

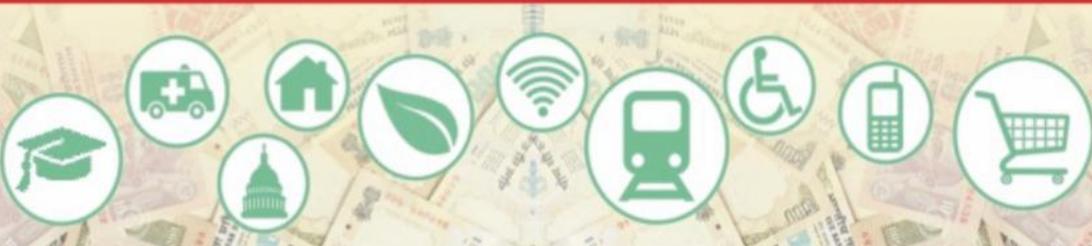
BUDGET

2016

Views of

**AGARWAL &
DHANDHANIA**

CHARTERED ACCOUNTANTS



KNOWLEDGE CELL



CA Sanjay Agarwal



CA Alok Dhandhanian



CA J L Patel



CA Rajjat Jain



CA Tushar Vegad



CA Monika Tibra



CA Ravikant Sharma



CA Mona Goyenka



CA Ankit Rathi



BUDGET ANALYSIS TEAM

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Foreword

Dear Reader,

Finance Minister Arun Jaitley began presenting India's national budget for the next fiscal in the Lok Sabha on 29th Feb 16 by saying "I am presenting the budget when the global economy is in crisis, however India has remained the bright spot in this gloom, turning difficulties into opportunities". Amid concerns over stagnating growth, the state of government finances and stuttering pace of reforms, he confirmed India's growth expanded by 7.5 percent and endeavored to show confidence with following lines....

कशती चलाने वालो ने जब हार के दी पतवार हमे,

लहर लहर तूफान मिले और मौज़ मौज़ मंज़दार हमे

फिर भी दिखाया हे हमने और फिर ये दिखा देंगे सबको,

इन हालात मे आता हे दरिया करना पार हमे

The Union Budget for FY17 is a pro-agriculture and pro-rural sector budget. Agriculture and Rural sectors are highlighted as two of the nine pillars of this year's Union Budget. FM also mentioned the social sector and infrastructure in his first set of priorities.

It's important to understand the FM's trade-off: whether to get more stringent with fiscal discipline or to spend significantly more on public investment to support growth. While one can build a case for both, in the end, Jaitley has made his government's priority clear -- that fiscal discipline is the order of the day.

Holding the fiscal deficit at 3.5% is a big announcement in these circumstances, which will bring relief for the bond markets. That, along with lower government borrowings, will be positive for the bond, currency and eventually the equity markets.

The Budget has predictably focused on supporting rural India and infrastructure within the ambit of fiscal consolidation. The total plan outlay for roads and budgetary support to the railways has been increased by over Rs 24,000 crore, allocation for rural development is up Rs 12,700 crore, a fresh impetus has been

given to agriculture, and an aggressive, fast-tracked plan for rural electrification has also been announced.

The most significant positive aspects of this budget lie in improving government processes. Most important of these is tax administration, reduction in taxman's discretionary powers and reduction of both the extent and duration of tax litigation. There is more money for physical infrastructure but it will still go through a government pipeline. It will end up creating one more category for pricing and regulation.

FM Jaitley targeted less Government and more Governance. But the proposals were in fact more Government and better Governance. The tone of the speech and the detail also show a reformer in retreat. The loss in Bihar has forced a change in NDA's market positioning. Until last year, the prime minister was looking to be more reformist, entrepreneurial, non-poveritarian by criticizing that MGNREGA was an acknowledgement of the state's failure to create productive jobs and therefore a shame. This budget speech, on the contrary, boasts of the highest ever allocation to it.

This budget is a political acknowledgement of rural distress and decline in wages. This has panicked the government into making what sounds like an impossible promise of doubling farmers' incomes by 2022 (i.e. growing at 15 % annually compounded). Growth like that is unheard of in farming, and is more of organic farming than of new technologies, particularly in seeds.

The FM has proposed significant improvements and settlement mechanisms for dispute resolution that may help reduce the litigation on TP matters.

Another area of concern was addressing the stress of PSU banks. The message needs to be understood -- that the Rs 25,000 crore allocation for PSU bank recapitalization is only the first step, that more will be made available if needed, and this needs to be seen along with other important measures to stabilize the banking sector, like the new Bankruptcy Law, changes in rules of ownership structure and allowing FDI in ARCs which should facilitate these companies to buy soured debt and its collateral from local banks. With this, Jaitley has also effectively shifted the onus of recovery now to the RBI. A lower fiscal deficit, lower government borrowings, bond yields cooling and stable inflation over the last few months build a strong case for an interest rate cut by the RBI. An another rate cut by the RBI by April can be now expected. All of these should go to make a healthier domestic banking sector at a time when we are likely to see many European banks with big exposure to India gradually withdraw.

India is one of the few large economies without a universal social security system. The FM's intent, to put it in his own words -- of enabling India to become a "pensioned society" -- in many ways reasserts the inclusive nature of this Budget.

In summary, the amendments proposed by the Hon'ble Finance Minister indicate a positive policy direction that would have a big impact on investor confidence if implemented efficiently. Lets hope that the FM will prove his commitment in his concluding lines of having a desire to provide socio-economic security to every Indian, especially the farmers, the poor and the vulnerable; of having a dream to see a more prosperous India; and having a vision to 'Transform India'.

29 February 2016

Publication Team

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Overview of Economic Survey 2015-16

(Commentary on the flagship annual document of the Ministry of Finance, Government of India, Economic Survey 2015-16. Useful for policymakers, economists, policy analysts, business practitioners, government agencies, students, researchers, the media and all those interested in the development in the Indian economy. This document reviews the developments in the Indian economy over the previous 12 months, summarizes the performance on major development programmes and highlights the policy initiatives of the government and the prospects of the economy in the short to medium term. This document is presented to both houses of Parliament during the Budget Session.)

A year ago, the Economic Survey spoke about the “sweet spot” for the Indian economy, arising from a combination of a strong political mandate and a favourable external environment. This year’s Economic Survey comes at a time of unusual volatility in the international economic environment. Markets have begun to swing on fears that the global recovery may be faltering, while risks of extreme events are rising. Amidst this gloomy landscape, India stands out as a haven of stability and an outpost of opportunity. Its macro-economy is stable, founded on the government’s commitment to fiscal consolidation and low inflation. Its economic growth is amongst the highest in the world, helped by a reorientation of government spending toward needed public infrastructure. These achievements are remarkable not least because they have been accomplished in the face of global headwinds and a second successive season of poor rainfall.

The task now is to sustain them in an even more difficult global environment. This will require careful economic management. As regards monetary and liquidity policy, the benign outlook for inflation, widening output gaps, the uncertainty about the growth outlook and the over-indebtedness of the corporate sector all imply that there is room for easing. Fiscal consolidation continues to be vital, and will need to maintain credibility and reduce debt, in an uncertain global environment, while sustaining growth. On the government’s “reformto- transform” agenda, a series of measures, each incremental but collectively meaningful have been enacted. There have also been some disappointments— especially the Goods and Services Tax— which need to be retrieved going forward.

Accelerated structural reforms at the Centre, the dynamism of competitive federalism, and good economics being good politics could all combine to maintain the fundamental promise that is India. For now, but not indefinitely, the sweet spot created by a strong political mandate but, recalibrated to take account of a weaker external environment, is still beckoningly there.

The *Chakravyuha* Challenge of the Indian Economy

India has made great strides in removing the barriers to the entry of firms, talent, and technology into the Indian economy. Less progress has been made in relation to exit. Thus, over the course of six decades, the Indian economy moved from ‘socialism with

limited entry to “marketism” without exit’. Impeded exit has substantial fiscal, economic, and political costs. We document its pervasive nature which encompasses not just the public sector and manufacturing but the private sector and agriculture. A number of solutions to facilitate exit are possible.

The government’s initiatives including the new bankruptcy law, rehabilitation of stalled projects, proposed changes to the Prevention of Corruption Act as well as the broader JAM agenda hold the promise of facilitating exit, and providing a significant boost to long-run efficiency and growth.

Spreading JAM across India’s economy

Large-scale, technology-enabled, real-time Direct Benefit Transfers can improve the economic lives of India’s poor, and the JAM Trinity (Jan Dhan, Aadhaar, Mobile) can help government implement them. Over the past year JAM has thickened and spread: Jan Dhan and Aadhaar deepened their coverage at an astonishing rate—respectively creating 2 and 4 million accounts per week—and several mobile money operators were licensed. This chapter examines the first variety of JAM—the PAHAL scheme of transferring LPG subsidies via DBT. The scheme reduced leakages by 24 per cent and seems to have excluded few genuine beneficiaries. When deciding where next to spread JAM, policymakers should consider first-mile (beneficiary identification), middle-mile (distributor opposition) and last-mile (beneficiary financial inclusion) challenges. Our JAM preparedness index suggests that the main constraint on JAM’s spread is the last-mile challenge of getting money from banks into people’s hands, especially in rural areas. The government should improve financial inclusion by developing banking correspondent and mobile money networks, while in the interim considering models like BAPU—Biometrically Authenticated Physical Uptake.

At present, the most promising targets for JAM are fertiliser subsidies and withingovernment fund transfers—areas under significant central government control and with substantial potential for fiscal savings.

Agriculture: More from Less

Indian agriculture, is in a way, a victim of its own past success—especially the green revolution. It has become cereal-centric and as a result, regionally-biased and input-intensive (land, water, and fertiliser). Rapid industrialization and climate change are raising the scarcity value of land and water, respectively.

Evolving dietary patterns are favoring greater protein consumption. To adapt to these changes, agriculture requires a new paradigm with the following components: increasing productivity by getting “more from less” especially in relation to water via micro irrigation; prioritizing the cultivation of less water-intensive crops, especially

pulses and oil-seeds, supported by a favorable Minimum Support Price (MSP) regime that incorporates the full social benefits of producing such crops and backed by a strengthened procurement system; and re-invigorating agricultural research and extension in these crops. Finally, we provide evidence of deep segmentation in Indian agricultural markets which, if remedied, would create one Indian agricultural market and boost farmers' incomes.

Mother and Child

Imagine the government were an investor trying to maximise India's long-run economic growth. Given fiscal and capacity constraints, where would it invest? This chapter shows that relatively low-cost maternal and early-life health and nutrition programs offer very high returns on investment because: (i) the most rapid period of physical and cognitive development occurs in the womb, so in utero and early-life health conditions significantly affect outcomes in adulthood; and (ii) the success of subsequent interventions—schooling and training—are influenced by early-life development. Despite recent progress, India generally under-performs on maternal and child health indicators: pre-pregnancy weights and weight-gain during pregnancy are both low. India is already halfway through its demographic dividend, and taking full advantage requires a healthy and educated population. Making these investments in maternal nutrition and sanitation, and enhancing their effectiveness by working to change social norms, can help India exploit this window.

Bounties for the Well-Off

Subsidies for the poor tends to attract policy attention. But a number of policies provide benefits to the well-off. We estimate these benefits for the small savings schemes and the tax/subsidy policies on cooking gas, railways, power, aviation turbine fuel, gold and kerosene, making assumptions about the definition of “well-off” and the nature of neutral policies. We find that together these schemes and policies provide a bounty to the well-off of about R1 lakh crore. We highlight that policies that are based on providing tax incentives will, in India, benefit not the middle class but those at the very top end of the income distribution. For example, the average income of those in the 20 percent tax bracket places them roughly in the 98.4th percentile of the Indian income distribution, and the corresponding figure for the 30 percent tax bracket is the 99.5th percentile.

Fiscal Capacity for the 21st Century

Fiscal capacity—spending and especially taxation—is key to long run economic development. Taxation is not just about financing spending, it is the economic glue

that binds citizens to the state in a two-way accountability relationship. Against this background, we assess India's fiscal capacity. Simple tax-GDP and spending-GDP ratios suggest that India under-taxes and under-spends relative to comparable countries. But, controlling for the level of economic development, India neither under-taxes nor under-spends. India does tax and spend less than other politically developed nations, but given that most other democracies took time to strengthen tax capacity, perhaps India is not an outlier on this dimension, either. India does stand out in the number of individual income taxpayers, currently about 4 percent, far from our desirable estimate of about 23 percent. Building long-run fiscal capacity is vital. One low hanging fruit would be to refrain from raising exemption thresholds for the personal income tax, allowing natural growth in income to increase the number of taxpayers. Beyond that, building fiscal capacity is also about creating legitimacy in the state. This can be acquired by prioritizing improved delivery of essential services that all citizens consume.

Reforming The Fertiliser Sector

Recent reforms in the fertiliser sector, including neem-coating to prevent diversion of urea to industrial uses, and gas-pooling to induce efficiency in production, are steps in the right direction. Fertiliser accounts for large fiscal subsidies (about 0.73 lakh crore or 0.5 percent of GDP), the second-highest after food. We estimate that of this only 17,500 crores or 35 per cent of total fertiliser subsidies reaches small farmers. The urea sector is highly regulated which: creates a black market that burdens small farmers disproportionately; incentivises production inefficiency; and leads to over-use, depleting soil quality and damaging human health. Reforms to increase domestic availability via less restrictive imports ("decanalisation") and to provide benefits directly to farmers using JAM will address many of these problems.

Powering "One India"

Since 2014, sweeping changes have characterized the power sector, including: record addition to generation capacity and the comprehensive initiative—Ujwal DISCOM Assurance Yojana (UDAY)—to improve the health and performance of the distribution companies. These changes provide the basis for discussing issues of longer-term interest for the states and their power regulators. These include reducing the complexity of tariff schedules that may prevent consumers from fully responding to price signals, the impact of quality-adjusted tariffs on the competitiveness of Indian industry, and the impediments to creating one market for power. Finally, using insights from the optimal income taxation literature, we provide illustrative estimates of the structure of consumer tariffs. The results suggest the possibility of achieving reasonably greater progressivity in tariff structures, with lower tariffs for the poor, while also ensuring cost recovery.

Public Finance

Financial year 2015-16 ushered in a new era of 'co-operative federalism with shared responsibilities' and more coordinated efforts between the centre and states for achieving development goals, following the recommendations of the 14th Finance Commission. The General Budget 2015-16 was presented in a more stable economic environment as compared to the just preceding years, with the economy showing signs of revival of growth. Against this background, the fiscal policy for 2015-16 was calibrated with three main objectives: first, to amplify the growth revival with greater emphasis on public investment at a time when private investment was understandably lean; second, to institutionalize the changing structure of cooperative federalism; and third, to continue the commitment to fiscal consolidation.

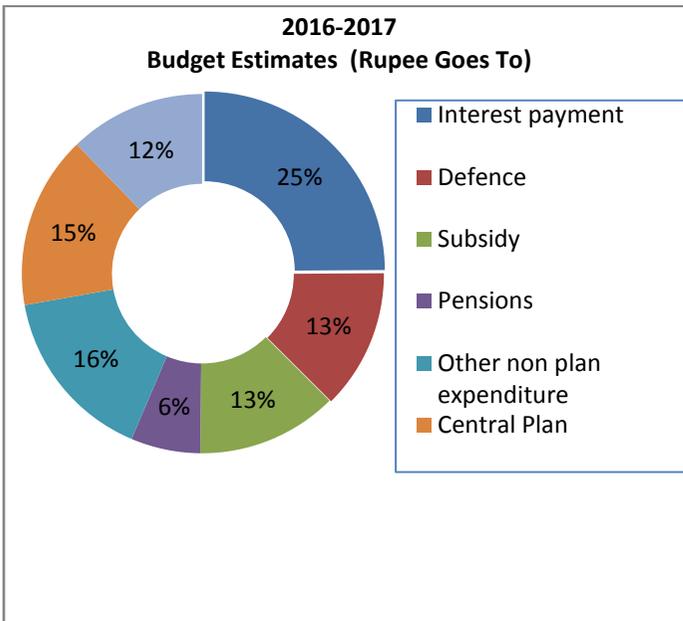
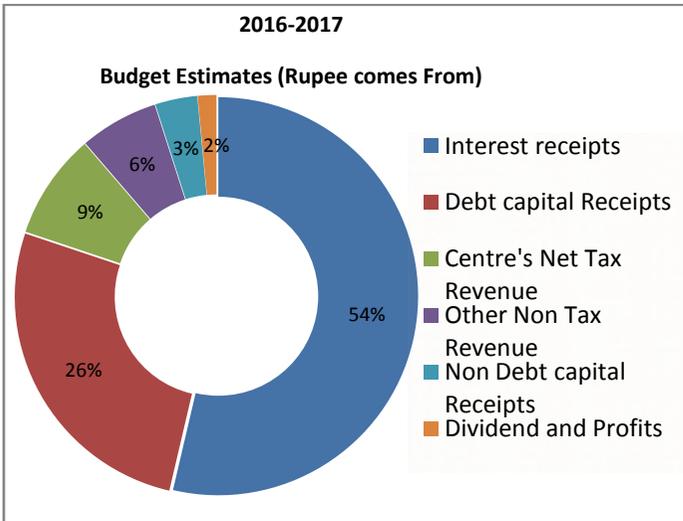
Industrial, Corporate, and Infrastructure Performance

Industrial sector plays an important role in realizing higher economic growth in the country. Riding high on the performance of manufacturing sector, industrial sector in India have registered higher growth during 2015-16. Many policy measures taken by the government for creating enabling environment for industrial growth have started showing its impact on increased FDI inflows, better performance of infrastructure sector. The landmark initiatives like Make in India, Ease of Doing Business, Start Up India, Digital India, and Smart Cities, etc. will provide further impetus to industries and the industrial sector is expected to be the key driver of economic growth in the country. These initiatives would also help in transforming infrastructure sector which is sine qua non for achieving and sustaining higher economic growth.

Services Sector

The services sector has emerged as the most dynamic sector of the world economy, contributing almost one-third of world gross value added, half of world employment, one-fifth of global trade and more than half of the world foreign direct investment flows. It remains the key driver of India's economic growth, contributing almost 66.1 per cent of its gross value added growth in 2015-16, important net foreign exchange earner and the most attractive sector for foreign direct investment inflows. However, the global slowdown has cast a shadow even on this promising sector.

Budget Highlights



Personal Finance

- No changes have been made to existing income tax slabs
- Govt. will pay EPF contribution of 8.33% for all new employees for first three years.
- Deduction for HRA will be raised from Rs. 24,000 to Rs. 60,000 to benefit those living in rented houses.
- Additional exemption of Rs. 50,000 for housing loans up to Rs. 35 lakhs (taken in FY 2016-17), provided cost of house is not above Rs. 50 lakhs and it should be your first house.
- Service tax exempted for housing construction of houses less than 60 Sq.Mts.
- 15 % surcharge on net income above Rs. 1 Cr.

Taxes Reforms

- Infrastructure and agriculture cess to be levied.
- Excise duty upraised from 10 to 15 per cent on tobacco products other than beedis.
- 1 % service charge on purchase of luxury cars over Rs. 10 lakh and in-cash purchase of goods and services over Rs. 2 lakh.
- SUVs, Luxury cars to be more expensive, 4% high capacity tax for SUVs.
- Companies with revenue less than Rs. 5 Cr. to be taxed at 29% plus surcharge.
- Limited tax compliance window from Jun 1 - Sep 30 for declaring undisclosed income at 45% incl. surcharge and penalties.
- Excise 1 % imposed on articles of jewellery, exclude silver.
- 0.5 % Krishi Kalyan Cess to be levied on all services.
- Pollution cess of 1 % on small petrol, LPG and CNG cars, 2.5 % on diesel cars of certain specifications; 4 % on high end models.
- Dividend in excess of Rs. 10 lakh per annum to be taxed at additional 10 %.
- Direct tax proposals result in **revenue loss of Rs.1060 Cr.** Indirect tax proposals result in **gain of Rs.20,670 Cr.**

Social Sector

- A huge amount of Rs. 38,500 Cr. to be allocated for MGNREGA in F.Y. 2016-17.
- Swacch Bharat Abhiyan further allocated Rs.9,500 Cr.
- LPG connections to be provided under the name of women members of family, for this Rs. 2000 Cr. has been allocated for BPL families.
- 2.87 lakh Cr. grants to gram panchayats and municipalities - a quantum jump of 228%.

- 300 urban clusters to be set up under Shyama Prasad Mukherji Rurban Mission.

Health Sector

- National Dialysis Service Programme with funds thru PPP mode to provide dialysis at all district hospitals.
- Dialysis equipments to be exempted from excise duty.
- A new health protection scheme for health covers upto 1 lakh per family and if family has Senior citizens they will get additional healthcare cover of Rs 30,000 under this scheme.
- 300 new generic drug store to be opened under Pradhan Mantri Jan Aushadi Yojana.

Education Skill & Job Creation

- 10 public and 10 private educational institutions to be transformed to world-class education institution.
- Digital repository for all school leaving certificates and diplomas to be developed.
- Rs. 1,000 Cr. to be allocated for higher education financing.
- Rs. 1,700 Cr. to be allocated for 1500 new multi-skill development centres.
- 62 new Navodaya Vidyalayas to be opened for providing quality education.
- Digital literacy scheme to be launched to cover 6 Cr. rural households.
- Objective to skill 1 Cr. youth in the next 3 years under the PM Kaushal Vikas Yojna

Investments and infrastructure

- Rs. 27,000 Cr. to be spent on development of roadways.
- 65 eligible habitats to be connected via 2.23 lakh kms of road.
- Shops to be given option to remain open all seven days in a week across markets.
- Total fund of Rs. 97,000 Cr. to be allocated for road construction, including PMGSY in F.Y. 2016-17.
- Total outlay for infrastructure in Budget 2016 stands at Rs. 2,21,246 Cr.
- New green-field ports to be developed on east and west coasts
- Centre to Partner with States to revive small airports for regional connectivity.
- Revival of underserved airports.
- 100 per cent FDI in marketing of food products produced and marketed in India
- Govt. proposed to amend Motor Vehicle Act. To abolish Permit-Raj.

- Minimum Alternate Tax (MAT) will be applicable for start-ups that qualify for 100 per cent tax exemption.
- Rs. 3000 Cr. separately allocated for nuclear power generation.

Agriculture Sector

- Total allocation for agriculture and farmer welfare of Rs. 35,984 Cr.
- 28.5 lakh hectares of land will be brought under irrigation.
- 5 lakh acres to be brought under organic farming over a period of three years.
- Rs. 60,000 Cr. is allocated for recharging of ground water in drought prone areas.
- Dedicated irrigation fund in NABARD of Rs. 20,000 Cr.

Banking Sector

Banking Board Bureau will be operationalized, we stand solidly behind public sector banks.
– Hon'ble F.M. Mr.Arun Jaitley

- Rs 25,000 Cr. towards re-capitalization of public sector banks.
- Target of disbursement under MUDRA increased to 1,80,000 Cr.
- Process of transfer of government stake in IDBI Bank below 50% started.
- General Insurance companies will be listed in the stock exchange.
- Govt to increase ATMs, micro-ATMs in post offices in next three years.

Sector wise Proposals



Agriculture

- Allocation for agriculture & farmer's welfare is Rs.35,984 crore
- 'Pradhan Mantri Krishi Sinchai Yojna' to be implemented in mission mode & 28.5 lakh hectares will be brought under irrigation.
- 89 irrigation projects will be fast tracked which are abandoned for a long time.
- Long Term Irrigation Fund will be created with NABARD with corpus of about Rs.20,000 crore.
- Programme for management of ground water resources with an estimated cost of Rs.6,000 crore will be implemented.
- 5 lakh farm ponds & dug wells in rain fed areas & 10 lakh compost pits for production of organic manure will be taken under MANREGA.
- 14 crore farm holdings will be covered with Soil Health Card scheme by March 2017.
- 2000 retail outlets of Fertilizer companies will be provided with soil & seed testing facilities during the next three years.
- Promote organic farming through 'Parmparagat Krishi Vikas Yojna' & Organic Value Chain Development in North East Region'.
- Merge agricultural Marketing ePlatform to provide common e-market platform for wholesale markets.
- Allocation has increased to 19,000 crore under ' Pradhan Mantri Gram Sadak Yojna' & will connect remaining 65,000 eligible habitations by 2019.
- A provision of Rs.15,000 crore has been made in the BE 2016-17 towards interest grant to mitigate the burden of loan repayment on farmers.
- Rs.5,500 crore has allocated under Prime Minister Fasal **Bima** Yojna.
- Rs.850 crore has allocated for four dairying projects as ' Pashudhan Sanjivani', 'Nakul Swasthya Patra','E-Pashudhan Haat' & National Genomic Centre for indigenous breeds.



Rural

- Allocation for rural sector- Rs.87,765 crore.
- Rs. 2.87 lakh crore will be given as Grant in Aid to Gram Panchayats & Municipalities as per the recommendations of the 14th Finance Commission.
- Rs.38,500 crore has allocated for MGNREGS.
- 300 Rurban Clusters will be developed under the Shyam Prasad Mukherjee Rurban Mission.
- 100% village electrification by 1st May,2018.

- Digital Literacy Mission Scheme for rural India to cover around 6 crore additional household within the next 3 years.
- 'Rashtriya Gram Swaraj Abhiyan' scheme has proposed with allocation of Rs.655 crore.



Social Sector Including Health Care

- Rs. 1,51,581 has allocated for social sector including education & health care.
- Rs.2,000 crore allocated for initial cost of providing LPG connections to BPL families.
- New health protection scheme will provide health cover up to Rs.1 lakh/family & Rs.30000 additional top-up package will be provided for senior citizens.
- 3,000 stores under Prime Minister's Jan Aushadhi Yojna will be opened during 2016-17.
- 'National Dialysis Services Programme' to be started under National Health Mission through PPP mode.
- "Stand Up India Scheme" to facilitate at least two projects per bank branch. This will benefit at least 2.5 lakh entrepreneurs.
- National Scheduled Caste and Scheduled Tribe Hub to be set up in partnership with industry associations
- Allocation of Rs.100 crore each for celebrating the Birth Centenary of Pandit Deen Dayal Upadhyay and the 350th Birth Anniversary of Guru Gobind Singh.



Education

- 62 new Navodaya Vidyalayas will be opened.
- Sarva Shiksha Abhiyan to increasing focus on quality of education
- Regulatory architecture to be provided to ten public and ten private institutions to emerge as world-class Teaching and Research Institutions
- Higher Education Financing Agency to be set-up with initial capital base of Rs.1000 Crores
- Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets to be set-up.



Skill Development

- Allocation for skill development – Rs. 1804. crore.
- 1500 Multi Skill Training Institutes to be set-up.

- National Board for Skill Development Certification to be setup in partnership with the industry and academia.
- Entrepreneurship Education and Training through Massive Open Online Courses



Job Opportunity

- GoI will pay contribution of 8.33% for of all new employees enrolling in EPFO for the first three years of their employment vide budget provision of Rs.1000 crore for this scheme.
- Deduction under Section 80JJAA of the Income Tax Act will be available to all assesses who are subject to statutory audit under the Act.
- 100 Model Career Centres to operational by the end of 2016-17 under National Career Service.
- Model Shops and Establishments Bill to be circulated to States.



Infrastructure & Investment

- Total investment in the road sector, including PMGSY allocation would be Rs.97,000 crore during 2016-17.
- India's highest ever kilometres of new highways were awarded in 2015. To approve nearly 10,000 kms of National Highways in 2016-17.
- Allocation of Rs. 55,000 crore in the Budget for Roads. NHAI will raise Rs. 15,000 crore through bonds additionally.
- Total outlay for infrastructure - Rs. 2,21,246 crore.
- Amendments to be made in Motor Vehicles Act to open up the road transport sector in the passenger segment
- Action plan for revival of unserved and underserved airports to be drawn up in partnership with State Governments.
- To provide calibrated marketing freedom in order to encourage gas production from deep-water, ultra deep-water and high pressure-high temperature areas
- Comprehensive plan, spanning next 15 to 20 years, to enlarge the investment in nuclear power generation to be drawn up.
- Steps to re-vitalise PPPs:
 - Public Utility (Resolution of Disputes) Bill will be introduced during 2016-17
 - Guidelines for renegotiation of PPP Concession Agreements will be issued
 - New credit rating system for infrastructure projects to be introduced
- Reforms in FDI policy in the areas of Insurance and Pension, Asset Reconstruction Companies, Stock Exchanges.
- 100% FDI to be allowed through FIPB route in marketing of food products produced and manufactured in India.

- A new policy for management of Government investment in Public Sector Enterprises, including disinvestment and strategic sale, 7 approved.



Financial Sector Reforms

- A comprehensive Code on Resolution of Financial Firms to be introduced.
- A Financial Data Management Centre to be set up.
- RBI to facilitate retail participation in Government securities.
- New derivative products will be developed by SEBI in the Commodity Derivatives market.
- Amendments in the SARFAESI Act 2002 to enable the sponsor of an ARC to hold up to 100% stake in the ARC and permit non institutional investors to invest in Securitization Receipts.
- Comprehensive Central Legislation to be brought to deal with the threat of unlawful deposit taking schemes.
- Increasing members and benches of the Securities Appellate Tribunal.
- Allocation of Rs. 25,000 crore towards recapitalization of Public Sector Banks.
- Target of amount sanctioned under Pradhan Mantri Mudra Yojana increased to Rs. 1,80,000 crore.
- General Insurance Companies owned by the Government to be listed in the stock exchanges.

Direct Tax Proposals

Tax Rates

(I) Individual/ HUFs/ AOPs/ BOI/ Artificial Juridical person

Slab Rates	
Income	Tax Rate
Upto Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%
Above Rs. 1,00,00,000	30% plus surcharge @ 15%

(II) In case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year:

Slab Rates	
Income	Tax Rate
Upto Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	10%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%
Above Rs. 1,00,00,000	30% plus surcharge @ 15%

(III) In case of very individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year:

Slab Rates	
Income	Tax Rate
Upto Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	10%
Above Rs. 10,00,000	20%
Above Rs. 1,00,00,000	30% plus surcharge @ 15%

(A) Co-operative Societies:

In case of Co-operative Societies, the rates of income-tax are as given below.

Slab Rates	
Income	Tax Rate
Upto Rs. 10,000	10%

Above Rs. 10,000-Rs. 20,000	20%
Above 20,000	30%

(C) Firms:

The rate of income-tax in case of firm is @ 30% which will further be increased by Education Cess @ 2% and Secondary and Higher Education Cess @ 1%.

(D) Local Authorities:

The rate of income-tax in case of local authority is @ 30% which will further be increased by Education Cess @ 2% and Secondary and Higher Education Cess @ 1%.

The amount of income-tax computed in accordance with all above the preceding provisions shall be increased by a surcharge at the rate of twelve percent of such income-tax in case of all the above assesses having a total income exceeding one Crore rupees.

However, the total amount payable as income-tax and surcharge on total income exceeding one Crore rupees shall not exceed the total amount payable as income-tax on a total income of one Crore rupees by more than the amount of income that exceeds one Crore rupees.

(E) Companies:

Income Tax Slab Rate		Surcharge Rate	
Income	Tax Rate	Total Income	Rate
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2014-15 does not exceed five crore rupees;))	29%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In Case of Domestic Company (where its total turnover or the gross receipt in the previous year 2014-15 exceed five crore rupees;))	30%	Above 1 Crore but not exceed 10 Crore	7%
		Above 10 Crore	12%
In case of Company other than a domestic company	40%	Above 1 Crore but not exceed 10 Crore	2%
		Above 10 Crore	5%

- In other cases (including sections 115-O, 115QA, 115R or 115TA) the surcharge shall be levied at the rate of twelve percent.

For Assessment year 2017-18, additional surcharge called the "Education Cess on income-tax" and "Secondary and Higher Education Cess on income-tax" shall continue to be levied at the rate of two percent and one per cent. Respectively, on the amount of tax computed, inclusive of surcharge (wherever applicable), in all cases. No marginal relief shall be available in respect of such Cess.

- Rebate available under the provision of section 87 A has been increased from existing Rs.2,000 to Rs.5,000, in case of individual resident in India whose total income does not exceed Rs. 5 lacs.

Section wise Proposals

Tax Treatment of Gold Monetization Scheme, 2015 Section 2(14) & 10(15)

Existing Provision: Under the existing provisions of section 10, interest on Gold Deposit Bonds issued under Gold Deposit Scheme, 1999 is exempt. Further, these bonds are excluded from the definition of capital asset and therefore exempt from tax on capital gains.

Proposed Provision: It is proposed to exclude "The Deposit Certificate issued under the Gold Monetisation Scheme, 2015" from the definition of Capital Asset.

It is also proposed to amend clause (15) of section 10 so as to include the interest on Deposit Certificates issued under the Scheme.

Implication: The Gold Monetization Scheme, 2015 has since been introduced by the Government of India. Hence it will have the same tax benefit to the scheme as were available to the Gold Deposit Scheme, 1999 i.e., it will be exempt from capital gain Tax as well as Interest income.

W.E.F.: 1 April, 2016

Definition Of Hearing Section 2(23C)

Existing Provision: Newly inserted

Proposed Provision: It is proposed to amend the existing provision of section 2 by inserting new clause (23C) to define the term "hearing" to include communication of data and documents through electronic mode.

Implications: It will result in fast and easiest resolution of cases pending before appellate authority.

W.E.F.: 1 June, 2016

Exemption of Central Government subsidy or grant or cash assistance, etc. towards corpus of fund Section 2(24)

Existing Provision: Income shall include-

assistance in the form of a subsidy or grant or cash incentive or duty drawback or waiver or concession or reimbursement (by whatever name called) by the Central Government or a State Government or any authority or body or agency in cash or kind to the assessee **other than**- the subsidy or grant or reimbursement which is taken into account for determination of the actual cost of the asset in accordance with the provisions of Explanation 10 to clause (1) of section 43.

Proposed Provision: It is proposed to amend section 2(24) to provide that subsidy or grant by the Central Government for the purpose of the corpus of a trust or institution established by the Central Government or State government shall **not form part of income**.

Implications: Earlier grant or cash assistance or subsidy etc. provided by the Central Government for budgetary support of a trust were taxed in the hands of trust or any other entity. Now, with this amendment, the same will not form part of Income and hence exempt from tax.

W.E.F.: 1 April, 2017

Resident in India in respect of Companies Section 6(3)

Existing Provision:

Earlier residency of foreign company was determined on the basis of "Control and Management of Affairs situated wholly in India." But, in the union Budget 2015, it was proposed to substitute the provisions of section 6(3) to provide that a person being a company shall be said to be resident in India in any Previous year, if-

- (i) it is an Indian Company; or
- (ii) its place of effective management(POEM), in that year, is in India.

Proposed Provision:

The determination of residency of foreign company on the basis of Place of Effective Management is proposed to be deferred by one year.

Implications: Postponement for one year will provide relaxation to concern Assessee from statutory compliance under this act.

W.E.F.: 1 April,2017.

Exemption in respect of certain activity related to diamond trading in "Special Notified Zone". Section 9(1)(i)

Existing Provision: Newly proposed provision

Proposed Provision: One new clause (e) has been proposed to insert after Sec-9(1)(i)(d) which states that a foreign company engaged in the business of mining of diamonds, no income shall be deemed to accrue or arise in India to it through or from the activities which are confined to the display of uncut and unassorted diamond in any special zone notified by the Central Government in the Official Gazette in this behalf.

Implications: It will result in promotion of activity of display of uncut diamond (without any sorting or sale) in the special notified zone by FMCs.

W.E.F.: 1 April,2016

Deduction for newly established units in SEZ Section 10AA

Existing Provision: Newly established unit in SEZ shall avail Profit Linked Deduction for profit derived from export of articles or things or services if it has begun or begins its manufacture or production of articles or things **on or after 1 April, 2016**.

Proposed Provision: It has been proposed that the above deduction will be available for newly established unit if it has begun or begins its manufacture or production of articles or things **on or after 1 April, 2016 but before 1 April, 2020**.

Implications: Amendment will set sunset date for availing the deduction benefit under the section.

W.E.F.: 1 April, 2017

Rationalization of tax treatment of Recognised Provident Funds, Pension Funds and National Pension Scheme

Section 10(12), newly inserted Section 10(12A) and Section 10(13)(ii)

Existing Provision:

Type of Pension Plan	Monthly/ periodic contributions	Returns generated on these contributions during the accumulation phase	Terminal benefits on exit or superannuation
National Pension System (NPS)(Referred	Exempt	Exempt	Taxable

to in Sec. 80CCD)			
Government Pension	Exempt	Exempt	Exempt
Superannuation fund	Exempt	Exempt	Exempt

Proposed Provision:

Type of Pension Plan	Monthly/ periodic contributions	Returns generated on these contributions during the accumulation phase	Terminal benefits on exit or superannuation
National Pension System (NPS) (Referred to in Sec. 80CCD)	Exempt	Exempt	Exempt – Up to 40 % total amount payable to him at the time of such closure or his opting out of the scheme [Amendment in Sec 10(12A)]
Government Pension	Exempt	Exempt	For *Excluded Employee - Wholly Exempt For Other- Exempt Up to 40 % of the accumulated balance attributable to contributions made on or after 1 st April 2016 [Amendment in Sec 10(12)]
Superannuation fund	Exempt	Exempt	Exempt- Up to 40% of annuity [Amendment in Section 10(13)(ii)]

*Excluded Employee: Employee participating in a recognised provident fund and whose monthly salary does not exceed 15,000/-.

Implication: It brings greater parity in tax treatment of different types of pension plans

W.E.F.:- 1st April, 2017

Section 10(13) (iv)

Existing Provision: Newly Inserted

Proposed Provision: It is proposed to amend clause (13) of section 10 so as to provide that any payment from an approved superannuation fund by way of transfer to the account of the employee under NPS referred to in section 80CCD and notified by the Central Government shall be exempt from tax.

Implication: It helps in bringing all pension plans under one umbrella.

W.E.F.:- 1ST April 2017

Benefit of exemption to Reconstruction Companies or Securitisation Companies Section 10(23DA)

Existing Provision: any income of a securitisation trust from the activity of securitisation.

Explanation. — For the purposes of this clause,—

(a) "Securitisation" shall have the same meaning as assigned to it,—

(i) in clause (r) of sub-regulation (1) of regulation 256 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the Securities Contracts (Regulation) Act, 1956 (42 of 1956); or

(ii) Under the guidelines on securitisation of standard assets issued by the Reserve Bank of India;

(b) "Securitisation trust" shall have the meaning assigned to it in the Explanation below section 115TC;]

Proposed Provision: In clause (23DA), in the *Explanation*,—

1) In clause (a), after sub-clause (i), the following sub-clause is proposed to be inserted, namely:—

"(ia) in clause (z) of sub-section (1) of section 2 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; or";

2) in clause (b), for the word, figures and letters "section 115TC", the word, figures and letters "section 115TCA" is proposed to be substituted.

Implication: Income of trusts set up by reconstruction companies or the securitisation companies from activity from securitization will also be exempt from tax.

W.E.F.:- 1ST April 2017

Exemption of dividend received by REITs and Invits from Special Purpose Vehicle Section 10(23FC)

Existing Provision: Any income of a business trust by way of interest received or receivable from a special purpose vehicle shall be exempt from income tax.

Proposed Provision: Dividend referred to in sub-section (7) of section 115-0 is proposed to be included in the existing provision.

Implication: Dividend received by business trusts (REITs and Invits) from SPV will be exempt from income tax.

W.E.F.:- 1ST April 2017

Exemption of incomes other than interest income in the hand of unit holders Section 10(23FD)

Existing Provision: Any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in clause (23FC).

Proposed Provision: In clause (23FD), for the words, brackets, figures and letters "in clause (23FC)", the words, brackets, letters and figures "in sub-clause (a) of clause (23FC)" are proposed to be substituted.

Implication: Dividend income will still be exempt in the hand of unit holders.

W.E.F.: 1ST April 2017

Tax incentives to International Financial Services Centre Section 10(38)

Existing Provision: Under section 10(38), income by way of long term capital gains arising from equity shares or units of an equity oriented fund or business trust is exempt where securities transaction tax is paid.

Proposed Provision: It is proposed to amend the section 10 so as to provide for exemption from tax on capital gains to the income arising from transaction undertaken in foreign currency on a recognised stock exchange located in an International Financial Services Centre even when securities transaction tax is not paid in respect of such transactions.

Implication: It will help to incentivise the growth of International Financial Services Centres into a world class financial services hub.

W.E.F.:- 1ST April 2017

**Exemption of income of Foreign Company from storage and sale of crude oil stored as part of strategic reserves
Section 10(48A)**

Existing Provision: Newly Inserted.

Proposed Provision: It is proposed to amend the provisions of section 10 of the Act to provide that any income accruing or arising to a foreign company on account of storage of crude oil in a facility in India and sale of crude oil there from to any person resident in India shall not be included in the total income, if, -

I. such storage and sale by the foreign company is pursuant to an agreement or an arrangement entered into by the Central Government or approved by the Central Government; and

II. having regard to the national interest, the foreign company and the agreement or arrangement are notified by the Central Government in this behalf.

Implication: It will help to achieve neutrality in terms of taxation to encourage the NOCs & MNCs to store their crude oil in India and to build-up strategic oil reserves.

W.E.F.:- 1ST April 2017

**Increase in exemption limit of contribution to an Approved Superannuation Fund by the Employer
Section 17**

Existing Provision: The amount of any contribution made by employer to an Approved Superannuation Fund in respect of the Assessee (Employee) is taxable as perk to employee to the extent it exceeds Rs. 1,00,000.

Proposed Provision: Exemption limit is proposed to be increased from Rs. 1,00,000 to Rs. 1,50,000 for annual contribution by an employer to a superannuation fund.

Implications: Now assessee can avail more tax benefit by making contribution in such type of fund through employer.

W.E.F.: 1 April, 2017

Increase in time period for acquisition or construction of self-occupied house property for claiming deduction of interest

Section: 24

Existing Provision: provision of Clause (b) of section 24 deals with the interest payable on capital borrowed for acquisition or construction of a house property shall be deducted while computing income from house property. The second proviso to the said clause provides that such acquisition or construction is completed within three years from the end of the financial year in which capital was borrowed.

Proposed:- It is proposed to provide that the deduction under the said proviso on account of interest paid on capital borrowed for acquisition or construction of a self-occupied house property shall be available if the acquisition or construction is completed within five years from the end of the financial year in which capital was borrowed.

Implication:- As housing projects often take longer time for completion of house property, relevant time period has proposed to increase which provides the additional advantage to Assessee in availing the benefit under this section .

W.E.F: 1st day of Apr, 2017

Simplification and rationalization of provisions relating to taxation of unrealised rent and arrears of rent

Section: 25A

Existing Provision: Existing provisions of sections 25A, 25AA and 25B relate to special provisions on taxation of “unrealised rent allowed as deduction when realised subsequently”, “unrealised rent received subsequently” and “arrears of rent received” respectively.

Proposed: It is proposed to simplify these provisions and merge them under a single new section 25A and bring uniformity in tax treatment of arrears of rent and unrealised rent. It is proposed to provide that the amount of rent received in arrears or the amount of unrealised rent realised subsequently by an assessee shall be charged to income-tax in the financial year in which such rent is **received or realised**, whether the assessee is the owner of the property or not in that financial year.

Implication: No major implication with such amendment rather it simplifies the three different provision in to one section

W.E.F: 1st Apr, 2017

Taxation of Non-compete fees and exclusivity rights in case of Profession
Section: 28

Existing Provision: The existing provision of clause (va) of section 28 of the Act deals with the scope of "profit and gains of business or profession" However, non-compete fee received/receivable in relation to carrying out of profession are not covered under these provisions.

Proposed: It is proposed to amend clause (va) of section 28 of the Act to bring the non-compete fees received/receivable in relation to not carrying out any profession, within the scope of section 28 of the Act i.e. the charging section of profits and gains of business or profession.

Implication: By amending such provision, it has proposed to cover the Non-Compete fees specifically under section 28.

W.E.F.: 1st Apr, 2017

Addition of the entity for the deduction in Generation or Generation & distribution of electricity.

Section 32(1) (iia): Additional Depreciation for assessee engaged in the business of Generation or Generation & distribution of electricity

Existing Provision:

Currently depreciation is provided under said section for the "business of Generation or Generation & Distribution of electricity".

Proposed Provision:

It is proposed that Transmission entity would be covered in this section along with business of Generation or Generation & Distribution of electricity

Implication

Benefit of Depreciation under this section would be extended to the business of transmission of electricity too.

W.E.F: 1st April 2017

Relaxation given in one of the condition of Sec 32AC to avail the benefit of additional depreciation

Section 32AC (Rs. 25 Crores Scheme)

Existing Provision:

To avail the benefit of this section, both the acquisition and installation of machinery activity should be completed in same previous year. Acquisition and installation must be completed on or before 1st April 2017.

Proposed Provision:

It is proposed that depreciation will be allowed if the machinery acquired is installed in the year other than the year of acquisition subject to the acquisition would be completed on or before 1st April 2017.

Implication

Assessee can claim depreciation in the year of installation of machinery rather than the year of acquisition

Changes in deduction in respect of expenditure on Scientific research

Section	Existing Provision	Proposed Provision
Section 35(1)(ii)	Deduction-175% of sum paid to scientific research association or to a university, college or other institution to be used for research. (Research is not related to business of assessee.)	Deduction shall be restricted to 150% from 01.04.17 to 31.03.2020 & Deduction shall be restricted to 100% from 01.04.2020.
Section 35(1)(ia)	Deduction 125% of any sum paid to a company to be used by it for scientific research for the business of the assessee.	Deduction shall be restricted to 100% from 01.04.2017 & subsequent years.
Section 35(1)(iii)	Deduction- 125% of any sum paid to a university, college or other approved institution to be used for research in social science or statistical research. (Research is not related to business of assessee.)	Deduction shall be restricted to 100% from 01.04.2017 & subsequent years.
Section 35(2AA)	Deduction 200% of sum paid to a National Laboratory, University, IIT or specified person for the purpose of approved scientific Research programme.	Deduction shall be restricted to 150% from 01.04.17 to 31.03.2020 & Deduction shall be restricted to 100% from 01.04.2020.

Section 35(2AB)	Deduction 200% of the Revenue as well as Capital expenditure (excluding cost of land or building) on scientific research on an approved in house research & development facility.	Deduction shall be restricted to 150% from 01.04.17 to 31.03.2020 & Deduction shall be restricted to 100% from 01.04.2020.
Section 35AD	Deduction 150% of the Capital expenditure (other than expenditure on land, goodwill and financial assets) to the assessee carrying on the business of cold chain facility, warehousing facility for storage of agricultural produce, an affordable housing project, production of fertilizer and hospital.	Deduction shall be restricted to 100% of capital expenditure from 01.04.2017 & subsequent years.
Section 35CCC	Deduction allowed equal to 150% of expenditure incurred on notified agricultural extension project.	Deduction shall be restricted to 100% of expenditure from 01.04.2017 & subsequent years.

Implication:

Lesser deduction will be available to the assessee under above section

Changes in deduction in respect of Eligible Projects or Schemes

Section	Existing Provision	Proposed Provision
Section 35AC	Deduction for expenditure incurred by way of payment of any sum to a public sector company or a local authority or to an approved association or institution, etc. on certain eligible social development project or a scheme.	No deduction shall be available with effect from 1.4.2017
Section 35CCD	Deduction 150% on any expenditure incurred (excluding expenditure of cost of any land or building) on any notified skill development project by a company.	Deduction shall be restricted to 100 per cent from 01.04.2020

Implication:

Less deduction will be available to the assessee claiming deduction under above section

Amortization of spectrum fee for purchase of spectrum

Section 35ABA

Existing: Newly introduction

Proposed: It is proposed that Applicability of this section will be on capital expenditure incurred and actually paid by an assessee on the acquisition of any right to use spectrum for telecommunication services by paying spectrum fee will be allowed as a deduction in equal installments over the period for which the right to use spectrum remains in force. All other condition needs to comply as prescribed in section 35ABB to avail the benefit of this section.

Implication: Dedicatedly section has been proposed to clarify the availment of benefit of expenditure incurred on the acquisition of any right to use spectrum for telecommunication services

W.E.F: 1st April 2017

Deduction in respect of provision for bad & doubtful debt in the case of NBFC Section 36(via)

Existing Provision:

In respect the profits of a public financial institutions, State financial corporations and State industrial investment corporations a deduction, limited to an amount not exceeding 5 % of the gross total income, computed, before making any deduction under the aforesaid clause and Chapter VI-A, is allowed in respect of any provision for bad and doubtful debt.

Proposed Provision:

It is proposed that above said deduction is also applicable to the Non Banking Finance Company

Implication:

NBFC can also claim up to 5% of gross total income for bad and doubtful debt

W.E.F: 1st April 2017

Disallowance of specified expenses on non deduction/payment of equalization levy

Section 40 (a)

Existing Provision: Newly Introduced

Proposed Provision: Sub cause 40a (ib) has been inserted in which Assessee will not be able to claim such amount if he fails to deduct equalization levy (“equalization levy” means the tax leviable on consideration received or receivable for any specified service) in previous year or deducted but not paid on or before the due date for filing of return of income u/s 139(1).

Implication: Extra condition needs to be fulfilled on certain expenses to claim as a expenses in return of income

W.E.F.: 1st June 2016

Amount not deductible in respect of unpaid liabilities of railways Section 43B

Existing Provision: Newly Introduced

Proposed Provision:

It is proposed that assessee cannot claim deduction on the amounts payable to the Indian Railways for the use of railway assets unless the actual payment is made.

Implication:

Additional condition needs to be complied to get the claim of such expenses in ROA

W.E.F.: 1st April, 2017

Withdrawal of section dealing with maintenance of Books of Accounts Section 44AA (2) (IV):- Maintenance of Books of Accounts

Existing Provision:

Every person carrying on any business or a profession (other than professions referred in Rule 6F), are required to maintain such books of account & other documents, as may enable the Assessing Officer to compute his taxable income, in following cases:

- If total income from business or profession exceeds Rs 1,20,000 or his total sales/gross receipts from such business or profession exceeds Rs. 10,00,000 in any 3 immediately preceding years
- In case of new business if assessee totals income /sales/receipts likely to exceeds above amount in relevant accounting year.

Proposed Provision:

It is proposed that professional will not be required to maintain books of account under section 44AA(1) and get the accounts audited under section 44AB in respect of

such income unless the assessee claims that the profits and gains from the aforesaid profession are lower than the profits and gains deemed to be his income under sub-section (1) of section 44ADA and his income exceeds the maximum amount which is not chargeable to income-tax.

Implication:

Professional will get relief from maintaining books of account

W.E.F.: 1st Apr, 2017

Compulsory Audit of accounts

Section 44AB

Existing Provision

Every person, carrying on profession shall, if his gross receipts in profession exceed Rs. 25 lakh rupees in any previous year shall require to get the account audited.

Proposed Provision:

Every person, carrying on profession shall, if his gross receipts in profession exceeds Rs.50.00 lacs in any previous year & if the profits from the business are deemed to be the profits of such person under 44ADA and he has claimed such income to be lower than the profits so deemed to be the profits of his business and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year get his accounts of such previous year audited by an accountant.

Sub-clause (e) has been inserted which states every person carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year get his accounts of such previous year audited by an accountant before the specified date.

Implication:

Professional having gross receipts up to Rs. 50.00 lacs may get benefit of this section

W.E.F.: 1st April, 2017

Special provision for computing profits and gains of business on presumptive basis

Section 44AD: Presumptive Income

Existing Provision:

This scheme is applicable for any business (excluding covered U/s 44AE) whose total turnover/gross receipts in the previous year does not exceed Rs. 1 crore.

Income determined:- 8% of total turnover/gross receipts.

Assessee who claims that his profits & gains from his business are lower than the presumptive profits & whose total income exceeds the maximum amount not chargeable to tax shall required to maintain books of accounts as per section 44AA & get them audited & furnish report U/s 44AB.

Proposed Provision:

It is proposed that threshold limit of Rs. 1 core has been enhanced up to Rs. 2 Crores.

Implication:

Assessee having the turnover below Rs 2 crore will be benefited from the provision of Tax Audit u/s 44AB.

W.E.F.: 1st April, 2017

New Provision for Presumptive Income

Section 44ADA:- Introduction of Presumptive taxation scheme for persons having income from profession

Existing Provision: Newly introduced

Proposed Provision:

- Assessee, being a resident in India, engaged in a profession as per section 44AA(1) (and whose total gross receipts do not exceed Rs. 50.00 Lacs in a previous year, a sum equal to 50% of the total gross receipts of the assessee in the previous year on account of such profession or, as the case may be, a sum higher than the aforesaid sum claimed to have been earned by the assessee, shall be deemed to be the profits and gains of such profession chargeable to tax under the head "Profits and gains of business or profession".
- Assessee computing his profits and gains on presumptive basis shall not be further allowed any deduction U/s 30 to 38.
- Assessee who claims that his profits & gains from his business are lower than the presumptive profits & whose total income exceeds the maximum amount not chargeable to tax shall required to maintain books of accounts as per section 44AA(1) & get them audited & furnish report U/s 44AB.

Implication:

Assessee (being Professionals) whose total gross receipts in the previous year does not exceed Rs. 50.00 Lacs may entertain above provision

W.E.F.: 1st April, 2017

Redemption of Sovereign Gold Bond shall not be covered under the preview of definition of "Transfer"

Section: 47(viic)

Existing Provision: New clause inserted

Proposed Provision: It is proposed that any redemption of Sovereign Gold Bond issued under the Sovereign Gold Bond Scheme, 2015 by an individual shall not be treated as transfer and therefore shall be exempt from tax on capital gains

Implication: Demand for physical gold will be reduced and consequently the outflow of foreign exchange on account of import of gold shall also be reduced.

W.E.F: 1st April, 2017

Ceiling of book value of assets introduced in case of conversion of Private / Unlisted Public Company into Limited Liability Partnership

Section: 47(xiiib)(ea)

Existing Provision: Newly inserted

Proposed Provision: The total book value of assets of the company in any of the three previous years preceding the previous year in which the conversion takes place does not exceed Rs.5 crores.

Implication: The proposed condition should also be fulfilled in order to escape from the preview of definition of transfer u/s 47.

W.E.F: 1st April, 2017

Consolidation of 'plans' within a 'scheme' of mutual fund not to be considered as Transfer

Section: 47(xix)

Existing Provision: Newly inserted

Proposed Provision: Any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan of a mutual fund scheme, made in consideration of the allotment to him of a capital asset, being a unit or units, shall

not be considered transfer for capital gain tax purposes and thereby shall not be chargeable to tax

Implication: Any transfer by a unit holder of a capital asset, being a unit or units, held by him in the consolidating plan shall not amount to transfer and hence no capital gain tax shall be levied.

W.E.F: 1st April, 2017

Rationalization in case sale consideration is fixed under agreement executed prior to the date of registration of immovable property

Section: 50C

Existing provision: The stamp duty value in case of transfer of capital asset being land, building or both shall be the value on the actual date of transfer of the immovable property.

Proposed Provision: Where the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the stamp duty value on the date of the agreement may be taken for the purposes of computing the full value of consideration provided that the amount of consideration referred to therein, or a part thereof, has been paid by way of an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account, on or before the date of the agreement for the transfer of such immovable property.

Implication: If the stamp duty value on the date of agreement to sell the property is lower than the value on the date of transfer of property and the agreed sale consideration is fully or partly paid off, then the value of stamp duty on the date of agreement to sale the property shall be considered as sale consideration for capital gain purpose.

W.E.F: 1st April,2017

Exemption of long term capital gain if invested in fund established under 'start-up India Action Plan'

Section: 54 EE

Existing Provision: New clause inserted

Proposed Provision: it is proposed to provide exemption from capital gains tax if the long term capital gains proceeds are invested wholly or partly by an assessee in units of such specified fund established under start-up India Action Plan', as may be

notified by the Central Government in this behalf, subject to the condition that the amount remains invested for three years failing which the exemption shall be withdrawn. The investment in the units of the specified fund shall be allowed up to Rs. 50 lakh

Implication: Long Term capital gain shall be exempted u/s 54 EE , if the same is invested in the fund established under "start up India action plan".

W.E.F: 1st April,2017

Exemption under Section 54GB by investing in purchase of computers or computer software

Section: 54 GB

Existing Provision: The existing provision of section 54GB requires that the company should invest the proceeds in the purchase of **new asset** being new plant and machinery but does not include, inter-alia, computers or computer software

Proposed Provision: Expression "new asset" includes computers or computer software in case of technology driven start-ups so certified by the Inter-Ministerial Board of Certification notified by the Central Government in the official Gazette.

Implication: Purchase of computer and computer software shall also be eligible investment to claim exemption u/s 54 GB.

W.E.F: 1st April,2017

Word " profession" included in the definition of Cost of improvement

Section: 55(1)(b)(1)

Existing Provision: "cost of any improvement",— in relation to a capital asset being goodwill of a business [or a right to manufacture, produce or process any article or thing] [or right to carry on any business] shall be taken to be nil ; and

Proposed provision: It is proposed that "cost of any improvement" inter alia, goodwill from profession as well as business, shall be taken to be nil.

Implication: Cost of improvement in case of right to carry any profession shall also be nil under new proposal.

W.E.F: 1st April,2017

Word" profession" included in the definition of Cost of acquisition

Section: 55(2)(a)

Existing Provision: "cost of acquisition" [(a) in relation to a capital asset, being goodwill of a business [or a trade mark or brand name associated with a business] [or a right to manufacture, produce or process any article or thing] [or right to carry on any business], tenancy rights, stage carriage permits or loom hours,—

Proposed Provision: It is proposed that "cost of any acquisition" inter alia, goodwill from profession as well as business, shall be taken to be nil.

Implication: Cost of acquisition in case of right to carry any profession shall also be nil under new proposal.

W.E.F: 1st April, 2017

Timely Submission of return of losses to carry forward the losses of specified business

Section - 80

Existing: Loss which has been determined in pursuance of a return filed (in accordance with the provisions of sub-section (3) of section 139,) shall be carried forward and set off under "Carry forward and set off of business losses" or "Losses in speculation business" or "Losses under the head "Capital gains".

Proposed: It is proposed that the said provision will now be applicable to **Specified business also** (referring to sub-section (2) of section 73A)

Implication: With this amendment, it extends to carry forward of losses in specified business activities.

W.E.F: These amendments will take effect retrospectively from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent years.

Exemption of lump-sum amount received from NPS in hands of nominee

Section - 80CCD

Existing:

Under the existing provisions of the Income-tax Act, tax treatment for the National Pension System (NPS) referred to in section 80CCD is Exempt, Exempt and Tax (EET) i.e., the monthly/periodic contributions during the pension accumulation phase are allowed as deduction from income for tax purposes; the returns generated on these contributions during the accumulation phase are also exempt from tax; however, the terminal benefits on exit or superannuation, in the form of lump sum withdrawals, are taxable in the hands of the individual subscriber or his nominee in the year of receipt of such amounts.

Proposed: It is proposed to provide that any payment from National Pension System Trust to an employee on account of closure or his opting out of the pension scheme referred to in Section 80CCD, to the extent it does not exceed 40% of the total amount payable to him at the time of closure or his opting out of the scheme, shall be exempt from tax. However, the whole amount received by the nominee, on death of the assessee shall be exempt from tax.

Implication: The amount received by the nominee on the death of the assessee shall not be taxable in the hands of nominee

W.E.F: 01.04.2017

Income tax benefit up to Rs. 50,000 on home loan Interest under Section 80EE

Section: 80EE

Existing Section

The existing provisions of section 80EE provide a deduction of up to 1 lakh rupees in respect of interest paid on loan by an individual for acquisition of a residential house property. This benefit is available for the two assessment years i.e. A.Y. 2014-15 & A.Y. 2015-16.

Proposed Section

It is proposed to give additional deduction in respect of interest on loan taken for residential house property from any financial institution up to Rs. 50,000 with the condition that

- Loan amount does not exceed Rs. 35,00,000,
- The same should be sanctioned during the period from 1st Apr 2016 to 31st March 2017
- Value of residential house property does not exceed Rs. 50,00,000.
- Assessee does not own any residential house property on the date of sanction of loan.

It is also proposed to extend the benefit of deduction till the repayment of loan continues. Such deduction shall not be allowed in if the same has been claimed in any of the provision of other section.

Implication

Assessee can take additional deduction under section 80EE on interest payable on home loan upto Rs.50,000.

W.E.F: 1st April, 2017

Increase in deduction in respect of rents paid

Section - 80GG

Existing: A deduction of any expenditure incurred by him in excess of 10% of his total income towards payment of rent in respect of any furnished or unfurnished accommodation occupied by him for the purposes of his own residence shall be allowed, to the extent to which such excess expenditure does not exceed Rs. 2000 per month or 25% of his total income for the year, whichever is less.

Proposed: It is proposed to increase the limit of Rs 2000 p/m to Rs. 5000 p/m in above existing section.

Implication: Additional Rent deduction of Rs 36,000 p.a. (increase to Rs. 60,000 from Rs 24000 at present).

W.E.F: 01.04.2017

Withdrawal of specified deduction u/s 80IA, 80IAB and 80IB

Sections: 80IA, 80IAB and 80IB

Section	Existing: Incentive currently available in the Act	Proposed: Amendment
<p>Section 80IA; 80IAB, and 80IB - Deduction in respect of profits derive from a) development, operation and maintenance of an infrastructure facility (80-IA) (b) development of special economic zone (80-IAB) (c) production of mineral oil and natural gas [80-IB(9)]</p>	<p>100 per cent profit linked deductions for specified period on eligible business carried on by industrial undertakings or enterprises referred in section 80IA; 80IAB, and 80IB.</p>	<p>No deduction shall be available if the specified activity commences on or after 1st day April, 2017. (i.e from previous year 2017-18 and subsequent years).</p>

Implication: Withdrawal of tax exemption benefits in respect to above-mentioned businesses.

Deduction of profit and gain from housing projects

Section: 80-IBA

Existing Section: Newly Inserted

Proposed Section

In sec 80-IBA it is proposed that where the gross total income (GTI) of an assessee includes any profits and gains derived from the business of developing and building housing projects, subject to the provisions of this section, be **allowed a deduction of an amount equal to 100% of the profits and gains** derived from such business.

For the purposes of this section housing project shall be a project which fulfils the following conditions, namely:

- The housing project shall be approved by the competent authority after 1st June 2016, but on or before 31st March 2019 and the same should be completed within a period of 3 Years from the date of approval by the competent authority. First approval date shall be deemed to be approved date for this section irrespective of number of subsequent approval date and completion certificate needs to be obtained from competent authority on completion of project within above timeline.
- The built-up area of the shops and other commercial establishments included in the housing project does not exceed 3% of the aggregate built-up area.
- The project should be on a plot of land measuring not less than 1,000 Sq. Mts and the residential units comprised in the housing project should not exceed 30 Sq. Mts. where such project is located within the cities of Chennai, Delhi, Kolkata or Mumbai or within the area of 25 K.M. from the municipal limits of these cities or 2,000 Sq. Mts. & 60 Sq. Mts. respectively if the project is within the jurisdiction of any other municipality or cantonment board.
- If residential unit in the housing project is allotted to an individual, no other residential unit in the housing project shall be allotted to the individual or the spouse or the minor children of such individual.
- The assessee have to maintain separate books of account in respect of the housing project.

Nothing contained in this section shall apply to any undertaking which executes the housing project as a works-contract awarded by any person (including the Central Government or the State Government)

Where the housing project is not completed within the period specified and in respect of which a deduction has been claimed and allowed under this section, the total amount of deduction so claimed and allowed in one or more previous years, shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which the period for completion so expires.

Where any amount of profits and gains derived from the business of developing and building housing projects under any scheme for the housing is claimed and allowed under this section for any assessment year, deduction to the extent of such profit and gains shall not be allowed under any other provisions of this Act.

Implication:

Assessee can claim deduction of profit and gain from housing projects to the extent of amount equal to 100% of such profit by fulfilling the conditions of this section

W.E.F: 1st April, 2017

**Deduction in respect of specified business entitled in eligible start-up description
Section- 80IAC**

Existing: New section introduced

Proposed: A deduction of an amount equal to 100% of the profits and gains derived from eligible business for three consecutive assessment years shall be available provided that, It is not formed by splitting up, or reconstruction of a business already in existence, or by transfer to a new business of machinery or plant previously used for any purpose. Also,

- The deduction specified may, at the option of the assessee, be claimed by him for **any three consecutive assessment years out of five years** beginning from the year in which the eligible start-up is incorporated.
- **"eligible start-up"** means a company engaged in eligible business which fulfils the following conditions, namely:-
 - (a) It is incorporated on or after the 1st day of April, 2016 but before the 1st day of April, 2019;
 - (b) The total turnover of its business **does not exceed twenty-five crore rupees** in any of the previous years beginning on or after the 1st day of April, 2016 and ending on the 31st day of March, 2021.
 - (c) It holds a certificate of eligible business from the Inter-Ministerial Board of Certification as notified in the Official Gazette by the Central Government

W.E.F: 01.04.2016

Tax incentive for employment generation

Section- 80JJAA

Existing: A deduction of 30% of additional wages paid to new regular workmen in a factory for 3 years. The provisions apply to the business of manufacture of goods in a factory where 'workmen' are employed for not less than 300 days in a previous year. Further, benefits are allowed only if there is an increase of at least 10% in total number of workmen employed on the last day of the preceding year.

Proposed: It is proposed to provide that the deduction under the said provisions shall be available in respect of cost incurred on any employee whose total emoluments are less than or equal to **Rs. 25000 per month**, also It is further proposed to relax the norms for minimum number of days of employment in a financial year from **300 days to 240 days** and also the condition of 10% increase in number of employees every year is proposed to be done away with so that **any increase in the number of employees** will be eligible for deduction under the provision.

It is also proposed to provide that in the first year of a new business, 30% of all emoluments paid or payable to the employees employed during the previous year shall be allowed as deduction.

Implication: Additional advantage has been proposed for manufacturer (employer).

W.E.F: 1st April, 2017

Rationalization of limit of rebate

Section - 87A

Existing: The existing provisions provide for a rebate of an amount equal to 100% of such income-tax or an amount of Rs 2000, whichever is less, from the amount of income-tax to an individual resident in India whose total income does not exceed Rs 5,00,000.

Proposed: It is proposed to increase the maximum amount of rebate available under this provision from existing Rs. 2,000 to Rs.5,000.

W.E.F: 1st April, 2017

Extension of time limit to Transfer Pricing Officer in certain cases

Section: 92CA

Existing Provision: The Transfer Pricing Officer (TPO) has to pass his order sixty days prior to the date on which the limitation for making assessment expires. It is noted that at times seeking information from foreign jurisdictions becomes necessary for

determination of arm's length price by the TPO and at times proceedings before the TPO may also be stayed by a court order

Proposed Provision: It is proposed to amend sub-section (3A) of section 92CA to provide that where assessment proceedings are stayed by any court or where a reference for exchange of information has been made by the competent authority, the time available to the TPO for making an order after excluding the time for which assessment proceedings were stayed or the time taken for receipt of information, as the case may be, is less than sixty days, then such remaining period shall be extended to sixty days

Implications: Extension of time limit to assessing officer in cases mentioned above will lead to proper disposal of matter

W.E.F.: 1st Jun, 2016

Maintenance and keeping of information and document by persons entering into an international transaction

Section: 92 D

Existing Provision: Every person who has entered into an international transaction or specified domestic transaction shall keep and maintain such information and document in respect thereof, as may be prescribed.

Proposed Provision: Now onwards person also includes constituent entity of an international group and shall also keep, maintain and furnish such information and document in respect of an international group as may be prescribed.

Implications: constituent entity of international group will also have to maintain required documents leading to raise in procedural compliance.

W.E.F.: 1st April 2017

Clarification regarding the definition of the term 'unlisted securities' for the purpose of Section 112(1) (c)

Section: 112

Existing Provision: Existing Provisions of clause (c) of sub-section (1) of section 112 provide tax rate of 10% for long-term capital gain arising from transfer of securities, whether listed or unlisted.

Proposed Provision: It is proposed to amend the provisions of clause (c) of sub-section (1) of section 112 of the Income- tax Act, so as to provide that long-term capital gains arising from the transfer of a capital asset being shares of a company not being a company in which the public are substantially interested, shall be chargeable to tax at the rate of 10 %.

Implication: Now it is clarified that shares of a private company are also securities and shall be chargeable to tax at the rate of 10% , removing ambiguity of treatment such cases.

W.E.F.: 1st April 2017

Tax on income of certain domestic companies

Section: 115BA

Existing Provision: Newly Inserted Provision

Proposed Provision: The income-tax payable in respect of the total income of a domestic company for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2017 shall be computed @ 25% at the option of the company, if, -

- (i) The company has been setup and registered on or after 1st day of March, 2016;
- (ii) the company is engaged in the business of manufacture or production of any article or thing and is not engaged in any other business;
- (iii) The company while computing its total income has not claimed any benefit other than the provisions of section 80JJAA; and
- (iv) The option is furnished in the prescribed manner before the due date of furnishing of income.

In the case of a company other than a domestic company, the rates of tax are the same as those specified for the financial year 2015-16.

Implication: New tax provision for domestic companies registered after 1st March 2016.

W.E.F.: 1st April 2017.

Rationalization of taxation of income by way of dividend

Section: 115BBDA

Existing Provision: Newly Inserted Provision

Proposed Provision:

(1) where the total income of an assessee, being an individual, HUF or a firm, resident in India, includes any income exceeding 10 lakh rupees, by way of dividends declared, distributed or paid by a domestic company, the income-tax payable shall be the aggregate of—

(a) The amount of income-tax calculated on the income by way of such dividends, at the rate 10%; and

(b) the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the amount of income by way of dividends.

(2) No deduction in respect of any expenditure or allowance or set off of loss shall be allowed to the assessee under any provision of this Act in computing the income referred to in clause (a) of sub-section (1).

Implication : Prologue of tax burden at the rate of 10% on dividend income if assessee is having income from dividend in excess of Rs. 10 Lac.

W.E.F.: 1st April 2017

Clarification regarding set off losses against deemed undisclosed income

Section : 115BBE

Existing Provision: The income relating to section 68 or section 69 or section 69A or section 69B or section 69C or section 69D is taxable at the rate 30% and further provides that no deduction in respect of any expenditure or allowances in relation to income referred to in the said sections shall be allowable.

Currently, there is uncertainty on the issue of set-off of losses against income referred in section 115BBE of the Act.

Proposed Provision: In order to avoid unnecessary litigation, it is proposed to amend the provisions of the sub-section (2) of section 115BBE to expressly provide that no set off of any loss shall be allowable in respect of income under the sections 68 or section 69 or section 69A or section 69B or section 69C or section 69D.

Implication: Assessee may have to bear extra tax burden as set off of loss is not allowed against deemed undisclosed income.

W.E.F. : 1st April 2017.

Tax on Income from Patent

Section: 115BBF

Existing Provision: Newly Inserted Provision

Proposed Provision:

(1) Where the total income of an eligible assessee includes any income by way of royalty in respect of a patent developed and registered in India, the income-tax payable shall be the aggregate of—

(a) the amount of income-tax calculated on the income by way of royalty in respect of the patent at the rate 10%; and

(b) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the income referred to in clause (a).

(2) Further, no deduction in respect of any expenditure or allowance shall be allowed to the eligible assessee under any provision of this Act in computing his income referred to in clause (a) of sub-section (1).

Implication: Separate calculation of tax for income from Royalty

W.E.F.: 1st April 2017

Applicability of Minimum Alternate Tax (MAT) on foreign companies for the period prior to 01.04.2015

Section: 115JB

Existing Provision: In case of a company, if the tax payable on the total income as computed under the Income-tax Act, is less than 18.5% of its book profit, such book profit shall be deemed to be the total income of the assessee and the tax payable by the assessee for the relevant previous year shall be 18.5% of its book profit.

Issues were raised regarding the applicability of this provision to Foreign Institutional Investors (FIIs) who do not have a permanent establishment (PE) in India

Proposed Provision: The provisions of section 115JB shall not be applicable to a foreign company if -

(i) The assessee is a resident of a country or a specified territory with which India has an agreement referred Sec-90(1) or the Central Government has adopted any agreement under Sec- 90A(1) and the assessee does not have a permanent establishment in India; or

(ii) The assessee is a resident of a country with which India does not have an agreement of the nature referred to in clause (i) above and the assessee is not required to seek registration under any law for the time being in force relating to companies.

This amendment is proposed to be made effective retrospectively from the 1st day of April, 2001 and shall accordingly apply in relation to assessment year 2001-02 and subsequent years.

Implication: Clarification of applicability of MAT to foreign company from AY 2001-2002 till 2015-16 since this section was introduced retrospectively by Finance Act 2015.

W.E.F.: 1st April 2017

New Chapter: XII-BC: Special Provisions Relating To Foreign Company Said To Be Resident In India

Foreign Company said to be a resident in India

Section: 115JH

(1) Where a foreign company is said to be resident in India in any previous year and such foreign company has not been resident in India in any of the previous years preceding the said previous year, then Ignoring anything, the provisions of this Act relating to the computation of total income, treatment of unabsorbed depreciation, set off or carry forward and set off of losses, collection and recovery and special provisions relating to avoidance of tax shall apply as may be specified in that notification for the said previous year.

(2) Where, in a previous year, any benefit, exemption or relief has been claimed and granted to the foreign company in accordance with the provisions of sub-section (1), and, subsequently, there is failure to comply with any of the conditions above, then—

(i) Such benefit, exemption or relief shall be deemed to have been wrongly allowed;

(ii) the Assessing Officer may, re-compute the total income of the assessee for the said previous year and make the necessary amendment; and

(iii) the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in sub-section (7) of that section being reckoned from the end

of the previous year in which the failure to comply with the condition referred to in sub-section (1) takes place.

Implications: On foreign resident company Indian income tax rules will be applied.

W.E.F.: 1st April 2017

Exemption from Dividend Distribution Tax (DDT) on distribution made by an Specified domestic company to Business Trust

Section : 115-O

Existing Provision: Any amount declared, distributed or paid by domestic company by way of dividends (whether interim or otherwise), whether out of current or accumulated profits shall be charged to additional income-tax @ 15%.

Proposed Provision: No tax on distributed profits shall be charged in respect of any amount declared, distributed or paid by the specified domestic company by way of dividends (whether interim or otherwise) to a business trust out of its current income on or after the specified date

Implication: Special dispensation and exemption from payment of Dividend distribution tax @ 15% provided dividend is paid out of Current income.

W.E.F.: 1st April 2017

Tax on distributed income to shareholders

Section : 115QA

Existing Provision: In addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount of distributed income by the company on buy-back of shares (not being shares listed on a recognized stock exchange) from a shareholder shall be charged to tax and such company shall be liable to pay additional income-tax @ 20% on the distributed income.

Proposed Provision: The provisions of this section shall apply to any buy back of unlisted share undertaken by the company in accordance with the provisions of the law.

Implication: Clarification have been provided regarding determination of the amount in case of buyback of shares by company.

W.E.F.: 1st June, 2016

New Taxation Regime for securitization trust

Section : 115TA

Existing Provision: Any amount of income distributed by the securitization trust to its investors shall be chargeable to tax and such securitization trust shall be liable to pay additional income-tax on such distributed income at the rate of—(i) 25% on income distributed to any person being an individual or a Hindu undivided family;
(ii) 30% on income distributed to any other person:

Proposed Provision: This section shall not apply to any income distributed by a securitization trust to its investors.

Implication: Decrease in burden of tax to securitization trust and now onwards only investor have to pay tax on income received by them.

W.E.F.: 1st June, 2016

Securitization trust to be assessee in default

Section : 115TC

Existing Provision: If any person responsible for making payment of the income distributed by the securitization trust and the securitization trust does not pay tax, as referred to in sub-section (1) of section 115TA, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

For the purposes of this Chapter,—

- (a) "Investor" means a person who is holder of any securitized debt instrument or securities issued by the securitization trust;
- (b) "securities" means debt securities issued by a Special Purpose Vehicle as referred to in the guidelines on securitization of standard assets issued by the Reserve Bank of India;

Proposed Provision: "Investor" means a person who is holder of any securitized debt instrument or securities or Security Receipt issued by the securitization trust.

"securities" means debt securities issued by a Special Purpose Vehicle as referred to in the guidelines on securitization of standard assets issued by the RBI or trust set-up by a securitization company or a reconstruction company formed, for the purposes of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, or in pursuance of any guidelines or directions issued for the said purposes by the Reserve Bank of India

Implications : Definition of Securities and Investor is changed.

W.E.F.: 1st June, 2016

Tax on income from securitization trusts

Section: 115TCA

Newly Inserted Provision

(1) Any Income to the investor of Securitization trust shall be chargeable to tax in the same manner as this is the income received by the person, had the investments by the securitization trust been made directly by him.

(2) The income paid or credited by the securitization trust shall be deemed to be of the same nature and in the same proportion as if it had been received by the securitization trust during the previous year.

(3) The income accruing or arising to, or received by, the securitization trust, during a previous year, if not paid or credited to the person referred to in sub-section (1), shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

(4) The person responsible for crediting or making payment of the income on behalf of securitization trust and the securitization trust shall furnish, to the person who is liable to tax in respect of such income and to the prescribed income-tax authority, a statement giving details of the nature of the income paid or credited during the previous year and such other relevant details, as may be prescribed.

(5) Any income which has been included in the total income of the person referred to in sub-section (1), in a previous year, on account of it having accrued or arisen in the said previous year, shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the securitization trust."

W.E.F.: 1st April 2017

Jurisdiction of AO after 1 month cannot be questioned when notice is served in relation to search & Seizure

Section: 124

Existing: Section 124(3) provides that no person shall be entitled to call in question the jurisdiction of an Assessing Officer in a case where return is filed under section 139, after the expiry of one month from the date on which he was served with a notice under section 142(1) or 143(2) or after the completion of the assessment, whichever is earlier.

Proposed: It is proposed to amend section 124(3) to specifically provide that cases where search is initiated under section 132 or books of accounts, other documents or any assets are requisitioned under section 132A, no person shall be entitled to call into question the jurisdiction of an Assessing Officer after the expiry of one month from the date on which he was served with a notice under section 153A(1)/153C(2) or after the completion of the assessment, whichever is earlier.

Implication: This provision now extends to notices issued under section 153A or section 153C which relate to assessment in cases where a search and seizure action has been taken or cases connected to such cases.

W.E.F: 1st June 2016

Power to call for information & Process such information by prescribed income-tax authority

Section: 133C

Existing: The existing provisions of section 133C empower the prescribed income-tax authority to issue notice calling for information and documents for the purpose of verification of information in its possession.

Proposed: It is proposed to Renumbered the existing provision as sub-section (1) and add sub section (2) which provides that after receiving the information and documents, the prescribed income-tax authority may process such information or documents and make available the outcome of such processing to AO.

Implication: Timely verification and analysis of the information and documents so received.

Filing of Return of Income

Section: 139

Section	Existing	Proposed
6th Proviso to 139(1)	Every such person whose total income before Chapter VIA deductions, section 10A or section 10B or section 10BA exceeds Basic Exemption limit shall be liable to file Return of income.	It is proposed to include that if a person during the previous year earns income which is exempt under section 10(38){LTCG exempt if STT paid} shall also be liable to file return of income for the previous year within the due date.
Section 139(4)	Person not furnishing return within due date specified in 139(1) or within time allowed under notice 142(1) can file return before the expiry of 1 Year from the end of the relevant assessment year or before completion of assessment whichever is earlier.	It is proposed to exclude return filed under section 142(1) from the regime of section 139(4).
Section 139(5)	139(5) provides for Revised return of income filed under section 139(1) or in response to notice under section 142(1) due to discovery of any omission or any wrong statement therein, he may furnish a revised return at any time before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.	It is also proposed to include return filed under section 139(4) in the regime of section 139(5).

Section 139(9)(aa)	It considers return to be defective if self assessment tax and interest payable has not been paid on or before the date of furnishing of return.	It is proposed to omit this section to provide that a return which is otherwise valid would not be treated defective merely because self-assessment tax and interest has not been paid.
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Implication: Timely filing of returns, completion of proceedings, and realization of revenue without much burden on the taxpayer

W.E.F: 1st April 2017

Intimation of Processing of Return:

Section: 143(1)

Existing Provision: A return filed is to be processed and total income or loss is to be computed after making the adjustments on account of any arithmetical error in the return or on account of an incorrect claim, if such incorrect claim is apparent from any information in the return.

Proposed Provision: It is proposed that such adjustments can be made based on the data available with the Department in the form of audit report filed by the assessee, returns of earlier years of the assessee, 26AS statement, Form 16, and Form 16A.

However, before making any such adjustments, an intimation shall be given to the assessee requiring him to respond to such adjustments. The response received, if any, will be duly considered before making any adjustment. However, if no response is received within thirty days of issue of such intimation, the processing shall be carried out incorporating the adjustments

Implication: Expand the scope of adjustments that can be made at the time of processing of the returns.

W.E.F: 1st June 2016

Processing of Return mandatory before Scrutiny Assessment

Section: 143(1D)

Existing Provision: Processing of a return is not necessary where a notice of scrutiny has been issued to the assessee under section 143(2)

Proposed Provision: It is proposed to amend sub-section (1D) of the aforesaid section to provide that before making an assessment under 143(3), a return shall be processed under section 143(1)

Implication: Intimation u/s 143(1) will be received to assessee even after notice served under section 143(2).

W.E.F: 1st April 2017

Scrutiny Notice may mandate assessee to attend the office of AO

Section: 143(2)

Existing Provision: Section 143(2) provides that, Assessing Officer can serve a notice to assessee requiring him to produce, or cause to be produced on a specified date, any evidence on which the assessee may rely in support of the return.

Proposed: Notice under the said sub-section may be served on the assessee by the Assessing Officer or the prescribed income-tax authority, **either to attend the office of the Assessing Officer** or to produce, or cause to be produced before the Assessing Officer any evidence on which the assessee may rely in support of the return.

Provided that no notice shall be served after expiry of 6 months from the end of FY in which return is furnished.

Implication: Scope of section 143(2) has increased.

W.E.F:1st June, 2016

Section- New clause inserted to sec 147

Existing: Newly Introduced

Proposed: It is proposed to provide for reopening of cases by the AO on the basis of the information so received from the prescribed authority u/s 133C of the Act.

W.E.F 1st Jun, 2016.

Revision in time-limit for assessment procedure

Section: 153

The time limits u/s 153 has been proposed to ammend as follows:

Particulars	Section	Existing Provision	Proposed provision	Remarks
Scrutiny or Best judgement Assessment *	143 or 144	Time limit for assessment was 2 yrs from the end of the assessment year in which the income was first assessable.	Time limit for assessment is proposed to be 21 months from the end of the assessment year in which the income was first assessable	
Income escaping assessment *	147	Time limit for assessment, reassessment, and recomputation was 1 yr from the end of the financial year in which the notice under section 148 was served.	Time limit is proposed to be 9 months from the end of the financial year in which the notice under section 148 were served.	
Order for setting aside or cancelling an assessment *	254 or 263 or 264	Time limit was 1 yr from the end of the financial year in which the order under section 254 is received by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner or, as the case may be, the order under section 263 or section	Time limit proposed to be 9 months from existing 1 year.	

		264 is passed by the Principal Commissioner or Commissioner.		
	250,254, 260, 262, 263,264		Effect for the order shall be given in 3 months .	Where effect cannot be given by Assessing Officer due to an unavoidable reasons the Principal Commissioner or Commissioner on receipt of such request in writing from the Assessing Officer, if satisfied, may allow an additional period of six months to give effect to the order.

*Where reference is made to sec 92CA(1),the period available for completion shall be extended by twelve months.

Reduction in time limit for closure of assessment u/s 153B

Section 153B

Existing Provision:

(i) The limitation for completion of assessment under section 153A, in respect of each assessment year falling within six assessment years referred to in section 153A(1)(b) and in respect of the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A was two years.

(ii) The limitation for completion of assessment in case of other person referred to in section 153C was 2 years

Proposed provision:

(i) It is proposed to amend the time limit to 21 months from the end of the financial year in which the last of the authorisations for search under section 132 or for requisition under section 132A was executed.

(ii) It is proposed to amend the time limit to 21 months from the end of the financial year in which the last of the authorisation for search under Section 132 or requisition under section 132A was executed or nine months (changed from the existing one year) from the end of the financial year in which the books of account or documents or assets seized or requisition are handed over under section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

Implication:

The above amendment has been made in order to simplify the provisions of existing section 153B.

W.E.F. 1st Jun, 2016

Increase in amount cap for levy of TDS on Payment of Pre mature accumulated employee Provident Fund

Section : 192A

Existing Provision : Under the existing provisions contained in the aforesaid section, no deduction of income-tax shall be made where the amount of income relating to accumulated balance due to an employee Credited or paid or likely to be credited or paid during the financial year to the account of the payee does not exceed Rs.30000.

Proposed Provision: Limit for amount deductible for TDS has been increased to Rs. 50000 from Rs. 30000 from existing provision.

Implication: Assesses will be benefited as tax to be deducted @ 10 % on accumulated balance of EPF exceeding Rs. 50,000.

W.E.F: 1st Jun, 2016

**Increase in amount cap for levy of TDS on Winning from Horse Race Income
Section: 194BB**

Existing Provision: Any person, being a bookmaker or a person to whom a license has been granted by Government under any law for Horse Racing in any race course,

who is responsible for paying to any person any income by way of winning from any horse race in an amount exceeding Rs 5000 shall, at the time payment therefore, deduct tax @ 30%.

Proposed Provision: It has been proposed that Limit for amount deductible for TDS has been increased to Rs. 10000 from Rs. 5000 from existing provision..

Implication: Tax to be deducted @ 30 % on paying the winning horse race payment exceeding Rs. 10,000.

W.E.F: 1st Jun, 2016

Increase in amount cap for TDS on Payment to Contractor or Sub- Contractor Section: 194C

Existing Provision: Any person responsible for making payment to resident contractor for carrying out any work (including Supply of Labor) under a contract shall deduct TDS on payment to contractor under mentioned section to all payment made or to be made during financial year exceeds Rs 75000.

Proposed Provision: It is proposed that Upper limit for non deduction of TDS on such work has been increased from Rs. 75,000 to Rs. 1,00,000 (payment made or to be made during financial year).

Implication: Assessee will be benefited from lesser deduction of TDS to the extent of increased amount.

W.E.F: 1st Jun, 2016

Decrease in amount cap for levy of TDS on Insurance Commission Section: 194D

Existing Provision: It's applicable to any person responsible for paying any income to a resident by the way of remuneration or reward, whether by way of Commission under this section shall deduct TDS @ 10% to payment amount exceeding Rs. 20,000.

Proposed Provision: The section 194D of Income Tax Act has been amend that the proposed TDS @ 10% under insurance Commission to all payment amount exceeding Rs 15000 from existing to Rs 20000.

Implication: Extra amount has been deducted in form of TDS as compared to earlier provision from pocket of assessee.

W.E.F: 1st Jun, 2016

Lesser amount of deduction of TDS on Life Insurance Proceeds

Section: 194DA

Existing Provision: As per section 194DA of the Income Tax Act of 1961, life insurance companies shall now deduct TDS @ 2% , if the amount paid on life insurance policy (including bonus) exceeds Rs. 1 lakh in a financial year.

Proposed Provision: It has been proposed that the rate of TDS shall be decrease from 2% existing to 1% now to the entire amount paid on life insurance policy (including bonus) exceeds Rs. 1 lakh in a financial year.

Implication: Assesses would be benefited by lesser amount of deduction of Tax from this provision by 1 %.

W.E.F: 1st Jun, 2016

Decrease in rate of TDS on Payment out of Deposit under NSS

Section: 194EE

Existing Provision: The person responsible for paying to any person any amount deposited under National Saving Scheme to deduct Income-tax at source at the rate of 20% to amount exceeding of Rs.2500 in Financial Year.

Proposed Provision: It has been proposed that the rate of TDS shall be decrease from 20% to 10% now to all the amount paid on deposit under National Saving Scheme to amount exceeding of Rs 2500 in any Financial Year.

Implication: Assessee would be benefited from the decrease in rate of TDS to Rs 10%.

W.E.F: 1st Jun, 2016

Lesser amount of deduction on TDS on Commission on sale of Lottery Tickets

Section: 194G

Existing Provision: Any person who is responsible for paying the amount to any person, who is or has been stocking, distributing, purchasing or selling lottery tickets, any income by way of commission, remuneration or prize on such tickets in an amount exceeding Rs.1000 , the TDS shall be @ 10%.

Proposed Provision: It has been proposed that the TDS would be deducted @ 5% of payment exceeding Rs.15000 under the section 194G in payment made as commission on sale of lottery tickets.

Implication: Assessee would be benefited from the decrease in rate of TDS to 5% and extension of upper limit to Rs. 15000.

W.E.F: 1st Jun, 2016

**Lesser amount of deduction on TDS on Commission and Brokerage
Section: 194H**

Existing Provision: : It's applied to any person(Other than) responsible for paying any income to a resident by the way of Commission or Brokerage on services rendered (not being professional services), any service in the course of buying & selling of goods deduct TDS @ 10 % to any amount exceeding Rs.5000.

Proposed Provision: It has been proposed that the TDS @5% on amount of payment exceeding Rs.15000 under the section 194E in payment of Commission and Brokerage.

Implication: TDS rate has been reduce to 5% and upper limit of deduction of TDS increases to Rs. 15000.

W.E.F: 1st Jun, 2016

**Omission of TDS on Units of a Mutual Fund of Unit Trust of India.
Section: 194K**

Existing Provision: Any person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof to deduct income-tax thereon @ 10% to amount exceeding Rs 2500 in Financial Year.

Proposed Provision: Omission of this mentioned Section 194k.

Implication: No TDS will be applicable on payment of amount under Units of a Mutual Fund (Unit Trust of India).

W.E.F: 1st Jun, 2016

Omission of on Payment of Compensation on Acquisition of Capital Asset

Section: 194L

Existing Provision: Any person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof for compensation on acquisition of capital assets shall deduct TDS @ 10% to amount exceeding Rs.100000.

Proposed Provision: Omission of this mentioned Section 194L.

Implication: No TDS will be applicable on payment of amount under Payment of Compensation on Acquisition of Capital Assets.

W.E.F: 1st Jun, 2016

TDS on Payment of compensation on acquisition of certain immovable property

Section : 194 LA

Existing Provision : Any person responsible for paying to a resident any sum, being in the nature of compensation or the enhanced compensation under any law for the time being in force, of any immovable property (other than agricultural land). Provided that no deduction shall be made under this section where the amount of such payment or, as the case may be, the aggregate amount of such payments to a resident during the financial year does not exceed Rs.200,000.

Proposed Provision: In section 194LA of Income Tax Act, it has been proposed that the aggregate amount of such payments to a resident during the financial year increased to Rs.250,000.

Implication: Assessess would be benefited on lesser deduction of TDS till the transaction amount to Rs. 2.50 lakh

W.E.F: 1st Jun, 2016

TDS on Income in respect of Units of Investment Fund

Section: 194LBB

Existing Provision: Any person responsible for making the payment to Investor shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or any mode deduct income-tax thereon@ 10%. The non-resident investor is not able to claim benefit of lower or NIL rate of taxation which is

available to him under the relevant Double Taxation Avoidance Agreement (DTAA), and deduction of tax @10%

Proposed Provision: It is proposed to amend section 194LBB to provide that the person responsible for making the payment to the investor shall deduct income-tax under @ 10% where the payee is a resident and at the rates in force where the payee is a non-resident (not being a company) or a foreign company.

Implication: TDS @ 10 % in amount paid to investor from Investment Fund irrespective of residential status (Resident & Non Resident).

W.E.F: 1st Jun, 2016

TDS on Income in respect of Investment in Securitization Trust Section 194LBC

Existing: Newly Inserted Provision

Proposed Provision: Any Person responsible for paying amount to an investor, being a resident or non resident (not a being a Company) or Foreign Company ,in respect of an investment in a securitization trust either cash , cheque or in any mode of payment shall deduct income tax thereon as follows:-

- (i) TDS @ 25% if the payee is an Individual or HUF.
- (ii) TDS @ 30% if the payee is any other person.

Implication: Early deposition of tax in form of TDS on behalf of receiver of income by payer

W.E.F: 1st Jun, 2016

Widen the coverage of Deduction at lower rate Section: 197

Existing Provision: Any person who can justify that his gross total Income is not going to be taxable and tax deductible at source is resulting in a Refund. Person may apply for a lower rate deduction for TDS under Sections: 192,193,197,194A,194C,194D,194G,194H, 194I, 194LA,195.

Proposed Provision: Person may apply for a lower rate deduction for TDS under above mentioned Sections plus the additional two sections are inserted i.e. 194LLB, 194LBC.

Implication: Benefit of lower deduction would be extended for above-mentioned two section

W.E.F: 1st Jun, 2016

Certification of Non-Deduction of Tax at Source

Section: 197A

Existing Provision: The existing provisions of section 197A of the Income-tax Act provide that tax shall not be deducted, if the recipient of certain payments on which tax is deductible furnishes to the payer a self- declaration in prescribed Form. No. 15G/15H declaring that the tax on his estimated total income of the relevant previous year would be nil.

Proposed Provision: it is proposed to cover the section 194-I (TDS under Payment of Rental) under the purview of this section for non deduction of TDS on compliance of certain condition.

Implication: Assessee would have the option for non-deduction of TDS on Rent on fulfillment of certain condition

W.E.F: 1st Jun, 2016

Exemption from requirement of furnishing PAN under section 206AA to certain non-resident

Section: 206AA (7)

Existing: As per Section 206AA, any person who is entitled to receive any sum or income or amount on which tax is deductible shall furnish his PAN to the person responsible for deducting such tax, failing which tax shall be deducted at the rate in force or at the rate of 20%., whichever is higher. the same shall also apply to non-residents with an exception in respect of payment of interest on long-term bonds as referred to in section 194LC.

Proposed: It is proposed to amend the said section 206AA(7) that section 206AA shall also not apply to a non-resident, not being a company, or to a foreign company, in respect of any other payment, other than interest on bonds, subject to such conditions as may be prescribed.

Implication: The proposed provision will reduce the compliance burden of TDS on certain Non-Resident

W.E.F.: 1st June 2016

Tax Collection at Source (TCS) on sale of vehicles; goods or services

Section: 206C

Existing: As per provision of section 206C, the seller shall collect tax at source at specified rate from the buyer at the time of sale of specified items such as alcoholic liquor for human consumption, tendu leaves, scrap, mineral being coal, bullion etc. in cash exceeding 2 lakh rupees.

Proposed: It is proposed that the seller shall collect the tax at the rate of 1 % from the purchaser on sale of motor vehicle of the value exceeding 10 lakh rupees and sale in cash of any goods (other than bullion & Jewellery), or providing of any services (other than payments on which tax is deducted at source under Chapter XVII-B) exceeding 2 lakh rupees but the sub-section (1D) relating to TCS in relation to sale of any goods (other than bullion and Jewellery) or services shall not apply to certain class of buyers subject to conditions as may be prescribed.

Implications: The proposed provision will reduce the quantum of cash transaction, curb the flow of unaccounted money in the trading system.

W.E.F.: 1st June 2016

Rationalization of advance tax payment schedule under section 211

Section: 211

Existing: As per section 211(1), the advance tax cumulative payment schedule for a company is 15%, 45%, 75% and 100% of tax payable to be paid by 15th June, 15th September, 15th December and 15th March respectively. For other assessee, the advance tax cumulative payment schedule is 30%, 60% and 100% of tax payable to be paid by 15th September, 15th December and 15th March respectively.

Proposed: It is proposed to rationalize schedule for advance tax payment and prescribe the same advance tax schedule for all assessee other than an eligible assessee in respect of eligible business as referred to in section 44AD, as specified in the table below.

Due date of Installment	Amount payable
On or before the 15th June	Not less than 15% of such advance tax
On or before the 15th September	Not less than 45% net tax payable
On or before the 15th December	Not less than 75% of net tax payable
On or before the 15th March	100% of net tax payable

Further, eligible assessee in respect of eligible business referred to in section 44AD opting for computation of profits or gains of business on presumptive basis, shall be

required to pay advance tax of the whole amount in one installment on or before the 15th March of the financial year.

Implications: This will facilitate forecasting of revenue collections during a financial year with greater accuracy.

W.E.F.: 1st June 2016

Time Limit for disposing the application under Sec 220(2A)

Section: 220(2A)

Newly inserted

Proposed: It is proposed to amend section 220 to provide that an order accepting or rejecting application of an assessee shall be passed by the concerned authority within a period of twelve months from the end of the month in which such application is received.

Implications: For the timely adherence of the application.

W.E.F.: 1st June 2016

Charging of interest under section 234C

Section: 234C

Existing: As per the section 234C, an assessee (other than company) who is liable to pay advance tax under section 208 has failed to pay such tax or the advance tax paid is less than as specified in section 211 shall be liable to pay simple interest as mentioned in table below:

Due date	Advance tax payable (as per Sec 211)	Interest chargeable(On short amount)
15th September	30% of Tax due on returned Income	1% per month S.I for 3 months
15th December	60% of Tax due on returned Income	1% per month S.I for 3 months
15th March	100% of Tax due on returned Income	1% per month S.I for 1 month

Proposed: It is proposed that assessee(other than company) who is liable to pay advance tax under section 208 has failed to pay such tax or the advance tax paid is less than as specified in section 211 shall be liable to pay simple interest as mentioned in table below:

Due date	Advance tax payable (as	Interest chargeable (On short
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	per Sec 211)	paid)
15th June	15% of Tax due on returned Income	1% per month S.I for 3 months provided that advance tax paid is less than 12%.
15th September	45% of Tax due on returned Income	1% per month S.I for 3 months provided that advance tax paid is less than 36%.
15th December	75% of Tax due on returned Income	1% per month S.I for 3 months for the amount short paid
15th March	100% of Tax due on returned Income	1% per month S.I for 1 month for the amount short paid

Further an eligible assessee in respect of the eligible business referred to in section 44AD, failed to pay advance tax or advance tax paid on or before 15th March is less than tax due shall be liable to pay S.I @1% on the shortfall amount.

Implications: This will bring it in sync with the amendments proposed in section 211.

W.E.F.: 1st June 2016

Payment of interest on refund

Section: 244A (1A)

Newly Inserted

Proposed: It is proposed to insert section 244A(1A) to provide that in cases where the return is filed after the due date, the period for grant of interest on refund may begin from the date of filing of return.

It is also proposed to provide that where a refund arises out of appeal effect being delayed beyond the time prescribed under sub-section (5) of section 153, the assessee shall be entitled to receive an additional interest on such refund @ 3 % per annum, for the period beginning from the date following the date of expiry of the time allowed under sub-section (5) of section 153 to the date on which the refund is granted.

Implications: To ensure the filing of return within due date and for promoting the interest of fairness and equity.

W.E.F.: 1st June 2016

Time Limit for Appeal

Section: 249

Newly Inserted

Proposed: Proviso inserted:

Provided further that where an application has been made under 270AA(1), the period from the date on which the application is made, to the date on which the order rejecting the application is served on the assessee, shall be excluded.

Implications: To rationalize the time period for filing appeal.

W.E.F.: 1st April 2017

Rationalisation of the provisions relating to Appellate Tribunal

Section: 252

Existing: Clause (b) of sub-section (3), sub-section (4A) and sub-section (5) of section 252 provide for the appointment and powers of Senior Vice- President of the Appellate Tribunal.

Proposed: Omission of sub-section (4A) and the words "the Senior Vice President or" in sub section (3) clause (b) and sub section (5).

Implications: For general rationalization

W.E.F.: 1st June 2016

Rationalisation of the provisions relating to Appellate Tribunal

Section: 253

Existing: Assessee aggrieved by the order passed by various authority under various sections may appeal to the Appellate Tribunal. Under sub-section(4), appeal against the order of Deputy Commissioner (Appeals) or A.O in pursuance of the direction of Dispute Resolution Panel is included.

Proposed:

1. Insertion of "Section 270A" in clause (a) and "or under section 270A" in clause (c) & omission of sub-section (2A) and (3A). It is further proposed that under sub-section (4) appeal against the order of Deputy Commissioner (Appeals) or A.O in pursuance of the direction of Dispute Resolution Panel has been omitted.

2. Proviso under Sub-section (6) has been substituted that no fee shall be payable in case of an appeal referred to in sub-section (2), (2A) as it stood before its

amendment by the Finance Act 2016 or a memorandum of cross objections referred to in sub-section (4).

Implications: General rationalisation of the provisions

W.E.F.: 1. 1st June 2016
2. 1st July 2012

Time Limit for making amendment for the rectification of mistakes
Section: 254

Existing: The Appellate Tribunal may, at any time within four years from the date of the order amend any order passed by it under sub-section(1) and shall make such amendment if the mistake is brought to its notice by the Assessee or Assessing Officer.

(2A) In every appeal, the Appellate Tribunal may hear and decide such appeal within a period of four years from the end of the financial year in which such appeal is filed under sub section(1) or sub-section (2) or sub-section(2A) of section 253

Proposed: The Appellate Tribunal may, at any time within six months from the end of the month in which order was passed amend any order passed by it under sub-section (1), and shall make such amendment if the mistake is brought to its notice by the Assessee.

In sub-section (2A), "or sub-section(2A)" shall be omitted.

Implications: Prompt completion of assessment in pursuance of order.

W.E.F.: 1st June 2016

Total Income Limit for disposal of case by Bench
Section: 255

Existing: The member of the Appellate Tribunal may dispose of any case allocated to the Bench of which he is a member and pertains to an assessee whose total income does not exceed 15 Lakh rupees and president may constitute a special bench consisting of three or more members, one of whom shall be a judicial member and one an accountant member.

Proposed: The member of the Appellate Tribunal may dispose of any case allocated to the Bench of which he is a member and pertains to an assessee whose total income does not exceed 50 Lakh rupees and president may constitute a special bench consisting of three or more members, one of whom shall be a judicial member and one an accountant member.

Implications: To rationalize the provisions related to Appellate Tribunal proceedings

W.E.F.: 1st June 2016

Rationalisation of Penalty provisions:

Section: 270A

Newly Inserted

Proposed: As per the provision, the AO or prescribed authority may direct the person who has under-reported income shall be liable to pay a penalty in addition to tax and the penalty shall be equal to 50% percent of amount of tax payable. Where under reported income is in consequence of any misreporting thereof by any person, the penalty shall be equal to 200% of the amount of tax payable on underreported Income.

Implications: Proper levy of penalty in case of under reporting and misreporting of Income.

W.E.F.: 1st April 2017

Immunity from Penalty

Section: 270AA

Newly Inserted

Proposed:

(1) An assessee may make an application to the Assessing Officer to grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C, if he fulfils the prescribed conditions

(2) An application shall be made within one month from the end of the month in which the order has been received (3) The Assessing Officer shall grant immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C, where the proceedings for penalty under section 270A has not been initiated

Implications: Relief from penalty

W.E.F.: 1st April 2017

Non applicability of Sec 271

Section: 271(7)

Newly Inserted

Proposed: It is proposed that the provision of Sec 271 shall not apply to any assessment commencing from 1st April 2017.

Implications: As provision related to penalty has been included in Section 270A.

W.E.F.: 1st April 2017

Inclusion of reference of Section 270A

Section: 271A

Existing: Under section 271A, non prejudice to the provision of Section 271 has been indicated.

Proposed: In the proposed provision, non prejudice to the provision of Section 270A has been inserted in addition to Section 271.

Implications: This will ensure better compliance of provision of Section 271A

W.E.F.: 1st April 2017

Levy of Penalty in case of default in furnishing the information and documents

Section: 271AA (2)

Newly Inserted

Proposed: As per the provision, prescribed Income tax authority may impose penalty of 5 lakh rupees on failure to furnish the information and the documents required under section 92D(4).

Implications: For proper collection and maintenance of information and documents.

W.E.F.: 1st April 2017

Penalty where search has been initiated

Section: 271AAB

Existing: Penalty payable by the assessee shall not be less than 30 % but shall not exceed more than 90% of undisclosed Income of specified P.Y.

Proposed: It is proposed that penalty shall be computed @ 60% of undisclosed income of specified P.Y.

Implications: For better rationalisation of penalty provisions for undisclosed Income.

W.E.F.: 1st April 2017

Penalty for failure to furnish report or inaccurate report under Section 286
Section: 271GB

Newly Inserted

Proposed: (1)As per the proposed provision, if any reporting entity fails to furnish the report referred in 286 (2), penalty shall be levied as equivalent to amount:

a) 5,000 rupees for every day for first 1 month or

b) 15,000 rupees for every day for which the failure continues beyond 1 month.

(2) If the reporting entity fails to furnish the information and documents within the period allowed under 286 (6), penalty of 5,000 rupees per day shall be levied after the expiry of allowed period.

Levy of Penalty for failure to comply with a notice under section 142(1)
Section: 272A

Existing: It provides for levy of penalty of 10,000 rupees for each failure or default to answer the questions raised by an income-tax authority, refusal to sign any statement legally required during the proceedings under the Income-tax Act or failure to attend to give evidence or produce books or documents as required under section 131 (1).

Proposed: It is proposed to amend sub-section (1) of section 272A to further include levy of penalty of ten thousand rupees for each default or failure to comply with a notice issued under sub-section (1) of section 142 or sub-section (2) of section 143 or failure to comply with a direction issued under sub-section (2A) of section 142

Implications: Widen the scope of penalty under Section 272A

W.E.F.: 1st April 2017

Time period for evaluating the application under Section 273AA (3)
Section: 273AA (3A)

Newly Inserted

Proposed: It is further proposed to amend section 273AA to provide that an order accepting or rejecting the application of an assessee shall be passed by the Principal Commissioner or Commissioner within a period of twelve months from the end of the month in which such application is received.

Implications: Proper disposal of application made by assessee under Section 273AA

W.E.F.: 1st June 2016

Authentication of notices and other documents

Section: 282A

Existing: As per the existing provision, notice or other document to be issued by any Income tax authority shall be signed in manuscript by that authority.

Proposed: Notice or other document to be issued by any Income tax authority shall be signed and issued in paper form or communicated in electronic form by that authority in accordance with such procedure as may be prescribed.

Implications: Faster circulation of the notices and documents

W.E.F.: 1st June 2016

Amendments in Fourth Schedule of Income Tax Act.

Rule 6

Proposed: The limit of contribution by the employee eligible under section 80C of the Act has been increased from Rs. 100000 to Rs.150000 vide Finance 2014. It is proposed to amend the said section and said schedule so as to provide the limit of employer's contribution to 150000 without attracting tax.

Implications: To bring parity in the contribution by the employer and employee.

W.E.F.: 1st April 2017

Indirect tax proposals

Service Tax

Few Exempted Services and Services under Negative List Now Made Taxable:

Some of the services covered under Mega Exemptions and Negative List are now taxable from F.Y 2016-17. The details of same are as under:

S.N	List of Services	Existing Rate	Proposed Rate	W.E.F
1.	Services provided by: a)a senior advocate to an advocate or partnership firm of advocates providing legal service and b)a person represented on an arbitral tribunal to an arbitral tribunal.	Nil	14%	1st April, 2016
2.	Construction, erection, commissioning or installation of original works pertaining to monorail or metro, in respect of contracts entered into on or after 1 March 2016,	Nil	5.6%	1st March, 2016.
3.	Services of transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway	Nil	14%	1st April, 2016
4.	Service of transportation of passengers, with or without accompanied belongings, by a stage carriage covered under Negative list of services. And, transportation of passengers by air conditioned stage carriage.	Nil	5.6%	1st June,2016

Implication: All the above services are now covered under service tax regime & result in tax burden to assessee.

New Exempted Services:

Similarly, remarkable number of services are now exempted with effect from 1st March 2016 or later. The list of such services is as under:

A) W.E.F. 1st April 2016

S.N	Exempted Services	Existing Rate
1.	The service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India.	3.5%
2.	Services provided by Employees' Provident Fund Organisation (EPFO) to Employees	14%
3.	Services provided by Insurance Regulatory and Development Authority (IRDA)	14%
4.	The regulatory services provided by Securities and Exchange Board of India (SEBI)	14%
5.	The services of general insurance business provided under 'Niramaya' Health Insurance scheme launched by National Trust.	14%
6.	Services provided by National Centre for Cold Chain Development	14%
7.	Services provided by Biotechnology Industry Research Assistance Council (BIRAC) approved biotechnology incubators to incubatees	14%
8.	Services provided by way of skill/vocational training by training partners under Deen Dayal Upadhyay Grameen Kaushalya Yojana.	14%
9.	Services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship	14%

B) W.E.F. 1st March 2016

S.N	Exempted Services	Existing Rate
1.	Services by way of construction etc. in respect of- i. housing projects under Housing For All	5.6%

	<p>(HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY)</p> <p>ii. low cost houses up to a carpet area of 60 square metres in a housing project under "Affordable housing in Partnership" component of PMAY,</p> <p>iii. low cost houses up to a carpet area of 60 square metres in a housing project under any housing scheme of the State Government.</p>	
2.	Services provided by the IIM by way of 2 year full time Post Graduate Programme in Management other than executive development programme, Integrated Programme in Management and Fellowship Programme in Management (FPM)	14%

Implication: As the services above are exempted from now on, this is indeed relief to the service tax providers!

Other Changes in Service Tax Rates:.

S.N	List of Services	Existing Rate	Proposed Rate	W.E.F
1.	The rate of Service Tax on single premium annuity (insurance) policies is reduced from 3.5% to 1.4% of the premium, in cases where the amount allocated for investment, or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service.	3.5%	1.4%	1st April,2016
2.	Exemptions previously withdrawn regarding services for construction of govt, schools, hospitals, ports, airports are being restored in case of contracts entered prior to 01.03.2015	5.6% of total amount	Nil	01.04.2015 (Retrospective Effect)
3.	Services provided by way of construction, maintenance etc. of canal, dam or other irrigation works provided to all the bodies set up by Government during	5.6% of total amount	Nil	NA

	the period from the 1st July, 2012 to 29th January, 2014,			
4.	The services provided by mutual fund agent/distributor to a mutual fund or asset management company.	14%	Nil	01.04.2015

Changes in Abatement

W.E.F: 1st April 2016

A) In following of the services, credit of Input Services is allowed on even on availing the abatement.

S.N	Nature of Services	Abatement Rate	Existing Rate	Proposed Rate
1.	Transport of passengers by rail	70%	4.2% Without credit	4.2% With input service credit
2.	Transport of goods other than in containers by rail	70%	4.2% Without credit	4.2% With input service credit
3.	Transport of goods in containers	60%	4.2% Without credit	5.6% With input service credit
4.	Transport of goods by vessel	70%	4.2% Without credit	4.2% With input service credit

B) Other changes in abatement are:

S.N	Changes	Existing Rate	Proposed Rate
1.	Same abatement rate in respect of services by way of construction of residential complex, etc. i.e 70% instead of 70% for high end flats and 75% for low end flats.	3.5% (high end flats) 4.2% (low end flats)	4.2% both
2.	Same abatement rate in respect of services by tour operation either in relation to packaged tour or other than packaged	3.5% (packaged) 5.6% of amount charged (unpackaged)	4.2% of amount charged (both)

	tour.		
3.	Abatement in shifting of household goods by a GTA, without CENVAT credit to be 60%	4.2%	5.6%
4.	Abatement rate on services of a foreman to chit fund to be 30%, without CENVAT credit.	14%	9.8%

Implication: The abatement is rationalized to some extent, allowing the input credit and simplifying the rate.

Introduction of Krishi Kalyan Cess:

One of the seemingly significant change in Service Tax is introduction of new cess, to be called as Krishi Kalyan Cess. It shall be levied on all or any of the taxable services at the rate of 0.5 per cent.

Implication: This will increase the existing rate of Service Tax from 14.5% to 15% as a whole.

W.E.F: 1st June 2016.

Rationalization of Interest Rates:

Existing:

The existing Interest Rates on delay in payment of service tax are as under:

Delay up to 6 months: 18%

6 months to 1 year : 24%

More than 1 year: 30%

In case of assessee whose value of services in preceding year is less than 60 lacs: 15%

Proposed: Interest rate on delayed amount of all indirect taxes is rationalized and made uniform at 15%. Except in case of Service Tax collected but not deposited, in which interest rate is 24%.

W.E.F: On receiving assent of the President.

Quarterly Payment of Service Tax for OPC and HUF Rule 6 of the Service Tax Rules 1994

Existing: Except for Individual/Partnership Firms, in case of other assesseees. the payment of Service Tax is to be done monthly.

Proposed: The benefit of quarterly payment of service tax is extended to One Person Company (OPC) and HUF.

Implication: Beneficial to OPC and HUF assessee.

W.E.F: 1st April 2016.

Payment of Service Tax on Receipt Basis Point of Taxation Rules, 2011

Existing: Individuals and partnership firms (including limited liability partnership) up to a turnover of Rs 50 lakh in a financial year can determine POT on the basis of date of receipt.

Proposed: The facility is extended to One Person Company (OPC)

Implication: Beneficial to OPC assessee.

W.E.F: 1st April 2016.

Omission of Pre-School Educational Service from Negative List Section: 66D

Existing: Under section 66D(I) of Finance Act, 1994 "Educational services by way of
(a) pre-school education and education up to higher and secondary school or equivalent,
(b) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force
(c) education as a part of an approved vocational education course"
is covered under Negative List of Services.

Proposed: The above service is omitted from the Negative List Of Services.

Implication: However the exemption shall continue by way of exemption notification No. 25/2012-ST.

W.E.F : Enactment of Finance Bill

Monetary Limit for Launching Prosecution increased from Rs. 1 crore to 2 crore.

Section 9

Existing: Whoever committing any of the offences specified under sub-section (1) of section 89 of the Finance Act, 1994, can be prosecuted. The monetary limit for the prosecution is Rs. 1 crore.

Proposed: The power to arrest in Service Tax is being restricted only to situations where the tax payer has collected the tax but not deposited. The monetary limit for launching prosecution is being increased from Rs. 1 crore to Rs. 2 crore of Service Tax evasion.

W.E.F: Enactment of Finance Bill

Implication: Government has loosened the punishment relating to the offenses regarding Service Tax.

Addition in Declared Services:

Section 66E

The service of "Assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof." has been added to Declared Services covered under Section 66E.

Implication: This has increased the coverage of Service Tax.

Addition of Lottery Activity in Taxable Service

Section 65B

Any activity carried out by a lottery distributor or selling agent in relation to promotion, marketing, organizing, selling of lottery or facilitating in organizing lottery of any kind, in any other manner, of the State Government as per the provisions of the Lotteries (Regulation) Act, 1998 (17 of 1998), is leviable to Service Tax.

Implication: This has increased the coverage of Service Tax.

Reduction in number of returns to be filed

The number of returns to be filed by a central excise assessee, above a certain threshold, is being drastically reduced, from 27 to 13. Out of the 13 returns one is annual return and 12 monthly returns.

Implication: This reduces the procedural complication in filing return for assessee.

W.E.F: 1st April, 2016

Time limit for issue show cause notice for recovery of service tax along with interest

Section: 73

Existing Provision:

Time limit to issue show cause notice for recovery of short payment or non payment of Service tax along with interest in cases not involving fraud, suppression of fact, willfulness statement etc. is 18 Months from relevant date.

Proposed Provision:

Time limit to issue show cause notice for such recovery is increased to 30 months from relevant date.

Implication:

Assessee will liable to produce/reply the notice served even after completion of 18 months.

W.E.F : Enactment of finance bill.

Indirect tax Dispute Resolution Scheme, 2016

Existing Provision:

Newly inserted provision

Proposed Provision:

Indirect tax Dispute Resolution Scheme, 2016 introduced in respect of cases pending before Commissioner(Appeals), the assessee can file a declaration after paying the duty, interest and penalty equivalent to 25% of duty,. In such cases the proceedings against the assessee will be closed and he will also get immunity from prosecution.

Implication:

Dispute Resolution mechanism to speed up settlement of pending cases and granting immunity from prosecution.

Amendment in Point of Taxation Rules, 2011

Existing Provision:

The rate of service tax shall be the rate of service tax in force at the time when the taxable service has been provided or agreed to be provided.

Proposed Provision:

Section is amended to provide rule making powers in respect of Point of Taxation Rules,2011 to determined point in time. when service has been provided or agreed to be provided shall determine by rules made in this regard.

Point of Taxation Rule,2011 is being amended accordingly.

W.E.F : Enactment of finance bill.

CENVAT Credit in respect of exempted services

Existing Provision:

In Case of banks and other financial institutions, They are required to reverse 50% of input and input service credit received in respect of exempted goods.

Proposed Provision:

Banks and other financial institution are provided to reverse credit in respect of exempted services on actual basis **or** 50% of input and input service credit.

Implication:

CENVAT credit rules has provided another option on actual basis to avail credit for banks and other financial institutions .

W.E.F :Enactment of finance bill.

Admissibility of CENVAT Credit in Certain cases

Existing Provision:

No CENVAT credit allowed of Service Tax paid on amount charged for assignment by Government or any other person of a natural resource.

Proposed Provision:

The CENVAT credit rules are being amended to allow CENVAT credit of Service Tax paid on amount charged for assignment by Government or any other person of a natural resource over such period of time as the period for which the rights have been assigned.

Implication:

CENVAT credit rules are amended to provide benefit to assessee in terms of availing of credit for assignment by Government or any other person of a natural resource.

Excise Duty

Power to grant Exemption from excise duty

Section: 5A

Existing Provision:

Notification granting exemption from excise duty shall come into force from date of its publication in Official Gazette or date specified in the notification wherever such date is specified in notification then "the same shall be published and offered for sale by the said Directorate of Publicity and Public Relations on a date on or before the date on which the said notification comes into force"

Proposed Provision:

Notification granting exemption from excise duty shall come into force from date of its publication in Official Gazette.

Implication:

Applicability of exemption notification is simplified.

W.E.F : Will come into force on enactment of finance bill.

Time limit for issue of show cause notice for recovery of duty along with interest

Section: 11A

Existing Provision:

Time limit to issue show cause notice for recovery of short payment or non payment of excise duty along with interest in cases not involving fraud, suppression of fact, willfulness statement etc. is ONE YEAR from relevant date.

Proposed Provision:

Time limit to issue show cause notice for such recovery is increased to TWO YEARS from relevant date.

Implication:

Assessee will liable to produce/reply the notice even after completion of one Year.

W.E.F : Will come into force on enactment of finance bill.

Customs Baggage Declaration Regulations, 2013

Existing Provision:

Owner of Baggage has to make declaration of its content for custom clearance.

Proposed Provision:

Declaration required only for those passengers who carry dutiable or prohibited goods.

Implication:

Passengers can enter in custom area without providing any declaration for content in baggage.

W.E.F : Will come into force on enactment of finance bill.

MISCELLANEOUS PROVISIONS

1) Instructions are being issued to Chief Commissioners of Central Excise to file application to Courts to withdraw prosecution in cases involving duty of less than **Rs. 5 lakh** and **pending for more than 15 years**.

2) **Changes in Rate of different type of Cess**

Nature of Cess	Existing Rate	Proposed Rate	W.E.F.
Oil Industries Development Cess (on domestically produced oil)	Rs 4500 per tonne	20% ad valorem	Date of assent to the Finance Bill, 2016
Clean Energy Cess renamed as Clean Environment Cess (On coal, lignite and peat)	Rs. 300 per tonne	Rs. 400 per tonne	01 st March, 2016
Infrastructure Cess (on Motor Vehicles) <ul style="list-style-type: none"> • Petrol/LPG/CNG driven motor vehicles • Diesel driven motor vehicles • Other higher engine capacity motor vehicles and SUVs and bigger sedans 	- - -	1% 2.5% 4%	01 st March, 2016

Customs

Change in definition of Warehouse

Section: 2(43)

Existing Provision:

"Warehouse" means a public warehouse appointed under section 57 or a private warehouse licensed under section 58.

Proposed Provision:

"Warehouse" means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 **or a special warehouse licensed under section 58A.**

Implication:

Specific goods will be stored in this special warehouse which will be under control of department.

W.E.F : Will come into force on enactment of finance bill.

Power to grant Exemption from custom duty

Section: 25

Existing Provision:

Notification granting exemption from custom duty shall come into force from date of its publication in Official Gazette or *date specified in the notification wherever such date is specified in notification then "the same shall be published and offered for sale by the said Directorate of Publicity and Public Relations on a date on or before the date on which the said notification comes into force"*

Proposed Provision:

Notification granting exemption from custom duty shall come into force from date of its publication in Official Gazette.

Implication:

Applicability of exemption notification is simplified.

W.E.F : Will come into force on enactment of finance bill.

Change in Warehouse Bond Amount

Section: 59

Existing Provision:

The importer of any goods which have been entered for warehousing shall execute a bond binding himself for a sum equal to **TWICE** the amount of duty assessed on such goods.

Proposed Provision:

The importer of any goods which have been entered for warehousing shall execute a bond binding himself for a sum equal to **THRICE** the amount of duty assessed on such goods & to furnish **Security** as prescribed.

Implication:

Proposed provision will increase burden on importers which require to execute bond at higher amount & furnish security.

W.E.F : Will come into force on enactment of finance bill.

Custody of warehoused goods

Section: 73A

Existing Provision:

New Provision Introduced

Proposed Provision:

All warehoused goods **shall remain in the custody of the person who has been granted a license** under section 57 or section 58 or section 58A until they are cleared for home consumption or are transferred to another warehouse or are exported or removed as otherwise provided.

W.E.F : Will come into force on enactment of finance bill.

Time limit for issue of show cause notice for recovery of duty along with interest

Section: 28

Existing Provision:

Time limit to issue show cause notice for recovery of short payment or non payment of customs duty along with interest in cases not involving fraud, suppression of fact, willfulness statement etc. is ONE YEAR from relevant date.

Proposed Provision:

Time limit to issue show cause notice for such recovery is increased to two years from relevant date.

Implication:

Assessee will liable to produce/reply the notice even after completion of one Year.

W.E.F : Will come into force on enactment of finance bill.

Deferred Payment of Custom Duty (Import)

Section: 47

Existing Provision:

Importers are required to pay import duty within 2 days (excl. public holiday) from date on which bill of entry is returned to him for payment of duty.

Proposed Provision:

Certain class of importers will be permitted to make deferred payment of import duty subject to rules to be prescribed

Implication:

Certain class of importers are provided option to defer payment of duty.

W.E.F : Will come into force on enactment of finance bill.

Deferred Payment of Custom Duty (Export)

Section: 51

Existing Provision:

Exporters are required to pay export duty before loading of goods for export.

Proposed Provision:

Certain class of exporters will be permitted to make deferred payment of export duty subject to rules to be prescribed.

Implication:

Certain class of exporters will provided option to defer payment of duty.

W.E.F : Will come into force on enactment of finance bill.

Withdrawal of Safeguard duty on goods imported from People's Republic of China

Section: 8C (Customs Tariff Act, 1975)

Existing Provision:

Safeguard duty was imposed on goods imported from People Republic of China where import was made in large quantities & for the purpose of disruption of Indian market.

Proposed Provision:

Provision has been omitted.

Implication:

Importers can import goods without safeguard duty from China & result in low cost of production.

W.E.F : Will come into force on enactment of finance bill.



An Initiative by Firm's Articles



KEY PARTICIPANTS OF AD ARTICLE CIRCLE IN BUDGET PREPARATION 2016

- Anshumalee Banstola
- Lalbabu Mahato
- Sameer Khan
- Jay Prakash Yadav
- Shradda Tanna
- Vaibhav Pareekh
- Salone Chordia
- Ajit Bagale
- Abhyas Acharya
- Sandesh Gurung
- Shailesh Roongta
- Alka Khandelwal



ad Professionals Pvt. Ltd.

204, Empire State Building,
Ring Road, Surat - 395 002.
Tel.: 0261-3015296, 3045296, 2345296
Fax: 0261-2363264.

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Head Office

SURAT

204, Empire State Building, Ring Road, Surat-395 002 (Gujarat)
 Tel. : 0261-3015296, 3045296, 2345296, Fax : 0261-2363264
 Mobile : 09825045937, E-mail : surat@adcaindia.com

Branch Offices

Mumbai

32, Sujata Niketan, Rani Sati Marg, Near Railway Station,
 Malad (East), Mumbai-400097

New Delhi

1333, Baidwara, Maliwara, Chandani Chowk, Delhi-110 006.

Jaipur

F-113, Road No. 4, Kartarpura Industrial Area, Jaipur - 06 (Rajasthan)

Hyderabad

8-4-548/1 2nd Left After Gokul Theatre, Erragadda,
 Hyderabad 500016 (Andhra Pradesh).

Ahmedabad

A-63 Rajshree Towers, Nr Prerna Tirth Derasar
 Jodhpur Gam Road, Sattellite, Ahmedabad-380015.

Mangalore

703, Concorde Appartment, 1st Falnir Road,
 Mangalore-575 001 (Karnataka)

Mehsana

40, Mahatma Gandhi Shopping Center, Rajmahel Road, Mehsana - 1.

Vapi

208, Riddhi Siddhi Complex, Near Vapi Telephone Exchange,
 Vapi Char Rasta, Vapi-396191 (Gujarat)

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