



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT EXECUTIVE PROGRAMME NEW SYLLABUS

Tax Laws & Practice

(Part I - Direct Tax)

GROUP 2

PAPER 7

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EXECUTIVE PROGRAMME

NEW SYLLABUS

SUPPLEMENT

FOR

TAX LAWS & PRACTICE

(Part I - Direct Tax)

(Relevant for Students appearing in December, 2023 Examination)

GROUP 2- PAPER 7

Students appearing in December, 2023 Examination shall note the following:

1. For Direct taxes, Finance Act, 2022 is applicable.
2. Applicable Assessment year is 2023-24 (Previous Year 2022-23).

Students are also required to update themselves on all the relevant Rules, Notifications, Circulars, Clarifications, etc. issued by the CBDT & Central Government, on or before 31st May, 2023.

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Lesson 3

Incomes which do not form part of Total Income

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>Pension fund “Ontario Inc” as specified person for Section 10 (23FE) [Notification No. 128 Dated December 28, 2022]</p> <p>The Central Government specifies the pension fund, namely, 1000242244 Ontario Inc. (PAN: AACCZ0457B), (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 the said investments) subject to the fulfillment of the certain condition.</p>	https://income-taxindia.gov.in/communications/notification/notification-128-2022.pdf
2.	<p>CBDT notifies California Public Employees Retirement System Pension Fund u/s 10(23FE) [Notification No. 2 Dated January 25, 2023]</p> <p>The Central Government specifies the pension fund, namely, the California Public Employees Retirement System (PAN: AAATC6038J), 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 fulfillment of the certain conditions.</p>	https://income-taxindia.gov.in/communications/notification/notification-2-2023.pdf
3.	<p>CBDT notifies Insolvency and Bankruptcy Board of India’, New Delhi for the purpose of clause 46 of section 10 [Notification No. 9 Dated March 1, 2023]</p> <p>The Central Government notifies ‘Insolvency and Bankruptcy Board of India’, New Delhi (PAN AAAGI0193K), a Board established by the Central Government, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p>	https://income-taxindia.gov.in/communications/notification/notification-9-2023.pdf
4.	<p>CBDT notifies ‘Karnataka State Building and Other Construction Workers Welfare Board’, Karnataka for the purpose of clause 46 of section 10 [Notification No. 12 Dated March 3, 2023]</p> <p>The Central Government notifies “Karnataka State Building and Other Construction Workers Welfare Board (PAN AAALK0820C)”, a Board constituted by the State Government of Karnataka, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p>	https://income-taxindia.gov.in/communications/notification/notification-12-2023.pdf

5.	<p>CBDT notify ‘Bhadohi Industrial Development Authority’ for Section 10(46) [Notification No. 16 Dated April 1, 2023]</p> <p>The Central Government notifies ‘Bhadohi Industrial Development Authority’, (PAN AAALB0141M), an Authority constituted by the state government of Uttar Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Bhadohi Industrial Development Authority” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	https://income-taxindia.gov.in/communications/notification/notification-no-16-of-2023.pdf
6.	<p>CBDT notify ‘Greater Noida Industrial Development Authority’ for Section 10(46) [Notification No. 18 Dated April 10, 2023]</p> <p>The Central Government notifies ‘Greater Noida Industrial Development Authority’, (PAN AAALG0129L), an Authority constituted by the State Government of Uttar Pradesh, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Authority subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Greater Noida Industrial Development Authority” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	https://income-taxindia.gov.in/communications/notification/notification-18-2023.pdf
7.	<p>CBDT notify ‘Central Board of Secondary Education’ for Section 10(46) [Notification No. 19 Dated April 10, 2023]</p> <p>The Central Government notifies ‘Central Board of Secondary Education’, Delhi (PAN AAAAC8859Q), a Board constituted by the Central Government, for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 in respect of the certain specified income arising to that Board subject to fulfilment of certain conditions.</p> <p><i>Accordingly, “Central Board of Secondary Education” can claim exemption u/s 10(46) of certain specified income subject to fulfilment of certain conditions.</i></p>	https://income-taxindia.gov.in/communications/notification/notification-19-2023.pdf
8.	<p>Pune Metropolitan Region Development Authority notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 25 Dated May 10, 2023]</p> <p>The Central Government notifies ‘Pune Metropolitan Region Development Authority’(PAN AAALP1603L), an Authority constituted by the state government of Maharashtra, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions.</p> <p><i>Accordingly, Pune Metropolitan Region Development Authority’ can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.</i></p>	https://income-taxindia.gov.in/communications/notification/notification-25-2023.pdf

9.	<p>Food Safety and Standards Authority of India notified u/s 10(46) of the Income tax Act, 1961 [Notification No. 26 Dated May 10, 2023]</p> <p>The Central Government notifies 'Food Safety and Standards Authority of India', New Delhi (PAN AAAGF0023K), an Authority established by the Ministry of Health and Family Welfare, Government of India,, for the purposes of the clause (46) of section 10 of the Income-tax Act, 1961, in respect of the certain specified income arising to that Authority subject to fulfilment of certain specified conditions.</p> <p><i>Accordingly, Food Safety and Standards Authority of India' can claim exemption u/s 10(46) of the Income tax Act, 1961 by fulfilling certain specified conditions.</i></p>	<p>https://income-taxindia.gov.in/communications/notification/notification-26-2023.pdf</p>
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Lesson 6

Profits and Gains from Business and Profession

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>Clarification for the purposes of clause (c) of Section 269ST of the Income-tax Act, 1961 in respect of dealership/distributorship contract in case of Co-operative Societies [Circular No. 25 Dated December 30, 2022]</p> <p>Section 269ST inter-alia prohibits receipt of an amount of two lakh rupees or more (hereinafter referred to as 'the prescribed limit ') by a person, in the circumstances specified therein, through modes other than by way of an account payee cheque or an account payee bank draft or use of electronic clearing system through a bank account or through such other electronic mode as may be prescribed.</p> <p>References have been received in respect of Milk Producers' Cooperative as to whether under the provisions of Section 269ST of the Act, receipt(s) in cash in a day of bank holiday/closure of bank day within 'the prescribed limit' from a distributor against sale of milk when payments were through bank on all other days is to be considered as a single transaction or whether all such receipts in cash in a previous year would be aggregated in respect of transactions with a distributor to treat it as one event or occasion.</p> <p>it is clarified that in respect of Co -operative Societies, a dealership/ distributorship contract by itself may not constitute an event or occasion for the purposes of clause (c) of Section 269ST. Receipt related to such a dealership/distributorship contract by the Co-operative Society on any day in a previous year, which is within 'the prescribed limit' and complies with clause (a) as well as clause (b) of Section 269ST, may not be aggregated across multiple days for purposes of clause (c) of Section 269ST for that previous year.</p>	<p>https://incometaxindia.gov.in/communications/circular/circular-25-2022.pdf</p>
2.	<p>Indian Institute of Science Education and Research, Tirupati notified as 'Scientific Research' for Section 35 [Dated January 16, 2023]</p> <p>The Central Government approves 'Indian Institute of Science Education and Research, Tirupati (PAN: AAAAI9820P)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) 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.</p>	<p>https://incometaxindia.gov.in/communications/notification/notification-so-270.pdf</p>
3.	<p>CBDT approves 'National Institute of Design' as 'Scientific Research' for Section 35(1)(ii) [Notification No. 23 Dated April 21, 2023]</p> <p>The Central Government approves 'National Institute of Design, Ahmedabad (PAN: AAATN1137D)' under the category of 'University, College or Other Institution' for 'Scientific Research' for the purposes of clause (ii) 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.</p>	<p>https://incometaxindia.gov.in/communications/notification/notification-23-2024.pdf</p>

Lesson 7

Capital Gains

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)			
1.	Cost Inflation Index for FY 2023-24 [Notification No. 21 Dated April 10, 2023] <table><tr><td>Cost Inflation Index</td><td>FY 2023-24</td><td>348</td></tr></table>	Cost Inflation Index	FY 2023-24	348	https://incometaxindia.gov.in/communications/notification/notification-21-2023.pdf
Cost Inflation Index	FY 2023-24	348			

Lesson 8

Income from Other Sources

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>Income tax rules amended for accurate computation of tax on winnings from online gaming [Notification No. 28 Dated May 22, 2023]</p> <p>Central Board of Direct Taxes (CBDT) has amended Income Tax rules to streamline and standardize the calculation and reporting of winnings from online gaming to improve tax compliance.</p> <p>The Income Tax (Fifth Amendment) Rules, 2023, notified by the direct tax authority, specifies a formula for computing the net winnings from online games in a financial year which is liable to a 30% income tax.</p> <p>The new rule said that net taxable winning in a year would be the difference between the sum of amount withdrawn from the user account and the closing balance and the sum of non- taxable deposits made in the user account and the opening balance.</p> <p>The rule also prescribes formulas for tax to be deducted at source (TDS) at various stages such as first and subsequent withdrawals from the user account. The new rules also define terms like non-taxable deposit in the user account such as borrowed amounts deposited in it. The rules also define the taxability of bonus, referral bonus and incentives etc.</p>	https://incometaxindia.gov.in/communications/notification/notification-28-2023.pdf
2.	<p>CBDT notifies Persons exempt from the provisions related to ‘Angel Tax’ [Notification No. 29 Dated May 24, 2023]</p> <p>The Finance Act 2023 has enhanced the scope of section 56(2)(viib) to make it applicable to share application money/premium received from any person, regardless of residential status. Further, Proviso to section 56(2)(viib) gives power to the Central Government to notify class or classes of persons to whom the provisions of said section shall not apply. In the exercise of the power, the CBDT has notified the following class or classes of persons:</p> <ol style="list-style-type: none"> i. The Government and Government related investors such as central banks, sovereign wealth funds, international or multilateral organizations or agencies, including entities controlled by the Government or where direct or indirect ownership of the Government is 75% or more; ii. Banks or Entities involved in Insurance Business where such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident; iii. Any of the following entities, which is a resident of any country or specified territory, and such entity is subject to applicable regulations in the country where it is established or incorporated or is a resident: <ul style="list-style-type: none"> • Entities registered with SEBI as Category-I Foreign Portfolio Investors; 	https://incometaxindia.gov.in/communications/notification/notification-29-2023.pdf

	<ul style="list-style-type: none"> • Endowment funds associated with a university, hospitals or charities; • Pension funds created or established under the law of the foreign country or specified territory; • Broad-Based Pooled Investment Vehicle or fund where the number of investors in such vehicle or fund is more than 50, and such fund is not a hedge fund or a fund which employs diverse or complex trading strategies <p>The board has notified 21 Countries/Specified Territories for point (iii).</p>	
3.	<p>CBDT amends the provisions of the ‘Angel Tax’ that are not applicable to start-ups recognised by DPIIT [Notification No. 30 Dated May 24, 2023]</p> <p>The CBDT amends the provisions of section 56(2)(viib) of the Income Tax Act, 1961 (“the IT Act”) as per which the provision shall not apply to the consideration received by a company for the issue of shares that exceeds the face value of such shares, if the said consideration has been received from any person, by a company which fulfils the conditions specified in Para 4 of the Notification No. G.S.R. 127(E), dated February 19, 2019 issued by the Ministry of Commerce and Industry in the Department for Promotion of Industry and Internal Trade.</p>	https://incometaxindia.gov.in/communications/notification/notification-30-2023.pdf
4.	<p>CBDT amends income tax rules; to expand tax exemption for public sector shares [Notification No. 35 Dated May 31, 2023]</p> <p>The Central Board of Direct Taxes (CBDT) has amended the income tax rules to facilitate strategic disinvestment of public sector companies by expanding the scope of a tax exemption on shares received below fair market value.</p> <p>As per the Income-tax (Eighth Amendment) Rules, 2023, any person receiving shares from a public sector company below their fair market value is exempt from the purview of section 56(2)(x) of the Income Tax Act, 1961 that makes such discounted share issues taxable in the hands of the recipient. At present, this exemption applies to shares received by a person from the central or state government under strategic disinvestment.</p> <p><i>The amended provision makes the exemption applicable to "any movable property, being equity shares, of a public sector company or a company, received by a person from a public sector company or the Central Government or any State Government under strategic disinvestment." The rule change effectively expands the scope of the tax exemption.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-35-2023.pdf
5.	<p>Income Tax department issues new guidelines on online gaming taxes [Circular No. 5 Dated May 22, 2023]</p> <p>The Income Tax Department issued guidelines for the removal of difficulties in dealing with winnings from online games. According to the guidelines, anyone who is responsible for paying to anyone else any income by way of winnings from any online game during the financial year must deduct income tax on the net winnings from the person’s user account. Also, tax is required to be deducted at the time of withdrawal as well as at the end of the financial year.</p> <p>Multiple Wallets Talking about multiple wallets under one user, CBDT said the main account must include every account of the user and will be registered with an online gaming intermediary. This</p>	https://incometaxindia.gov.in/communications/circular/circular-5-2023.pdf

<p>wallet is where any taxable deposit, non-taxable deposit or the winning of the user is credited, and withdrawal by the user is debited. However, one deductor with multiple platforms must calculate the tax required to be deducted for each platform separately. Further, the notice clarified that self-transfer between a user's multiple accounts on the same platform shall not be considered a withdrawal or deposit.</p> <p>Bonus</p> <p>The CBDT noted that any deposit in the form of a bonus, referral bonus, incentives, etc, would form part of net winnings and is liable for tax to be deducted at the time of withdrawal as well as at the end of the financial year. For non-taxable deposits, CBDT said it's necessary that the amount deposited by the user is not taxable — it's from already taxed income or not tax-chargeable. In a case where the user borrows the money and deposits it in his user account, it will be considered a non-taxable deposit.</p> <p>Withdrawal of a small amount</p> <p>If the withdrawal amount is very small, the tax will not be deducted if the net winnings or part of the amount withdrawn do not exceed Rs 100 per month. However, the tax will be deducted when the net winnings from withdrawal exceed Rs 100 in the same month or a subsequent month, or if there is no such withdrawal, at the end of the financial year.</p>	
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Lesson 11

Computation of Total Income and Tax Liability of various Entities

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>Section 80G Provisional Approval is Effective from the Relevant AY of the Application Year [Notification No. 34 Dated May 30, 2023]</p> <p>The Central Board of Direct Taxes (CBDT) has notified an amendment to rule 11AA. The amendment provides that in case of an application made for the grant of provisional approval under section 80G, the provisional approval shall be effective from the assessment year relevant to the previous year in which such application is made.</p> <p>Earlier, Rule 11AA provided that the approval for the provisional registration would be effective from the date of provisional order.</p>	<p>https://incometaxindia.gov.in/communications/notification/notification-34-2023.pdf</p>

Lesson 12

Classification and Tax Incidence on Companies

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>CBDT notifies Centralised Processing of Equalisation Levy Statement Scheme 2023 [Notification No. 3 Dated February 7, 2023]</p> <p>The Central Board of Direct Taxes (CBDT) has notified the Centralised Processing of Equalisation Levy Statement Scheme, 2023. This Scheme is applicable in respect of the processing of the Equalisation Levy Statements. The scheme provides that the Centralised Processing Centre (CPC) shall process a valid Equalisation Levy Statement in the following manner:</p> <ul style="list-style-type: none">a) Equalization levy shall be computed after adjusting for any arithmetical error in the Equalisation Levy Statement.b) Interest (if any) shall be computed based on the sum deductible or payable as computed in the Equalisation Levy Statement;c) The sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the amount computed under sections 166(2)(b), 166A, 170, and any amount paid otherwise by way of tax or interest;d) No intimation shall be sent, after the expiry of one year from the end of the financial year in which the Equalisation Levy Statement or revised Equalisation Levy Statement is furnished.e) If a revised Equalisation Levy Statement is furnished, the CPC shall process only the revised Equalisation Levy Statement and no further action shall be taken on the original Equalisation Levy Statement. <p>Scheme also provides that no assessee shall be required to appear personally or through an authorized representative before CPC in connection with any proceedings. Written or electronic communication in the format specified by CPC shall be sufficient compliance with the query or clarification received from CPC.</p>	<p>https://incometaxindia.gov.in/communications/notification/notification-3-2023.pdf</p>

Lesson 13

Procedural Compliance

Sr. No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	<p>Addendum to Notification 2 of 2021: Format, Procedure and Guidelines for submission of Statement of Financial Transactions (SFT) for Interest income (Abolishing of limit of Rs. 5000) [Notification No. 1 Dated January 5, 2023]</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 interest income as per which the information is to be reported for all account/deposit holders where cumulative interest exceeds Rs. 5,000 per person in the financial year.</p> <p><i>The limit has been modified and may be read the information is to be reported for all account/deposit holders where any interest exceeds zero per account in the financial year excluding Jan Dhan Accounts". Accordingly the limit of Rs. 5000 has been abolished.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-1-2023-systems.pdf
2.	<p>Income-tax (Fourth Amendment) Rules, 2023 - Last date for linking of PAN-Aadhaar extended [Notification No. 15 Dated March 28, 2023]</p> <p>In order to provide some more time to the taxpayers, the date for linking PAN and Aadhaar has been extended to 30th June, 2023, whereby persons can intimate their Aadhaar to the prescribed authority for Aadhaar-PAN linking without facing repercussions.</p> <p>Under the provisions of the Income-tax Act, 1961(the 'Act') every person who has been allotted a PAN as on 1st July, 2017 and is eligible to obtain Aadhaar Number, is required to intimate his Aadhaar to the prescribed authority on or before 31st March, 2023, on payment of a prescribed fee. Failure to do so shall attract certain repercussions under the Act w.e.f. 1st April, 2023. The date for intimating Aadhaar to the prescribed authority for the purpose of linking PAN and Aadhaar has now been extended to 30th June, 2023.</p>	https://income taxindia.gov.in/communications/notification/notification-15-2023.pdf
3.	<p>Consequences of PAN becoming inoperative as per the newly substituted rule 114AAA [Circular No. 3 Dated March 28, 2023]</p> <p>It is hereby clarified that a person who has failed to intimate the Aadhaar number in accordance with section 139AA of the Income-tax Act, 1961 (the Act) read with rule 114AAA shall face the following consequences as a result of his PAN becoming inoperative:</p> <ul style="list-style-type: none"> (i) refund of any amount of tax or part thereof, due under the provisions of the Act shall not be made to him; (ii) interest shall not be payable to him on such refund for the period, beginning with the date specified under sub-rule (4) of rule 114AAA and ending with the date on which it becomes operative; 	https://income taxindia.gov.in/communications/circular/circular-03-2023.pdf

	<p>(iii) where tax is deductible under Chapter XVJJ-B in case of such person, such tax shall be deducted at higher rate, in accordance with the provisions of section 206AA;</p> <p>(iv) where tax is collectible at source under Chapter XVJJ-BB in case of such person, such tax shall be collected at higher rate, in accordance with the provisions of section 206CC.</p> <p>These consequences shall take effect from 1st July, 2023 and continue till the PAN becomes operative. A fee of Rs. 1000 will continue to apply to make the PAN operative by intimating the Aadhaar number.</p> <p>The consequences of PAN becoming inoperative shall not be applicable to those persons who have been provided exemption from intimating Aadhaar number under the provisions of sub-section (3) of section 139AA of the Act.</p>	
4.	<p>CBDT notifies TDS u/s 194A applicable to Scheme of Mahila Samman Savings Certificate, 2023 [Notification No. 27 Dated May 16, 2023]</p> <p>The Central Board of Direct Taxes (CBDT) notified that the Scheme of Mahila Samman Savings Certificate, 2023 will be covered under Tax Deduction at Source (TDS) under Section 194A(1)(3)(a) of the Income Tax Act, 1961. The Section 194A covers Interest other than Interest on Securities.</p> <p><i>Accordingly, TDS will be applicable to the interest earned on the Mahila Samman Savings Scheme.</i></p>	https://incometaxindia.gov.in/communications/notification/notification-27-2023.pdf