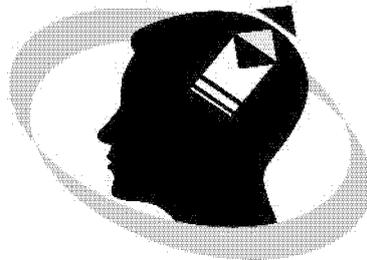


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**AMENDMENTS IN INCOME TAX
(RELATED TO FINANCE ACT 2017)
APPLICABLE FOR MAY / NOV 2018 EXAMS**



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Dear Students,

All the amendments provided in this material were already included in the main materials that were provided to you earlier. We have included all such amendments in this material since students can feel it to be convenient if all the amendments are provided at one location. Don't forget that in the public examination, examiner will definitely be inclined to pose more questions on recent amendments.

INCOME TAX AMENDMENTS BY FINANCE ACT 2017

S. No	Chapter	Additions	Deletions	Modifications
1	Introduction To Income Tax	Nil	Nil	Tax rates (surcharge rates), 87A, 115BBE
2	Exempted Incomes	Nil	Nil	10AA, 13A
3	Income From House Property	Nil	Nil	23(5)
4	PGBP-I & II	Nil	Nil	32(1)(iia), Depreciation rates, 35(1)(ii), 35(1)(iia), 35(1)(iii), 35(2AA), 35(2AB), 35ABA, 35AD, 35CCC, 35CCD, 36(1)(viiia), 40A(3), 43B, 44AA, 44AB, 44AD, 44ADA, 44AE
5	Capital Gains	45(5A), 47(viia), 47(xa), 49(2AE), 49(2AF), 50CA	Nil	2(42A), 48, 54EC, 55
6	Income From Other Sources	115BBDA	Nil	56(2)(x), 58(2)
7	Set off & carry forward of losses	Nil	Nil	71
8	Chapter VI A Deductions	Nil	Nil	80CCD, 80CCG, 80G
9	Return of Income	Nil	Nil	140A, 234F
10	Advance Tax & Interest	Nil	Nil	211, 234C
11	TDS & TCS	194IB, 194IC	Nil	194J, 194LA, 197A, 204, 206C

AMENDMENTS AT A GLANCE – FINANCE ACT, 2017

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3.	Redraft of deduction of capital expenditure of specified business	35AD
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	from A.Y.2021-22 onwards)	35CCD
5.	Deduction for Provision for Bad & Doubtful debts (PBD's)	Sec.36(1)(viiia)
6.	Change in the limit of cash payments exceeding Rs.20,000	40A(3)
7.	Actual cost	43(1)
8.	Deduction in respect of interest based on actual payment	43B
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10.	Relaxation under Sec.44AB for the eligible assessee who opts for presumptive taxation scheme as per Sec.44AD(1)	44AD(1)
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1. BASIC CONCEPTS

1) INCOME TAX RATES APPLICABLE FOR THE A.Y. 2018-19 (F.Y 2017-18)

A. Individual/Hindu undivided Family/ AOP /BOI

TAXABLE INCOME (Rs.)	MALE / FEMALE <60 YRS. (Non – resident)	HUF / AOP / BOI	RESIDENT SENIOR CITIZEN ≥ 60 & < 80 YRS.	RESIDENT VERY SR.CITIZEN ≥ 80 YRS.
UP TO 2,50,000	Nil	Nil	Nil	Nil
2,50,001 to 3,00,000	5%	5%	Nil	Nil
3,00,001 to 5,00,000	5%	5%	5%	Nil
5,00,001 to 10,00,000	20%	20%	20%	20%
Above 10,00,000	30%	30%	30%	30%

**N.A = Not Applicable

Note: All non- resident individuals are covered in first category (No Age Limit).

W.e.f. AY 2018-19, Rebate u/s 87A is applicable for a resident individual whose total income does not exceed **Rs. 3,50,000** (earlier it is Rs.5,00,000), then the Rebate shall be **Rs.2,500** (earlier it is Rs.5,000) **(OR) 100% of tax payable**, whichever is **lower**.

Primary & Secondary Education Cess: 3% cess on (tax + surcharge) in all cases.

B. Firm / LLP / Local Authority / Company (Domestic or Foreign)

The rate of tax for A.Y.2018-19 is

- Firm / LLP / Local Authority @ 30%
- Companies:

Domestic Companies:		
i) Where the total turnover or gross receipt in the previous year 2015-16 does not exceed Rs. 50 crores	Flat rate	25%
ii) In case of other domestic companies	Flat rate	30%
Foreign Companies	Flat rate	40%

- C. SPECIAL TAX RATES: W.E.F. A.Y 2018-19,** In order to control laundering of unaccounted money by availing the benefit of basic exemption limit, the unexplained money, investment, expenditure, etc. deemed as income (Sec.115BBE taxed at 60%) would be taxed at the rate of 60% plus surcharge @25% of tax. Thus, the effective rate of tax (including cess @3% of tax and surcharge) is 77.25%. Further, no basic exemption or allowance or expenditure and no set off of any loss shall be allowable against such income, shall be allowed in respect of the prescribed incomes specified in this context.

- D. SURCHARGE:** It is a tax on tax.

Assessee	Applicable Surcharge		
	TI > Rs. 50Lakh, but TI ≤ Rs.1 Crore	TI > Rs. 1 Crore, but TI ≤ Rs. 10 Crores	TI > Rs. 10 Crores
1. Individual / HUF / AOP / BOI / AJP	10%	15%	15%
2. Other (i.e., firms / LLP, local Authorities, Co-operative societies)	-	12%	12%
3. Domestic Companies	-	7%	12%
4. Foreign Companies	-	2%	5%

E. Marginal relief:

- a) Marginal relief is available in case of **non-corporate assessees (i.e. other than company) exceeds Rs.50 lacs but not exceeds Rs.1 Crore (W.E.F. AY.2018-19).**

Illustration:

Compute the tax liability of Mr. Ram (aged 42), having total income of Rs.51 lakhs for the Assessment Year 2018-19. Assume that his total income comprises of "Salary income", "Income under the head house property" and "Interest from Saving Bank Account".

Solution:

The tax payable on total income of Rs.51,00,000 of Mr. Ram computed (including surcharge @ 10%) is Rs.14,76,750. However, the tax cannot exceed Rs. 14,12,500 (i.e., the tax of Rs. 13,12,500 payable on total income of Rs. 50,00,000 plus Rs. 1,00,000, being the amount of total income exceeding Rs.50,00,000). Therefore, the tax payable on Rs.51,00,000 would be Rs. 14,12,500. The marginal relief is Rs. **64,250** (i.e., Rs.14,76,750 - Rs. 14,12,500).

- b) Marginal relief is available in case of **any assessee** whose total income **exceeds Rs.1 Crore.**

Illustration:

Compute the tax liability of Mr. A (aged 32), having total income of Rs.1,01,00,000 for the Assessment Year 2018-19. Assume that his total income comprises of "Salary income", "Income under the head house property" and "Interest from fixed deposit Account".

Solution:

The tax payable on total income of Rs. 1,01,00,000 of Mr. A computed is Rs. 32,68,875 (including surcharge @15%). However, the tax cannot exceed Rs. 31,93,750 (i.e., the tax of Rs. 30,93,750 payable on total income of Rs. 1 Crore plus Rs. 1,00,000, being the amount of total income exceeding Rs. 1 Crore). Therefore, the tax payable on Rs.1,01,00,000 would be Rs. 31,93,750. The marginal relief is Rs. **75,125** (i.e., Rs. 32,68,875 - Rs. 31,93,750).

- c) Marginal relief is available in case of a **domestic company**, whose total income **exceeds Rs.10 crores**

2. INCOMES WHICH DO NOT FORM PART OF TOTAL INCOME

S. No	SECTION	CONDITIONS FOR EXEMPTION
1.	10AA	The business shall be commenced at any FY not later than FY 2019-20 being a manufacturer to manufacture or produce articles or things or provides services in SEZ as defined under SEZ Act, 2005.
2.	13A	No donation exceeding Rs.2,000 shall be received otherwise than by an account payee cheque/ draft or use of electronic clearing system through a bank account or through electoral bonds by a political party.

3. INCOME FROM HOUSE PROPERTY

House property held as stock-in-trade [Section 23(5)]:

- a) In some cases, property consisting of any building or land appurtenant thereto may be held as stock-in-trade, and the whole or any part of the property may not be let out during the whole or any part of the previous year.
- b) In such cases, the annual value of such property or part of the property shall be **NIL**.
- c) This benefit would be available for the period upto one year from the end of the financial year in which certificate of completion of construction of the property is obtained from the competent authority.

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4. PROFITS AND GAINS OF BUSINESS OR PROFESSION

1. Depreciation rates (Income tax rules - Appendix 1):

Name of the Asset / Block of assets	BEFORE FY 2017-18	W.E.F. FY 2017-18
Purely temporary erections such as wooden structures	100%	40%
Computers including computer software.	60%	40%
Air & Water pollution control equipment.	100%	40%
Energy saving devices.	80%	40%
Books owned by assessee carrying on a profession being annual publications and books owned by assessee carrying on business in running lending libraries	100%	40%
Books other than those mentioned above	60%	40%
Oil wells	-	15%

2. Additional depreciation on new plant & machinery extended to the business of printing or printing and publishing (CBDT circular No. 15/2016, dated 19-5-2016):

Additional depreciation is available to an assessee engaged in the business of -

- a) Manufacture or production of any article or thing on or after 01.04.2005.
- b) Generation or transmission or distribution of power including a captive power plant (w.e.f. FY.2016-17).

But now the benefit of additional depreciation was extended to the business of **printing or printing and publishing** (clarified as "manufacture" by CBDT vide its Circular No. 15/2016, dated 19-5-2016).

3. Redraft of deduction of capital expenditure of specified business under Sec.35AD:

- a) The following are the eligible businesses to claim deduction under section 35AD

Eligible specified business	the business should be commenced On / After
Laying and operating a cross country natural gas pipeline network for distribution	01.04.2007
<ol style="list-style-type: none"> i) building and operating anywhere in India, a hotel of two-star or above category as specified by the Central Government ii) building and operating a hospital with at least 100 beds for patients iii) slum redevelopment or rehabilitation housing projects 	01.04.2010
<ol style="list-style-type: none"> i) affordable housing projects ii) production of fertilizer in a new plant or in a newly installed capacity in an existing plant 	01.04.2011
<ol style="list-style-type: none"> i) setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962, ii) bee-keeping and production of honey and beeswax and iii) setting up and operating a warehousing facility for storage of sugar 	01.04.2012
<ol style="list-style-type: none"> i) laying and operating a slurry pipeline for the transportation of iron ore ii) setting up and operating a semi-conductor wafer fabrication manufacturing unit 	01.04.2014
In any other case, namely - <ol style="list-style-type: none"> i) setting and operating "cold-chain" facilities for specified products ii) warehousing facilities for storing agricultural produce 	01.04.2009

- b) **Quantum of deduction:** 100% of capital expenditure incurred for the aforesaid eligible businesses.
- c) Further, this deduction was **extended** to the business of **developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility commenced on or after 01.04.2017 (w.e.f. AY 2018-19).**

Conditions for claiming deduction:

- i) The business should be owned by a company registered in India or by a consortium of such companies or by an authority or a board or corporation or any other body established or constituted under any Central or State Act.
- ii) The entity should have entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for developing or operating and maintaining or developing, operating and maintaining, a new infrastructure facility.

The term **infrastructure facility includes -**

- A road including toll road, a bridge or a rail system.
- A highway project including housing or other activities being an integral part of the highway project.
- A water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system.
- A port, airport, inland waterway, inland port or navigational channel in the sea.

- d) Further, any expenditure in respect of which **payment or aggregate of payment made to a person of an amount exceeding Rs.10,000 in a day otherwise than by account payee cheque drawn on a bank or an account payee bank draft or use of electronic clearing system.**

4. In respect of the following, the deduction shall be restricted to **100% from P.Y. 2020-21 onwards (i.e., from A.Y.2021-22 onwards).**

- a) Expenditure incurred on agricultural extension project under Sec.35CCC
- b) Expenditure incurred by a company on skill development under Sec.35CCD

As of now the deduction allowed is 150%

5. **Deduction for Provision for Bad & Doubtful debts (PBD's) (Sec.36(1)(viiia):** The deduction for Provision for Bad & Doubtful debts (PBD's) in the case of Banks (scheduled / Non-scheduled / co-operative) **other than -**

- a) a primary agricultural co-operative society or
- b) a primary co-operative agricultural and rural development bank

Shall not exceed 8.5% (earlier it is 7.5%) of GTI and 10% of the aggregate advances made by the rural branches.

6. **Change in the limit of cash payments exceeding Rs.20,000 (Sec.40A(3)):** Where an assessee incurs any expenditure in respect of which a payment or **aggregate of payments** made to a person in a **day exceeds Rs. 10,000 (Earlier it is RS.20,000) or Rs.35,000** (in the case of payments for plying, hiring or leasing goods carriages) **Otherwise than** by an account payee cheque or by an account payee bank draft or use of electronic system through bank account, such expenditure shall be **fully disallowed.**

7. **Proviso to Sec.43(1) with respect to Actual cost:** Where an assessee incurs any expenditure for acquisition of any asset in respect of which a payment or aggregate of payments made to a person in a day, **otherwise than by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account, exceeds Rs.10,000**, such expenditure **shall not form part of actual cost** of such asset.

Further, where an asset, in respect of which deduction is claimed and allowed under section 35AD is deemed to be the income of the assessee in accordance with the provisions of section 35AD(7B) (**on account of being used for a purpose other than specified business under section 35AD**), the actual cost of the asset to the assessee shall be actual cost to assessee as **reduced** by the amount of depreciation allowable had the asset been used for the purpose of business, calculated at the rate in force, since the date of its acquisition.

8. **Deduction in respect of interest based on actual payment (Sec.43B):** The deduction shall be allowed only upon actual payment of **interest on any loan or borrowings** from any public financial institution or state financial corporation or state industrial investment corporation or any scheduled Bank.
- Further the interest payment on any loan/ borrowings from a **co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank. (w.e.f. AY. 2018-19)** shall also be subjected to Sec.43B.
9. **Change in limits for the maintenance of books of accounts under Sec.44AA:**
- In the case of individual or HUF, carrying on business or Non notified profession, the books of accounts are **required to be maintained** in the following cases:
 - Income criteria:** If the income from such business or profession has exceeded **Rs.2,50,000 (earlier it is Rs.1,50,000)** in any of the immediately three preceding previous years or is likely to exceed **Rs.2,50,000 (earlier it is Rs.1,50,000)** during the current previous year in case of newly set up business or profession, Or
 - Turnover criteria:** If the turnover or sales or gross receipts has exceeded **Rs.25,00,000 (earlier it is Rs.10,00,000)** in any of the immediately three preceding years or is likely to exceed **Rs.25,00,000 (earlier it is Rs.10,00,000)** during the current previous year in case of newly set up business or profession, Or
 - Special assesses:** In the case of assesses covered by Sec.44AD, Sec.44AE, Sec.44BB, Sec.44BBB, books of accounts must be compulsorily maintained as required under Sec.44AA if such assessee claims that the income is lower than the prescribed amount under these provisions.
 - Further, The assessee covered **U/S. 44AD(4), 44ADA** can claim that the profits & gains of the business or profession are lower than the income deemed in these provisions, **provided whose total income exceeds the basic exemption limit,** has to maintain books of account and other documents under **Sec.44AA(1)** and get them audited and furnish a report of such audit under **Sec.44AB**.
10. **Relaxation under Sec.44AB for the eligible assessee who opts for presumptive taxation scheme as per Sec.44AD(1):** If an **eligible person opts for presumptive taxation scheme as per Sec. 44AD(1)**, he **shall not be required to get his accounts audited** if the total turnover or gross receipts of the relevant previous year does **not exceed Rs.2 crores**. The **CBDT, has vide its Press Release** dated 20th June, 2016, clarified that the higher threshold for non-audit of accounts has been given only to assessee opting for presumptive taxation scheme under section 44AD.
11. **Change in rate of presumptive tax in case of the assesses engaged in the business under Sec.44AD:** The presumptive rate of **6% (8% if this condition is not satisfied)** of total turnover or gross receipts will be applicable **in respect of amount which is received by an account payee cheque or by an account payee bank draft or by use of electronic clearing system through a bank account during the previous year or before the due date of filing of return under section 139(1) in respect of that previous year.**

5. CAPITAL GAINS

- Amendments in the definition of a short term capital asset (STCA) (Sec.2(42A):** W.e.f. AY.2018-19, an immovable property, being land/ building/ both would be treated as a short-term capital asset if it was held by an assessee for **not more than 24 months** immediately preceding the date of its transfer.
- Exceptions to transfer (Sec.47):** The following transactions shall not be treated as transfer for the purpose of computing capital gains namely –
 - Any transfer, made outside India, of a capital asset being rupee denominated bond of an Indian company issued outside India, by a non-resident to another nonresident.
 - Any transfer by way of conversion of preference shares of a company into equity shares of that company.
- Change in proviso-5 to Sec.48:** In case of non-resident assessee, any gains arising on account of rupee appreciation against foreign currency at the time of redemption of rupee denominated bond of an Indian company **held (w.e.f. AY 2018-19)** by him shall not be included in computation of full value of consideration. This would provide relief to the non-resident investor who bears the risk of currency fluctuation.

4. Cost of acquisition in certain cases (Sec.55):

- a) **Cost of acquisition of equity shares received at the time of conversion of preference shares:** Cost of acquisition of the equity share of a company, which became the property of the assessee in consideration of transfer, shall be deemed to be that part of the cost of the preference share in relation to which such asset is acquired by the assessee.
- b) **Cost of acquisition of units acquired under consolidated plan of Mutual Fund:** Cost of acquisition of the unit or units in the consolidated plan of the scheme of the mutual fund in consideration of a transfer, shall be deemed to be the cost of acquisition to him of the unit or units in consolidating plan of the scheme of the mutual fund.
- c) **Cost of acquisition of capital asset, being share in the project referred under section 45(5A):** Where the capital gain arises from the transfer of a capital asset, being share in the project, in the form of land or building or both, the cost of acquisition of such asset, shall be the Aggregate of the stamp duty value of his share in the project, being land or building or both, on the date of issuing of said certificate of completion and Consideration received in cash, if any.

However, this provision does not apply to a capital asset, being share in the project which is transferred on or before the date of issue of said completion certificate.

5. Change in base year for the purpose of indexation:

- a) The CII applicable for AY 2018-19 is “272”
- b) The base year has been changed to 2001-02 (earlier it is 1981-82) for the purpose indexation.
- c) Further If the assessee acquired the asset before 01 - 04 - 2001 then the F.M.V. i.e., fair market value as on 01 - 04 - 2001 may be adopted as the cost of acquisition
- d) If the previous owner acquired the asset before 01 - 04 - 2001 then the F.M.V. i.e., fair market value as on 01 - 04 - 2001 may be adopted as the cost of acquisition.

This facility is not available to depreciable capital assets, assets covered by Sec.55

6. Taxability of capital gains in case of specified agreement (Sec.45(5A)) (w.e.f. AY.2018-19):

- a) In case of an assessee being individual/ Hindu undivided family, who enters into a specified agreement for development of a project and transferring his share in the project after the date of issue of completion certificate, the capital gain arising from such transfer shall be chargeable to income-tax as income of the previous year in which the certificate of completion for the whole or part of the project is issued by the competent authority.

Value to be adopted = Aggregate of the stamp duty value of his share in the project, being land or building or both, on the date of issuing of said certificate of completion and Consideration received in cash, if any

- b) In case of an assessee being individual/ Hindu undivided family, who enters into a specified agreement for development of a project and transferring his share in the project on or before the date of issue of completion certificate, the capital gain arising from such transfer shall be chargeable to income-tax as income of the previous year in which the property is handed over to the developer.

Value to be adopted = Stamp duty value on the date of handing over or actual consideration, whichever is higher, would be the full value of consideration as per section 50C.

7. FMV to be full value of consideration in respect of unquoted shares (Sec.50CA) (w.e.f. AY.2018-19):

- a) **Capital asset to be transferred:** Unlisted/ unquoted shares
- b) **Applicability:** an assessee being a transferor of the unlisted shares, transfers such asset for a consideration received or to be received as a result of transfer is less than the FMV of such share determined in the prescribed manner.
- c) **Deemed value of consideration:** FMV of such share determined in the prescribed manner.

6. INCOME FROM OTHER SOURCES

1. Termination of applicability of Sec.56(2)(vii) and introduction of Sec.56(2)(x) with a wider base for the transactions on or after 01.04.2017 (w.e.f. AY.2018-19):

- a) **Applicability:** Any person being the recipient.
- b) **Taxability:** Any sum of money or value of property received without consideration or for inadequate consideration to be subject to tax in the hands of any person being the recipient of such sum of money or value of property, under the head Income from Other Sources –

Nature of the Asset	Taxable Value
Money	The whole amount if the same exceeds Rs. 50,000.
Movable Property	Without consideration: The aggregate fair market value of the property, if it exceeds Rs.50,000.
	Inadequate consideration: The difference between the aggregate fair market value and the consideration, if such difference exceeds Rs. 50,000.
Immovable Property	Without consideration: The stamp value of the property, if it exceeds Rs. 50,000.
	Inadequate consideration: The difference between the stamp duty value and the consideration, if such difference exceeds Rs.50,000.

c) **Immovable property:**

- i) If the property received for no consideration or inadequate consideration, Sec.52(6)(x) triggers to tax the difference between the stamp duty value and the consideration so paid in order to curb the transactions where the transfer of property involved at a very nominal consideration or no consideration.
- ii) The value of the property as on the date of agreement can be considered if –
- The date of agreement and the date of registration are different and
 - The whole or part of the consideration was received on the date of agreement by way an account payee cheque / draft / by use of electronic payment system(ECS)
- iii) If the stamp duty value of immovable property was disputed by the assessee, the Assessing Officer may refer the valuation of such property to a Valuation Officer.

d) **Exceptions:** Gifts received from the following persons / situations are not taxable-

- i) From a Relative, or
- ii) On the occasion of the marriage of the Individual, or
- iii) Under a Will or by way of Inheritance, or
- iv) In contemplation of death of the Payer or Donor, or
- v) From any Local Authority, or
- vi) From any Fund / Foundation / University / Educational Institution or Hospital or other Medical Institution or Trust or Institution referred u/s 10(23C), or
- vii) From any Trust / Institution registered u/s 12AA.
- viii) By any fund or trust or institution or any university or other educational institution or any hospital or other medical institution as referred in Sec.10(23C).
- ix) By way of transaction not regarded as transfer under section 47(vi)/(vib)/(vid)/(vii).
- x) From an individual by a trust created or established solely for the benefit of relative of the individual.

Other points:

- a) It may be remembered the term lineal ascendant or descendant would cover an ascendant or descendant within 3 degrees from the individual, the lineal ascendants being the parents, grandparents and great grand parents of the individual and the lineal descendants being the children, grandchildren and great grandchildren of the individual. The definition of the term relative for this purpose is much wider in its scope than the definition as contained in Sec.2 (41). (Beneficial to the assessee)

b) **Relative means:**

- i) **In case of an Individual** – Spouse of the Individual, Brother or Sister of the Individual, Brother or Sister of the Spouse of the Individual, Brother or Sister of either of the Parents of the Individual, Any lineal ascendant or descendant of the Individual, Any lineal ascendant or descendant of the Spouse of the Individual, Spouse of the Person referred to in clauses (ii) to (vi) above.
 - ii) **In case of a HUF** – Any Member
- c) “Property” for this purpose means the following capital asset of the assessee (i.e. recipient): (i) Immovable property being land or building or both; (ii) Shares and securities; (iii) Jewellery; (iv) Archaeological collections; (v) Drawings; (vi) Paintings; (vii) Sculptures; (viii) Any work of art, or (ix) With effect from June 1, 2010 it includes bullion.
- d) It may be noted that the above provision will have application to the ‘property’ which is in the nature of a capital asset of the recipient.]

2. **Disallowance of payments to relatives and associate concerns (Sec.58(2)):**

- a) Section 58(2) specifically provides that the disallowance of payments to relatives and associate concerns and disallowance of payment or aggregate of payments **exceeding Rs.10,000 made to a person during a day otherwise than by account payee cheque or draft or ECS through bank account covered by section 40A will be applicable** to the computation of income under the head ‘Income from other sources’ as well.
- b) Further, **30% of expenditure shall not be allowed**, in respect of a sum which is payable to a resident and on which tax is deductible at source, if –
 - i) Such tax has not been deducted or
 - ii) Such tax after deduction has not been paid on or before the due date of return specified in section 139(1).

7. SET OFF AND CARRY FORWARD OF LOSSES

1. **Amendments made in Sec.71:** Where the net result of the computation under the head “Income from house property” is a loss and the assessee has income assessable under any other head of income, the amount of such loss exceeding **Rs. 2 lakhs** would not be allowable to be set-off against income under the other head. In other words, the maximum loss from house property which can be set-off against income from any other head is **Rs. 2 lakhs**.
2. **Amendments made in Sec.71B:**

In any assessment year, if there is a loss under the head ‘Income from house property’, such loss will first be set-off against income from any other head to the extent of **Rs.2,00,000** during the same year.

For example, loss from one house property can be adjusted against the profits from another house property in the same assessment year. Any loss under the head ‘Income from house property’ can be set off against any income under any other head to the extent of **Rs.2,00,000** in the same assessment year. However, if after such set off, there is still any loss under the head “Income from house property”, then, the same shall be carried forward to the next year.

8. CHAPTER - VI A DEDUCTIONS

1. **Amendments made in Sec.80CCD:** The maximum amount of deduction of contribution made by a person **not being CG/ Employer/ Employee** is **20%** of gross total income.
2. **Amendments made in Sec.80CCG:** No deduction under this section shall be allowed from A.Y. 2018-19. However, an assessee who has claimed deduction under this section for A.Y. 2017-18 or earlier assessment year, shall be allowed deduction till A.Y. 2019-20, if he is otherwise eligible to claim the deduction as per the provisions of this section.
3. **Amendments made in Sec.80G:** No deduction shall be allowed under Sec.80G in respect of donation of any sum exceeding **Rs.2,000** unless such sum is paid by any mode other than Cash.

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9. ADVANCE TAX

1. Advance tax payment scheme to be the same for companies and other assesses [Section 211]

Common advance tax payment schedule for both corporates and non-corporates (other than an eligible assessee in respect of eligible business referred to in section 44AD (or) 44ADA (w.e.f. FY.2017-18) from 1st June 2016

Due date of installment	Before amendment [Amount payable For non- corporate assessee upto 31-05-16]	After amendment [Amount payable w.e.f. 1-6-2016 for corporate and non-corporate assessee(i.e., all assessees)] other than eligible assessee u/s 44AD (or) 44ADA (w.e.f. FY.2017-18)
On or before 15th June	Not applicable	Not less than 15% of advance tax liability
On or before 15th September	Not less than 30% of advance tax liability, as reduced by the amount, if any, paid in the earlier installment.	Not less than 45% of advance tax liability, as reduced by the amount, if any, paid in the earlier installment.
On or before 15th December	Not less than 60% of advance tax liability, as reduced by the amount or amounts, if any, paid in the earlier installment or installments.	Not less than 75% of advance tax liability, as reduced by the amount or amounts, if any, paid in the earlier installment or installments.
On or before 15th March	The whole amount of advance tax liability as reduced by the amount or amounts, if any, paid in the earlier installment or installments.	The whole amount of advance tax liability as reduced by the amount or amounts, if any, paid in the earlier installment or installments.

Note: w.e.f. 1-06-2016, an eligible assessee opting profit on presumptive basis u/s 44AD (or) 44ADA (w.e.f. FY.2017-18), shall be required to pay advance tax of the whole amount in one installment on or before the 15th march of the financial year.

However any amount paid by way of advance tax on or before 31st March shall also be treated as advance tax paid during each financial year on or before 15th March.

2. Consequential amendments made in section 234C:

a) **Manner of computation of interest under section 234C for deferment of advance tax by corporate and non-corporate assesses other than an eligible assessee u/s 44AD (or) 44ADA (w.e.f. FY.2017-18).**

Specified date	Specified %	Shortfall in advance tax	Period
(1)	(2)	(3)	(4)
15th June	15%	15% of tax due on returned income (-) advance tax paid up to 15th June	3 months
15th September	45%	45% of tax due on returned income (-) advance tax paid up to 15th September	3 months
15th December	75%	75% of tax due on returned income (-) advance tax paid up to 15th December	3 months
15th March	100%	100% of tax due on returned income (-) advance tax paid up to 15th March	1 month

Note – However, if the advance tax paid by the assessee on the current income, on or before 15th June or 15th September, is not less than 12% or, as the case may be, 36% of the tax due on the returned income, then, the assessee shall not be liable to pay any interest on the amount of the shortfall on those dates.

- b) **Computation of interest under section 234C in case of an eligible assessee in respect of eligible business (or) profession referred to in section 44AD (or) 44ADA (w.e.f. FY.2017-18):** In case an eligible assessee in respect of the eligible business (or) profession referred to in section 44AD (or) 44ADA (w.e.f. FY.2017-18), who is liable to pay advance tax under section 208 has failed to pay such tax or the advance tax paid by the assessee on its current income on or before 15th March is less than the tax due on the returned income, then, the assessee shall be liable to pay simple interest at the rate of 1% on the amount of the shortfall from the tax due on the returned income.
- c) **Non-applicability of interest under section 234C in certain cases:** Interest under section 234C shall not be leviable in respect of any shortfall in payment of tax due on returned income, where such shortfall is on account of under-estimate or failure to estimate –
- The amount of capital gains;
 - Income of nature referred to in section 2(24)(ix) i.e., winnings from lotteries, crossword puzzles etc.;
 - Income under the head “Profits and gains of business or profession” in cases where the income accrues or arises under the said head for the first time.
 - Income of the nature referred to in section 115BBDA i.e., dividend in aggregate exceeding of Rs.10 lakhs received during the previous year.

However, the assessee should have paid the whole of the amount of tax payable in respect of such income referred to in (i), (ii), (iii) and (iv), as the case may be, had such income been a part of the total income, as part of the remaining installments of advance tax which are due or where no such installments are due, by 31st March of the financial year.

10. TAX DEDUCTED AT SOURCE

- Special rate of TDS in case if the Payee engaged only in the business of operation of Call Centre (Sec.194J) (w.e.f. 01.06.2017):** Any person other than an individual or HUF not liable to tax audit u/s 44AB in the immediately preceding financial year, shall be liable to deduct tax at source at a rate of 2% in respect of a payment made to a person being a resident in India and engaged only in the business of operation of Call Centre, if such sum payable to such person exceeds Rs.30,000 in a financial year, for each category of income (However, this limit does not apply in case of payment made to director of a company).
- Amendment in Sec.194LA:** A person shall be liable to deduct tax at source @ 10% at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, in respect of the payment made to a resident on account of compensation (including enhanced)/ consideration (including enhanced) on acquisition of certain immovable property (other than agricultural land).

However this section does not mandates to deduct tax at source only when such payment is made in respect of any award or agreement which has been exempted from levy of income-tax under section 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

- New insertion of Sec.194IB & 194IC (w.e.f. 01.06.2017):**

Particulars	Sec.194IB	Sec.194IC
Payer	Any person, other than an individual or HUF not liable to tax audit u/s 44AB in the immediately preceding financial year	Any person
Payee	Any Resident	Any Resident
Payment	Rental payments	Payment under specified agreement u/s 45(5A) (see note)
Threshold Limit	Rs.50,000 for a month or part of a month	Nil
Rate of TDS	5%	10%

Time of deduction	At the time of credit of such rent, for the last month of the previous year or the last month of tenancy, if the property is vacated during the year, as the case may be, to the account of the payee or at the time of payment thereof in cash or by issue of cheque or draft or by any other mode, whichever is earlier.	At the time of credit of such income to the account of the payee or at the time of payment, whichever is Earlier.
Payments/ Income exempted from TDS	Nil	Nil

Note:**Specified agreement under section 45(5A):**

- a) It means a registered agreement in which a person owning land or building or both, agrees to allow another person to develop a real estate project on such land or building or both.
 - b) The consideration, in this case, is a share, being land or building or both in such project; Part of the consideration may also be in cash.
4. **Amendment in Sec.197A (w.e.f. 01.06.2017):** On receipt of the declaration to pay the tax at a lower rate, the person responsible for making the payment will be required to deliver or cause to be delivered to the Chief Commissioner or Commissioner, one copy of the declaration on or before the 7th of the month following the month in which the declaration is furnished to him.
 5. **Amendment in Sec.204:** The payer himself (or) the company including the principal officer thereof in case of a company, shall be deemed to be the person responsible for paying tax and also liable for furnishing of information relating to payment to a non-corporate nonresident, or to a foreign company, of any sum, whether or not chargeable under the provisions of this Act.
 6. **TDS on interest income accrued to minor child, where both the parents have deceased (Notification No. 05/2017, dated 29.05.2017):** The Principal Director General of Income-tax (Systems) has in exercise of the powers delegated by the CBDT under Rule 31A(5), specified that in case of minors where both the parents have deceased, TDS on the interest income accrued to the minor is required to be deducted and reported against PAN of the minor child unless a declaration is filed under Rule 37BA(2) that credit for tax deducted has to be given to another person.
 7. **TDS on interest on deposits made under Capital Gains Accounts Scheme, 1988 where depositor has deceased - Notification No. 08/2017, dated 13.09.2017:** The Principal Director General of Income-tax (Systems) has, in exercise of the powers delegated by the CBDT under Rule 31A(5), vide this notification, specified that in case of deposits under the Capital Gains Accounts Scheme, 1988 where the depositor has deceased:

TDS on the interest income accrued for the period upto the period of death of the depositor shall be deposited and reported against PAN of the depositor. Beyond that period, TDS on the interest income accrued shall be deposited and reported against PAN of the legal heir. However, these provisions shall not be applicable if a declaration was filed under rule 37BA(2) that credit for TDS has to be given to another person.

11. RETURN OF INCOME

1. **Fee for default in furnishing the return of income (ROI) (Sec.234F):** Where a person who is required to furnish a return of income under section 139, fails to do so within the prescribed time limit under section 139(1), he shall pay, by way of fee, a sum of –
 - a) Rs. 5,000, if the return is furnished on or before the 31st December of the assessment year;
 - b) Rs. 10,000 in any other case

However, if the total income of the person does not exceed Rs. 5 lakhs, the fees payable shall not exceed Rs. 1,000.

2. Amendment in Sec.140A:

Where any tax is payable on the basis of any return required to be furnished under section 139, after taking into account –

- a) the amount of tax, already paid,
- b) the tax deducted or collected at source

The assessee shall be liable to pay such tax together with interest **and fees (w.e.f. FY.2017-18)** payable under any provision of this Act for any delay in furnishing the return or any default or delay in payment of advance tax before furnishing the return.

Where the amount paid by the assessee under section 140A(1) falls short of the aggregate of the tax, interest **and fees (w.e.f. FY.2017-18)** as aforesaid, the amount so paid shall first be adjusted towards the fees payable and thereafter towards interest and the balance shall be adjusted towards the tax payable.

THE END

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