

## Synopsis of major Income tax amendments proposed in the Finance Bill, 2019

- **Corporate Tax Rate:** Companies having annual turnover of Rs. 400 crores to be under 25% tax slab.
- **Surcharge:** Individuals with income more than Rs. 2 crore but up to Rs 5 crore will be levied with a surcharge @25% and those with income more than Rs. 5 crore will be levied with a surcharge @37%.
- **Section 2(19AA):** For Ind As Companies, the requirement of recording property and liabilities at book value shall not be applicable.
- **Section 9(1)(viii):** Sum of money paid or property situated in India, transferred, on or after 05-07-2019 by a resident to a person outside India shall be deemed to accrue or arise in India.
- **Section 9A(3):** A retrospective relaxation is proposed in the conditions for the eligibility of the offshore funds.
- **Section 10(4C):** Interest income for the period 17-09-2018 to 31-03-2019 in respect of rupee denominated bond issued outside India is proposed to be exempted from tax.
- **Section 10(12A):** 60% of the total amount payable by the NPS trust at the time of closure or his opting out of the scheme is proposed to be exempted instead of earlier 40%
- **Section 10(15):** Interest Income of a unit located in IFSC in respect of monies borrowed by it on or after 01-09-2019 is proposed to be exempt from tax.
- **Section 10(34A) r.w.s.115QA:** Buy back of shares on or after 05-07-2019 by a listed company is also proposed to be covered by section 115QA for buy back tax @ 20%.
- **Section 12AA:** Registration of trust may be cancelled if it doesn't have compliance or has violated requirements of any material law, order, direction, decree etc.
- **Section 40(a) r.w.s.201:** The deductor failing to deduct TDS on payment made to non-resident shall not be assessee in default if such non-resident has disclosed such income in his return of income and paid the due tax thereon
- **Section 43B(da):** Interest expense on loan or advances from NBFCs shall be allowed as deduction if it is actually paid on or before the due date of furnishing the return of income.
- **Section 43D:** Interest income in relation to bad or doubtful debts received by NBFCs shall be chargeable to tax in the year it is credited to its P&L or is actually received, whichever is earlier
- **Section 47(viib):** Subject to certain conditions, any transfer of a capital asset by Category-III AIF in IFSC, of which all the unit holders are non-resident, shall not be regarded as 'transfer'.
- **Section 50CA r.w.s.56(2)(x):** Determination of FMV may not be needed in certain transactions undertaken by a certain class of persons as may be prescribed by the Board.
- **Section 54GB:** Extend the sun set date of transfer to 31-03-2021, relax the condition of minimum shareholding to 25% and restrict transfer of new computer or computer software to 3 years
- **Section 56(2)(viib):** Failure to comply with the prescribed conditions, the consideration in excess of face value of such shares shall be deemed to be the income for the year

- **Section 56(2)(viii):** Retrospective amendment to correct the clerical error of Finance Act, 2018
- **Section 79 r.w.s.115JB:** Any previous period loss of a closely held eligible start-up shall be allowed to be carried forward and set off against the income of on satisfaction of stipulated conditions and the loss can be carried forward and set off even if there is change in voting power or shareholding pursuant to order of NCLT under section 242 of the Companies Act, 2013.
- **Section 80C(2)(xxv):** Amount paid by Central Govt. employee as a contribution to his Tier-II account of the pension scheme for a fixed period not less than 3 years shall be eligible for deduction.
- **Section 80CCD(2):** Increase the limit from 10% to 14% of contribution made by the Central Govt. to the account of its employee.
- **Section 80EEA:** Deduction in respect of interest up to Rs. 1.5 lacs on loan taken for residential house property from any financial institution subject to certain conditions.
- **Section 80EEB:** Deduction in respect of interest up to Rs. 1.5 lacs on loan taken for purchase of an electric vehicle from any financial institution subject to certain conditions.
- **Section 80-IBA:** 100% deduction if a residential unit have carpet area not exceeding or 90 sq. meter and 60 sq. meter in metropolitan cities and the stamp duty value shall not exceed Rs. 45 lacs.
- **Section 80LA:** 100% profit linked deduction for any 10 consecutive years out of 15 years to units of an IFSC.
- **Section 92CD(3):** Where the assessee has modified its returns in accordance with APA, the AO shall pass an order modifying the total income determined in accordance with the APA.
- **Section 92CE:** Conditions made for effective implementation of secondary adjustments.
- **Section 92D:** The requirement of filing required form and maintenance of information and document shall be applicable even when there is no international transaction is being undertaken.
- **Section 111A:** Concessional rate of tax for short-term capital gains in respect of transfer of units of Central Public Sector Enterprises (CPSEs)
- **Section 115A:** conditions contained under section 115A(4) shall not apply to a unit of an IFSC.
- **Section 115-O:** Dividend paid by IFSC after 01-04-2017 shall not be liable for tax
- **Section 115R:** No additional income-tax shall be chargeable in respect of income distributed, on or after 01-09-2019 by a Mutual Fund of which all the unit holders are non-residents
- **Section 115UB:** Amendments are proposed to curb the difficulty faced by Category I and II AIFs.
- **Section 139:** Mandatory requirement to file return, if the person has deposited more than Rs. 1 crore in current account or has expended more than Rs. 2 lacs for foreign travel or has expended more than Rs. 1 lac towards consumption of electricity.
- **Section 139A r.w.s.272B:** Inter-changeability of PAN with the Aadhaar number and fine of Rs. 10,000 for each default to furnish such wrong number

- **Section 139AA:** Person failing to intimate the Aadhaar number, the PAN allotted to such person shall be made inoperative.
- **Section 194DA:** TDS @ 5% on income component of the income instead of 1% of gross amount
- **Section 194-IA:** “consideration for immovable property” shall include all charges of the nature of car parking fee, maintenance fee etc. which are incidental to transfer of the immovable property.
- **Section 194M:** TDS @ 5% on sum paid or credited in a year on account of contractual work or professional fees by an individual or a HUF exceeding Rs. 50 lacs in a year.
- **Section 194N:** TDS @ 2% on cash payments in excess of Rs. 1 crore rupees made during the year from a bank or post office account with exemptions to certain recipients.
- **Section 228A:** Tax recovery as per DTAA may be made where details of the resident person are not available and in case where the details of property of non-resident are not available.
- **Section 239:** Every claim for refund shall be made by furnishing return in accordance with section 139 of the Act.
- **Section 269SU r.w.s.271IBD:** Every person carrying on business whose turnover exceeds Rs. 50 crore during preceding year shall provide a facility for accepting payment through the prescribed electronic modes and penalty of Rs. 5,000/- for failure to provide such facility
- **Section 270A:** Mechanism for computing the quantum of penalty in a case where the person has under-reported income and furnished his return for the first time under section 148
- **Section 276CC:** Prosecution for failure to file return if the tax payable by the person as reduced by the advance tax or self-assessment tax or TDS or TCS paid not exceeds Rs. 10,000/-.
- **section 285BA:** It is proposed to remove the current threshold of Rs. 50,000/- on aggregate value of transactions during a financial year
- It is proposed to amend section 140A, 143, 234A, 234B and 234C so as to provide that computation of tax liability shall be made after allowing relief under section 89.
- It is proposed to amend section 13A, 35AD(8)(f), 40A(4), 43(1), 43CA(4), 44AD(1), 50C(1), 80JJAA 269SS, 269ST so as to include such other electronic mode as may be prescribed, in addition to the existing modes.