Income tax

Key Budget Proposals and Amendments

Union Budget 2017-2018

2/19, Nitya Priya, Nityanand Nagar,Sahar Road,Andheri (East),Mumbai-400 069.

03/02/2017

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1. Penalty on CA & professionals for incorrect report or certificate

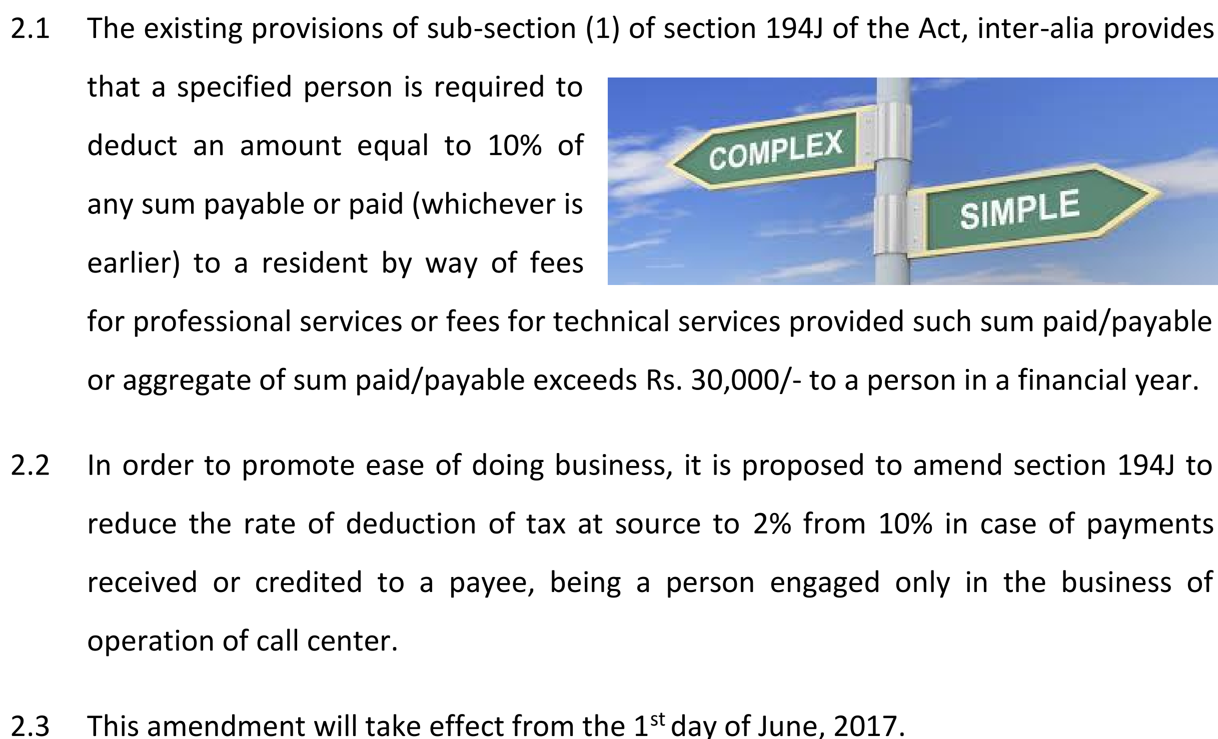
1.1 The thrust of the Government in recent past is on voluntary compliance. Certification of various reports and certificates by a qualified professional has been provided in the Act to ensure that the information furnished by an assessee under the provisions of the Act is correct. Various provisions exist under the Act to penalise the defaulting assessee in case of furnishing incorrect information. However, there exists no penal provision for levy of penalty for furnishing incorrect information by the person who is responsible for certifying the same.

1.2 In order to ensure that the person furnishing report or certificate undertakes due diligence before making such certification, it is proposed to insert a new section 271J so as to provide that if an accountant or a merchant banker or a registered valuer, furnishes incorrect information in a report or certificate under any provisions of the Act or the rules made thereunder, the Assessing Officer or the Commissioner (Appeals) may direct him to pay a sum of Rs. 10,000/- for each such report or certificate by way of penalty. It is further proposed to define the expressions "accountant", "merchant banker" and "registered valuer". It is also proposed to provide through amendment of Section 273B that if the person proves that there was reasonable cause for the failure referred to in the said section, then penalty shall not be imposable in respect of the proposed Section 271J.

1.3 These amendments will take effect from 1st April, 2017.

2. Simplification of the provisions of tax deduction at source in case Fees for professional or technical services under section 194J

2.1 The existing provisions of sub-section (1) of section 194J of the Act, inter-alia provides that a specified person is required to deduct an amount equal to 10% of any sum payable or paid (whichever is earlier) to a resident by way of fees for professional services or fees for technical services provided such sum paid/payable or aggregate of sum paid/payable exceeds Rs. 30,000/- to a person in a financial year.



2.2 In order to promote ease of doing business, it is proposed to amend section 194J to reduce the rate of deduction of tax at source to 2% from 10% in case of payments received or credited to a payee, being a person engaged only in the business of operation of call center.

2.3 This amendment will take effect from the 1st day of June, 2017.

3. Rebate allowable under Section 87A reduced to Rs. 2,500/-

3.1 The existing provisions of section 87A provide for a rebate up to Rs. 5,000/- from the income-tax payable to a resident individual if this total income does not exceed Rs. 5,00,000/-.

3.2 In view of proposed rationalisation of tax rates for individuals in the income slab of Rs. 2,50,000/- to Rs. 5,00,000/-, it is proposed to amend section 87A so as to reduce the maximum amount of rebate available under this section from existing Rs. 5,000/- to Rs. 2,500/-. It is also proposed to provide that this rebate shall be available to only resident individuals whose total income does not exceed Rs. 3,50,000/-.

3.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

4. Budget restricts set-off of loss from House property to Rs. 2 Lakhs

4.1 Section 71 of the Act relates to set-off of loss from one head against income from another.

4.2 In line with the international best practices it is proposed to insert sub-section (3A) in the said section to provide that set-off of loss under the head "Income from house property" against any other head of income shall be restricted to Rs. 2,00,000/- for any assessment year. However, the unabsorbed loss shall be allowed to be carried forward for set-off in subsequent years in accordance with the existing provisions of the Act.

4.3 This amendment will take effect from 1stApril, 2018 and will, accordingly apply in relation to assessment year 2018-19 and subsequent years.

5. Budget proposes Fee for delay in filing of Income Tax return

5.1 In view of the non-intrusive information-driven approach for improving tax compliance and effective utilization of information in tax administration, it is important that the returns are filed within the due dates specified in section 139(1). Further, the reduced time limits proposed for making of assessment are also based on pre-requisite that returns are filed on time.

5.2 In order to ensure that return is filed within due date, it is proposed to insert a new section 234F in the Act to provide that a fee for delay in furnishing of return shall be levied for assessment year 2018-19 and onwards in a case where the return is not filed within the due dates specified for filing of return under sub-section (1) of section 139. The proposed fee structure is as follows:—

5.2.1 A fee of Rs. 5,000/- shall be payable, if the return is furnished after the due date but on or before the 31st day of December of the assessment year;

5.2.2 A fee of Rs. 10,000/- shall be payable in any other case.

6. Mandatory furnishing of return by certain exempt entities

6.1 The existing provisions of sub-section (4C) of section 139 mandate filing of return by certain entities which are exempt from the levy of income-tax.

6.2 In order to verify that certain entities which enjoy exemption under section 10 actually carry out the activities for which the exemption has been provided under the Act, it is proposed to provide that any person as referred to in clause (23AAA), Investor Protection Fund referred to in clause (23EC) or clause (23ED), Core Settlement Guarantee Fund referred to in clause (23EE) and any Board or Authority referred to in clause (29A) of section 10 shall also be mandatorily required to furnish a return of income.

6.3 This amendment will take effect from 1st April, 2018 and will, accordingly apply in relation to assessment year 2018-19 and subsequent years.

7. No exemption on corpus donation by exempt entity to other exempt

7.1 As per the existing provisions of the Act, donations made by a trust to any other trust or institution registered under section 12AA or to 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, except those made out of accumulated income, is considered as application of income for the purposes of its objects. Similarly, donations made by entities exempted under sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 to any trust or institution registered under section 12AA, except those made out of accumulated income, is also considered as application of income for the purposes of its objects. However, donation given by these exempt entities to another exempt entity, with specific direction that it shall form part of corpus, is though considered application of income in the hands of donor trust but is not considered as income of the recipient trust. Trusts, thus, engage in giving corpus donations without actual applications.

7.2 Therefore, it is proposed to insert a new Explanation to section 11 of the Act to provide that any amount credited or paid, out of income referred to in clause (a) or clause (b) of sub-section (1) of section 11, being contributions with specific direction that they shall form part of the corpus of the trust or institution, shall not be treated as application of income. It is also proposed to insert a proviso in clause (23C) of section 10 so as to provide similar restriction as above on the entities exempt under

sub-clauses (iv), (v), (vi) or (via) of said clause in respect of any amount credited or paid out of their income.

7.3 These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018- 19 and subsequent years.

8. Secondary adjustments provisions in Transfer Pricing cases

8.1 Secondary adjustment means an adjustment in the books of accounts of the assessee and its associated enterprise to reflect that the actual allocation of profits between the assessee and its associated enterprise are consistent with the transfer price determined as a result of primary adjustment, thereby removing the imbalance between cash account and actual profit of the assessee.

8.2 As per the OECD's Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (OECD transfer pricing guidelines), secondary adjustment may take the form of constructive dividends, constructive equity contributions, or constructive loans. The provisions of secondary adjustment are internationally recognised and are already part of the transfer pricing rules of many leading economies in the world. Whilst the approaches to secondary adjustments by individual countries vary, they represent an internationally recognised method to align the economic benefit of the transaction with the arm's length position.

8.3 In order to align the transfer pricing provisions in line with OECD transfer pricing guidelines and international best practices , it is proposed to insert a new section 92CE to provide that the assessee shall be required to carry out secondary adjustment where the primary adjustment to transfer price, has been made *suo motu* by the

assessee in his return of income; or made by the Assessing Officer has been accepted by the assessee; or is determined by an advance pricing agreement entered into by the assessee under section 92CC; or is made as per the safe harbour rules framed under section 92CB; or is arising as a result of resolution of an assessment by way of the mutual agreement procedure under an agreement entered into under section 90 or 90A. It is proposed to provide that where as a result of primary adjustment to the transfer price, there is an increase in the total income or reduction in the loss, as the case may be, of the assessee, the excess money which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed as the income of the assessee , in the manner as may be prescribed. It is also proposed to provide that such secondary adjustment shall not be carried out if, the amount of primary adjustment made in the case of an assessee in any previous year does not exceed one crore rupees and the primary adjustment is made in respect of an assessment year commencing on or before 1st April,2016.

8.4 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

9. Limit on Interest deduction to counter cross-border profit shifting

9.1 A company is typically financed or capitalized through a mixture of debt and equity. The way a company is capitalized often has a significant impact on the amount of profit it reports for tax purposes as the tax legislations of countries typically allow a deduction for interest paid or payable in arriving at the profit for tax purposes while the dividend paid on equity contribution is not deductible. Therefore, the higher the level of debt in a company, and thus the amount of interest it pays, the lower will be

its taxable profit. For this reason, debt is often a more tax efficient method of finance than equity. Multinational groups are often able to structure their financing arrangements to maximize these benefits. For this reason, country's tax administrations often introduce rules that place a limit on the amount of interest that can be deducted in computing a company's profit for tax purposes. Such rules are designed to counter cross-border shifting of profit through excessive interest payments, and thus aim to protect a country's tax base.

9.2 Under the initiative of the G-20 countries, the Organization for Economic Co-operation and Development (OECD) in its Base Erosion and Profit Shifting (BEPS) project had taken up the issue of base erosion and profit shifting by way of excess interest deductions by the MNEs in Action plan 4. The OECD has recommended several measures in its final report to address this issue.

9.3 In view of the above, it is proposed to insert a new section 94B, in line with the recommendations of OECD BEPS Action Plan 4, to provide that interest expenses claimed by an entity to its associated enterprises shall be restricted to 30% of its earnings before interest, taxes, depreciation and amortization (EBITDA) or interest paid or payable to associated enterprise, whichever is less. The provision shall be applicable to an Indian company, or a permanent establishment of a foreign company being the borrower who pays interest in respect of any form of debt issued to a non-resident or to a permanent establishment of a non-resident and who is an 'associated enterprise' of the borrower. Further, the debt shall be deemed to be treated as issued by an associated enterprise where it provides an implicit or explicit guarantee to the lender or deposits a corresponding and matching amount of funds with the lender. The provisions shall allow for carry forward of disallowed interest expense to 8 assessment years immediately succeeding the assessment year for which the disallowance was first made and deduction against the income computed under the head "Profits and gains of business or profession" to the extent of maximum allowable interest expenditure. In order to target only large interest payments, it is proposed to provide for a threshold of interest expenditure of one crore rupees exceeding which the provision would be applicable. It is further proposed to exclude Banks and

Insurance business from the ambit of the said provisions keeping in view of special nature of these businesses.

9.4 This amendment will take effect from 1st April, 2018 and will accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

10. Section 40(a)(ia) proposed to apply to Income from Other Sources. Disallowance for non-deduction of tax from payment to resident

10.1 Existing provisions of section 58 of the Act, specify the amounts which are not deductible in computing the income under the head "Income from other sources" which include certain disallowances made in computation of income under the head "Profits and gains of business or profession". These disallowances include disallowances such as disallowance of cash expenditure, disallowance for non-deduction of tax from payment to non-resident, etc. For computing income under the head "Profits and gains of business or profession", a disallowance is made for non-deduction of tax from payment to resident also.

10.2 With a view to improve compliance of provision relating to tax deduction at source (TDS), it is proposed to amend the said section so as to provide that provisions of section 40(a)(ia) shall, so far as they may be, apply in computing income chargeable under the head "income from other sources" as they apply in computing income chargeable under the head "Profit and gains of business or Profession".

10.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

11. Budget 2017 widens scope of Income from other sources

11.1 Under the existing provisions of section 56(2)(vii), any sum of money or any property which is received without consideration or for inadequate consideration (in excess of the specified limit of Rs. 50,000/-) by an individual or Hindu undivided family is chargeable to income-tax in the hands of the resident under the head "Income from other sources" subject to certain exceptions. Further, receipt of certain shares by a firm or a company in which the public are not substantially interested is also chargeable to income-tax in case such receipt is in excess of Rs. 50,000/- and is received without consideration or for inadequate consideration. The existing definition of property for the purpose of this section includes immovable property, jewellery, shares, paintings, etc. These anti-abuse provisions are currently applicable only in case of individual or HUF and firm or company in certain cases. Therefore, receipt of sum of money or property without consideration or for inadequate consideration does not attract these a nti-abuse provisions in cases of other assessees.

11.2 In order to prevent the practice of receiving the sum of money or the property without consideration or for inadequate consideration, it is proposed to insert a new clause (x) in sub-section (2) of section 56 so as to provide that receipt of the sum of money or the property by any person without consideration or for inadequate consideration in excess of Rs. 50,000/- shall be chargeable to tax in the hands of the recipient under the head "Income from other sources". It is also proposed to widen the scope of existing exceptions by including the receipt by certain trusts or institutions and receipt by way of certain transfers not regarded as transfer under section 47. Consequential amendment is also proposed in section 49 for determination of cost of acquisition.

11.3 These amendments will take effect from 1st April, 2017 and the said receipt of sum of money or property on or after 1st April, 2017 shall be chargeable to tax in accordance with the provisions of proposed clause (x) of sub-section (2) of section 56.

12. FMV to be full value of consideration in case of unquoted shares

12.1 Under the existing provisions of the Act, income chargeable under the head "Capital gains" is computed by taking into account the amount of full value of consideration received or accrued on transfer of a capital asset. In order to ensure that the full value of consideration is not understated, the Act also contained provisions for deeming of full value of consideration in certain cases such as deeming of stamp duty value as full value of consideration for transfer of immovable property in certain cases.

12.2 In order to rationalise the provisions relating to deeming of full value of consideration for computation of income under the head "capital gains", it is proposed to insert a new section 50CA to provide that where consideration for transfer of share of a company (other than quoted share) is less than the Fair Market Value (FMV) of such share determined in accordance with the prescribed manner, the FMV shall be deemed to be the full value of consideration for the purposes of computing income under the head "Capital gains".

12.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

13. No Section 10(38) exemption in case of no STT on acquisition. Exemption of long term capital gains tax u/s 10(38)

13.1 Under the existing provisions of the Section 10(38) of the Income-tax Act, 1961, the income arising from a transfer of long term capital asset, being equity share of a company or a unit of an equity oriented fund, is exempt from tax if the transaction of sale is undertaken on or after 1st October, 2014 and is chargeable to Securities Transaction Tax under Chapter VII of the Finance (No. 2) Act, 2004.

13.2 It has been noticed that exemption provided under section 10(38) is being misused by certain persons for declaring their unaccounted income as exempt long-term capital gains by entering into sham transactions. With a view to prevent this abuse, it is proposed to amend section 10(38) to provide that exemption under this section for income arising on transfer of equity share acquired or on after 1st day of October, 2004 shall be available only if the acquisition of share is chargeable to Securities Transactions Tax under Chapter VII of the Finance (No 2) Act, 2004. However, to protect the exemption for genuine cases where the Securities Transactions Tax could not have been paid like acquisition of share in IPO, FPO, bonus or right issue by a listed company acquisition by non-resident in accordance with FDI policy of the Government etc., it is also proposed to notify transfers for which the condition of chargeability to Securities Transactions Tax on acquisition shall not be applicable.

13.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent assessment years.

14. Increase in deduction limit in respect of provision for bad debts

14.1 The existing provisions of sub-clause (a) of section 36 (1)(viia) of the Act, inter-alia provides that a scheduled bank (not being a bank incorporated by or under the laws of a country outside India) or a non-scheduled bank or a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank, can claim deduction in respect of provision for bad and doubtful debts. The amount of such deduction is limited to seven and one-half percent of the total income (computed before making any deduction under that clause and Chapter VIA) and an amount not exceeding ten per cent of the aggregate average advances made by the rural branches of such bank computed in the prescribed manner at the end of the previous year.

14.2 In order to strengthen the financial position of the entities specified in the sub-clause (a) of section 36(1) (viia) of the Act, it is proposed to amend the said sub-clause to enhance the present limit from seven and one-half percent to eight and one-half per cent of the amount of the total income (computed before making any deduction under that clause and Chapter VIA).

14.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

15. Budget 2017 extends scope of section 43D to Co-operative Banks

15.1 The existing provisions of section 43D of the Act, inter-alia, provides that interest income in relation to certain categories of bad or doubtful debts received by certain institutions or banks or corporations or companies, 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. This provision is an exception to the accrual system of accounting which is regularly followed by such assessees for computation of total income. The benefit of this provision is presently available to scheduled banks, public financial institutions, State financial corporations, State industrial investment corporations and certain public companies like Housing Finance companies.

15.2 With a view to provide a level playing field to co-operative banks vis-ã-vis scheduled banks and to rationalise the scope of the section 43D, it is proposed to amend section 43D of the Act so as to include co-operative banks other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank. Consequentially, as per matching principle in taxation, if the interest income on bad or doubtful debts is chargeable to tax on receipt basis, the interest payable on such bad or doubtful debts need to be allowed on actual payment. In view of this, it is proposed to amend section 43B of the Act to provide that any sum payable by the assessee as interest on any loan or advances from a co-operative bank other than a primary agricultural credit society or a primary co-operative agricultural and rural development bank shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income of the relevant previous year.

15.3 These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

16. Budget proposes carry forward of MAT / AMT credit for 15 Years

16.1 Section 115JAA contains provisions regarding carrying forward and set off of tax credit in respect of Minimum Alternate Tax (MAT) paid by companies under section 115JB. Currently, the tax credit can be carried forward up to tenth assessment years.

16.2 With a view to provide relief to the assessees paying MAT, it is proposed to amend section 115JAA to provide that the tax credit determined under this section can be carried forward up to fifteenth assessment year immediately succeeding the assessment years in which such tax credit becomes allowable. Further, similar amendment is proposed in section 115JD so as to allow carry forward of Alternate Minimum Tax (AMT) paid under section 115JC up to fifteenth assessment years in case of non-corporate assessee. It is also proposed to amend section 115JAA and 115JD so as to provide that the amount of tax credit in respect of MAT/ AMT shall not be allowed to be carried forward to subsequent year to the extent such credit relates to the difference between the amount of foreign tax credit (FTC) allowed against MAT/ AMT and FTC allowable against the tax computed under regular provisions of Act other than the provisions relating to MAT/AMT.

16.3 These amendments will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

17. Budget 2017 extends period for claiming tax deduction by start-ups

17.1 The existing provisions of section 80-IAC, inter alia, provide that an eligible start-up shall be allowed a deduction of an amount equal to one hundred per cent of the profits and gains derived from eligible business for three consecutive assessment years out of five years beginning from the year in which such eligible start-up is incorporated.

17.2 In view of the fact that start-ups may take time to derive profit out of their business, it is proposed to provide that deduction under section 80-IAC can be claimed by an

eligible start-up for any three consecutive assessment years out of seven years beginning from the year in which such eligible start-up is incorporated.

17.3 This amendment will take effect from 1st April, 2018 and will accordingly; apply in relation to assessment year 2018-19 and subsequent years.

18. Carry forward & set off of losses when changes in shareholding takes place

18.1 The existing provisions of section 79 of the Act, inter-alia provides that where a change in shareholding has taken place in a 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 person who beneficially held shares of the company carrying not less than fifty-one per cent of the voting power on the last day of the year or years in which the loss was incurred.

18.2 In order to facilitate ease of doing business and to promote start up India, it is proposed to amend section 79 of the Act to provide that where a change in shareholding has taken place in a previous year in the case of a company, not being a company in which the public are substantially interested and being an eligible start-up as referred to in section 80IAC of this Act, loss shall be carried forward and set off against the income of the previous year, if all the shareholders of such company which held shares carrying voting power on the last day of the year or years in which the loss was incurred, being the loss incurred during the period of seven years beginning from the year in which such company is incorporated, continue to hold those shares on the last day of such previous year.

18.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

19. Extension of eligible period of concessional tax rate U/s. 194LD

19.1 The existing provisions of section 194LD of the Act, provides for lower TDS at the rate of five per cent. in the case of interest payable at any time on or after 1st June, 2013 but before the 1st July, 2017 to FIIs and QFIs on their investments in Government securities and rupee denominated corporate bonds provided that the rate of interest does not exceed the rate notified by the Central Government in this behalf.

19.2 Considering the representations received from stakeholders, it is proposed to amend section 194LD to provide that the concessional rate of five per cent. TDS on interest will now be available on interest payable before the 1st July, 2020.

19.3 This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

20. Extension of period of concessional tax rate on interest on ECB

20.1 Extension of eligible period of concessional tax rate on interest in case of External Commercial Borrowing and Extension of benefit to Rupee Denominated Bonds. The existing provisions of section 194LC of the Act provide that the interest payable to a non-resident by a specified company on borrowings made by it in foreign currency from sources outside India under a loan agreement or by way of issue of any long-

term bond including long-term infrastructure bond shall be eligible for concessional TDS of five per cent. It further provides that the borrowings shall be made, under a loan agreement at any time on or after the 1stJuly, 2012, but before the 1stJuly, 2017; or by way of any long-term bond including long-term infrastructure bond on or after the 1stOctober, 2014 but before the 1st July, 2017, respectively.

20.2 Representations have been received requesting for extension of concessional rate of TDS under sections 194LC of the Act to boost the economy by way of introduction of foreign capital. Therefore, it is proposed to amend section 1 94LC to provide that the concessional rate of five per cent. TDS on interest payment under this section will now be available in respect of borrowings made before the 1st July, 2020.

20.3 This amendment will take effect from 1stApril, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

21. Summary at a Glance of Budget 2017 for Direct Taxes

21.1 New section 50CA has been introduced to make deemed sale of equity shares in line with deemed sale consideration in case of Immovable property. As per new section 50CA Fair value of unlisted shares to be taken as deemed sale value for the purpose of calculation of Capital Gain tax.

21.2 As per Section 206CC, if case no PAN of buyer then TCS will be twice the rate specified or 5%, whichever is higher.

21.3 New penalty Section 269ST has been introduced which speak about cash transaction. No person shall receive amount of Rs. 3 Lakhs or more in a single day or in respect of single transaction.

21.4 Restriction on setoff of loss under the head House Property, it can now be set off against other head of income only to the extent of Rs. 2,00,000/- in same year and remaining need to be c/f to 8 AY

21.5 Individual and HUF is now required to deduct TDS @ 5% if rent is paid exceeding Rs. 50,000/- a month

21.6 The scope of section 56 will be widened and now it is applicable to all the assessee including companies and therefore, it will cover any kind of gifts in cash or kind or for no consideration with only few exemptions and exception

21.7 For builders who show constructed buildings as stock-in-trade, tax on notional rental income will be apply only after one year of the end of the year in which completion certificate is received

21.8 Reduction in the holding period for computing long term capital gains from transfer of immovable property to 2 years. Base year for indexation is shifted to 1st April, 2001 for all classes of assets, which will affect calculation of LTCG

21.9 Income tax for smaller companies has been reduced. Company having annual turnover up to Rs 50 crore for such company tax rate has been reduced to 25%

21.10 Presumptive income for small and medium tax payers whose turnover is up to 2 crores is also reduced to 6% for turnover which is non-cash and 8% in case of cash turnover

21.11 Maximum donation in cash can be accepted by a political party will be amended to Rs 2,000/- from one person

21.12 Domestic transfer pricing applicability has been restricted only if one of the entities is claiming specified profit-linked deduction

21.13 Threshold limit for presumptive income scheme increased to Rs 2 crores

21.14 Threshold for maintenance of books for individuals and HUF increased to 25 lakhs or income to 2.5 lakhs

21.15 Payment of Advance tax, for Presumptive taxation for professional, amended to one installment only instead of 4 installments

21.16 Time period for revising a tax return is being reduced to 12 months from completion of financial year. Time for completion of scrutiny assessments is reduced to 18 months for Assessment Year 2018-19 and further to 12 months for Assessment Year 2019-20

21.17 Tax for individual assesses between incomes of Rs. 2.5 lakhs to 5 lakhs reduced to 5%

21.18 Surcharge of 10% of tax payable on individuals whose annual taxable income is between Rs 50 lakhs and Rs 1 crore

21.19 Removal of clause c of section 197, therefore now there will not be any reopening u/s 148 of indefinite period under income tax Act

21.20 Rs. 10,000/- expenditure incurred in cash is allowable instead of Rs. 20,000/- in a day

21.21 Donation to Trust in cash is restricted to Rs 2,000/- instead of Rs 10,000/-.

22. Disclaimer

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How GSC can be of your assistance?

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East Region

406A - 406B, 4th Floor,

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South Region

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