

EXECUTIVE PROGRAMME

(NEW SYLLABUS)

SUPPLEMENT

FOR

TAX LAWS

(Part I - Direct Tax)

(Relevant for Students appearing in June, 2022 Examination)

MODULE 1- PAPER 4

Students appearing in June, 2022 Examination shall note the following:

1. For Direct taxes, Finance Act, 2021 is applicable.
2. Applicable Assessment year is 2022-23 (Previous Year 2021-22).
3. For Indirect Taxes: Goods and Services Tax 'GST' & Customs Law is applicable for Executive Programme (New Syllabus)

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT, CBIC & Central Government, on or before 30th Nov, 2021.

Note: The Finance Act, 2021 i.e. Assessment year is 2022-23 (Previous Year 2021-22) is applicable for Direct Tax Part – I for June, 2022 examinations. Therefore, the students are advised to refer the study material for Direct Tax Part – I (based on Finance Act, 2021) for June, 2022 exam. The same is available at ICSI website weblink:

https://www.icsi.edu/media/webmodules/TL_Final_pdf_25102021.pdf

Sr. No.	Lesson No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	Lesson 9 Procedural Compliance	<p>The Income-tax (16th Amendment) Rules, 2020 [Notification No. 43/2020 Dated July 3, 2020]</p> <p>The Central Board of Direct Taxes has issued the Income-tax (16th Amendment) Rules, 2020 as per which the tax deductors while filing quarterly statements under Rule 31A (TDS Return) shall also required to furnish following documents:</p> <ul style="list-style-type: none"> • <i>disclosure pertaining tax deducted at lower rate</i> • <i>particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under second proviso or exemption provided in third proviso or notification issued under fourth proviso to section 194N OR 194A(5).</i> • <i>particulars of amount paid or credited on which tax was not deducted under section 194LBA(2A) or 197A(1D)(a) or (b) or in view of the exemption provided to persons referred to in Board Circular No. 3 & 11 of 2002 or Board Circular No. 18 of 2017.</i> <p><i>Accordingly, the above documents are required to furnish while filing of quarterly statement of TDS return under rule 31A of the Income tax Rules, 1962.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_43_2020.pdf
2.	Lesson 3 Incomes which do not form part of Total Income	<p>Notification No. 49/2020 [Dated July 17, 2020]</p> <p>The Central Government hereby notifies to include Real Estate Regulatory Authority 'RERA' for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 for exemption of its specified incomes subject to certain conditions.</p> <p><i>Accordingly, the Real Estate Regulatory Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_49_2020.pdf
3.	Lesson 9 Procedural Compliance	<p>Clarification in relation to notification issued under clause (v) of proviso to section 194N of the Income-tax Act, 1961 (the Act) prior to its amendment by Finance Act, 2020 (FA, 2020) [Circular No. 14/2020 Dated July 20, 2020]</p> <p>Section 194N of the Act as inserted by Finance (No.2) Act 2019 provided for deduction of tax at source on payment made by a banking company, a cooperative society engaged in the business of banking or post office, in cash to a recipient exceeding Rs. 1 crore in aggregate during a financial year from one or more account maintained by such recipient. Clause (v) of proviso to the said section had empowered the Central Government, in consultation with the Reserve Bank of India (RBI), to exempt by way of notification in Official Gazette, persons or class of persons so that payments made to such persons or class of persons shall not be subjected to TDS under this section. Accordingly, Central Government has issued three notifications.</p>	https://www.incometaxindia.gov.in/communications/circular/circular_14_2020.pdf

		<i>CBDT vide Circular No. 14/2020 dated 20.07.2020 clarified that the Notifications so far issued to exempt class of persons so that the payments made to such persons shall not be subjected to TDS under clause (v) of the proviso to section 194N as was introduced by the Finance (No. 2) Act, 2019 shall be read as Notifications issued under the fourth proviso to section 194N as amended by the Finance Act, 2020.</i>	
4.	Lesson 3 Incomes which do not form part of Total Income	<p>Notification of Sovereign Wealth Fund ‘SWF’ under section 10(23FE) of the Income-tax Act, 1961 [Circular No. 15/2020 Dated July 22, 2020]</p> <p>The Finance Act, 2020 inserted clause (23FE) in section 10 the Income-tax Act, 1961 (the Act) to provide for exemption to income of a specified person in the nature of dividend, interest or long-term capital gains arising from investment made by it in India if the investment is made in specified infrastructure business (including business notified vide Notification No 44/2020 dated 06.07.2020, i.e., Infrastructure sub-sectors mentioned in Harmonised Master List updated as on 13.08.2018) during the period from 01.04.2020 to 31.03.2024, and held for at least three years.</p> <p>Specified person to mean wholly owned subsidiaries of Abu Dhabi Investment Authority (ADIA), notified Sovereign Wealth Fund (SWF) and notified Pension Funds (PF), which fulfilled conditions specified in the clause or to be prescribed for the PF.</p> <p><i>In order to facilitate the process of notification of the SWF, the CBDT specifies that the SWF shall file application in the Form I with the Member (Legislation), (CBDT), during the financial year 2020-21 and thereafter to the Member, CBDT having supervision and control over the work of Foreign Tax and Tax Research Division.</i></p> <p><i>Further, the SWF shall be required to file return of income along with audit report and also be required to file a quarterly statement within one month from the end of the quarter electronically in Form II in respect of each investment made during the quarter.</i></p>	https://www.incometaxindia.gov.in/communications/circular/circular_15_2020.pdf
5.	Lesson 3 Incomes which do not form part of Total Income	<p>Notification No. 50/2020 [Dated July 21, 2020]</p> <p>The Central Government hereby notifies to include ‘Tamil Nadu e-Governance Agency’ for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the specified income arising to that Agency subject to certain conditions.</p> <p><i>Accordingly, the ‘Tamil Nadu e-Governance Agency’ is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_50_2020.pdf
6.	Lesson 9 Procedural Compliance	<p>Income-tax (17th Amendment) Rules, 2020 [Dated July 24, 2020]</p> <p>CBDT notified Income-tax (17th Amendment) Rules, 2020 which shall come into force with effect from the 1st day of October, 2020 and thereby amending Tax Collected at Source (TCS) Rules.</p> <p>Rule 31AA [Statement of collection of tax u/s 206C(3)]: To furnish the particulars of amount received or debited on which TCS was not collected</p>	https://abcaus.in/wp-content/uploads/2020/07/cbdt-notification-2.pdf

		<p>from the buyer is to be reported.</p> <p>Rule 37BC [Relaxation from deduction of tax at higher rate under section 206AA]: In the case of a non-resident, not being a company, or a foreign company (hereafter referred to as 'deductee') and not having permanent account number the provisions of section 206AA shall not apply in respect of payments in the nature of interest, royalty, fees for technical services and payments on transfer of any capital asset, if the deductee furnishes the details and the documents specified in sub-rule (2) to the deductor.</p> <p><i>In sub-rule (1), after the words “fees for technical services”, the words “dividend” shall be inserted.</i></p> <p>Rule 37-I [Credit for tax collected at source for the purposes of section 206C(4)], after sub-rule (2), the sub-rule 2A shall be inserted as follow:</p> <p>“(2A) Notwithstanding anything contained in sub-rule (2), for the purposes of section 206C (1F) / (1G) / (1H), credit for tax collected at source shall be given to the person from whose account tax is collected and paid to the Central Government account for the assessment year relevant to the previous year in which such tax collection is made”</p> <p>Appendix II, in Form 27EQ, for the “Annexure”, the following “Party wise Break Up of TCS” Annexure shall be substituted.</p> <p><i>Accordingly, the above amendment has been made in the Income-tax Rules, 1962 relating to Tax Collected at Source (TCS).</i></p>	
7.	<p>Lesson 9</p> <p>Procedural Compliance</p>	<p>Income-tax (18th Amendment) Rules, 2020 [Notification No. 55 Dated July 28, 2020]</p> <p>The Central Board of Direct Taxes has published the Income-tax (18th Amendment) Rules, 2020 that provides for furnishing details of income paid or credited by an investment fund to its unit holder as follow:</p> <ul style="list-style-type: none"> • The statement of income paid or credited by an investment fund to its unit holder shall be furnished by the person making payment of the income on behalf of an investment fund to the unit holder by June 30 of the financial year following the previous year during which the income is paid or credited in Form No. 64C. • It shall also be furnished to the Principal Commissioner or the Commissioner of Income-tax, as the case may be, within whose jurisdiction the Principal office of the investment fund is situated by June 15 in Form No. 64D. • The Principal Director General of Income-tax (Systems) shall specify the procedure for filing of Form No. 64D. <p><i>Accordingly, the above details of income paid or credited by an investment fund to its unit holder are required to be furnished.</i></p>	<p>https://www.incometaxindia.gov.in/communications/notification/notification_55_2020.pdf</p>

8.	Lesson 10 Assessment, Appeals & Revision	<p>Faceless Assessment Scheme [Notification No. 60, 61 Dated August 13, 2020]</p> <p>The Central Board of Direct Taxes vide notification no. 60/61 notified the Faceless Assessment Scheme with an aims to eliminate the interface between the taxpayer and the income tax department. Under the system, the selection of a taxpayer is possible only through systems using analytics and AI. The system abolishes territorial jurisdiction.</p> <p><i>In the said scheme, the word “E-assessment” has been replaced with the word “Faceless Assessment”.</i></p> <p><i>The detailed scheme and procedure are available at weblink: http://www.egazette.nic.in/WriteReadData/2020/221089.pdf</i></p>	http://www.egazette.nic.in/WriteReadData/2020/221089.pdf
9.	Lesson 10 Assessment, Appeals & Revision	<p>Notification No. 64/2020 dated August 13, 2020</p> <p>The CBDT directs that the Income-tax Authorities of the National e-Assessment Centre having its headquarters at the places mentioned in column (3) of the said Schedule shall exercise the powers and functions of Assessing Officer concurrently, to facilitate the conduct of Faceless Assessment proceedings in respect of territorial areas, persons or classes of persons and cases or classes of cases mentioned in the Schedule-1 of the notification No. 50 of 2014 dated October 22, 2014.</p> <p><i>Accordingly, the Income-tax Authorities of the National e-Assessment Centre shall exercise the powers and functions of Assessing Officer concurrently to facilitate the conduct of Faceless Assessment proceedings.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_64_2020.pdf
10.	Lesson 10 Assessment, Appeals & Revision	<p>Notification No. 65/2020 dated August 13, 2020</p> <p>The CBDT directs that the Income-tax Authorities of Regional e-Assessment Centers having their headquarters at the places mentioned in column (3) of the said Schedule, shall exercise the powers and functions of Assessing Officers concurrently, to facilitate the conduct of Faceless Assessment proceedings in respect of territorial areas, persons or classes of persons and cases or classes of cases mentioned in the Schedule-1 of the notification No. 50 of 2014 dated October 22, 2014.</p> <p><i>Accordingly, the Income-tax Authorities of the Regional e-Assessment Centre shall exercise the powers and functions of Assessing Officer concurrently to facilitate the conduct of Faceless Assessment proceedings.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_65_2020.pdf
11.	Lesson 3 Income which do not form part of Total Income	<p>Income Tax 20th Amendment Rules 2020 [Notification No. 67/2020 Dated August 17, 2020]</p> <p>The Central Board of Direct Taxes hereby makes the Income-tax (20th Amendment) Rules, 2020 which shall come into force from the date of their publication in the Official Gazette. In the Income-tax Rules, 1962:</p> <ul style="list-style-type: none"> • <i>after rule 2DA, the rules “2DB” shall be inserted which specify</i> 	https://www.incometaxindia.gov.in/communications/notification/notification_67_2020.pdf

		<p><i>Other conditions to be satisfied by the pension fund.</i></p> <ul style="list-style-type: none"> • <i>After rule 2DA, the rules “2DC” shall be inserted which specifies the Guidelines for notification under clause (23FE) of section 10 of the Income Tax Act, 1961.</i> 	
12.	Lesson 4 Part III PGBP	<p>Imposition of charge on the prescribed electronic modes under section 269SU of the Income-tax Act, 1961 [Circular No. 16/2020 Dated August 30, 2020]</p> <p>Section 269SU of the Income tax Act, 1961 provides every person having a business turnover of more than Rs. 50 Crores during the immediately preceding previous year shall mandatorily provide facilities for accepting payment through prescribed electronic modes.</p> <p>However representations were received that banks are collecting charges on transactions carried out through UPI.</p> <p><i>Hence, Central Board of Direct Taxes 'CBDT' vide its Circular No. 16/2020 Dated August 30, 2020 advised banks to refund all the charges collected on and after 1st January 2020 on transactions carried out using the electronic modes as prescribed under section 269SU and not to impose any such charges on any future transactions carried through the prescribed digital modes.</i></p>	https://www.incometaxindia.gov.in/communications/circular/circular-16-2020.pdf
13.	Lesson 3 Income which do not form part of Total Income	<p>Notification No. 73/2020 [Dated September 10, 2020]</p> <p>The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, ‘District Mineral Foundation Trust’ in respect of the certain specified income arising to that Authority subject to certain conditions.</p> <p><i>Accordingly, the District Mineral Foundation Trust is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_73_2020.pdf
14.	Lesson 3 Income which do not form part of Total Income	<p>Notification No. 74/2020 [Dated September 11, 2020]</p> <p>The Central Government hereby notifies the Infrastructure Debt Fund namely, the ‘L&T Infra Debt Fund (PAN: AACCL4493R)’ for the purposes of the clause (47) of section 10 of the Income-tax Act, 1961 for the assessment year 2018-2019 and subsequent years subject to the certain conditions.</p> <p><i>Accordingly, the L&T Infra Debt Fund (Infrastructure Debt Fund) is notified for the purpose of claiming exemption under section 10(47) of the Income tax Act, 1961 subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_74_2020.pdf
15.	Lesson 9 Procedure Compliance	<p>Income-tax (21st Amendment) Rules, 2020 (September 22, 2020)</p> <p>The Central Board of Direct Taxes vide Notification No. 75/2020 makes the Income-tax (21st Amendment) Rules, 2020 to further amend the Income-tax Rules, 1962 as follows:</p> <p>Rule 29B which specifies the submission of application for certificate authorising receipt of interest and other sums without the deduction of</p>	https://www.incometaxindia.gov.in/communications/notification/notification_75_2020.pdf

		<p>tax, has been substituted, stating that the words, “banking company” wherever occurring shall be replaced with “banking company or an insurer.”</p> <p>Rule 29B(5) which specifies the validity of the certificate, an explanation has been inserted, namely:“for the purposes of this rule, “insurer” shall have the same meaning as assigned to it in sub-clause (d) of clause (9) of section 2 of the Insurance Act, 1939”</p> <p><i>Accordingly, the insurer, which is neither an Indian company nor a company which has made the prescribed arrangements for the declaration and payment of dividends within India, and which carries on operations in India through a branch, any income by way of interest, not being interest on securities (other than interest payable on securities referred to in proviso to section 193), or any other sum, not being dividends; can make an application for certificate authorising receipt of interest and other sums without deduction of tax subject to certain conditions.</i></p>	
16.	Lesson 10 Assessment, Appeals & Revision	<p>Faceless Appeal Scheme, 2020 (September 25, 2020)</p> <p>The Central Government vide Notification No. 76/2020 makes the Faceless Appeal Scheme, 2020 which shall come into force on the date of its publication in the Official Gazette. The detailed scope, procedure, Penalty & Rectification proceedings, as well as Appellate Proceedings under the scheme are available at following weblink:</p>	https://www.incometaxindia.gov.in/communications/notification/notification_76_2020.pdf
17.	Lesson 10 Assessment, Appeals & Revision	<p>Notification No. 77/2020 (September 25, 2020)</p> <p>For the purposes of giving effect to the Faceless Appeal Scheme, 2020 made under sub-section (6B) of section 250 of the Income Tax Act, the Central Government vide Notification No. 77/2020 directs that the provisions of</p> <ul style="list-style-type: none"> • clause (16A) of section 2 [definition of Commissioner (Appeals)], • section 120 [Jurisdiction of income-tax authorities], • section 129 [Change of incumbent of an office], • section 131 [Power regarding discovery, production of evidence, etc], • section 133 Power to call for information], • section 134 [Power to inspect registers of companies], • section 136 [Proceedings before income-tax authorities to be judicial proceedings] and • Chapter XX [Appeals and Revision] <p>of the Income Tax Act shall apply to the procedure in appeal in accordance with the said scheme subject to the certain exceptions, modifications and adaptations.</p>	https://www.incometaxindia.gov.in/communications/notification/notification_77_2020.pdf

18.	Lesson 9 Procedure Compliance	<p>Guidelines under section 194-O (4) and section 206C (1-1) of the Income-tax Act, 1961 (Circular No. 17 Dated September 29, 2020)</p> <p>Finance Act, 2020 inserted following section in the Income Tax Act, 1961 effective from October 1, 2020.</p> <p>Section 194-O: An e-commerce operator shall deduct income-tax @ 1% of the gross amount of sale of goods or provision of service or both, facilitated through its digital or electronic facility or platform.</p> <p>Section 206(1H): A seller receiving an amount as consideration for sale of any goods of the value or aggregate of such value exceeding 50 lakh rupees in any previous year to collect tax from the buyer a sum equal to 0.1 % of the sale consideration exceeding 50 lakh rupees as Income-tax.</p> <p><i>In order to remove difficulties, the Central Board of Direct Tax vide Circular No. 17 issued guidelines with respect to 194-O (4) and section 206C (1-1) of the Income-tax Act, 1961.</i></p>	https://www.incometaxindia.gov.in/communications/circular/circular_17_2020.pdf
19.	Lesson 9 Procedure Compliance	<p>Clarification on doubts arising on account of new TCS provisions (PIB September 30, 2020)</p> <p>Finance Act, 2020 amended provisions relating to TCS with effect from 1st October, 2020 to provide that seller of goods shall collect tax @ 0.1 per cent (0.075% up to 31.03.2021) if the receipt of sale consideration from a buyer exceeds Rs. 50 lakh in the financial year. Further, to reduce the compliance burden, it has been provided that a seller would be required to collect tax only if his turnover exceeds Rs. 10 crore in the last financial year. Moreover, the export of goods has also been exempted from the applicability of these provisions.</p> <p>The Central Board of Direct Taxes issues press note clarifying doubts arising on the applicability of TCS provisions introduced vide Finance Act, 2020. Circular No. 17 of 2020 dated 29.09.2020 containing guidelines for the same issued earlier.</p> <p><i>TCS shall be applicable only on the amount received on or after 1st October, 2020. For example, a seller who has received Rs. 1 crore before 1st October, 2020 from a particular buyer and receives Rs. 5 lakh after 1st October, 2020 would be required to collect tax on Rs. 5 lakh only and not on Rs. 55 lakh [i.e Rs.1.05 crore - Rs. 50 lakh (threshold)] by including the amount received before 1st October, 2020.</i></p> <p><i>It may be noted that this TCS applies only in cases where receipt of sale consideration exceeds Rs. 50 lakh in a financial year. As the threshold is based on the yearly receipt, it may be noted that only for the purpose of calculation of this threshold of Rs. 50 lakh, the receipt from the beginning of the financial year i.e. from 1st April, 2020 shall be taken into account. For example, in the above illustration, the seller has to collect tax on receipt of Rs. 5 lakh after 1st October, 2020 because the receipts from 1st April, 2020 i.e. Rs. 1.05 crore exceeded the specified threshold of Rs. 50 lakh.</i></p>	https://pib.nic.in/PressReleasePage.aspx?PRID=1660392

20.	Lesson 9 Procedure Compliance	Income tax (22nd Amendment) Rules, 2020 (October 1, 2020) CBDT vide Notification No. 82/2020 dated October 1, 2020 issued Income tax (22nd Amendment) Rules, 2020 to notify changes in Form 3CD, Form No 3CEB and ITR6. Further, amended Rule 5 of Income Tax Rules, 1962 and inserted new Rules and Forms namely: <ul style="list-style-type: none"> • <i>Rule 21AG- Exercise of option under sub-section (5) of section 115BAC</i> • <i>Rule 21AH- Exercise of option under sub-section (5) of section 115BAD</i> • <i>FORM No. 10-IE- Application for exercise/ withdrawal of option under clause (i) of sub-section (5) of Section 115BAC of the Income-tax Act, 1961</i> • <i>FORM No. 10-IF- Application for exercise of option under sub-section (5) of Section 115BAD of the Income-tax Act, 1961.</i> 	https://www.incometaxindia.gov.in/communications/notification/notification_82_2020.pdf
21.	Lesson 8 Classification and Tax Incidence on Companies	Equalisation levy (Amendment) Rules, 2020 (Notification No. 87 Dated October 28, 2020) CBDT has made the Equalisation levy (Amendment) Rules, 2020 to amend the Equalisation levy Rules, 2016 as follows: <ol style="list-style-type: none"> 1. Definition of “electronic verification code” is added to definition Rules 2 by inserting a new clause (aa): “<i>electronic verification code</i>” means a code generated for the purpose of electronic verification of the person furnishing the statement of specified services as per the data structure and standards laid down by the Principal Director- General of Income-tax (Systems) or Director General of Income-tax (Systems), as the case may be. 2. Rounding off rules amended: The heading of Rule 3 is amended to exclude the words “for specified services”. 3. Amendment to payment of equalisation levy: Rule 4 related to payment of equalisation levy is amended to include an e-commerce operator in addition to the assessee. 4. Filing of annual statements: Rule 5 is amended to include a statement of e-commerce supply or services in addition to the statement of specified services. Further, provision to furnish a revised statement in Form No. 1 is incorporated. 5. Furnishing of a statement in response to notice: Rule 6 is amended to include the furnishing of a statement of specified services or e-commerce supply or services in response to a notice issued by the Assessing Officer. Further, this rule is made applicable to an e-commerce operator apart from the assessee. 6. Notice of demand: The notice of demand can now be served upon an assessee as well as on an e-commerce operator under Rule 7 by the Assessing Officer. 7. Amendment related to Appeals: An e-commerce operator is also allowed to file an appeal before the CIT(A) as per Rule 8. 8. Amendment related to ITAT Appeals: An e-commerce operator is also allowed to file an appeal before the ITAT as per Rule 9. 9. Substitution of Forms: For the execution of amended 	https://www.incometaxindia.gov.in/communications/notification/notification_87_2020.pdf

		provisions of the Rules, Form 1, Form 3 and Form 4 under the Equalisation Levy Rules, 2016 has been substituted with effect from 28.10.2020.	
22.	Lesson 3 Income which do not form part of Total Income	Notification No. 89 [Dated November 02, 2020] The Central Government hereby specifies the sovereign wealth fund, namely, the MIC Redwood 1 RSC Limited, Abu Dhabi, United Arab Emirates, as the specified person for the purposes of the sub-clause (vi) of clause (b) of the Explanation to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain conditions. <i>Accordingly, MIC Redwood 1 RSC Limited, Abu Dhabi, United Arab Emirates has been specified as sovereign wealth fund for the purposes of the sub-clause (vi) of clause (b) of the Explanation to clause (23FE) of section 10 of the Income-tax Act, 1961.</i>	https://www.incometaxindia.gov.in/communications/notification/notification_no_89_2020.pdf
23.	Lesson 4 Part I Income under the head Salary	The Central Board of Direct Taxes extended the Income Tax exemption available under the LTC cash voucher scheme to employees of state governments, state-owned enterprises and private sector (PIB Dated October 29, 2020) In order to provide the benefits to other employees (i.e. non-central government employees), the Central Board of Direct Taxes has provided similar income-tax exemption for the payment of cash equivalent of LTC fare [subject to maximum of Rs 36,000 per person as deemed Leave Travel Concession (LTC) fare per person Round Trip] to the non-Central Government employees also subject to certain condition. Non-central government employees include employees of state governments, public sector enterprises, banks and private sector. The conditions listed out by the CBDT for availing the tax exemption under the LTC cash voucher scheme require the employee to spend a sum equal to three times of the value of the deemed LTC fare on purchase of goods / services which carry a GST rate of 12% or more from GST registered vendors / service providers through digital mode between October 12, 2020 to March 31, 2021 and obtains a voucher indicating the GST number and the amount of GST paid. <i>Accordingly, an employee who spends less than three times of the deemed LTC fare on specified expenditure during the specified period shall not be entitled to receive full amount of deemed LTC fare and the related income-tax exemption and the amount of both shall be reduced proportionately. The employees have to exercise an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-2021.</i>	https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/870/Press-Release-IT-Exemption-for-payment-of-deemed-LTC-dated-29-10-2020.pdf
24.	Lesson 2 Basic Concept of Income Tax	Amount of remuneration prescribed under section 9A(3)(m) of the Income-tax Act, 1961 (Circular No. 1/2021 Dated January 15, 2021) Finance (No 2) Act, 2019 amended clause (m) of sub-section (3) of section 9A of the Income-tax Act, 1961 w.e.f. 01.04.2019 to provide for	https://www.incometaxindia.gov.in/communications/circular/circular_1_2021.pdf

		<p>payment of remuneration by an eligible investment fund to an eligible fund manager in respect of fund management activity undertaken by him on its behalf to be not less than the amount calculated in such manner as may be prescribed.</p> <p>Accordingly, rule 10V of the Income-tax Rules, 1962 has been amended, w.e.f. 01.04.2019, vide Notification No 29/2020 dated 27.05.2020 by way of insertion of sub-rules (12) and (13) therein. Sub-rule (12) provides for the amount of remuneration to be paid by the fund to a fund manager. 2nd proviso of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed.</p> <p>In this regard, representations have been received expressing inability to comply with the provisions of sub-rule 12 of rule 10V of the Rules regarding the amount of remuneration to be paid by the fund to a fund manager for the financial year 2019-20 as the said Notification No 29/2020 was notified after the financial year got over and the financial year 2020-21 had already commenced.</p> <p><i>In order to avoid genuine hardship in such cases, the Board, in exercise of powers conferred under section 119 of the Act, has decided to provide that for the financial years 2019-20 and 2020- 21 in cases where the remuneration paid to the fund manager is lower than the amount of remuneration prescribed under sub-rule (12) of rule 10V of the Rules, but is at arm's length, it shall be sufficient compliance to clause (m) of sub-section (3) of section 9A of the Act. It is stated that the remuneration to be paid to the fund manager, for the financial year 2021- 22, shall be in accordance with sub-rule (12) of rule 10V of the Rules and the application for lower remuneration in terms of 2nd proviso for this year, if any, may be filed not later than 1st February, 2021.</i></p>	
25.	Lesson 10 Assessment, Appeals and Revision	<p>Faceless Penalty Scheme, 2021 [Notification No. 02 /2021 Dated January 12, 2021]</p> <p>The Central Board of Direct Taxes (CBDT) has introduced a "Faceless Penalty Scheme, 2021" to handle recommendations for penalty issued under its faceless assessment programme. The scheme has laid down the procedure to issue penalty through electronic mode, including the procedures for admission of additional grounds and the admission of additional evidence during the appellate proceedings.</p> <p><i>The penalty under this scheme shall be imposed in respect of such territorial area, or persons or class of persons, or income, as specified by the board. It aims to ensure that any penalty order issued by the authority is fool proof and has undergone multiple layers of review before it is confirmed or dropped.</i></p>	https://www.incmetaxindia.gov.in/communications/notifications/notification_no_2_2021.pdf
26.	Lesson 10 Assessment, Appeals and Revision	<p>CBDT issues Directions for giving effect to Faceless Penalty Scheme, 2021 [Notification No. 03 /2021 Dated January 12, 2021]</p> <p>CBDT vide Notification No. 3/2021 dated 12.01.2021 issued directions issued u/s 274(2B) for the purpose of giving effect to the Faceless Penalty Scheme, 2021 notified vide Notification No. 2/2021 dated 12.01.2021</p>	https://www.incmetaxindia.gov.in/communications/notifications/notification_no_3_2021.pdf

		<p>under the Income Tax Act, 1961 (“Act”).</p> <p><i>Accordingly, The provisions of section 2, section 120, section 127, section 129, section 131, section 133, section 133C, section 136 and Chapter XXI of the Act shall apply to the procedure for imposing penalty in accordance with the Faceless Penalty Scheme, 2021 subject to the certain exceptions as specified in the Scheme.</i></p>									
27.	Lesson 9 Procedural Compliance	<p>Procedure, Formats and Standards of issue of Permanent Account Number (PAN) (Notification No. 1 Dated February 8, 2021)</p> <p>The Director General of Income-tax (Systems) lays down the procedure, formats and standards for issue of permanent account number as under:</p> <table><tr><th>Issuing Authority</th><th>Procedure for issue of PAN</th><th>Formats and standards for issue of PAN</th></tr><tr><td rowspan="2">Assistant/ Deputy Director of Income Tax (Systems) -1(5)</td><td>Physical mode</td><td>Coloured, laminated and credit card sized permanent account number card as per approved design and specifications having one or more security features of only hologram or hologram and QR code enhanced QR code (having demographic as well as biometric information).</td></tr><tr><td>Electronic mode (e-PAN)</td><td>Electronic document in PDF format with enhanced QR code (having demographic as well as biometric information)</td></tr></table> <p>The digital Signature of class 2 or class 3 will be used for Signing of e-PAN as per Information Technology Act, 2000 which provides for legal recognition of electronic records with digital signatures.</p>	Issuing Authority	Procedure for issue of PAN	Formats and standards for issue of PAN	Assistant/ Deputy Director of Income Tax (Systems) -1(5)	Physical mode	Coloured, laminated and credit card sized permanent account number card as per approved design and specifications having one or more security features of only hologram or hologram and QR code enhanced QR code (having demographic as well as biometric information).	Electronic mode (e-PAN)	Electronic document in PDF format with enhanced QR code (having demographic as well as biometric information)	https://incometaxindia.gov.in/communications/notification/notification2021.pdf
Issuing Authority	Procedure for issue of PAN	Formats and standards for issue of PAN									
Assistant/ Deputy Director of Income Tax (Systems) -1(5)	Physical mode	Coloured, laminated and credit card sized permanent account number card as per approved design and specifications having one or more security features of only hologram or hologram and QR code enhanced QR code (having demographic as well as biometric information).									
	Electronic mode (e-PAN)	Electronic document in PDF format with enhanced QR code (having demographic as well as biometric information)									
28.	Lesson 10 Assessment, Appeals and Revision	<p>Faceless Assessment (1st Amendment) Scheme, 2021 (Notification No. 6 Dated February 17, 2021)</p> <p>The CBDT vide Notification No. 6/2021, dated February 17, 2021, has notified the ‘Faceless Assessment (1st Amendment) Scheme, 2021’ which seeks to amend Faceless Assessment Scheme, 2019 (“Scheme”), by way of which certain amendments in Para 2 of the Scheme (i.e., definitions), Para 11 of the Scheme (i.e., No personal appearance in the Centres or Units) and substituted Para 5 of the Scheme (i.e., Procedure for assessment).</p>	https://www.incometaxindia.gov.in/communications/notification/6_2021.pdf								
29.	Lesson 10 Assessment, Appeals and Revision	<p>New procedure of faceless assessment under Faceless Assessment Scheme, 2019 (Notification No. 7 Dated February 17, 2021)</p> <p>The CBDT vide Notification No. 7/2021, dated February 17, 2021 amended Notification No. 62/2019 September 12, 2019 to provide for new procedure of faceless assessment under Faceless Assessment Scheme, 2019 (“Scheme”). The detailed new procedure of faceless assessment is available at the weblink:</p> <p>https://www.incometaxindia.gov.in/communications/notification_7_2021.pdf</p>	https://www.incometaxindia.gov.in/communications/notification_7_2021.pdf								

30.	Lesson 3 Income which do not form part of Total Income	Notification No. 8 (Dated February 22, 2021) <p>The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Haryana State Pollution Control Board' (PAN AAJH0446F), a Board constituted by the State Government of Haryana under the Water (Prevention and Control of Pollution) Act, 1974 in respect of the following specified income arising to the Board subject to certain conditions.</p> <p><i>Accordingly, Haryana State Pollution Control Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	https://incometaxindia.gov.in/communications/notification/notification_8_2021.pdf
31.	Lesson 2 Basic Concept of Income Tax	Residential status of certain individuals under Income-tax Act, 1961 (Circular No. 2 Dated March 3, 2021) <p>Section 6 of the Income-tax Act, 1961 (the Act) contains provisions relating to determination of residency of a person. The status of an individual, as to whether he is resident in India or a non-resident or not ordinarily resident, is dependent, inter-alia, on the period for which the person is in India during a previous year or years preceding the previous year.</p> <p>The Board has received various representations requesting for relaxation in determination of residential status for previous year 2020-21 from individuals who had come on a visit to India during the previous year 2019-20 and intended to leave India but could not do so due to suspension of international flights. The matter has been examined by the Board and following facts have emerged:</p> <ol style="list-style-type: none"> 1. Short stay will not result into Indian residency 2. Possibilities of dual non-residency in case of general relaxation 3. Tie breaker rule as per Double Taxation Avoidance Agreement (DTAA) 4. Employment income taxable only subject to conditions as per DTAA 5. Credit for the taxes paid in other country 6. International Experience <p>Thus, it can be seen that OECD as well as most of the countries have clarified that in view of the provisions of the domestic income tax law read with the DTAA's, there does not appear a possibility of the double taxation of the income for PY 2020-21. The possibility of double taxation does not exist as per the provisions of the Income-tax Act, 1961 read with the DTAA's. However, in order to understand the possible situations in which a particular taxpayer is facing double taxation due to the forced stay in India, it would be in the fitness of things to obtain relevant information from such individuals. After understanding the possible situations of double taxation, the Board shall examine that,</p> <ol style="list-style-type: none"> i. whether any relaxation is required to be provided in this matter; and ii. if required, then whether general relaxation can be provided for a 	https://www.incometaxindia.gov.in/communications/circular/residency-circular-02-of-2021.pdf

		<p>class of individuals or specific relaxation is required to be provided in individual cases.</p> <p>Therefore, if any individual is facing double taxation even after taking into consideration the relief provided by the respective DTAAs, he may furnish the information in Form -NR annexed to this circular by 31st March, 2021. This form shall be submitted electronically to the Principal Chief Commissioner of Income-tax (International Taxation).</p>	
32.	Lesson 4 Part I Income under the head Salary	<p>CBDT Notifies Rule 3B Prescribing Computation of Perquisite for Annual Accretion in PF and Other Funds u/s 17(2)(vii) for excess contribution by Employer Over Rs. 750000 [Notification No. 11 Dated March 5, 2021]</p> <p>Finance Act, 2020 has amended the provisions of section 17(2)(vii) of the Income tax Act to provide that the amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in sub-section (1) of section 80CCD (NPS); and in an approved superannuation fund shall be treated as a perquisite, to the extent it exceeds Rs. 7,50,000 in a previous year.</p> <p>Further, Finance Act, 2020 has inserted a new sub-clause (vii) in section 17(2) so as to provide that annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner.</p> <p>The manner of computation of such annual accretion in the provident and other welfare funds specifying the method of computation of perquisite u/s 17(2)(vii) is now notified by this Notification 11 of 2021.</p>	https://incometaxindia.gov.in/communications/notification/notification_no_11_2021.pdf
33.	Lesson 4 Part III PGBP	<p>Notification No. 12 / 2021 [Dated March 9, 2021]</p> <p>The Central Government hereby approves M/s Bennett University, Greater Noida, Uttar Pradesh (PAN: AAJB13B8A) under the category of 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. This Notification shall be deemed to have been applied for the assessment year 2020-2021 and shall apply with respect to the assessment years 2021-2022, 2022-2023, 2023-2024, 2024-2025.</p>	https://incometaxindia.gov.in/communications/notification/notification_12_2021.pdf
34.	Lesson 2 Basic Concept of Income Tax	<p>CBDT notifies Amendment to Rule 10V for Computation of Remuneration payable to Fund Managers [Notification No. 13 Dated March 9, 2021]</p> <p>The Board notified the Income-tax (2nd Amendment) Rules, 2021 which seeks to further amend rule 10V of the Income-tax Rules, 1962. Sub-rule (12) of Rule 10V provides for the amount of remuneration to be paid by the fund to a fund manager. Second provision of the said sub-rule provides that the fund may seek Board's approval in case where the amount of remuneration is lower than the amount so prescribed.</p> <p>In the Income-tax Rules, 1962, in rule 10V, in sub-rule (12), after the</p>	https://incometaxindia.gov.in/communications/notification/notification_no_13.pdf

		<p>second proviso and before the Explanation, the two provisos shall be inserted.</p> <p>Firstly, “Provided also that the provisions of sub-rules (3) to (12) of rule 10VA shall, mutatis mutandis, apply to the application made under the second proviso as they apply to application made under sub- rule (2) of the said rule,”</p> <p>Secondly, “Provided also that the provisions of sub-rule (3) of rule 10VA shall not apply to an application made under the second proviso, if it is for the previous year beginning on the 1st day of April, 2021, and made on or before the 1st day of February, 2021,”</p>	
35.	Lesson 9 Procedural Compliance	<p>Income-tax (5th Amendment) Rules, 2021 (Dated March 16, 2021)</p> <p>The Central Board of Direct Taxes makes the Income-tax (5th Amendment) Rules, 2021 (w.e.f. April 1, 2021).</p> <p>Rule 29BA has been inserted with respect to “Application for grant of certificate for determination of appropriate proportion of sum (other than Salary), payable to non-resident, chargeable in case of the recipients”.</p> <p>Form No. 15E has been inserted with respect to “Application by a person for a certificate under section 195(2) and 195(7) of the Income-tax Act, 1961, for determination of appropriate proportion of sum (other than salary) payable to non-resident, chargeable to tax in case of the recipient”.</p>	http://egazette.nic.in/WriteReadData/2021/225942.pdf
36.	Lesson 4 Part III PGBP	<p>Tax Audit Report - Form 3CD- Applicability of Clause 30C and Clause 44 extended by one more year i.e. will be applicable for the Financials year 2022-23 [Circular No. 5 Dated March 25, 2021]</p> <p>Section 44AB of the Income-tax Act, 1961 ('the Act') read with rule 6G of the Income-tax Rules, 1962 ('the Rules') requires specified persons to furnish the Tax Audit Report along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification dated 20th July, 2018 with effect from 20th August, 2018. However, the reporting under clause 30C (impermissible avoidance arrangement) and clause 44 (Break-up of total expenditure of entities registered or not registered under the GST) of the Tax Audit Report was kept in abeyance till 31st March, 2019 vide Circular No. 6/2018 dated 17.08.2018, which was subsequently extended to 31st March, 2020 vide Circular No. 91/2019. Vide circular no. 10/2020 dated 24.04.2020, it was further extended to 31st March, 2021.</p> <p>In view of the prevailing situation due to COVID-19 pandemic across the country, it has been decided by the Board that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31st March, 2022.</p>	https://incometaxindia.gov.in/communications/circular/circular_no_5_2021.pdf
37.	Lesson 7 Computation of Total Income and Tax Liability	<p>CBDT notifies New Income Tax Rules & Forms for Trust & NPOs (Notification No. 19 Dated March 26, 2021)</p> <p>CBDT issues Notification no. 19/2021 dated 26/03/2021 pertaining to procedure for registration of fund/ trust/charitable institutions etc.</p>	https://incometaxindia.gov.in/communications/notification/notification_19_2021

	of various entities	<p>Notification Substitutes</p> <p>Substitutes Rule 2C -Application for the purpose of grant of approval of a fund or trust or institution or university or any hospital or other medical institution under clause (i) or clause (ii) or clause (iii) or clause (iv) of first proviso to clause (23C) of Section 10</p> <ul style="list-style-type: none"> • Amends Rule 5C, Inserts Rule 5CA Intimation under Fifth Proviso to sub-section (1) of section 35, • Amends Rule 5F, Substitutes Rule 11AA – Requirement for approval of institution of fund under clause (vi) of sub-section (5) of section 80G • Substitutes Rule 17A - Application for registration of charitable or religious trusts etc. • Inserts Rule 18AB - Furnishing of Statement of particulars and certificate under clause (viii) and clause (ix) of sub-section (5) of section 80G or under sub-section (1A) of section 35 and Substitutes/Inserts/Amends various Forms. 	pdf
38.	Lesson 10 Assessment, Appeals and Revision	<p>Faceless Appeal (Amendment) Scheme, 2021 (Notification No. 26 Dated March 31, 2021)</p> <p>“National Faceless Assessment Centre” shall mean the National e-Assessment Centre set up under the scheme notified under sub-section (3A) of section 143 of the Act or the National Faceless Assessment Centre referred to in section 144B of the Act, as the case may be. In this regard, for the expression “National e-Assessment Centre”, wherever it occurs, the expression “National Faceless Assessment Centre” shall be substituted.</p>	http://egazette.nic.in/WriteReadData/2021/226320.pdf
39.	Lesson 9 Procedural Compliance	<p>Extension of Time for Intimation of Aadhaar and Certain Other Time Limits (PIB Dated March 31, 2021)</p> <p>The extended last date for intimating Aadhaar number under the Income-tax Act, 1961 (the Act) for the purposes of linking Aadhaar with PAN is 31st March, 2021. Keeping in view the difficulties faced by the taxpayers due to wake of the on-going COVID-19 pandemic, the Central Government has issued notification extending the last date for the intimation of Aadhaar number and linking thereof with PAN to 30th June, 2021.</p> <p>The said notification also extended time-limits for issue of notice under section 148 of the Act, passing of consequential order for direction issued by the Dispute Resolution Panel (DRP) and processing of equalisation levy statements to 30th April, 2021.</p>	http://egazette.nic.in/WriteReadData/2021/226312.pdf
40.	Lesson 9 Procedural Compliance	<p>Income-tax (7th Amendment) Rules, 2021 (Notification No. 21 Dated March 31, 2021)</p> <p>The Central Board of Direct Taxes has notified Income Tax Return Forms (ITR Forms) for the Assessment Year 2021-22 vide Notification no.21/2021. Keeping in view the ongoing crisis due to COVID pandemic and to facilitate the taxpayers, no significant change have been made to</p>	http://egazette.nic.in/WriteReadData/2021/226336.pdf

		<p>the ITR Forms in comparison to the last year's ITR Forms. Only the bare minimum changes necessitated due to amendments in the Income-tax Act, 1961 have been made.</p> <ol style="list-style-type: none"> 1. ITR 1 (Sahaj) - For Individuals having income upto Rs. 50 lakh and who receives income from salary, one house property / other sources (interest etc.). 2. ITR 2 - For Individuals and HUFs not having income from business or profession (and not eligible for filing Sahaj). 3. ITR 3 – For Individuals and HUFs having income from business or profession. 4. ITR 4 (Sugam) – For Individuals, Hindu Undivided Families (HUFs) and firms (other than Limited Liability Partnerships (LLPs)) having total income upto Rs. 50 lakh and income from business and profession computed under the presumptive taxation provisions. 5. ITR 5 – For Persons other than individual, HUF and companies i.e. partnership firm, LLP etc. 6. ITR 6 – For Companies 7. ITR 7 – For Trusts, political parties, charitable institutions etc. 	
41.	Lesson 7 Computation of Total Income and Tax Liability of various entities	<p>CBDT authorizes DIT (CPC) & CIT (Exemption), Bengaluru under Rule 2C, 5CA, 11AA & 17A (Notification No. 30 Dated March 31, 2021)</p> <p>The Central Board of Direct Taxes hereby authorizes the Director of Income Tax (Centralized Processing Centre), Bengaluru and Commissioner of Income-Tax (Exemption), Bengaluru, for the following purposes, namely</p> <ol style="list-style-type: none"> 1. for receiving applications for provisional registration or registration or provisional approval or approval or intimation in Form 10A 2. for passing order granting provisional registration or registration or provisional approval or approval in Form 10AC 3. for issuing Unique Registration Number (URN) to the applicants 4. for cancelling the approval granted in Form 10AC and Unique Registration Number (URN) 	http://egazette.nic.in/WriteReadData/2021/226349.pdf
42.	Lesson 4 Part III PGBP	<p>New reporting requirements in Form 3CD & Revision (Notification No. 28 Dated April 1, 2021)</p> <p>CBDT has vide Notification No. 28 inserted new clauses in Form 3CD (Tax Audit Report) and also notified that Tax Audit Report under Rule 6G can be revised if there is payment by Assessee after furnishing of report which necessitates recalculation of disallowance under section 40 or section 43B of the Income tax Act, 1961.</p>	http://egazette.nic.in/WriteReadData/2021/226351.pdf
43.	Lesson 3 Incomes which do not	<p>CBDT notifies 'Norfund, Government of Norway' as sovereign wealth fund [Notification No. 33 Dated April 19, 2021]</p> <p>The Central Government specifies the sovereign wealth fund, namely, the</p>	https://www.incometaxindia.gov.in/communications/notification/

	form part of Total Income	Norfund, Government of Norway, (hereinafter referred to as “the assessee”) as the specified person for the purposes of sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961, in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31 st day of March, 2024 subject to the fulfillment of the certain conditions.	notification 33 2021.pdf
44.	Lesson 9 Procedural Compliance	Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend income [Notification No. 1 Dated April 20, 2021] The Central Board of Direct Taxes (CBDT) notified the Format, Procedure, and Guidelines for submission of Statement of Financial Transactions (SFT) for Dividend income. Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish SFT.	https://www.incometaxindia.gov.in/communications/notification/notification_1_2021_dividend_income.pdf
45.	Lesson 9 Procedural Compliance	Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income [Notification No. 2 Dated April 20, 2021] The Central Board of Direct Taxes (CBDT) notified the Format, Procedure, and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income. Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish SFT.	https://www.incometaxindia.gov.in/communications/notification/notification_2_2021_interest_income.pdf
46.	Lesson 3 Incomes which do not form part of Total Income	CBDT notifies Income-tax (11th Amendment) Rules, 2021 [Dated April 26, 2021] The Central Board of Direct Taxes ‘CBDT’ vide Notification No. 37/2021 issued the Income-tax (11 th Amendment) Rules, 2021 to further amend the Income-tax Rules, 1962 (“Income-tax Rules”) with regard to conditions to be satisfied by the Pension Fund, in a following manner: i. Inserted a proviso to Rule 2DB(ii) with respect to condition of assets being administered or invested by Pension Fund as mention in clause (ii) shall deemed to be satisfied if certain condition specified therein are satisfied. ii. Inserted a second proviso to Rule 2DB(iii) of the Income-tax Rules stating that provisions of clause (iii) shall not apply to earnings from assets referred in clause (ii), if the earning are credited either to the account of the Government of foreign country or to any other account designated by such Government so that no portion of the earnings inures any benefit to any private person. iii. Substituted Form No. 10BBA (Application for notification under Explanation 1©(iv) to Section 10(23FE) of the Income-tax Act, 1961)	https://incometaxindia.gov.in/communications/notification/notification_37_2021.pdf
47.	Lesson 9 Procedural	Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Depository Transactions	https://www.incometaxindia.gov.in/communications/notification/notification_37_2021.pdf

	Compliance	<p>[Notification No. 3 Dated April 30, 2021]</p> <p>Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to Capital gains on transfer of listed securities or units of Mutual Funds. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified. Accordingly, The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information, format of control statement to be submitted by the Designated Director and data structure and validation rules have been prescribed.</p>	ons/notification-notification-3 2021 depository transaction.pdf
48.	Lesson 9 Procedural Compliance	<p>Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Mutual Fund Transactions by Registrar and Share Transfer Agent [Notification No. 4 Dated April 30, 2021]</p> <p>Section 285BA of the Income Tax Act, 1961 and Rule 114E requires specified reporting persons to furnish statement of financial transaction (SFT). For the purposes of pre-filling the return of income, CBDT has issued Notification No. 16/2021 dated 12.03.2021 to include reporting of information relating to Capital gains on transfer of units of Mutual Funds. The new sub rule 5A of rule 114E specifies that the information shall be furnished in such form, at such frequency, and in such manner, as may be specified. Accordingly, The guidelines for preparation and submission of Statement of Financial Transactions (SFT) information, format of control statement to be submitted by the Designated Director and data structure and validation rules have been prescribed.</p>	https://www.incometaxindia.gov.in/communications/notification-4-2021 mutual fund transaction.pdf
49.	Lesson 2 Basic concepts of Income Tax	<p>Thresholds for the purposes of Significant Economic Presence - Rule 11UD [Notification No. 41 Dated May 3, 2021]</p> <p>The Central Board of Direct Taxes has notified the Income-tax (13th Amendment) Rules, 2021 which shall come into force from 1st April 2022. Through this amendment a new rule 11UD has been inserted which notifies the threshold for significant economic presence.</p> <p>As per the new rule, for the thresholds “the amount of aggregate of payments arising from transaction or transactions in respect of any goods, services or property carried out by a non-resident with any person in India, including provision of download of data or software in India during the previous year, shall be two crore rupees.”</p> <p>Further, the number of users with whom systematic and continuous business activities are solicited or who are engaged in interaction shall be three lakhs.</p>	https://www.incometaxindia.gov.in/communications/notification-on/notification-41 2021.pdf

		<i>Accordingly, the threshold limit has been notified for the purpose of significant economic presence.</i>	
50.	Lesson 9 Procedural Compliance	<p>CBDT notifies Amendment in Rule 114AAB and Form No. 49BA [Notification No. 42 Dated May 4, 2021]</p> <p><i>CBDT relaxes PAN requirement for a non-resident eligible foreign investor making transaction only in a capital asset listed on a recognised stock exchange located in any IFSC and consideration paid in Foreign Currency.</i></p>	https://www.egazette.nic.in/WriteReadData/2021/226833.pdf
51.	Lesson 4 (Part I) Salary Income	<p>CBDT notifies rules for LTC Cash Voucher Scheme [Notification No. 50 Dated May 5, 2021]</p> <p>CBDT notifies rules for LTC (Leave Travel Concession) Cash Voucher Scheme [Section 10(5)] vide which LTC Exemption of Rs. 36000 per family member For FY 2020-21 available to Employees of Both Private & Government Sector. Rules are notified by inserting Sub-Rule 1A & IB in Rule 2B of Income Tax Rules as follows:</p> <p>Sub-Rule 1A: For the assessment year beginning on the 1st day of April, 2021, where the individual avails any cash allowance from his employer in lieu of any travel concession or assistance, the amount exempted shall be the amount, not exceeding thirty-six thousand rupees per person, for the individual and the member of his family, or one-third of the specified expenditure, whichever is less, subject to fulfillment of the certain conditions.</p> <p>Sub-Rule 1B: Where an exemption is claimed and allowed, shall have effect as if for the words “two journeys”, the words “one journey” has been substituted.”</p>	https://www.egazette.nic.in/WriteReadData/2021/226843.pdf
52.	Lesson 3 Incomes which do not form part of Total Income	<p>CBDT notifies following entities as Sovereign Wealth Fund</p> <p>The Central Government hereby specifies the following entities as the specified person for the purposes of the sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the certain conditions.</p> <p>Accordingly, the following entities have been notified as specified person for the purposes of the sub-clause (vi) of clause (b) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961.</p> <ul style="list-style-type: none"> • Anahera Investment Pte. Ltd • Dagenham Investment Pte. Ltd. • Stretford Investment Pte. Ltd. 	-

		<ul style="list-style-type: none"> • Chiswick Investment Pte. Ltd • CDC Group Plc • Ministry of Economy and Finance (of the Republic of Korea) • Bricklayers Investment Pte. Ltd 	
53.	Lesson 3 Incomes which do not form part of Total Income	<p>Government notifies following entities as Pension Fund Section 10(23EE)</p> <p>The Central Government hereby specifies the pension fund, namely, the following entities (as mentioned below) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as “said investments”) subject to the fulfillment of the certain conditions.</p> <p><i>Accordingly, the following entities have been notified as specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961.</i></p> <ul style="list-style-type: none"> • OMERS Administration Corporation • Government Employees Superannuation Board • Public Sector Pension Investment Board • CDPQ Fixed Income XI Inc. • Ivanhoe Logistics India Inc • CDPQ Infrastructures Asia III Inc. • Caisse de dépôt et placement du Québec • Canada Pension Plan Investment Board Private Holdings (4) Inc • Canada Pension Plan Investment Board 	
54.	Lesson 4 (Part III) Capital Gains	<p>Income-tax (16th Amendment) Rules, 2021 [Notification No. 68 Dated May 24, 2021]</p> <p>The Central Board of Direct Taxes on 24th May 2021 has published the Income- tax (16th Amendment) Rules, 2021 which has notified a new rule for computation of fair value of capital assets in slump sale.</p> <p><i>As per the Amendment a new rule 11UAE has been inserted which provides two formulae for calculation of fair market value of the capital asset. The FMV1 shall be the fair market value of the capital assets transferred by way of slump sale determined and FMV2 shall be the fair market value of the consideration received or accruing as a result of transfer by way of slump sale.</i></p>	https://www.incmetaxindia.gov.in/communications/notification/notification_68_2021.pdf
55.	Lesson 4 Part III PGBP	<p>Notification No.70/2021 u/s 35(1)(ii)/(iii) of the Income-tax Act, 1961 in the case of M/s Indian Institute of Technology (IIT), Bhilai (June 08, 2021)</p> <p>The Central Government hereby approves M/s Indian Institute of Technology, Bhilai (PAN: AABAI0415K) under the category of ‘University, College or other institution’ for Scientific Research and Research in Social Science and Statistical Research for the purposes of clauses (ii) and (iii) of sub-section (1) of section 35 of the Income-tax</p>	https://www.incmetaxindia.gov.in/communications/notification/notification_70_2021.pdf

		Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962. <i>Accordingly, M/s Indian Institute of Technology, Bhilai will be 'University, College or other institution' for Scientific Research and Research in Social Science and Statistical Research for the purposes of section 35(1)(ii) and (iii) of the Income-tax Act, 1961 read with rules 5C and 5E of the Income-tax Rules, 1962.</i>	
56.	Lesson 9 Procedural Compliance	Income-tax (17th Amendment) Rules, 2021(June 08, 2021) The Central Board of Direct Taxes (CBDT) notified the Income Tax (17th Amendment) Rules, 2021 which further amends the Income Tax Rules, 1962. As per the notification the deductor at the time of preparing statements of tax deducted shall furnish particulars of amount paid or credited on which tax was not deducted or deducted at lower rate in view of the notification issued under section 194A(5) or in view of exemption provided under clause (x) of sub-section (3) of section 194A. The deductor at the time of preparing statements of tax deducted shall furnish particulars of amount paid or credited on which tax was not deducted in view of clause (d) of the second proviso to section 194 or in view of the notification issued under clause (e) of the second proviso to section 194. <i>The notification mandates the deductor at the time of preparing statements of tax deducted to furnish particular amounts paid or credited on which tax was not deducted in view of proviso to subsection (1A) or in view of sub-section (2) of section 196D.</i>	https://www.incometaxindia.gov.in/communications/notification/notification_71_2021.pdf
57.	Lesson 3 Income Which do not Form Part of Total Income	Notification No. 72/2021 (June 09, 2021) The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Competition Commission of India' (PAN AAAGC0012M), a Commission established under sub-section (1) of Section 7 of the Competition Act, 2002, in respect of certain specified income arising to the said Commission and subject to fulfillment of certain conditions. <i>Accordingly, Competition Commission of India can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i>	https://www.incometaxindia.gov.in/communications/notification/notification_72_2021.pdf
58.	Lesson 4 Part IV Capital Gains	Cost Inflation Index for FY 2021-22 [Notification No. 73 Dated June 15, 2021] <i>The Central Board of Direct Taxes (CBDT) has notified the cost inflation index (CII) for FY 2021-22 as "317" via a notification dated June 15, 2021. CII is used to calculate the inflation adjusted cost price of an asset. The inflation adjusted price then is used to arrive at long-term capital gains or long-term losses.</i>	https://www.incometaxindia.gov.in/communications/notification/notification_73_2021.pdf
59.	Lesson 9 Procedural Compliance	CBDT issues functionality for Compliance Check for Sections 206AB & 206CCA [Circular No. 11 Dated June 21, 2021] Section 206AB contains the special provisions for (TDS) deduction of tax	https://www.incometaxindia.gov.in/communications/circular/circ

		<p>at source for non-filers of the income tax return, whereas, section 206CCA provides for special provision for (TCS) collection of tax at source for non-filers of the income tax return. Section 206AB & section 206CCA inserted in the Income-tax Act, 1961 via Finance Act, 2021 will be effective from the 1st day of July, 2021.</p> <p>According to the interpretation of the new sections, the tax deductor or the tax collector is required to do a due diligence to check whether the deductee or the collectee is a specified person. This is a compliance burden on the part of such tax deductor or the tax collector.</p> <p><i>To ease this compliance burden, the CBDT has issued a new functionality called “Compliance Check for Sections 206AB & 206CCA”. Through this functionality, tax deductor or the collector can feed the single PAN (PAN search) or multiple PANs (bulk search) of the deductee or collectee and can get a response from the functionality if such deductee or collectee is a specified person or not.</i></p>	ular 11 2021.pdf
60.	Lesson 9 Procedural Compliance	<p>Guidelines under section 194Q of the Income-tax Act, 1961 [Circular No. 13 Dated June 30, 2021]</p> <p>The Finance Act, 2021 inserted a new section 194Q in the Income-tax Act 1961 which takes effect from 1st July, 2021. It applies to any buyer who is responsible for paying any sum to any resident seller for the purchase of any goods of the value or aggregate of value exceeding Rs. 50 lakh in any previous year. The buyer, at the time of credit of such sum to the account of the seller or at the time of payment, whichever is earlier, is required to deduct an amount equal to 0.1% of such sum exceeding Rs. 50 lakh as income tax.</p> <p>It has been represented that there are practical difficulties in implementing the provisions of Tax Deduction at Source (TDS) contained in section 194-Q of the Act.</p> <p><i>Accordingly, the CBDT issued guidelines which, at some places have also tried to remove difficulties in implementing the provisions of section 194-O and sub-section (IH) of section 206C of the Act using power contained in sub-section (4) of section 194-O of the Act and sub-section (1- I) of section 206C of the Act.</i></p>	https://www.incometaxindia.gov.in/communications/circular/circular_13_2021.pdf
61.	Lesson 4 Part IV Capital Gains	<p>Income-tax Amendment (18th Amendment), Rules, 2021 [Notification No. 76 Dated July 02, 2021]</p> <p>The Central Board of Direct taxes through notification dated July 2, 2021 has issued the Income tax (18th Amendment) Rules, 2021.</p> <p><i>The amendment provides that in case of the amount which is chargeable to income-tax as income of specified entity under the head Capital gains, the specified entity shall furnish the details of amount attributed to capital asset remaining with the specified entity in new Form No. 5C.</i></p> <p>Form No. 5C shall be furnished electronically either under digital signature or through electronic verification code and shall be verified by</p>	https://www.incometaxindia.gov.in/communications/notification/notification_76_2021.pdf

		the person who is authorized to verify the return of income of the specified entity under section 140 of the Income-tax Act, 1961.	
62.	Lesson 4 Part IV Capital Gains	<p>Guidelines under section 9B and sub-section (4) of section 45 of the Income-tax Act, 1961 [Circular No. 14 Dated July 02, 2021]</p> <p>The Government has inserted a new section 9B of the Income Tax Act, 1961 and substituted sub-section (4) of section 45 of the Income Tax Act, 1961 by the Finance Act, 2021. The CBDT has come out with Notification No. 76 dated July 2, 2021 to insert sub-rule (5) to Rule 8AA and a new Rule-8AB so as to prescribe the manner of calculating the income chargeable to tax under section 45(4) of the Act as "capital gains" and also the manner in which such income shall be attributed to remaining assets with the specified entity under clause (iii) of section 48 of the Act.</p> <p><i>Accordingly, CBDT issued guidelines for application of section 9B and section 45(4) read with the aforesaid rules.</i></p>	https://www.incometaxindia.gov.in/communications/circular/circular_14_2021.pdf
63.	Lesson 4 Part IV Capital Gains	<p>Income Tax (19th Amendment), Rules, 2021 [Notification No. 77 Dated July 7, 2021]</p> <p>The Central Board of Direct taxes hereby makes Income-tax (19th Amendment), Rules, 2021 further to amend the Income-tax Rules, 1962.</p> <p><i>As per notification, after rule 8AB, rule 8AC [i.e. Computation of short term capital gains and written down value under section 50 where depreciation on goodwill has been obtained] has been inserted.</i></p>	https://egazette.nic.in/WriteReadData/2021/228152.pdf
64.	Lesson 3 Income which do not form a part of Total Income	<p>Notification No. 78 [Dated July 9, 2021]</p> <p>The Central Government notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Haryana Building and Other Construction Workers Welfare Board' (PAN AAATH6995H), a Board constituted by the State Government of Haryana, in respect of the certain specified income arising to that Board subject to certain conditions.</p> <p><i>Accordingly, Haryana Building and Other Construction Workers Welfare Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_78_2021.pdf
65.	Lesson 4 Part III PGBP	<p>Notification No. 79 (Dated July 12, 2021)</p> <p>The Central Government approves M/s Patanjali Research Foundation Trust, Haridwar (PAN:- AABTP8183E) under the category "Research Association" for Scientific Research for the purposes of clauses (ii) of sub-section (1) of section 35 of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962.</p> <p><i>Accordingly, M/s Patanjali Research Foundation Trust will be "Research Association" for Scientific Research for the purposes of section 35(1)(ii) of the Income-tax Act, 1961 read with rules 5C and 5D of the Income-tax Rules, 1962.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_79_2021.pdf
66.	Lesson 3 Income which	<p>Notification No. 80 [Dated July 14, 2021]</p> <p>The Central Government hereby notifies for the purposes of the clause</p>	https://www.incometaxindia.gov.in/communications

	do not form a part of Total Income	<p>(46) of section 10 of the Income-tax Act, 1961, 'Haryana Labour Welfare Board' (PAN AAATH2451C), a Board constituted by the State Government of Haryana, in respect of the certain specified income arising to that Board subject to certain conditions.</p> <p><i>Accordingly, Haryana Labour Welfare Board can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	ons/notification/notification 80 2021.pdf
67.	Lesson 3 Income which do not form a part of Total Income	<p>Notification No. 81 [Dated July 14, 2021]</p> <p>The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Himachal Pradesh Computerization of Police Society', (PAN AABAH0360G), a body established by the State Government of Himachal Pradesh, in respect of the certain specified income arising to that body subject to certain conditions.</p> <p><i>Accordingly, Himachal Pradesh Computerization of Police Society can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	https://www.incmetaxindia.gov.in/communications/notification/81 2021.pdf
68.	Lesson 9 Procedural Compliance	<p>Income-tax (20th Amendment) Rules, 2021 [Notification No. 82 Dated July 27, 2021]</p> <p>The Central Board of Direct Taxes (CBDT) vide notification dated 27th July, 2021 has issued the Income-tax (20th Amendment) Rules, 2021 further amending the Income-tax Rules, 1962.</p> <p><i>Through this amendment, in Rule 12 which relates to 'Return of Income & Return of Fringe Benefits' the assessment year for the assessment procedure shall be substituted from '2019' to '2020'.</i></p>	https://www.incmetaxindia.gov.in/communications/notification/82 2021.pdf
69.	Lesson 9 Procedural Compliance	<p>Income-tax (21st Amendment) Rules, 2021 [Notification No. 83 Dated July 29, 2021]</p> <p>The Central Board of Direct Taxes (CBDT) on July 29, 2021 has issued the Income-tax (21st Amendment) Rules, 2021 to further amend the Income-tax Act, 1961 as follows:</p> <p>Rule 131 provides for omission of certain Rules and saving clause under the Act.</p> <p>Rule 132 provides for electronic furnishing of any forms, returns, statements, reports, orders etc. in two ways:</p> <ul style="list-style-type: none"> • Under digital signature in cases where, the return of income is required to be furnished under digital signature; or • Through electronic verification code in other cases. <p>Further, The Principal Director General of Income-tax (Systems) or the Director General of Income tax (Systems) with the approval of Board shall be responsible for the following:</p> <ol style="list-style-type: none"> 1. Specify the forms, returns, statements, reports, orders, which are 	https://www.incmetaxindia.gov.in/communications/notification/83 2021.pdf

		<p>to be furnished electronically;</p> <ol style="list-style-type: none"> 2. Lay down the data structure, standards and procedure of furnishing and verification of such forms, returns, statements, reports, orders, including modification in format, if required, to make it compatible for furnishing electronically; and 3. Formulation and implementation of appropriate security, archival and retrieval policies in relation to the said Forms, returns, statements, reports, orders. 	
70.	Lesson 3 Income which do not form a part of Total Income	Notification No. 84 [Dated August 3, 2021] <p>The Central Government hereby specifies the pension fund, namely, the 2726247 Ontario Inc., (hereinafter referred to as the assessee) as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 (hereinafter referred to as said investments) subject to the fulfillment of the certain conditions.</p> <p><i>Accordingly, 2726247 Ontario Inc. will be specified person for section 10(23FE).</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_84_2021.pdf
71.	Lesson 3 Income which do not form a part of Total Income	Notification No. 85 (Dated August 4, 2021) <p>The Central Government hereby notifies, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'National Council of Science Museums', Kolkata (PAN AAAAN2541C), an autonomous body established under the Ministry of Culture, Government of India, in respect of the certain specified income arising to the Council subject to certain conditions.</p> <p><i>Accordingly, National Council of Science Museums can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_85_2021.pdf
72.	Lesson 3 Income which do not form a part of Total Income	Notification No. 86 (Dated August 4, 2021) <p>The Central Government notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Real Estate Regulatory Authority' as specified in the schedule to this notification, constituted by Government in exercise of powers conferred under sub-section (1) of section 20 of the Real Estate (Regulation and Development) Act, 2016 as a 'class of Authority' in respect of the certain specified income arising to that Authority subject to certain conditions.</p> <p><i>Accordingly, Real Estate Regulatory Authority can claim exemption under section 10(46) with respect to specified income subject to certain conditions.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_86_2021.pdf
73.	Lesson 2 Basic Concept of Income Tax	Income Tax (22nd Amendment) Rules 2021 [Dated August 9, 2021] <p>CBDT has notified Income tax (22nd Amendment) Rules, 2021 to insert the following two rules as follow:</p>	https://www.incometaxindia.gov.in/communications/notification/notification_90_2021.pdf

		<p>Computation of exempt income of specified fund for the purposes of clause (4D) of section 10</p> <p>Rule 21AI The Rule provides formula for computation of income attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) in a specified fund for the purpose of clause (4D) of section 10 of the Income tax Act, 1961.</p> <p>Determination of income of a specified fund attributable to units held by non-residents under sub-section (1A) of section 115AD</p> <p>Rule 21AJ The Rule provides formula of calculation, for purposes of sub-section (1A) of section 115AD, the income of a specified fund by way of short-term or long-term capital gains, referred to in clause (b) of sub-section (1) of section 115AD, attributable to the units held by non-resident (not being the permanent establishment of a non-resident in India)</p>	
74.	Lesson 8 Classification and Tax incidence on Companies	<p>Income tax (23rd Amendment) Rules, 2021 [Notification No. 92 Dated August 10, 2021]</p> <p><i>CBDT notifies the Income tax (23rd Amendment), Rules 2021, to prescribe the procedure / methodology for re-computation of book profit u/s 115JB of the Income tax Act, 1961, to provide relief in MAT payable in certain cases. Accordingly, new IT Rule 10RB on 'Relief in tax payable u/s 115JB(1) due to operation of section 115JB(2D)' along with new FORM No. 3CEEA for 'annual furnishing of particulars of re-computation for any adjustment on account of income of past year(s) included in books of account of previous year by a Company on account of secondary adjustment u/s 92CE or on account of an Advance Pricing Agreement entered u/s 92CC' have been introduced/ inserted in the Income Tax Rules, 1962.</i></p>	https://www.incometaxindia.gov.in/communications/notification/notification_92_2021.pdf
75.	Lesson 9 Procedural Compliances	<p>Income-tax (29th Amendment) Rules, 2021 [Dated September 13, 2021]</p> <p>The Central Board of Direct Taxes notifies Income-tax (29th Amendment) Rules, 2021 to amend Income-tax Rules, 1962. The Amendment inserts a provision prescribing income- tax authority under second proviso to clause (i) of sub-section (1) of section 142 as follow:</p> <p>Rules 12F: The Rule provides that the prescribed income-tax authority under second proviso to clause (i) of sub-section (1) of section 142 shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that clause.</p> <p><i>Accordingly, the Income tax authority has been prescribed under second proviso to clause (i) of section 142(1).</i></p>	https://incometaxindia.gov.in/communications/notification/notification-no-109-2021.pdf
76.	Lesson 9	No Section 194A TDS on Interest payment to Scheduled Tribe by Scheduled Bank [Notification No. 110 Dated September 17, 2021]	https://incometaxindia.gov.in/communications/notification/notification-no-110-2021.pdf

	Procedural Compliances	<p>CBDT notifies that no Section 194A TDS will be deducted by ‘Scheduled Bank on payment of interest, other than interest on securities to Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) if the payment made or aggregate of payments made during the previous year does not exceed 20 lakhs rupees.</p> <p><i>Accordingly, TDS is not required to be deducted u/s 194A by ‘Scheduled Bank on payment of interest, other than interest on securities to Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) if the payment made or aggregate of payments made during the previous year does not exceed 20 Lakhs rupees.</i></p>	mmunications/notification/notification-no-110-2021.pdf
77.	Lesson 3 Income which do not form a part of Total Income	<p>CBDT notifies pension fund, namely ‘2452991 Ontario Limited’ Section 10(23FE) [Notification No. 111 Dated September 16, 2021]</p> <p>CBDT notifies pension fund, namely, ‘2452991 Ontario Limited’ under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after 16th September, 2021 but on or before the 31st day of March, 2024 subject to fulfilment of certain conditions.</p> <p><i>Accordingly, 2452991 Ontario Limited will be specified person for section 10(23FE).</i></p>	https://incometaxindia.gov.in/communications/notification/notification-no-111-2021.pdf
78.	Lesson 3 Income which do not form a part of Total Income	<p>CBDT notifies pension fund, namely ‘276522 Ontario Limited’ Section 10(23FE) [Notification No. 112 Dated September 16, 2021]</p> <p>CBDT notifies pension fund, namely, ‘276522 Ontario Limited’ under sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after 16th September, 2021 but on or before the 31st day of March, 2024 subject to fulfilment of certain conditions.</p> <p><i>Accordingly, 276522 Ontario Limited will be specified person for section 10(23FE).</i></p>	https://incometaxindia.gov.in/communications/notification/notification-no-112-2021.pdf
79.	Lesson 3 Income which do not form a part of Total Income	<p>Notification No. 114 [Dated September 20, 2021]</p> <p>The Central Government hereby specifies the pension fund, namely, the BCI IRR India Holdings Inc., as the specified person for the purposes of the sub-clause (iv) of clause (c) of the Explanation 1 to clause (23FE) of section 10 of the Income-tax Act, 1961 in respect of the eligible investment made by it in India on or after the date of publication of this notification in the Official Gazette but on or before the 31st day of March, 2024 subject to the fulfilment of the certain conditions.</p> <p><i>Accordingly, BCI IRR India Holdings will be specified person for section 10(23FE).</i></p>	https://incometaxindia.gov.in/communications/notification/notification-no-114-2021.pdf

80.	Lesson 3 Income which do not form a part of Total Income	Notification No. 115 [Dated September 20, 2021] The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, ‘Gujarat Electricity Regulatory Commission’, Gandhinagar (PAN AAAAG0638C), a commission established by the state government of Gujarat, in respect of the certain specified income arising to the Commission subject to fulfillment of certain conditions. <i>Accordingly, the Gujarat Electricity Regulatory Commission is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.</i>	https://incometaxindia.gov.in/communications/notification/notification-no-115-2021.pdf									
81.	Lesson 9 Procedural Compliances	Notification No. 119 [Dated October 11, 2021] The Central Government exempts the following class of persons mentioned in column (2) of the Table below, subject to the conditions specified in column (3) of the said Table , from the requirement of furnishing a return of income under sub-section (1) of section 139 of the said Act from assessment year 2021-2022 onwards : <table><tr><th>Sl. No.</th><th>class of Persons</th><th>Conditions</th></tr><tr><td>1.</td><td>(i) a non-resident, not being a company; or (ii) a foreign company</td><td>(i) The said class of persons does not earn any income in India, during the previous year, other than the income from investment in the specified fund referred to in sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10 of the said Act; and (ii) The provisions of section 139A of the said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (1) of rule 114AAB of the Income-tax Rules, 1962</td></tr><tr><td>2.</td><td>a non-resident, being an eligible foreign investor.</td><td>(i) The said class of persons, during the previous year, has made transaction only in capital asset referred to in clause (viiab) of section 47 of the said Act, which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency. (ii) The said class of persons does not earn any income in India, during the previous year, other than the income from transfer of capital asset referred to in clause (viiab) of section 47 of the said Act; and (iii) The provisions of section 139A of the</td></tr></table>	Sl. No.	class of Persons	Conditions	1.	(i) a non-resident, not being a company; or (ii) a foreign company	(i) The said class of persons does not earn any income in India, during the previous year, other than the income from investment in the specified fund referred to in sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10 of the said Act; and (ii) The provisions of section 139A of the said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (1) of rule 114AAB of the Income-tax Rules, 1962	2.	a non-resident, being an eligible foreign investor.	(i) The said class of persons, during the previous year, has made transaction only in capital asset referred to in clause (viiab) of section 47 of the said Act, which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency. (ii) The said class of persons does not earn any income in India, during the previous year, other than the income from transfer of capital asset referred to in clause (viiab) of section 47 of the said Act; and (iii) The provisions of section 139A of the	https://incometaxindia.gov.in/communications/notification/notification-119-2021.pdf
Sl. No.	class of Persons	Conditions										
1.	(i) a non-resident, not being a company; or (ii) a foreign company	(i) The said class of persons does not earn any income in India, during the previous year, other than the income from investment in the specified fund referred to in sub-clause (i) of clause (c) of Explanation to clause (4D) of section 10 of the said Act; and (ii) The provisions of section 139A of the said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (1) of rule 114AAB of the Income-tax Rules, 1962										
2.	a non-resident, being an eligible foreign investor.	(i) The said class of persons, during the previous year, has made transaction only in capital asset referred to in clause (viiab) of section 47 of the said Act, which are listed on a recognised stock exchange located in any International Financial Services Centre and the consideration on transfer of such capital asset is paid or payable in foreign currency. (ii) The said class of persons does not earn any income in India, during the previous year, other than the income from transfer of capital asset referred to in clause (viiab) of section 47 of the said Act; and (iii) The provisions of section 139A of the										

				said Act are not applicable to the said class of persons subject to fulfillment of the conditions mentioned in sub-rule (2A) of rule 114AAB of the said rules.	
		<p><i>Accordingly, the class of persons mentioned in column (2) of the above Table is exempt from the requirement of furnishing a return of income from assessment year 2021-2022 onwards subject to the fulfillment of conditions specified in column (3) of the said Table.</i></p>			
82.	Lesson 4 Part III PGBP	<p>Clarification regarding Section 36(1)(xvii) of the Income-tax Act, 1961 inserted vide Finance Act, 2015 [Circular No. 18 Dated Oct 25, 2021]</p> <p>The Finance Act, 2015 inserted the clause (xvii) in sub-section (1) of section 36 of the Income-tax Act, 1961 (the Act) to provide for deduction on account of the amount of expenditure incurred by a co-operative society engaged in the business of manufacture of sugar for purchase of sugarcane at a price which is equal to or less than the price fixed or approved by the Government. The issue of treatment of additional payment for sugarcane price by Co-operative sugar mills as an income distribution to farmer members and the resultant tax liabilities has been brought to the notice of the Central Board of Direct Taxes (the Board).</p> <p><i>The matter has been examined by the Board and clarified that the phrase 'price fixed or approved by the Government' includes price fixation by State Governments through State-level Acts/Orders or other legal instruments that regulate the purchase price for sugarcane including State Advised Price, which may be higher than the Statutory Minimum Price/ Fair and Remunerative Price fixed by the Central Government.</i></p>			https://incometaxindia.gov.in/communications/circular/circular-no-18-2021.pdf
83.	Lesson 3 Income which do not form a part of Total Income	<p>Guidelines under clause (23FE) of section 10 of the Income-tax Act, 1961 [Circular No. 19 Dated Oct 26, 2021]</p> <p>Finance Act, 2020 inserted clause (23FE) to provide for exemption to sovereign wealth funds and pension funds on their income in the nature of dividend, interest and long-term capital gains arising from investment in infrastructure in India made between 01.04.2020 and 31.03.2024 subject to fulfillment of certain conditions. The Board, with the approval of the Central Government, hereby issues the following guidelines:</p> <p>(a) if the loans and borrowings have been taken by the specified fund or any of its group concern, specifically for the purposes of making investment by the specified fund in India, such fund shall not be eligible for exemption under clause (23FE) of section 10 of the Act; and</p> <p>(b) if the loans and borrowings have been taken by the specified fund or any of its group concern, not specifically for the purposes of making investment in India, it shall not be presumed that the investment in India has been made out of such loans and borrowings and such specified fund shall be eligible for exemption under clause 23(FE) of section 10 of the Act, subject to the fulfillment of all other conditions under the said</p>			https://incometaxindia.gov.in/communications/circular/circular-19-2021.pdf

		<p>clause, provided that the source of the investment in India is not from such loans and borrowings.</p> <p><i>Accordingly, the above guidelines has been issued with respect to claiming exemption by sovereign wealth funds and pension funds on their income in the nature of dividend, interest and long-term capital gains arising from investment in infrastructure in India.</i></p>	
84.	Lesson 10 Assessment, Appeals and Revision	<p>E-Settlement Scheme, 2021 [Notification No. 129 Dated November 1, 2021]</p> <p>The Central Board of Direct Taxes (CBDT) notified the e-Settlement Scheme, 2021 to settle pending Applications transferred to the Settlement Commission. This Scheme shall be applicable to pending applications in respect of which the applicant has not exercised the option under sub-section (1) of section 245M of the Income tax Act, 1961 and which has been allotted or transferred by Central Board of Direct Taxes to an Interim Board. The Interim Board shall conduct e-settlement of pending applications allocated or transferred to it in accordance with the provisions of this Scheme.</p> <p>Under the e-Settlement scheme, all communication between the Interim Board and the applicant, or his authorised representative will be exclusively in electronic mode. There is no need for the applicant or his or her representative to make any personal appearance before the Interim Board or before any Income-tax Authority or any ministerial staff posted with the Interim Board.</p> <p><i>The scheme is in line with the government's vision to digitize the overall income tax litigation process in order to bring more transparency and credibility.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-129-2021.pdf
85.	Lesson 10 Assessment, Appeals and Revision	<p>Income tax (32nd Amendment) Rules, 2021 [Notification No. 132 Dated November 23, 2021]</p> <p><i>Through this notification, CBDT has notified revised Form No. 52A relating to Statement to be furnished to the Assessing Officer under section 285B of the Income-tax Act, 1961, in respect of production of a cinematograph film under Rule 121A of Income-tax Rules, 1962.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-132-2021.pdf
86.	Lesson 3 Income which do not form a part of Total Income	<p>Notification No. 133 [Dated November 23, 2021]</p> <p>The Central Government hereby notifies for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, 'Haryana State Legal Services Authority' Panchkula (PAN AAALH0475J), an authority constituted by the State Government of Haryana, in respect of the certain specified income arising to that Authority subject to certain conditions.</p> <p><i>Accordingly, the Haryana State Legal Services Authority is notified for the purpose of claiming exemption under section 10(46) of the Income tax Act, 1961 subject to certain conditions.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-133-2021.pdf

Case Laws

Lesson 2

1.

April 3, 2009	Manoj Kumar Reddy V. Income Tax Officer (International Taxation)	ITAT
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Facts of the Case: The case relates to AY 2005-06. The assessee was an employee of an Indian company. On 23.01.2004, the employer Indian company issued a deputation letter to the assessee and directed him to work on some specified project in USA. As per the deputation order, it was mentioned that he will remain continued to be employed under the Indian company only.

During the deputation period, he came to India and stayed in India from 18.08.2004 to 06.09.2004. After completing his work he returned back to India on 31.01.2005 at 4 A.M. Summary of his stay in India is given below:-

Previous Year	No. of days in India
2000-01	365
2001-02	365
2002-03	365
2003-04	306
2004-05	78

Following contentions were observed by ITAT in this case:-

- During PY 2004-05, total stay of assessee in India was for a period less than 182 days. Hence, first limb of Section 6(1) shall not apply.
- As far as second limb of Section 6(1) is concerned. It is getting applicable as stay in India during the PY is for 78 days i.e. more than 60 days and total stay in all 4 PY preceding PY 2004-05 is exceeding 365 days. However, benefit given in explanation 1 to the second limb also needs to be examined.

Explanation 1 clause (a) applies where assessee leaves India for employment purpose. ITAT relied on decision of Authority of Advance Ruling in case of British Gas India (P) Ltd. [2006] 285 ITR 218 (New Delhi) where it was held that for purpose of “employment outside India”, even assessee on deputation sent outside India by an Indian employer is also covered. However, clause (a) of Explanation 1 shall apply for that year only in which the assessee is leaving India for employment, i.e. PY 2003-04 in this case. Hence, Clause (a) of Explanation 1 is applicable for PY 2003-04 only not for PY 2004-05.

Clause (b) to Explanation 1: The assessee was for a “visit” in India from outside India during 18.08.2004 to 06.09.2004. However, he returned back to India on 31.01.2005. The period after 31.01.2005 cannot be treated as “visit”. Hence, clause (b) to Explanation 1 cannot apply. However, to determine period of stay under second limb of Section 6(1) period of visit shall be excluded. Hence, total stay during PY 2004-05 will be reckoned from 31.01.2005 to 31.03.2005.

Judgement: ITAT held that “Day” does not include “fraction of Day”. Therefore, assessee’s total stay was for a period of 59 days only. 31.01.2005 was not included because he arrived in India at 4 A.M. The residential status of assessee - Non-Resident.

2. Income in respect of sale of flats accrued when possession of flat was given and not when allotment letter was issued [Assessment year 2006-07] [in favour of assessee]

CIT v. Millennium Estate (P.)Ltd. [2018]

The assessee carried on business as a contractor and developer. During scrutiny, the Assessing Officer found that an amount was shown as advances received from its buyers. The assessee submitted that aforesaid amounts were received as advance at time of allotment on 14-3-2007 and that further consideration was received on 1-4-2007, when possession of flat was given, and, thus, said sum was chargeable to tax in next assessment year. However, the Assessing Officer treated said sum as accrued income in subject assessment year holding that sale of flats had taken place when they were allotted under an allotment letter.

Held that from the allotment letter and possession letter, it was very evident that possession of flats was given on receipt of total consideration, i.e., only on 1-4-2007. The said amount was an advance during subject assessment year and said income accrued as income in assessment year 2007-08.

3. Income from Non Performing Assets (NPA) should be assessed on cash basis and not on mercantile basis, despite assessee following mercantile system of accounting [Assessment year 2010-11] [in Favour of assessee]

Principal CIT v. Davangere Urban Co-operative Bank Ltd. [2018]

Income from NPA should be assessed on cash basis and not on mercantile basis, despite the assessee following mercantile system of accounting. In view of aforesaid legal position, the Assessing Officer was not justified in bringing to tax interest on non-performing assets on accrual basis just because the assessee followed hybrid system of accounting.

4. Cash credit entries in books of a firm, in absence of material to indicate that they were its profits, could not be assessed in the hands of the firm.

24.04.2020	M/s Kesharwani Sheetalaya (Appellant) v. CIT (Respondent)	High Court
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Facts of the Case: The assessee was a partnership firm with sixteen partners engaged in the business of cold storage. For the relevant assessment year, the assessee filed a return of income which was selected for scrutiny and notices under Section 143(2)/142(1) of the Act were issued.

The Assessing Officer noted several credits in the names of the partners of the firm. The Assessing Officer held the credits as unproved and made an addition under Section 68 of the Act relying upon a decision of the jurisdictional High Court in a case where the assessee had entered deposits in the books of firm in the names of partners and upon the explanations for deposits being rejected the same were treated as income of the firm and not of the individual partners. However, the CIT(A) partly allowed the appeal and the addition made u/s 68 of the Act was deleted. The deletion of the cash credits was made on the ground that the partners had shown agricultural income in their returns. It was taken note of that the partners were identifiable and separately assessed to tax and the firm had explained the source of investment as agricultural income of the partners, therefore, if at all additions were to be made, then the same had to be made in the hands of the partners and not in the hands of the firm.

However the Tribunal partly allowed the appeal filed by the Revenue and dismissed the cross-objections filed by the assessee. The Tribunal held that credits in the names of partners as agricultural income were not proved within the meaning of Section 68 and therefore the order of the Assessing Officer treating the same to be as the firm's deemed income, was restored.

Judgement: The Hon'ble High Court observed that the conditions for the applicability of Section 68 are as follows-

- (i) the existence of books of accounts made by the assessee itself;
- (ii) a credit entry in the books of account; and
- (iii) the absence of a satisfactory explanation by the assessee about the nature and source of the amount credited.

In the instant case, the Hon'ble High Court noted that the partners had shown the agricultural income in their personal returns of the past years which had been accepted by the department as such. The partners were all identifiable and separately assessed to tax. The source of investment having been explained, in the event the Assessing Officer was not satisfied the addition could have been considered in the hands of the partners and not in the hands of the firm. The burden of proving the source of the credits having been sufficiently explained the addition could not have been made in the hands of the firm in the facts of the case.

Accordingly, the Hon'ble High Court answered the questions of law in favour of the assessee and against the Revenue and the appeal was allowed.

5. Liquidated Damages – Capital Receipt or Revenue Receipt?

09.07.2010	CIT (Appellant) v. Saurashtra Cement Ltd. (Respondent)	Supreme Court
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Facts of the Case: The assessee, engaged in the manufacture of cement etc; entered into an agreement with M/s Walchandnagar Industries Limited, Bombay, (hereinafter referred to as "the supplier") on 1st September, 1967 for purchase of additional cement plant from them for a total consideration of Rs.1,70,00,000/-. As per the terms of contract, the amount of consideration was to be paid by the assessee in four instalments. The agreement contained a condition with regard to the manner in which the machinery was to be delivered and the consequences of delay in delivery.

In the event of delays in deliveries except the reason of Force Majeure, the Suppliers shall pay the Purchasers an agreed amount by way of liquidated damages without proof of damages actually suffered at the rate of 0.5% of the price of the respective machinery and equipment to which the items were delivered late, for each month of delay in delivery completion. It is further agreed that the total amount of such agreed liquidated damages shall not exceed 5% of the total price of the plant and machinery." The supplier defaulted and failed to supply the plant and machinery on the scheduled time and, therefore, as per the terms of contract, the assessee received an amount of Rs.8,50,000/- from the supplier by way of liquidated damages.

During the course of assessment proceedings for the relevant assessment Year, a question arose whether the said amount received by the assessee as damages was a capital or a revenue receipt.

Judgement: Supreme Court held that it was clear from the agreement that the liquidated damages were to be calculated at 0.5 per cent of the price of the respective machinery and equipment which were delivered late, for each month of delay, without proof of the actual damages suffered by the assessee on account of the delay. The delay in supply could be of the whole plant or a part thereof but the determination of damages was not based upon the calculation made in respect of loss of profit on account of supply of a particular part of the plant. It was evident that the damages to the assessee were directly and intimately linked with the procurement of a capital asset, i.e., the cement plant, which would obviously lead to delay in coming into existence of the profit-making apparatus, rather than a receipt in the course of profit-earning process. Compensation paid for the delay in procurement of capital asset amounted to sterilization of the capital asset of the assessee as supplier had failed to supply the plant within time as stipulated in the agreement. The amount received by the assessee towards compensation for sterilization of the profit-earning source and not in the ordinary course of its business, was a capital receipt in the hands of the assessee.

Lesson 3

1.

30.11.2011	Dy. CIT v. Best Roses Biotech (P) Ltd.	ITAT Ahmadabad Bench
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Facts of the Case: Assessee acquired land from agriculturist on lease and constructed a greenhouse flower project on said land. It started growing of rose flower / plants on bridge of plastic trays erected with help of M.S. stand 2.3 ft. above land. The assessee claimed the income from rose flower as exempt. The Assessing Officer held that the rose plants were not planted on earth land and no basis operation was carried out by assessee on land hence, not eligible for exemption. According to assessee, for plantation of roses a very well treated soil was required, manures were mixed in soil for preparing a base for growing rose plants trays were filed with mixture of soil, insecticides were sprinkled on plants to save plants from any disease, root stocks were brought from market and planted in green house, mother plant was otherwise reared on earth, subsequently saplings were planted on plastic trays which were kept at height of 2-3 ft. placed on M.S. stand, purpose of growing rose plants at a height was primarily to avoid pest and to develop in a controlled atmosphere and green house was used for various benefit so that sunlight and humidity level both could be maintained.

Judgment: In fact assessee's activity has already been endorsed as an agriculture activity by several other connected authorities certifying it as an agricultural operation. After an elaborate discussion of the facts as well as law pronounced by several courts, as also the decisions now cited from the side of the Revenue, it is finally held that considering the advancement of technology and the use of the advanced equipment in DCIT Navsari v. Best Roses Biotech Pvt. Ltd. cultivation; coupled with the conventional cultivation method, put together, made the operation carried out by the assessee was agricultural operation in nature. Respectfully placing reliance on this decision as also the few decisions cited hereinabove, we are of the considered view that the income in question cannot be included in total income being within the ambits of the provisions of Section 10(1) of the Act. The view taken by Ld. CIT(A) is hereby affirmed and this ground of Revenue's appeal is dismissed.

2. Whether the assessee(s) was under statutory obligation under Income Tax Act, 1961, and/or the Rules to collect evidence to show that its employee(s) had actually utilized the amount(s) paid towards Leave Travel Concession(s)/Conveyance Allowance?

21.01.2009	Commissioner of Income tax & ANR vs M/s Larsen & Toubro Ltd.	Supreme Court
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Judgement: The Honourable Supreme Court of India has considered the question whether the employer has any obligation under the Act/Rules to collect evidence to show that the employee had actually utilized the amount paid towards LTA. The Honourable Supreme Court of India observed that the beneficiary of exemption under Section 10(5) is the individual employee. It also referred to the annual circular issued by the CBDT under Section 192 where under guidance is given to employers on the manner in which tax is required to be deducted from salary paid to employees. The Court has held that the said Circular did not require an employer to examine the supporting evidence to the declaration submitted by an employee as far as LTA is concerned. Based on this, the Court has held that the employer has no obligation to collect such evidence or to verify the claim.

3. Retiring employees of ICICI under VRS was eligible for section 10(10C) exemption [Assessment year 2004-05][In favour of assessee]

R. Banumathy v. CIT [2018] (Madras High Court)

The assessee an employee of ICICI bank opted for Early Retirement Optional Scheme and received a consolidated payment. According to the Income Tax Department, Voluntary Retirement Scheme issued by the ICICI Bank was not

in conformity with the Rules. Therefore, the employees were not entitled to any exemption under section 10(10CC) of the Income tax Act, 1961.

Held that the Supreme Court and the Bombay High Court have dealt with voluntary retirement scheme of the RBI and held that retiring employees are eligible for section 10 (10C) exemptions. Section 10(10C) and rule 2BA, do not specifically apply to the RBI alone and, therefore, benefit was applicable to the assessee also and thus, the assessee was entitled to section 10(10C) benefit.

4. Merely because surplus earned by assessee educational institution was invested for expansion of school building, it could not be held that assessee did not exist solely for educational purpose so as to deny assessee exemption under section 10(23C)(vi) of the Income tax Act, 1961 [In favour of assessee]

Mallikarjun School Society v. Chief CIT [2018] (Uttarakhand)

The assessee, educational society, applied for exemption under section 10(23C)(vi) of the Income tax Act, 1961. Exemption was denied to the assessee on grounds that surplus of society was utilized for expansion/addition of school building, thus, it did not apply its funds for purpose of education.

Held that it was noted that main purpose, aim and object, as stated in Memorandum of Association of the assessee, was to impart education along with ancillary objects. Merely because surplus earned by the assessee educational institution was used for expansion of school building etc. it could not be held that the assessee did not exist solely for educational purpose. Thus, the assessee was to be allowed exemption under section 10(23C)(vi) of the Income tax Act, 1961.

Lesson 4

Part I

2011	CIT (TDS) v. Director, Delhi Public School	Punjab and Haryana High Court
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Can the limit of INR 1,000 per month per child be allowed as standard deduction, while computing the perquisite value of free or concessional education facility provided to the employee by the employer?

Fact of the Case: The assessee is running a public school and was liable to deduct tax at source from salary and remuneration paid to its teaching staff. The person responsible (the assessee herein) is the director of the School who filed the return of salaries on 28.11.2003. At the time of checking of Form 12BA annexed along with Form No.16 relating to various employees, it was found that the assessee had been providing free/concessional educational facilities to the wards of teachers and other staff members of the school. However, while calculating the amount of perquisite taxable in the hands of teachers/staff qua free/concessional educational facilities provided to their wards, the assessee had been allowing a deduction of Rs.1000/- per month per child from the total amount of educational facilities provided free of cost to them. The Assessing Officer held that the assessee had wrongly allowed a deduction of Rs.1000/- per month per child while calculating the amount of taxable perquisite and added an amount of Rs.12,000/- per annum per child to the value of perquisites on account of free educational facilities provided to the wards of the employees/staff of the school and calculated short deduction to that extent and treated the assessee to be in default. The Assessing Officer also charged interest. Accordingly, during the assessment year 2003- 04, the demand was raised at Rs.3,93,586/- (i.e. short deduction of tax at Rs.2,97,606/- plus Rs.95,980/- as interest).

Judgement: The Punjab and Haryana High Court held that on a plain reading of Rule 3(5), it flows that, in case the value of perquisite for free/concessional educational facility arising to an employee exceeds Rs. 1,000 per month per child, the whole perquisite shall be taxable in the hands of the employee and no standard deduction of INR 1,000 per month per child can be provided from the same. It is only in case the perquisite value is less than INR 1,000 per month per child, the perquisite value shall be nil. Therefore, INR 1,000 per month per child is not a standard deduction to be provided while calculating such a perquisite.

2018	Sun Outsourcing Solution (P.) Ltd v. CIT	T & AP High Court
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Where lump sum payment made to deputed employee was by way of conferring additional advantage in order to make them to meet high cost towards accommodation and other personal expenditure, same would fall within definition of perquisite under section 17(2) of the Income tax Act, 1961.

Fact of the Case: The assessee was engaged in the business of software development, with office at Hyderabad and branch office at London. U.K. In the course of execution of software projects in the UK, the assessee had deputed some local persons of Hyderabad to London to work in its branch office and also employed local personnel (NRIs) in U.K. the assessee did not deduct tax on allowances paid to the staff deputed to U.K. and the salary payments made to the local personnel engaged in UK.

Judgement: It has been held that that it was not doubtful that the lump sum payment made to the employees was by way of conferring additional advantage in order to make them to meet the high cost towards accommodation and other personal expenditure. Such expenditure could not be treated as having been incurred in connection with discharge of their duties within the meaning of section 10(14). Further, as found by both the fora below, neither any break-up of the amounts payable to the employees in U.K. had been given nor was it envisaged that the expenses so incurred are reimbursable. Therefore, that amount in disputes attracted the definition of perquisite in section 17(2) and they did not fall within the exception of section 10(14).

Lesson 4 Part V

1.	27.08.2013	Commissioner of Income Tax v. Smt. Swapna Roy	Allahabad High Court
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Disallowance of Deduction of interest under section 57(iii) of the Income tax Act, 1961

Facts of the Case: The assessee is a partner of M/s. Sahara India (Firm); and Director in various companies of M/s. Sahara Group. For the assessment year 1997-98, the assessee has filed loss return for Rs.36,48,09,550/-. While completing regular assessment, the Assessing Officer disallowed the interest of Rs.36,57,27,195/- claimed by the assessee as interest paid on loan for purchase of shares under the head "income from other sources". The Assessing Officer noticed that the assessee had obtained loan from M/s. Sahara India Mutual Benefit Co. Ltd., and the loan amount was invested in purchase of shares of closely held companies of Sahara Group which were incurring heavy losses and there was no possibility to get dividend on share capital of these companies. Further, the assessee was having a substantial interest in the companies of Sahara Group. So, the AO opined that by making investment of "borrowed interest bearing funds" for non productive purpose, the assessee had diverted his income and had adopted a colorable device to reduce tax liability. So, he has disallowed the claim made by the Assessee pertaining to the interest and made the addition in each case, which was deleted by the first appellate authority as well as the Tribunal. Not being satisfied, the Department filed an appeal before High Court.

Judgement: On a question whether the amount invested by the assessee in sister concerns running in loss since several years may be treated as investment or expenditure made exclusively for the purpose of making or earning such income, the Allahabad High Court held that the expenditure towards interest on loan cannot be said to have been laid out wholly and exclusively for the purpose of making earning income but was a colourable device, to utilize the funds of one company in the other sister concern and therefore, the interest on loan is not allowable deduction under section 57(iii).

Further on the principle of consistency, the High Court held that in case an assessee changes his or her stand repeatedly and does not come with a clean hand, then it shall be sufficient to depart from earlier practice and the principle of consistency shall not come in the way to assess the income on the basis of the material on record.

2. Where assessment was reopened on ground that assessee had booked contrived losses to the extent of Rs. 16.51 lakhs through NMCE platform operated by 'R'. In view of the fact that assessee had treated said sum as income and not loss, reason recorded by Assessing Officer for reopening assessment was palpably incorrect and, thus, impugned re-assessment proceedings were to be quashed [Assessment year 2011-12] [in favour of assessee]

Narendrakumar Mansukhbhai Patel v. ITO [2018] (Gaurat)

The assessee was engaged in trading activities. For the relevant year, the assessee had filed return of income which was accepted by the revenue authorities under section 143(1) without scrutiny. Subsequently, the Assessing Officer received information that one 'R', a commodity trader was indulging in booking contrived losses by utilizing NMCE platform. He further noted, that the assessee had booked such contrived losses to the extent of Rs. 16.51 lakhs through NMCE platform operated by 'R'. He thus initiated reassessment proceedings. According to the assessee, he had never claimed loss of Rs. 16.51 lakhs and, in fact, said figure appearing in his balance sheet was on credit side. The assessee further submitted that he had in fact received said sum of Rs. 16.51 lakhs and not suffered such a loss, as alleged.

Held that since there was nothing on record showing that said sum of Rs. 16.51 lakhs was a loss claimed by the assessee, reason recorded by the Assessing Officer for re-opening assessment was palpably incorrect and, thus, impugned re-assessment proceedings were to be quashed.

3. In order to avail benefit of clause (a) of sub-section (4) of section 72A, maintenance of separate books of account is not mandatory [Assessment year 2008-09]

Principal CIT v. Adani Retail Ltd. [2018] (Gujarat)

In case of the assessee, a demerged company, scheme of demerger was approved by the High Court, and thereupon all assessed properties and liabilities of demerged company were to be transferred to resulting company. At the time of demerger, question of carry-forward losses or unabsorbed depreciation of demerged company to be available to resultant company came up for consideration. The Assessing Officer rejected the claim on the ground that the assessee had not maintained separate accounts, a view which the Commissioner (Appeals) upheld. The tribunal opined that no such requirement arose out of section 72A(4). According to the Tribunal, Section 72A(4) required that explanation of the assessee, on how brought forward loss and unabsorbed depreciation directly relatable to units transferred to resulting company were to be examined on merits and, if no defects were found in same, it was to be accepted.

Held that on facts, the Tribunal rightly concluded that statutory provisions do not command that in order to avail benefit of clause (a) of section 72(4) separate books of account must be maintained. Therefore, the impugned order passed by the Tribunal requiring the Assessing Officer to examine explanation of the assessee on merits, did not require any interference.

Lesson 5

03.01.2017	CIT vs. Dr. Virendra Swaroop Educational Foundation	Allahabad High Court
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Commissioner of Income Tax cannot refuse to renew the approval u/s 80G (5) on account of the fact that for the previous three years, the Assessee has shown surpluses.

Fact of the Case: The assessee-trust is engaged in educational activities. The Commissioner of Income Tax refused to renew the approval of the assessee under Section 80G (5) of the Income Tax Act on account of the fact that for the previous three years, the assessee has shown surpluses and, therefore, the CIT drew the conclusion that the activities of the assessee were in the nature of commercial enterprises and no charitable activity whatsoever was being pursued by the assessee. Being aggrieved by the order of the CIT Appeals dated 27.10.2009, the assessee filed an appeal before the Income Tax Appellate Tribunal 'ITAT' and by the order dated 26.2.2010, the ITAT came to the conclusion that the assessee was entitled to be granted a renewal under Section 80G (5) of the Income Tax Act, 1961. The department preferred an appeal before High Court.

The questions of law sought to be answered are hereunder:

"(i) if the CIT comes to know that activities of the assessee's were not genuinely charitable one, he can cancel the registration in exercise of his powers vested u/s 12AA(3) of the Act and;

(ii) question of genuineness of the charitable trust cannot be examined in assessment proceedings rather can be examined by the CIT and in case it is found, at any stage, that the activities of the trust are not genuine or that there is no element of charity in the activities of the assessee, the CIT can withdraw the registration in exercise of his powers vested u/s 12AA(3) of the Act."

Decision: It has been held that it is necessary for being granted a certificate under Section 80G(5) of the Act that purposes should be charitable. However, from the material available on record, he is unable to show any act of the assessee or any activity of the assessee, which would not amount to a charitable purpose within the meaning of Section 2 (15) of the Income Tax Act, which reads as under :-

"Charitable purpose" includes relief of the poor, education, medical relief, [preservation of environment (including watershed, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest,] and the advancement of any other object of general public utility."

From reading of the above definition, it is abundantly clear that the word education utilised in the section stands independently on its own and to suggest that the word may be confined either to the rich or poor or any other strata of the society is not acceptable. The word education has been used in its widest term. It cannot be confined to any section, indeed education is something which is the birth right of every individual. To confine it to a certain group would not be fair in view of the definition as given in Section 2 (15) of the Income Tax Act and in view of the provisions of Section 10 (23C) of the Income Tax Act.

It is abundantly clear that the assessee was clearly entitled to be granted exemption under Section 80G (5) of the Income Tax Act for the current year as it has been done in the previous year in view of the law and in view of the findings recorded.

Therefore, the questions of law are answered in favour of the assessee.

2017	Citizen Co-operative Society Ltd. v. Asstt. CIT	Supreme Court
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Where assessee society was engaged in activity of finance business and was also engaged in activity of granting loans to general public as well, it could not be termed as co-operative society meant only for providing credit facilities to its members, hence not entitled to deduction under section 80P [Assessment year 2009-10] [In favour of revenue]

Fact of the Case: The assessee/appellant was a co-operative society. For relevant assessment year 2009-10, it was denied the benefit of section 80P on the ground that it was carrying on the banking business for public at large and for all practical purposes it was acting like a co-operative bank governed by the Banking Regulation Act, 1949, and its operations were not confined to its members but to outsiders as well. Hence, the Assessing Officer applied section 80P(4) to deny deduction and was of the view that benefit of deduction, as contemplated under the said provision is, *inter alia*, admissible to those co-operative societies which carry on business of banking or providing credit facilities to its member. It was found that the assessee was catering to two distinct categories of people. The first category is that of resident members or ordinary members. Further, the assessee had carved out another category of 'nominal members'. There are those members who are making deposits with the assessee for the purpose of obtaining loans, etc. and, in fact, they are not members in real sense. Most of the business of the appellant was with this second category of persons who have been giving deposits which are kept in fixed deposits with a motive to earn maximum returns. It is also found that the appellant is engaged in the activity of granting loans to general public as well. All this is done without any approval from the Registrar of the societies. With indulgence is such kind of activity by the appellant, it is remarked by the Assessing Officer that the activity of the appellant is in violation of the co-operative Societies Act. Moreover, it is a co-operative credit society which is not entitled to deduction under section 80P (2)(a)(i) of the Income Tax Act, 1961.

Decision: The Supreme Court by impugned order held that the appellant cannot be treated as a co-operative society meant only for its members and providing credit facilities to its members such a society cannot claim the benefit of section 80P of the Income-tax Act, 1961.

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Illustrations

Lesson 4 Part II

Illustration: Rohit has a house property in Delhi whose particulars are as under:

Municipal value	4,00,000
Standard rent	4,50,000
Municipal taxes paid	50,000
Interest on Money borrowed for acquiring the house	1,60,000
Period of occupation for own residence	2 months
Actual rent for 10 months	45,000 p.m.

Compute the income from house property assuming he has opted for Section 115BAC of the Income tax Act, 1961.

Solution:

Computation of income from house property

Gross annual value shall be higher of following two

(a) Expected rent (Municipal value Rs. 4,00,000 or FRV Rs. 5,40,000 whichever is higher i.e., Rs. 5,40,000 but restricted to standard rent i.e., Rs. 4,50,000)	4,50,000
(b) Actual rent received or receivable (45,000 X 10)	<u>4,50,000</u>
Less: Municipal taxes paid	<u>50,000</u>
Net annual value	4,00,000

Less: Deduction u/s 24

(a) Statutory deduction @ 30%	1,20,000	
(b) Interest on money borrowed for acquisition houses	<u>1,60,000</u>	<u>2,80,000</u>
Income from house property		<u>1,20,000</u>

Illustration: Prakash owns a house property in Delhi which is let out for Rs. 15,000 p.m. The municipal value of which is Rs. 2,00,000 and municipal taxes were 20% of municipal valuation. He paid during the previous year municipal tax of 6 year which relate to past 5 years as well as for the current year. The other expenses of the property were as under:

Repair	8,000
Insurance premium	4,000
Interest for purchase of house	25,000
Ground rent due	4,000

Compute income of Prakash from house property assuming he has opted for section 115BAC of the Income tax Act, 1961.

Solution :

Gross Annual value higher of the following two

(a) Expected rent	2,00,000
(b) Actual rent received or receivable	<u>1,80,000</u>
Therefore, gross annual value	2,00,000
Less Municipal taxes paid	<u>2,40,000</u>
Net annual value	(40,000)
Less Deduction u/s 24	
(a) Statutory deduction @ 30%	Nil
(b) Interest	<u>(25,000)</u>
Income from house property	<u>(65,000)</u>

Lesson 4 Part III

Illustration: Net profit as per profit and loss account of X is Rs. 6,86,000 for the year ending 31st March, 2022. The following information is noted from his accounts:

- (a) Advertisement expenditure debited to profit and loss account include the following:
- (i) Expenditure incurred outside India: Rs. 46,000 (permitted by RBI);
 - (ii) Articles presented by way of advertisement (60 articles cost of each being Rs. 900; and 36 articles cost of each being Rs. 1,700);
 - (iii) Rs 16,000 being cost of advertisement which appeared in a newspaper owned by a political party;
 - (iv) Rs. 11,400 being capital expenditure on advertisement;
 - (v) Rs. 12,000 paid in cash; and
 - (vi) Rs. 7,000 paid to a concern in which X has substantial interest (amount is excessive to the extent of Rs. 1,400).
- (b) Out of salary to employees of Rs. 8,70,000 debited to the profit and loss account:
- (i) Rs. 40,000 is employees' contribution to recognised provident fund, Rs. 37,500 of which is credited in the employees' account in the relevant fund before the 'due date';
 - (ii) Rs. 46,000 is bonus which is paid on 13th November, 2022;
 - (iii) Rs. 36,000 is commission which is paid on 1st December, 2022;
 - (iv) Rs. 20,000 is incentive to workers which is paid on 10th December, 2022;
 - (v) Rs. 40,000 is paid outside India in respect of which tax is not deducted at source;
 - (vi) Rs. 6,000 being capital expenditure for promoting family planning amongst employees; and
 - (vii) Rs. 40,000 being entertainment allowance given to employees.
- (c) Entertainment expenditure debited to profit and loss account is Rs. 9,000. Determine the net income of X for the assessment year 2022-23.

Solution:

Calculation of Net Income of X for Assessment Year 2022-23

Net Profit as per Profit and Loss Account	6,86,000
Add: Inadmissible items:	
Cash paid for advertisement expenses (Note 3)	12000
Cost of advertisement which appeared in a newspaper owned by a political party	16000
Excessive amount paid to a concern in which X has substantial interest	1400
Employee contribution to recognised provident fund (to the extent not credited in the employees' account in the relevant fund before the 'due date')	2500
Bonus being paid to employees after the 'due date' of filing the return	46000
Commission being paid to employees after the 'due date' of filing the return	36000

Salary paid outside India in respect of which tax is not deducted at source	40000
Capital expenditure for promoting family planning amongst employees (allowed only to a corporate assessee)	6000
Capital expenditure on Advertisements	11400
Net Income	8,57,300

Notes:

1. Restrictions on advertisement and entertainment abolished.
2. With the abolition of Section 37(3), which inter alia governed the deductibility of advertising expenses, advertising too has come within the fold of the omnibus Section 37(1) which specifically frowns on capital expenditure. The Himachal Pradesh High Court verdict in Mohan Meakin Breweries Ltd. v. CIT (1979) 118 ITR 101 allowing capital expenditure on advertising therefore has ceased to have the force of law as it was rendered in the context of Section 37(3).
3. Advertisement expenses of Rs. 12,000 (i.e., exceeding the limit of Rs. 10,000) is paid in cash, hence disallowed under section 40A(3).
4. The 'due date' for filing return where the assessee is a person (other than a company) who is required to get his accounts audited under the Income-tax Act or any other law is September 30; and where the assessee is a person deriving income from business and who is not required to get his accounts audited, the 'due date' is July, 31. Under the provisions of Section 43B of the Act - Bonus Rs. 46,000 paid on 13th Nov., 2022 and Commission Rs. 36,000 paid on 1st Dec., 2022 are not admissible since the payments are made after the above mentioned 'due date'.
5. Incentive to workers which is paid on 10th December, 2022 is admissible on 'due basis'

Lesson 4 Part IV

Illustration: State, giving reasons the assessment year for which capital gain is chargeable to tax in the cases given below –

1. K sells a house property to Q as per sale deed dated March 30, 2021. The documents are, however, registered on April 6, 2021.
2. H sells a house property to C as per agreement to sale dated May 6, 2020, A pays the consideration on the same day. The possession is given on June 1, 2020, the sale deed is yet to be registered.
3. V sells shares to M on March, 1, 2020. Transfer deed is signed on the same day. Share certificates are delivered at the time of signing the transfer deed. Shares are, however, transferred in the name of M in the records of the company on May 10, 2020.

Solution:

1. **“Transfer” takes effect** from the date of execution of the sale deed (and not from the date of registration). Therefore in this case transfer takes place during the p/y 2019-20 and, consequently Capital Gain is taxable for the A/Y 2021-22.
2. Even if sale deed is not registered, an immovable property is transferred when the three conditions of section 53A of the Transfer of Property Act are satisfied. The three conditions are satisfied on June 1, 2020. Therefore capital gains is taxable for the A/Y 2021-22.
3. When a movable property is delivered pursuant to a contract to sell, the ownership is transferred. In this case, ownership is transferred on March 1, 2021 and, consequently Gain is taxable for the assessment year 2021-22.

Lesson 4 Part V

Illustration: Mr. Goyal has one factory building along with machines and furniture in Mumbai which has been let out @ Rs. 50,000 p.m. Repair charges of the building is Rs. 7,000 and that of furniture fixtures are Rs. 4,000, insurance premium paid Rs. 3,000 and depreciation is Rs. 27,000. Compute his income under the head other sources.

Solution:

Particulars	Rs.
Gross Rent (50,000 x 12)	6,00,000
Less: Repair of building	7,000
Less: Repair of Furniture and fixtures	4,000
Less: Insurance premium	3,000
Less: Depreciation	27,000
Income under the head Other Sources	5,59,000