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भारतीय कम्पनी सचिव संस्थान

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SUPPLEMENT PROFESSIONAL PROGRAMME (NEW SYLLABUS)

for

June, 2021 Examination

DIRECT TAX LAW AND PRACTICE

MODULE 3

PAPER 9.5

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**PROFESSIONAL PROGRAMME
(NEW SYLLABUS)
SUPPLEMENT
FOR
DIRECT TAX LAW & PRACTICE**

(Relevant for Students appearing in June, 2021 Examination)

MODULE 3- ELECTIVE PAPER 9.5

Students appearing in June, 2021 Examination shall note that Finance Act, 2020 is applicable. Applicable Assessment year is 2021-22 (Previous Year 2020-21).

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 six months prior to the date of the examination.

Sr. No.	Lesson No.	Amendments to Regulations /Rules /Act /Circular /Notification	Weblink (For Details)
1.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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 furnish the following:</p> <ul style="list-style-type: none"> • disclosure pertaining tax deducted at lower rate is also inserted • 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). • 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. 	https://www.incometaxindia.gov.in/communications/notification/notification_43_2020.pdf
2.	Lesson 1 An Overview of Income Tax Act, 1961	<p>Notification of Harmonised Master List of Infrastructure Sub-sectors for the purposes of section 10(23FE) of the Income-tax Act, 1961 [Notification No. 44/2020 Dated July 6, 2020]</p> <p>The Central Government hereby specifies business, for the purposes of item (b) of sub-clause (iii) of clause (23FE) of section 10 of the Income-tax Act, 1961, to be the business which is engaged in the infrastructure sub-sectors mentioned in Updated Harmonised Master List of Infrastructure Sub-sectors in the notification of the Government of India in the Ministry of Finance, Department of Economic Affairs, published in Gazette of India, dated 13th August, 2018.</p> <p>The reference to the infrastructure sub-sectors in the said Harmonised Master List of Infrastructure Sub-sectors shall not include the business already provided in the said item (b).</p> <p>This notification shall come into force from the 1st day of April, 2021 and shall be applicable for assessment year 2021-22 and subsequent assessment years.</p>	https://www.incometaxindia.gov.in/communications/notification/notification_44_2020.pdf
3.	Lesson 1 An Overview of Income Tax Act, 1961	<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 income arising to that Authority subject to certain conditions.</p> <p>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.</p>	https://www.incometaxindia.gov.in/communications/notification/notification_49_2020.pdf

4.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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>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.</p>	https://www.incometaxindia.gov.in/communications/circular/circular_14_2020.pdf
5.	Lesson 1 An Overview of Income Tax Act, 1961	<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>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. 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.</p>	https://www.incometaxindia.gov.in/communications/circular/circular_15_2020.pdf
6.	Lesson 1 An Overview of Income Tax Act, 1961	<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>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.</p>	https://www.incometaxindia.gov.in/communications/notification/notification_50_2020.pdf
7.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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. The following amendment has been made in the Income-tax Rules, 1962.</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 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)</p>	https://abcaus.in/wp-content/uploads/2020/07/cbdt-notification-2.pdf

		<p>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 sub- section (1F) or, sub-section (1G) or, sub-section (1H) of section 206C, 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>	
8.	<p>Lesson 9</p> <p>TDS/TCS, Returns, Refund & Recovery</p>	<p>Income-tax (18th Amendment) Rules, 2020 [Notification No. 55 Dated July 28, 2020]</p> <p>The Central Board of Direct Taxes on the 28th July, 2020 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> <p>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>	<p>https://www.incometaxindia.gov.in/communications/notification/notification_55_2020.pdf</p>
9.	<p>Lesson 9</p> <p>TDS/TCS, Returns, Refund & Recovery</p>	<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. In the said scheme, the word “E-assessment” has been replaced with the word “Faceless Assessment”.</p> <p>The detailed scheme and procedure are available at weblink: http://www.egazette.nic.in/WriteReadData/2020/221089.pdf</p>	<p>http://www.egazette.nic.in/WriteReadData/2020/221089.pdf</p>
10.	<p>Lesson 9</p> <p>TDS/TCS,</p>	<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 place mentioned in</p>	<p>https://www.incometaxindia.gov.in/communications/notification/notification_55_2020.pdf</p>

	Returns, Refund & Recovery	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.	ons/notification/notification_64_2020.pdf
11.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	Notification No. 65/2020 dated August 13, 2020 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.	https://www.incometaxindia.gov.in/communications/notification/notification_65_2020.pdf
12.	Lesson 1 An Overview of Income Tax Act, 1961	Income Tax 20th Amendment Rules 2020 [Notification No. 67/2020 Dated August 17, 2020] 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: <ul style="list-style-type: none"> • after rule 2DA, the rules “2DB” shall be inserted which specify Other conditions to be satisfied by the pension fund. • 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. 	https://www.incometaxindia.gov.in/communications/notification/notification_67_2020.pdf
13.	Lesson 4 PGBP	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] Central Board of Direct Taxes 'CBDT' vide its Circular No. 16/2020 Dated August 30, 2020 advised banks to refund all the charges which they collect on digital transaction on and after 1st January 2020. Also, advised to banks not collect any such charges on transaction due to new section 269SU of Income tax Act, 1961.	https://www.incometaxindia.gov.in/communications/circular/circular-16-2020.pdf
14.	Lesson 1 An Overview of Income Tax Act, 1961	Notification No. 73/2020 [Dated September 10, 2020] 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. 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.	https://www.incometaxindia.gov.in/communications/notification/notification_73_2020.pdf
15.	Lesson 1 An Overview of Income	Notification No. 74/2020 [Dated September 11, 2020] The Central Government hereby notifies the Infrastructure Debt Fund namely, the 'L&T Infra Debt Fund (PAN: AACCL4493R)' for the	https://www.incometaxindia.gov.in/communications/notification/

	Tax Act, 1961	<p>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>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.</p>	notification 74 2020.pdf
16.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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 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>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.</p>	https://www.incometaxindia.gov.in/communications/notification/notification_75_2020.pdf
17.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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
18.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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 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],</p>	https://www.incometaxindia.gov.in/communications/notification/notification_77_2020.pdf

		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] 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.	
19.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<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>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.</p>	https://www.incometaxindia.gov.in/communications/circular/circular_17_2020.pdf
20.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<p>Clarification on doubts arising on account of new TCS provisions (PIB September 30, 2020)</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>	https://pib.nic.in/PressReleasePage.aspx?PRID=1660392
21.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<p>Income tax (22nd Amendment) Rules, 2020 (October 1, 2020)</p> <p>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:</p> <ul style="list-style-type: none"> • Rule 21AG- Exercise of option under sub-section (5) of section 115BAC • Rule 21AH- Exercise of option under sub-section (5) of section 115BAD • 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 • FORM No. 10-IF- Application for exercise of option under sub-section (5) of Section 115BAD of the Income-tax Act, 1961. 	https://www.incometaxindia.gov.in/communications/notification/notification_82_2020.pdf
22.	Lesson 11 International Taxation –	<p>Notification No. 83 (October 19, 2020)</p> <p>The Central Government vide Notification No. 83 Dated October 19, 2020 notifies that where the variation between the arm's length</p>	https://www.incometaxindia.gov.in/communications/notification/

	An Overview	price determined under section 92C of the Income tax Act, 1961 and the price at which the international transaction or specified domestic transaction has actually been undertaken does not exceed 1% of the latter in respect of wholesale trading and 3% of the latter in all other cases, the price at which the international transaction or specified domestic transaction has actually been undertaken shall be deemed to be the arm's length price for assessment year 2020-2021.	notification 83 2020.pdf
23.	Lesson 9 TDS/TCS, Returns, Refund & Recovery	<p>Equalisation levy (Amendment) Rules, 2020 (Notification No. 87 Dated October 28, 2020)</p> <p>CBDT has made the Equalisation levy (Amendment) Rules, 2020 to amend the Equalisation levy Rules, 2016 as follows:</p> <ol style="list-style-type: none"> Definition of “electronic verification code” is added to definition Rules 2 by inserting a new clause (aa): <i>“electronic verification code” 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.</i> Rounding off rules amended: The heading of Rule 3 is amended to exclude the words “for specified services”. 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. 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. 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. 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. Amendment related to Appeals: An e-commerce operator is also allowed to file an appeal before the CIT(A) as per Rule 8. Amendment related to ITAT Appeals: An e-commerce operator is also allowed to file an appeal before the ITAT as per Rule 9. Substitution of Forms: For the execution of amended 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. 	https://www.incometaxindia.gov.in/communications/notification/notification_87_2020.pdf
24.	Lesson 1 An Overview	<p>Notification No. 89 [Dated November 02, 2020]</p> <p>The Central Government hereby specifies the sovereign wealth fund,</p>	https://www.incometaxindia.gov.in/communications/notification/notification_89_2020.pdf

	<p>of Income Tax Act, 1961</p>	<p>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.</p> <p>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.</p>	<p>ons/notification/notification_no_89_2020.pdf</p>
25.	<p>Lesson 2</p> <p>Income under the head Salary</p>	<p>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)</p> <p>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.</p> <p>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. 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.</p>	<p>https://www.incometaxindia.gov.in/Lists/Press%20Releases/Attachments/870/Press-Release-IT-Exemption-for-payment-of-deemed-LTC-dated-29-10-2020.pdf</p>