HEMANT ARORA & CO. LLP
Chartered Accountants

INDIA BUDGET STATEMENT 2018

The Direct Tax proposals

HEMANT ARORA & CO. LLP
Chartered Accountants

Offices

- **Gurgaon**
  1118-1119, 11th Floor, DLF Galleria Tower
  DLF Phase IV, Gurgaon 122002
  Tel.: + 91 124 257 8088
  Fax.: + 91 124 257 0888

- **Dehradun**
  1, Tyagi Road, Dehradun 248001
  Tel.: + 91 135 262 6795
  Fax: + 91 135 262 7795

- **Roorkee**
  354B, 30 Civil Lines, Roorkee 247667
  Tel.: + 91 1332 27 3343
  Fax: + 91 1332 27 7272

- **Mumbai**
  B-304 New India Chambers, MIDC Road, Andheri East, Mumbai 400093
  Tel.: + 91 98370 28795

Partners

- Hemant K Arora
- Jeetan Nagpal
- Sanjay Arora
- Prabhat Rastogi
- Kamal Nagpal

www.hemantarora.in

Contacts

Hemant K. Arora
hemant.arora@hemantarora.in
+ 91 98370 39666

Jeetan Nagpal
jeetan.nagpal@hemantarora.in
+ 91 98370 28795

Sanjay Arora
sanjay.arora@hemantarora.in
+ 91 97562 08586

This document is a result of our study of the direct tax proposals forming part of the Finance Bill and is intended to bring to you the salient proposals in a simple, condensed and comprehensible manner.

We would like to reiterate that what have been discussed in the following pages are the proposals pertaining to the direct taxes. The said proposals are open to modifications and alterations during the course of discussion in the Parliament before they eventually become law upon receiving the assent of the President of India.

Disclaimer

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Foreword

Finance Minister Arun Jaitley has presented the Finance Bill 2018 to the Parliament on February 1, 2018. This is the last full Budget of the present Government.

On the Direct tax front the headline grabbing changes are as follows:

For investors in equities the re-imposition of long term capital gains tax on listed equities and equity oriented mutual funds is an acknowledgement of the fact that even though India still needs investment in equities to come, but the position has radically changed in the last few years and it is the Government's belief that despite a 10% tax on profits of more than Rs. 1 lacs, thereon Indian equities would remain an attractive asset class. The estimated profit of Rs. 3.67 crores made in equity markets by large investors in the past year was too tempting an amount to let go tax free. The Foreign Portfolio investors could still get away from paying the 10% capital gains tax by routing the investment through countries like France or Netherlands since India's tax treaties with these countries provide for nil tax on such gains. In all fairness it must be acknowledged that the sting of retrospective taxation has been removed by the grandfathering of the provision to the effect that capital gains accrued till 31 January 2018 will not continue to be tax exempt.

Likewise the imposition of 10% dividend tax on incomes distributed by equity funds will impact investors earning tax-free dividends from such funds. The dividend option of equity oriented balanced fund provided a tax free assured monthly income. The aforesaid tax would also impact arbitrage funds.

For senior citizens the increase in exemption limit of Rs. 50,000 from the present Rs. 10,000 in respect of interest income from savings bank, FDRs, post office schemes earned by senior citizens is a welcome step since, for many senior citizens, interest is the major source of income. Similarly the tax exemption on health insurance premium has been increased to Rs. 50,000. The deduction for medical expenditure for specific critical illnesses for senior/very senior citizens has been raised to Rs. 100,000. Though not related to Direct tax but another concession for the senior citizens is under the Pradhan Mantri Vaya Vandana Yojana which provides an assured interest of 8% p.a.. The duration of the said scheme is extended to 2020 with an enhanced investment limit of Rs. 15 lacs.

For salaried employees the introduction of standard deduction of Rs. 40,000 in lieu of the medical perquisite and transport allowance would bring a marginal relief in tax terms.

For companies with turnover not exceeding Rs. 250 crores, the lower corporate tax of 25% instead of the earlier 30% on companies with a turnover of Rs. 250 crore or less would be a bonanza for estimated 800 listed small and micro-cap companies besides a very large number of unlisted private and public companies which according to some estimates would cover 99% of the total tax paying companies in India even though in absolute terms it would mean that about seven thousand big companies would continue to be taxed @ 30%.

For the non-resident taxpayers the notable changes include aligning the definition of *'business connection'* under the domestic law with the modified Permanent Establishment Rules of BEPS Action 7 which is likely to be put into effect in a number of India's tax treaties through the Multi-lateral Instrument.

Furthermore, the proposed clarification that the term "*business connection*" shall include *significant economic presence* is a step directing towards bringing the digital economy within the ambit of taxation in India, the guiding principle being that taxes should be paid in the country where value is created. However, this would primarily impact companies which are tax residents of non-treaty countries as for the others the narrower definition of permanent establishment provided in tax treaties would still act as a safeguard against being taxed in India.

The procedural amendment provides more leeway in terms of extended time limits to MNCs for filing compliances of transfer pricing documentations.

Personal and Corporate tax would marginally go up due to increase in cess from present 3% to 4% with the stated objective of social funding.

Transparency in assessments would get a boost with the proposed roll out of electronic assessment which is now to be extended to the whole of India. The e-assessments would create audit trails by documenting interactions between taxpayers and the tax department, thereby improving administration.

A unique legal identifier number for every enterprise will assist in identifying beneficial owners of businesses and is again a step in line with G-20s push for member countries to adopt legal identifiers.

To conclude it may be said that the Union Budget 2018 has not made a very significant change in the 2019-20 edition of the most imaginative fiction written till date *(as someone described income tax returns in a lighter vein).*

Jeetan Nagpal
Partner

HEMANT ARORA & CO. LLP
Chartered Accountants

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At a glance

Income Tax

- No change in tax rates for individuals, HUF and Firms. However 1% increase in cess - education cess is proposed to be replaced with health and education Cess – rate increased from 3% to 4 %.

- Domestic companies having total turnover or gross receipts not exceeding Rs. 250 crore in financial year 2016-17 shall be liable to pay tax at 25%.

- Long term capital gains arising from the transfer of equity shares or units of equity oriented fund/business trust exceeding Rs. 1 lakh to be taxed at 10%, without allowing any indexation benefit. However, all such gains up to January 31, 2018 will remain exempt.

- Tax relief for buyers and sellers of property has been proposed by allowing the property to be valued at upto 5% below stamp duty value.

- Standard deduction of Rs. 40,000 for salaried employees. However, existing benefits of transport allowance of Rs. 19,200 and medical reimbursement of Rs. 15,000 under section 17(2) are being withdrawn.

- Women joining workforce for the first time will have to contribute towards EPF only at the rate of 8% instead of 12% or 10% as the case may be, for first 3 years.

- Investors will have to pay 10% tax on distributed income from equity oriented mutual funds.

- DDT on deemed dividend will now apply to transactions referred to in section 2(22)(e) of the Act undertaken on or after 1st April, 2018. These will be taxed in the hands of company.

- The following reliefs have been granted to senior citizens:

    - Limit under section 80D for health insurance premium or any general medical expenditure has been revised to Rs. 50,000.
    - Limit under section 80DDB for payment of specified diseases is increased to Rs. 1,00,000 for both categories.
    - Interest income from bank and post office has also been made exempt up to Rs. 50,000.

- Interest on compensation, enhanced compensation, claim or enhanced claim and subsidy, incentives to be taxed in the year of receipt.

- Conversion of stock in trade to capital asset to be considered as business income in the year of conversion on fair market value on the date of conversion.

- Benefit for investment in bonds has been restricted to capital gains arising from transfer of land and building only. Further, period of holding has been increased from 3 years to 5 years.

- PAN made mandatory for any entity entering into a financial transaction of Rs. 2,50,000/- or more.

- All companies are required to file return irrespective of their income. In case it is not filed, such companies will be liable for prosecution.

- Penalty for non filing financial return as required under section 285BA increased to Rs. 500 per day.

- No adjustment in returned income while processing under section 143(1) on account of mismatch with Form 26AS and Form 16A.

- New scheme proposed for providing electronic assessment to impart transparency.

- Marked to market loss computed as per ICDS to be allowed under section 36.

- Gain or loss due to foreign exchange fluctuations as per ICDS to be allowed under new section 43AA.

- Construction contract income to be computed on percentage of completion method as per ICDS under new section 43CB.

- Valuation of inventory including securities to be as per ICDS under new section 145A.

- Provision of sections 40(a)(ia) and 40A(3)/(3A) will be applicable for determining the amount of application of income under section 11.

Direct Tax Proposals

This section summarizes significant proposals on direct taxes announced in Union Budget 2018. These proposals are generally effective from financial year commencing April 1, 2018 relevant to Assessment year 2019-20. However some of the proposals are effective either prospectively or retrospectively in which case the dates from which they become applicable have been mentioned against respective proposals.

Income Tax

Rates of Tax for Assessment year 2019-20

- The ***tax slabs for individual (other than senior citizens)/ HUF/ AOP/ BOI/ artificial juridical person*** shall be as under:

Income Slabs	Tax Rate (percent)
Upto Rs. 250,000	Nil
Rs. 250,000 to Rs. 500,000	5%
Rs. 500,000 to Rs. 1,000,000	20%
Above Rs. 1,000,000	30%

The above tax slabs are also applicable to all tax non-resident individuals irrespective of the fact whether they fall within the age limit for senior citizens or more senior citizens.

- The ***tax slabs for senior citizens, resident in India*** who are of the age of sixty years or more but less than eighty years shall be as under:

Income Slabs	Tax Rate (percent)
Upto Rs. 300,000	Nil
Rs. 300,000 to Rs. 500,000	5%
Rs. 500,000 to Rs. 1,000,000	20%
Above Rs. 1,000,000	30%

- The ***tax slabs for senior citizens***, being a ***resident in India*** and who are of the age of eighty years or more, shall be as under:

Income Slabs	Tax Rate (percent)
Upto Rs. 500,000	Nil
Rs. 500,000 to Rs. 1000,000	20%
Above Rs. 1,000,000	30%

- The ***tax slabs for domestic companies***, shall be as under:

Income Slabs	Tax Rate (percent)
Turnover/Gross Receipts less than Rs. 250 crore for previous year 2016-17	25%
More than Rs. 250 crore	30%

- ***Surcharge on Individuals/ HUF/ AOP/ BOI/ artificial juridical person*** shall be levied:
  (i) at the rate of 10% for total income exceeding Rs.5,000,000 but less than Rs.10,000,000
  (ii) at the rate of 15% for total income exceeding Rs.10,000,000

- ***Surcharge on domestic companies*** having a total income exceeding Rs. 10,000,000 but less than Rs. 100,000,000 shall continue to be levied at a rate of 7% and for total income exceeding Rs.100,000,000/- will be levied at a rate of 12%.

- ***Surcharge on foreign companies*** having a total income exceeding Rs. 10,000,000 but less than Rs. 100,000,000 shall continue to be levied at a rate of 2% and for total income exceeding Rs.100,000,000/- will be levied at a rate of 5%.

- The ***Education Cess and the Secondary and Higher Education Cess*** shall be replaced by ***the Health and Education Cess*** at the rate of 4%

Section 2 – Definitions

- It is proposed that in the case of an amalgamated company, accumulated profits in the hands of the amalgamated company shall be increased by the amount of accumulated profits of the amalgamating company, whether capitalised or not, on the date of amalgamation. *To apply with retrospective effect from 01.04.2018*

- It is proposed to amend the definition of the '*income*' so as to include (a) the fair market value of inventory converted into capital asset and (b) any compensation etc. received in connection with the termination of employment or the modification of the terms and conditions of a contract relating to business.

- It is proposed that in the case the inventory is converted into a capital asset, the period of holding of such capital asset shall be reckoned from the date of conversion of inventory into such capital asset. .

Section 9 – Income deemed to accrue or arise in India

- It is proposed to include in the scope of "business connection", any business activity carried through a person who habitually exercises in India, an authority to conclude contracts on behalf of the non-resident or habitually plays the principal role leading to conclusion of contracts by the non-resident. The contracts should be: (a) in the name of non-resident or (ii) for the transfer of ownership of or granting of the right to use, property owned by that non-resident or (iii) for the provision of services by that non-resident.

- It is further proposed to include in the scope of "business connection", significant economic presence of a non-resident in India. Significant economic presence shall mean (a) any transaction in respect of any goods, services or property carried out by a non-resident in India exceeding a prescribed amount, (b) systematic and continuous soliciting of business activities or interacting with prescribed number of users in India through digital means..

- It is further proposed to provide that the transactions/activities shall constitute significant economic presence in India, whether or not the non-resident has a residence/ place of business in India/renders services in India.

Section 10 – Incomes not included in total income

- It is proposed to insert a new provision so as to exempt any income in the nature of royalty or fee for technical services arising to a non-resident/a foreign company earned from services provided to National Technical Research Organisation. *To apply with retrospective effect from 01.04.2018.*

- It is proposed to extend exemption of any payment from the National Pension System Trust to all assessees who have subscribed to the National Pension System Trust.

- It is proposed to withdraw the exemption from tax on the income arising from the transfer of a long-term capital asset, being an equity share or a unit of equity oriented fund/business trust in respect of transfers made on or after April 1, 2018.

- It is proposed to provide that the exemption of income available to a body/authority/ Board/ Trust/ Commission constituted by the Central/a State Government for regulating/administering activities for the benefit of general public shall also be extended to a class of such body/ authority etc.. *To apply with retrospective effect from 01.04.2018.*

- It is proposed to provide the exemption to any income accruing or arising to a foreign company on account of sale of leftover stock of crude oil from a facility in India after the expiry of the prescribed agreement, shall also include income on termination of the said agreement.

Section 11 – Income from property held for charitable or religious purposes

- It is proposed to provide that for the purposes of determining the amount of application of income wholly and exclusively to the objects of a charitable institution, amounts exceeding Rs.10,000 paid in cash shall be fully disallowed.

- It is further proposed that where the amount has been paid without deduction of tax, wherever applicable, the same shall also be disallowed for the purpose of computing application of income.

Section 16 – Deductions from salaries

- It is proposed to allow a standard deduction of Rs.40,000 or the amount of the salary, whichever is less, for the purpose of computing the income chargeable under Salaries head.

Section 17 – Income from Salary

- It is proposed to omit the present provision which provides that expenditure upto Rs. 15,000 incurred by the employee on himself or his family members medical treatment shall not be treated as perquisite in the hands of the employee.

Section 28 – Profits and gains from Business and Profession

- It is proposed to provide that any compensation in respect of termination or modification of the terms and conditions of any contract relating to business shall be chargeable to tax as profits and gains of business or profession.

- It is proposed to provide that fair market value of inventory converted into capital asset will be determined as on the date of its conversion.

Section 36 – Other Deductions

- It is proposed that deduction under profits and gains of business or profession in respect of any marked to market loss or other expected loss shall be allowed, if it is computed according to the income computation and disclosure standards notified under sub-section (2) of section 145. *To apply with retrospective effect from 01.04.2017.*

Section 40A – Expenses or payments not deductible in certain circumstances

- It is proposed to make a consequential amendment to provide that no deduction or allowance shall be allowed in respect of any marked to market loss or other expected loss unless it is computed in accordance with ICDS. *To apply with retrospective effect from 01.04.2017.*

Section 43 – Definitions of certain terms relevant to income from profits and gains of business or profession

- It is proposed to provide that for transaction in respect of trading in agricultural commodity derivatives, the commodity transaction tax shall not apply.

Section 43AA – Taxation of foreign exchange fluctuation

- It is proposed to insert a new provision to provide that any gain or loss arising from change in foreign exchange rates in respect of specified currency transaction shall be computed in accordance with the ICDS. .

- It is further proposed to provide that gain or loss arising on account of the change in foreign exchange rates shall include all foreign currency transactions such as monetary items, non-monetary items, translation of financial statements of foreign operations or forward exchange contracts or foreign currency translation reserves.

Section 43CA – Special provision for full value of consideration for transfer of assets other than capital assets in certain cases

- It is proposed that if the value adopted by stamp valuation authority does not exceed 105% of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer of any asset (other than capital assets) shall be deemed to be full value of consideration.

Section 43CB – Computation of income from construction and service contracts

- It is proposed to insert a new provision to provide that income arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method according to the ICDS.

- It is further proposed to provide that in the case of a contract for providing services with duration less than 90 days, the profits and gains shall be determined on the basis of project completion method.

- It is also proposed to provide that in the case of a contract for provision of services involving indeterminate number of acts over a specific period of time, the profits and gains arising from such contract shall be determined on the basis of a straight line method.

- It is also proposed to provide that for the purpose of computing income under the above provisions, the contract revenue shall include retention money and the contract costs shall not be reduced by any incidental income in the nature of interest, dividends or capital gains.

Section 44AE – Special provision for computing profits and gains of business of plying, hiring or leasing goods carriages

- It is proposed to amend the presumptive scheme applicable to goods carriage to provide that in the case of heavy vehicles (more than 12MT gross vehicle weight) the income would be deemed to be Rs. 1000 per tonne of gross vehicle weight/unladen weight per month for each goods vehicle or the amount claimed to have been actually earned, whichever is higher.

- It is proposed to provide that in the case of goods carriage other than heavy vehicles the income would be deemed to be Rs.7,500 per month for each goods carriage or the amount claimed to have been actually earned, whichever is higher.

Section 47 – Transactions not regarded as transfer

- It is proposed to provide that any transfer of capital asset being bond or Global Depository Receipt or a Rupee denominated bond of an Indian company or derivative, made by a Non-resident on a recognized stock exchange located in any International Financial Services Centre shall not be regarded as a transfer for capital gains purposes provided the consideration is paid/ payable in foreign currency.

Section 50C – Special provision for full value of consideration in certain cases

- It is proposed to amend provision relating to substitution of actual sale consideration arising in transactions in immovable property by the stamp duty value (in case where such stamp duty value is higher than the actual sales consideration) provided where the value adopted by the stamp valuation authority does not exceed 105% of the sale consideration received.

Section 54EC – Capital gain not to be charged on investment in certain bonds

- It is proposed to restrict the exemption from capital gains available by investing such gains in RECL/NHAI Bonds to gains arising from transfer of land/buildings only.

- It is further proposed to increase the period of holding of investment in such Bonds from the present three years to five years.

Section 56 – Income from other sources

- It is proposed to make a consequential amendment to provide that where any person receives any immovable property for a consideration which is lower than the stamp duty value, the difference shall not be taxable as income from other sources provided the difference is not more than Rs. 50,000/- or an amount equal to 5% of the consideration whichever is higher.

- It is to further proposed to provide that income arising from transfer of capital asset between holding company and its wholly owned Indian subsidiary company and between subsidiary company and its Indian holding company shall not be taxable as income from other sources

Section 79 – Carry forward and set off of losses in the case of certain companies

- It is proposed to provide that the restriction of change in shareholding structure for the purpose of carry forward and set off of losses shall not apply where such change in shareholding structure of a company is necessitated due to approved resolution plan under the Insolvency and Bankruptcy Code, 2016. *To apply with retrospective effect from 01.04.2018*

Section 80AC – Deduction not to be allowed unless return furnished

- It is proposed to provide that the deductions in respect of certain incomes under various provisions of Chapter VIA shall not be allowed unless the return of income is filed by the due date.

Section 80D – Deduction in respect of health insurance premia

- It is proposed to increase the limit of deduction in respect of payment of annual health insurance and medical expenditure for senior citizens from the present Rs. 30,000 to Rs. 50,000.

- It is further proposed to provide that in case a lump-sum payment is made in the previous year, covering insurance for more than one year, the deduction shall be allowed on a proportionate basis, subject to the above monetary limit.

Section 80DDB – Deduction in respect of medical treatment etc.

- It is proposed to increase the limit of deduction in respect of payment of medical treatment of specified diseases from Rs. 60,000/ Rs. 80,000 presently available to senior/very senior citizens respectively to Rs. 1,00,000/- for both categories.

Section 80-IAC – Special provision in respect of specified business

- It is proposed to also extend the deduction on profits of eligible start-ups incorporated on or after 1 April 2019 to 1 April 2021.

- It is further proposed to expand the definition of eligible business to provide that if an entity is engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation, such deduction shall be granted. *To apply with retrospective effect from 01.04.2018*

Section 80JJAA – Deduction in respect of employment of new employees

- It is proposed to extend the weighted deduction of 30% in respect of emoluments paid to new employees employed for a minimum of 240/150 days in a year presently available to apparel industry also to footwear and leather industry.

Section 80PA – Deduction in respect of certain income of producer companies

- It is proposed to provide 100% deduction on profits of Farm Producer Companies having a turnover upto Rs. 100 crores engaged in marketing of agriculture produce, purchase of agricultural implements, seeds etc, and processing of agriculture produce of the members of such FPC.

Section 80TTB – Deduction in respect of interest income on any deposits

- It is proposed to enhance the scope of deduction in respect of interest income from any deposits held by senior citizens upto Rs. 50,000

Section 112A - Tax on long term capital gains in certain cases

- It is proposed to provide that LTCG exceeding Rs. 1,00,000 from transfer of equity share or equity oriented fund or unit of business trust shall be taxed at the rate of 10%, provided STT has been paid.
- It is further proposed to provide that the requirement of payment of STT shall not apply to capital gains arising from transactions undertaken on a recognized stock exchange in any IFSC provided such consideration is received/ receivable in foreign currency.

Section 115AD - Tax on income of foreign institutional investors from securities or capital gain arising from their transfer

- It is proposed to provide that the LTCG of FIIs from the equity shares or a unit of an equity oriented fund or a unit of a business trust, exceeding Rs. 1,00,000 shall be taxed at the rate of 10%.

Section 115BA - Tax on income of certain domestic companies

- It is proposed to restrict the scope of the said section to income from business of manufacturing, production, research or distribution, and income which is at present taxed at a scheduler rate will continue to be so taxed. *To apply with retrospective effect from 01.04.2017.*

Section 115BBE - Tax on cash credits, unexplained investments etc.

- It is proposed to provide that no deduction of expenditure or allowances shall be allowed in relation to the income, as determined by the AO, apart from the income included in the tax return. *To apply with retrospective effect from 01.04.2017.*

Section 115JB - Special provision for payment of tax by certain companies

- It is proposed to amend the provision which restrict deduction in respect of the amount of loss brought forward or unabsorbed depreciation against book profits to the lower of the two while computing the tax liability under MAT. The proposed amendment provides that the aggregate amount of unabsorbed depreciation and brought forward losses shall be reduced from the book profit of a company, if the application for corporate insolvency resolution has been admitted.
- It is further proposed to clarify that the subject provisions of MAT shall not apply to a foreign company, if its total income is from the business of operation of ships or aircraft or civil construction or support services to oil extraction industries and its total income has been offered to tax under the special provisions dealing with presumptive taxation. *To apply with retrospective effect from 01.04.2001.*

Section 115JC - Special provisions related to payment of tax by certain persons other than a company

- It is proposed to provide that AMT in case of a unit located in an IFSC shall be charged at 9% provided that it derives income solely in convertible foreign exchange.

Section 115-O - Tax on distributed profits of domestic companies

- It is proposed to bring deemed dividends under the scope of DDT and to be subjected to tax at 30%.

Section 115R - Tax on distributed income to unit holders.

- It is proposed to provide that the dividend distributed by an equity oriented fund shall be subject to DDT at the rate of 10 per cent.

Section 139A – Permanent Account Number

- It is proposed that every person, not being an individual, who enters into a financial transaction exceeding Rs.2,50,000 in a year shall be required to apply to the AO for allotment of PAN.

Section 140 – Returns by whom to be verified

- It is proposed to provide that for a company seeking insolvency resolution under Insolvency and Bankruptcy Code, 2016, the return shall be verified by an insolvency professional appointed by the Adjudicating Authority under such Act.

Section 143 - Assessment

- It is proposed to provide that no addition of income appearing on Form 26AS or Form 16A or Form 16 which is not included in the returned income, shall be made in respect of any return furnished for AY 2018-19 and thereafter.
- It is further proposed to enable the Central Government to frame a new scheme of electronic assessment of scrutiny cases that shall eliminate interface between AO and the assessee.

Sections 145A and 145B – Method of Accounting in certain cases and taxability of certain income

- It is proposed to introduce various amendments in notified ICDS in relation to transactions involving marked-to market losses, foreign exchange gains/losses, construction contracts, valuation of inventories etc.

  To apply with retrospective effect from 01.04.2017

Section 193 – Interest on Securities

- It is proposed to provide that TDS shall be deducted on interest payments in excess of Rs. 10,000 under the 7.75% Savings (Taxable) Bonds, 2018.

Section 194A – Interest other than "interest on securities"

- It is proposed to enhance the threshold limit for deduction of TDS on interest payable to senior citizens by banks, co-operative societies etc. from the present Rs. 10,000 to Rs. 50,000

Section 245-O – Authority for Advance Rulings

- It is proposed to constitute a separate Customs Authority for Advance Rulings nder the Customs Act and accordingly the AAR constituted under the Income Tax Act shall cease to be the advance ruling authority for Customs.

- It is further proposed that the AAR under the Income Tax Act shall act as an appellate authority for the purpose of Chapter V of the Customs Act.

- It is further proposed to make consequential amendments to the provisions relating to appointment of Revenue Member of the AAR and omission of provisions relating to filing of applications for advance ruling under the Customs Act.

Section 253 - Appeals to Appellate Tribunal

- It is proposed to make penalty orders against accountants, merchant bankers and registered valuers for furnishing incorrect information in their reports or certificates appealable before the ITAT.

Section 271FA – Penalty for failure to furnish statement of financial transactions etc.

- It is proposed to enhance the monetary limits of penalty for failure to furnish statement of financial transactions or reportable accounts.

Section 286 – Furnishing of report in respect of international group

- It is proposed to extend the time allowed for furnishing the CbCR in respect of an international group to twelve months from the end of the respective reporting accounting year.

- It is further proposed that a constituent entity resident in India, having a non-resident parent, shall also furnish CbCR in case its parent entity outside India has no obligation to file the report in the latter's country/territory.

- It is proposed to define the term *'reporting accounting year'* as an accounting year in respect of which the financial and operational results are required reported.

  To apply with retrospective effect from 01.04.2017

Glossary

Act	The Income Tax Act, 1961 (except as otherwise stated)
AAR	Authority for Advance Ruling
AO	Assessing Officer
ALP	Arms Length Price
AMT	Alternate Minimum Tax
AOP	Association Of Persons
APA	Advance Pricing Agreement
AY	Assessment Year
BOI	Body Of Individuals
CbCR	Country by Country Report
CBDT	Central Board Of Direct Taxes
DDT	Dividend Distribution Tax
DRP	Dispute Resolution Panel
DTAA	Double Tax Avoidance Agreement
DTC	Direct Tax Code
EPFO	Employee Provident Fund Organization
EPF & MP Act	Employee Provident Funds & Miscellaneous Provision Act, 1952
FMV	Fair Market Value
FPC	Farm Producer Companies
GAAR	General Anti Avoidance Rules
GDP	Gross Domestic Output
HUF	Hindu Undivided Family
ICDS	Income Computation Disclosure Standards
IFSC	International Financial Services Centre
IPR	Intellectual Property Rights

LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
NELP	New Exploration Licensing Policy
PE	Permanent Establishment
POEM	Place of Effective Management
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board Of India
SEZ	Special Economic Zone
SME	Small & Medium Enterprises
SPV	Special Purpose Vehicle
TCS	Tax Collected At Source
TDS	Tax Deducted At Source
TPO	Transfer Pricing Officer
TRC	Tax Residence Certificate
VCC	Venture Capital Company
VCF	Venture Capital Funds
VCU	Venture Capital Undertaking

Notes

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