

## Executive Summary of Finance Bill, 2014-Direct Taxes

\* The applicable date being 01.04.2015 denotes the amendment is applicable w.e.f. A.Y. 2015-16

CLAUSE NO. OF FINANCE BILL	SECTION	NEW LAW	APPLICABLE w.e.f.*	BRIEF OF AMENDMENT
2		Tax Slabs Changes for Individual, HUF, AOP & BOI: i) For Individual age less than 60 years – Rs. 2.50 Lacs from Rs. 2.00 lacs ii) For Individual age 60 years or More but less than 80 years – Rs. 3.00 Lacs from Rs. 2.50 lacs iii) For Individual 80 years or More Rs. 5,00 lacs – Same	01.04.2014	Slab increase by Rs. 50,000/-
3	Section 2(13A)	<b>“business trust” means a trust registered as an Infrastructure Investment Trust or a Real Estate Investment Trust, the units of which are required to be listed on a recognised stock exchange, in accordance with the regulations made under the Securities Exchange Board of India Act, 1992 and notified by the Central Government in this behalf;</b>	01.10.2014 <b>[Newly inserted]</b>	Open new form of ventures namely, Real Estate Investment Trust (REIT) & Infrastructure Investment Trust (Invit).  The income-investment model of such REITs and Invits ( <i>referred to as business trusts</i> ) has the following distinctive elements: i. raise capital by way of issue of units ( <i>to be listed on a recognised stock exchange</i> ) and can also raise debts directly both from resident as well as non-resident investors; ii. the income bearing assets would be held by the trust by acquiring controlling or other specific interest in an

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				Indian company (SPV) from the sponsor.
3	Amendment in Section 2(14)	<p><del>"capital asset" means property of any kind held by an assessee, whether or not connected with his business or profession, but does not include—</del></p> <p><del>(i) any stock in trade</del></p> <p><b><u>"capital asset" means—</u></b></p> <p><b><u>(a) property of any kind held by an assessee, whether or not connected with his business or profession;</u></b></p> <p><b><u>(b) any securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992,</u></b></p>	01.04.2015	<p>Presently, the expression 'capital asset' means any assets other than stock in trade.</p> <p>Definition of capital assets is proposed to be amended to include:</p> <p>i) property of any kind held by an assessee whether or not connected with his business or profession but does include any Stock in Trade.</p>

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		<p><b><u>but does not include—</u></b></p> <p><b>(i) any stock-in-trade [other than the securities referred to in sub-clause (b)], consumable stores or raw materials held for the purposes of his business or profession;</b></p>		<p>ii) Any Securities held by a Foreign Institutional Investor which has invested in such securities in accordance with the regulation of SEBI.</p> <p>As a result of amendment, it is clarified that Income arising to FII would be in the nature of Capital Gain and not PGBP.</p>
5	<p>Amendment in Explanation to Section 10(23C) (iiiac)</p> <p>Eighteenth Proviso &amp; Explanation to Section 10(23C)</p>	<p>Explanation.—For the purposes of sub-clauses (iiiab) and (iiiac), any university or other educational institution, hospital or other institution referred therein, shall be considered as being substantially financed by the Government for any previous year, if the Government grant to such university or other educational institution, hospital or other institution exceeds such percentage of the total receipts including any voluntary contributions, as may be prescribed, of such university or other educational institution, hospital or other institution, as the case may be, during the relevant previous year</p> <p>Provided also that where the fund or institution referred to in sub-clause (iv) or the trust or institution referred to in sub-clause (v) has been notified by the Central Government or approved by the prescribed authority, as the case may be, or any university or other educational institution referred to in sub-clause (vi) or any hospital or other medical institution</p>	01.04.2015	<p>Under the existing provisions, the phrase “substantially financed by the Government” has not been defined which leads to litigation.</p> <p>Therefore, it is proposed to insert an Explanation that :</p> <p><b><i>if the Government grant to a university or other educational institution, hospital or other institution during the relevant previous year exceeds a percentage (to be prescribed) of the total receipts (including any voluntary contributions), of such university or other educational institution, hospital or other institution, as the case may be, then such university or other educational</i></b></p>

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	<p>Section 10(23FC)</p>	<p>referred to in sub-clause (via), has been approved by the prescribed authority, and the notification or the approval is in force for any previous year, then, nothing contained in any other provision of this section [other than clause (1) thereof] shall operate to exclude any income received on behalf of such fund or trust or institution or university or other educational institution or hospital or other medical institution, as the case may be, from the total income of the person in receipt thereof for that previous year.</p> <p>Explanation.—In this clause, where any income is required to be applied or accumulated, then, for such purpose the income shall be determined without any deduction or allowance by way of depreciation or otherwise in respect of any asset, acquisition of which has been claimed as an application of income under this clause in the same or any other previous year.</p>	<p>01.04.2015 [Newly inserted]</p>	<p><i>institution, hospital or other institution shall be considered as being substantially financed by the Government for that previous year.</i></p>
	<p>Section 10(23FD)</p>	<p>any income of a business trust by way of interest received or receivable from a special purpose vehicle.</p> <p>Explanation.—For the purposes of this clause, the expression “special purpose vehicle” means an Indian company in which the business trust holds controlling interest and any specific percentage of shareholding or interest, as may be required by the regulations under which such trust is granted registration</p>	<p>01.04.2015 [Newly inserted]</p>	
	<p>Amendment in Section 10(38)</p>	<p>any distributed income, referred to in section 115UA, received by a unit holder from the business trust, not being that proportion of the income which is of the same nature as the income referred to in clause (23FC)</p>	<p>01.04.2015 [Newly inserted]</p>	

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		<p>any income arising from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund <b><u>or a unit of a business trust</u></b> where—</p> <p><b><u>After the proviso but before the Explanation, the following proviso shall be inserted</u></b>  <b>Provided further</b> that the provisions of this clause shall not apply in respect of any income arising from transfer of units of a business trust which were acquired in consideration of a transfer referred to in clause (xvii) of section 47.</p>	01.04.2015	
6, 12	<p>Section 10AA(10) Explanation 1</p> <p>Amendment in Section 35AD</p>	<p>Where a Deduction under this Section is claimed in respect of Profit of any of the Specified business referred to in clause (c) of sub Section (8) of Section 35AD , for any AY , no deduction shall be allowed under the provision of Section 35AD in relation to such specified business for the same or any other Assessment year.</p> <p>(3) Where a deduction under this section is claimed and allowed in respect of the specified business for any assessment year, no deduction shall be allowed under the provisions of <b><u>Section 10AA and</u></b> Chapter VI-A under the heading “C.—Deductions in respect of certain incomes” in relation to such specified business for the same or any other assessment year.</p> <p>(5)(ah) on or after the 1st day of April, 2012, where the specified business is in the nature of setting up and</p>	<p>01.04.2015 [Newly inserted]</p> <p>01.04.2015</p> <p>01.04.2015 [Newly inserted]</p>	<p>Deduction in respect of capital expenditure on specified business.</p> <ul style="list-style-type: none"> <li>▪ <u>No deduction shall be allowed U/s 35AD (8)(c)</u> in respect of the specified business claimed deduction u/s 10AA for same or any other A.Y.</li> <li>▪ Two new businesses are added in the list of specified business u/s 35AD(8)(c) namely: <ul style="list-style-type: none"> <li>- laying &amp; operating a slurry pipeline for the transportation of iron ore;</li> <li>- setting up and operating a</li> </ul> </li> </ul>

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		<p>operating a warehousing facility for storage of sugar; <del>and</del></p> <p><b><u>(ai) on or after the 1st day of April, 2014, where the specified business is in the nature of laying and operating a slurry pipeline for the transportation of iron ore;</u></b></p> <p><b><u>(aj) on or after the 1st day of April, 2014, where the specified business is in the nature of setting up and operating a semi-conductor wafer fabrication manufacturing unit, and which is notified by the Board in accordance with such guidelines as may be prescribed; and</u></b></p> <p><b>(7A) Any asset in respect of which a deduction is claimed and allowed under this section shall be used only for the specified business, for a period of eight years beginning with the previous year in which such asset is acquired or constructed.</b></p> <p><b>(7B) Where any asset, in respect of which a deduction is claimed and allowed under this section, is used for a purpose other than the specified business during the period specified in sub-section (7A), otherwise than by way of a mode referred to in clause (vii) of section 28, the total amount of deduction so claimed and allowed in one or more previous years, as reduced by the amount of depreciation allowable in accordance with the provisions of section 32, as if no deduction under this section was allowed, shall be deemed to be the income of the assessee chargeable under the head “Profits and gains of business or profession” of the</b></p>	<p style="text-align: center;">01.04.2015 [Newly inserted]</p> <p style="text-align: center;">01.04.2015 [Newly inserted]</p>	<p>semi-conductor wafer fabrication manufacturing unit notified by the Board in accordance with such guidelines as may be prescribed.</p> <ul style="list-style-type: none"> <li>▪ Specified Assets should be used at least for 8 years for specified purpose.</li> <li>▪ Amount of Deduction allowable u/s 35AD is chargeable under PGBP if specified Assets are not used for specified purpose during specified period of 8years subject to depreciation to be allowed.</li> <li>▪ The provisions of Section 7B not apply to company become Sick Company during specified period of 8 years.</li> </ul>
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		<p>previous year in which the asset is so used.</p> <p><b>(7C) Nothing contained in sub-section (7B) shall apply to a company which has become a sick industrial company under sub-section (1) of section 17 of the Sick Industrial Companies (Special Provisions) Act, 1985, during the period specified in sub-section (7A).</b></p> <p><b>(8)(c)(xii) laying and operating a slurry pipeline for the transportation of iron ore;</b></p> <p><b>(xiii) setting up and operating a semi-conductor wafer fabrication manufacturing unit notified by the Board in accordance with such guidelines as may be prescribed</b></p>	<p>01.04.2015 [Newly inserted]</p> <p>01.04.2015 [Newly inserted]</p>	
<p>7 (also refer clause 5 above)</p>	<p>Section 11(6) &amp; (7)</p>	<p>(6)In this Section where any income is required to be applied or accumulated or set apart for application then- for such purpose the income shall be determined without any deduction or allowances by way of depreciation or otherwise in respect of any assets, acquisition of which has been claimed as an application of income under this section in the same or any other previous year.</p> <p>7) Where a trust registered u/s 12AA (1) (b) or has been obtained registration at any time u/s 12A – and same registration is in force for any previous year then nothing contained in section 10 (other than clause (1) and clause 23(C) thereof) shall operate to exclude any income derived from the property held under trust from the total Income of the person in receipts thereof</p>	<p>01.04.2015 [Newly inserted]</p>	<p>Under the existing provisions and judicial pronouncements, the trusts or institutions claim double benefit in respect of applicability of income on account of purchase of capital asset i.e. depreciation allowance as well as capital expenditure. Now, it is clarified that in case capital cost has been claimed as an application, no further deduction on allowance of depreciation would be</p>

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		for that previous year.		<p>permitted.</p> <p>Amend the provisions to prevent the practice followed by the trusts claiming exemption under section 10 in respect of taxable income to avoid tax liability.</p> <p>Thus, proposed to insert new section 11(7) to provide specifically that Trust or an institution registered for the purposes of availing exemption u/s 11, and the registration is in force for P.Y., cannot claim any exemption under any provision of section 10 <i>[other than that relating to exemption of agricultural income and income exempt u/s 10(23C)]</i>.</p> <p>Also, the entities approved/notified for claiming benefit of exemption u/s 10(23C) would not be entitled to claim any benefit of exemption under other provisions of section 10 <i>(except for agricultural</i></p>
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				<i>income).</i>
8	Provisos to Section 12A(2)	<p>Provided that where Registration has been granted to the trust or institutions u/s 12AA then the provision of sec 11 and 12 shall apply in respect of any income derived from property held under trust of any Assessment Year preceding the aforesaid Assessment Year for which Assessment Year are pending before the AO as on the date of Such registration and the objects and activities of such trust or institution remain the same for such preceding Assessment Year</p> <p>Provided further that no action u/s 147 shall be taken by the AO in case of such trust or institutions for any AY preceding the aforesaid Assessment year only for non – registration of such trust or institutions for the said Assessment year.</p> <p>Provided also that provision contained in the first and second proviso shall not apply in case of any trust or institutions which was refused registration or the registration granted to it was cancelled at any time u/s 12AA.</p>	01.10.2014 <b>[Newly inserted]</b>	<p>Applicability to earlier years of the registration granted to a trust or institution.</p> <p>It is proposed to amend section 12 A of the Act to provide that in case where a trust or institution has been granted registration u/s 12AA, the benefit of sections 11 &amp;12 shall be available in respect of any income derived from property held under trust in any assessment proceeding for an earlier A.Y. which is pending before the AO as on the date of such registration subject to the condition that there is no change in objects &amp; activities in earlier years, on the basis of which such registration has been granted.</p>

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				The AO shall not reopen the assessment u/s 147, merely due to the reason that registration could not obtained by such trust or institution for earlier years. <i>(except where trust or institution at any time had applied for registration and the same was refused u/s 12AA or a registration once granted was cancelled.)</i>
9	Section 12AA (4)	<p>Without prejudice to the provision of sub section 3 – where a trust or an institutions has been granted registration under clause (b) of Sub section (1) or has obtained at any time under section 12A and subsequently it is noticed that the activities of the trust or the institutions are being carried out in a manner that the provision of Sec 11 and 12 do not apply to exclude either whole or any part of the income of such trust or institutions due to operation of Sub section (1) of Section 13 then the Principal Commissioner or the Commissioner may by</p> <p>An order in writing cancel the registration of such trust or Institutions.</p> <p>Provided that the registration shall not be cancelled under this sub section, if the trust or institution proves that there was a reasonable causes for the activities to</p>	01.10.2014 <b>[Newly inserted]</b>	<p>Under the current provisions, the powers of Commissioner to cancel registration are restricted he may cancel the registration under two circumstances:</p> <ol style="list-style-type: none"> <li>i. the activities of a trust or institution are not genuine, or;</li> <li>ii. the activities are not being carried out in accordance with the objects of the trust or institution.</li> </ol> <p>No such power of cancellation in cases where such entity has not applied income or made investment in accordance with</p>

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		be carried out in the said manner.	<p>specified manner. Whereas, section 10(23C) vested the power of withdrawal of approval with the prescribed authority.</p> <p>In order to rationalize the provisions it is proposed to provide that where a trust or an institution has been granted registration, and subsequently it is noticed that its activities are being carried out in such a manner that,—</p> <ol style="list-style-type: none"><li>i. its income not applied for the benefit of general public;</li><li>ii. it is for benefit of any particular religious community or caste (in case it is established after commencement of the Act);</li><li>iii. any income or property of the trust is applied for benefit of specified persons;</li><li>iv. its funds are invested in prohibited modes.</li><li>v. Then the Principal Commissioner/ Commissioner may cancel the registration if there was</li></ol>
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				no reasonable cause proved by the trust.  Thus, 4 more conditions are proposed to be added granting the power of cancellation.
10	Section 24 clause (b) of the second proviso	<b><u>Second Proviso to Section 24</u></b> Provided further that where the property referred to in the first proviso is acquired or constructed with capital borrowed on or after the 1st day of April, 1999 and such acquisition or construction is completed within three years from the end of the financial year in which capital was borrowed], the amount of deduction under this clause shall not exceed <del>one lakh fifty thousand rupees</del> <b>two lakh rupees</b> .	01.04.2015	Tax Benefit to the Assesses who has income from house property.  Interest on Housing Loan deduction increased to Rs. 2.00 lakh from Rs. 1.50 lakh Limit.
11	Section 32AC (1A)	<b>Where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new assets and the amount of actual cost of such new assets acquired and installed during any previous year exceeds twenty-five crore rupees, then, there shall be allowed a deduction of a sum equal to fifteen per cent. of the actual cost of such new assets for the assessment year relevant to that previous year.</b> <b>Provided that no deduction under this sub-section shall be allowed for the assessment year commencing on the 1st day of April, 2015 to the assessee, which is eligible to claim deduction under sub-section (1) for the said assessment year.</b>  <b>(1B) No deduction under sub-section (1A) shall be</b>	01.04.2015 [Newly inserted]	Where a company engaged in the business of manufacturing or production of any article or thing, acquires and install new asset and the amount of actual cost of such new assets acquired and installed during any P.Y. exceeds Rs. 25 Crore then there shall be allowed a deduction of a sum equal to 15% of the actual cost of such new assets.  No deduction under sub section (1A) shall be allowed for - the A.Y. commencing on 01.04.2015 to the

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		<p><b>allowed for any assessment year commencing on or after the 1st day of April, 2018.</b></p> <p>(2) If any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (1) <b><u>or sub-section (1A)</u></b> in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.</p>		<p>assessee, which is eligible to claim deduction under sub section (1) for the said A.Y.</p> <p>- any A.Y. commencing on or after the 01/04/2018</p> <p>If assessee sold or otherwise transferred the new asset acquired and installed (<i>except in case of amalgamation or demerger</i>) within 5 years from the date of its installation. Then the deduction allowed under sub section (1A) shall be taxable under the head PGBP.</p>
13	Explanation 2 to Section 37(1)	For the removal of doubts, it is hereby declared that for the purposes of sub-section (1), any expenditure incurred by an assessee on the activities relating to corporate social responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.	01.04.2015 <b>[Newly inserted]</b>	<p>A correction The amendment proposes to clarify that Expenditure on CSR (as referred Section 135 of Companies Act, 2013) is appropriation of the Reserve/ Profit and the same would not be allowed as Expenditure.</p> <p>However, CSR Expenditure in the nature of Expenses falling u/s 30-36 of the Act, would be allowable.</p>

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14	<p>Amendment in Section 40(a)(i)</p>	<p>(a) in the case of any assessee—</p> <p>(i) any interest (not being interest on a loan issued for public subscription before the 1st day of April, 1938), royalty, fees for technical services or other sum chargeable under this Act, which is payable,—</p> <p>(A) outside India; or</p> <p>(B) in India to a non-resident, not being a company or to a foreign company,</p> <p>on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid <del>during the previous year, or in the subsequent year before the expiry of the time prescribed under sub-section (1) of section 200</del> <b><u>on or before the due date specified in sub-section (1) of section 139</u></b></p> <p><b>Provided that</b> where in respect of any such sum, tax has been deducted in any subsequent year, or has been deducted during the previous year but paid after the due date specified in sub-section (1) of section 139, such sum shall be allowed as a deduction in computing the income of the previous year in which such tax has been paid.</p>	01.04.2015	<p>This amendment proposes to bring equity with the expenses incurred and payable to residents that expense (as specified) may be allowed as deduction in respect of which tax has been deposited on or before the due date u/s 139(1)</p>
	<p>Amendment in Section 40(a)(ia)</p>	<p><del>(ia) any interest, commission or brokerage, rent, royalty, fees for professional services or fees for technical services payable to a resident, or amounts payable to a contractor or sub-contractor, being resident, for carrying out any work (including supply of labour for carrying out any work)</del> <b><u>thirty per cent.</u></b></p>		<p>Presently u/s 40(a)(ia) of the Act, any expense (as specified) claimed as deduction in respect whereof either TDS has not been deducted or having been deducted has not been deposited, the whole amount is</p>

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		<p><b><u>of any sum payable to a resident</u></b> on which tax is deductible at source under Chapter XVII-B and such tax has not been deducted or, after deduction, has not been paid on or before the due date specified in sub-section (1) of section 139</p>		<p>not allowed as expense</p> <p>As per this Clause, the disallowance would be restricted to only 30% of the amount in respect of which either TDS has not been deducted or having been deducted has not been deposited.</p> <p>Unfortunately, the earlier definition of the specified payments have been enlarged to include ALL PAYMENTS stated under Chapter XVII-B of the Act, including Salary, Cross Word puzzles prizes, etc which have been claimed as expenditure.</p>
15	Amendment in Section 43	<p>(e) an eligible transaction in respect of trading in commodity derivatives carried out in a <del>recognised association</del> <b><u>recognised association, which is chargeable to commodities transaction tax under Chapter VII of the Finance Act, 2013</u></b></p>	01.04.2014	<p>This amendment proposes that such transaction carried out in a recognised association and chargeable to commodities transaction tax under Chapter VII of the Finance Act, 2013 shall not be considered to be a speculative transaction.</p>
16	Section 44AE(2) substituted	<p>(2) For the purpose of sub-section (1), the profits and gains from each goods carriage shall be an amount equal to seven thousand five hundred rupees for every</p>	01.04.2015	<p>This amendment proposes to <b><u>remove the distinction</u></b> made in heavy goods carriage and other</p>

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	Clause (a) of Explanation to Section 44AE substituted	<p>month or part of a month during which the goods carriage is owned by the assessee in the previous year or an amount claimed to have been actually earned from the vehicle, whichever is higher.</p> <p>(a) the expression “goods carriage” shall have the meaning assigned to it in section 2 of the Motor Vehicles Act, 1988.</p>		<p>than heavy goods carriage and <b><u>to provide a single amount of Rs. 7500/- to be considered as profit or gain</u></b> from each goods carriage for every month or part of the month.</p> <p>Corresponding amendment made in Explanation in view of amendment in Sub-section (2).</p>
17	Section 45(5)(b)	<p><b>Provided that</b> any amount of compensation received in pursuance of an interim order of a court, Tribunal or other authority shall be deemed to be income chargeable under the head “Capital gains” of the previous year in which the final order of such court, Tribunal or other authority is made.</p>	01.04.2015 [Newly inserted]	<p>This proviso proposes to provide that the enhanced compensation received by way of an Interim order shall <b><u>be taxable in the year in which final order is made and not in the year in which such interim order is made.</u></b></p>
18	Section 47(viib)  Section 47	<p><b>(viib)</b> any transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident.</p> <p><b>Explanation</b>– For the purposes of this clause, “Government Security” shall have the meaning assigned to it in clause (b) of section 2 of the Securities Contracts (Regulation) Act, 1956</p>	01.04.2015 [Newly inserted]	<p>This sub-section proposes to exempt transfer of Government securities outside India by a non-resident to another non-resident where such security carries periodic payment of interest and such transfer is made through an intermediary dealing in settlement of securities.</p>

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	(xvii)	<p>(<b>xvii</b>) any transfer of a capital asset, being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor.</p> <p><b>Explanation</b>– For the purposes of this clause, the expression “special purpose vehicle” shall have the meaning assigned to it in the Explanation to clause (23FC) of section 10.</p>	01.04.2015 [Newly inserted]	This amendment proposes that any transfer of a capital asset, being share of a SPV, to a business trust in exchange of units allotted by that trust to the transferor shall not be regarded as transfer for the purposes of section 45.
19	Amendment in Clause (v) of Explanation to Section 48	(v) "Cost Inflation Index", in relation to a previous year, means such Index as the Central Government may, having regard to seventy-five per cent of average rise in the <del>Consumer Price Index for urban non-manual employees</del> <b>Consumer Price Index (Urban)</b> for the immediately preceding previous year to such previous year, by notification in the Official Gazette, specify, in this behalf.	01.04.2016	The effect of discontinuation of release of CPI for Urban Non Manual Employees is proposed to be considered in the meaning of Cost of Inflation Index by way of this amendment.
20	Section 49 (2AC)	Where the capital asset, being a unit of a business trust, became the property of the assessee in consideration of a transfer as referred to in clause (xvii) of section 47, the cost of acquisition of the asset shall be deemed to be the cost of acquisition to him of the share referred to in the said clause.	01.04.2015 [Newly inserted]	This amendment proposes that the cost of acquisition of shares of SPV shall be deemed to be cost of acquisition of units of Business Trust exchanged in lieu of shares of SPV.
21	Proviso to section 51	Provided that where any sum of money, received as an advance or otherwise in the course of negotiations for transfer of a capital asset, has been included in the total income of the assessee for any previous year in accordance with the provisions of clause (ix) of sub-section (2) of section 56, then, such sum shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market	01.04.2015 [Newly inserted]	<ul style="list-style-type: none"> <li>This proviso proposes that the amount forfeited in respect of negotiations for transfer of capital asset shall not be deducted from the cost of acquisition of the capital asset where such negotiation does not result</li> </ul>

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		value, as the case may be, in computing the cost of acquisition.		<p>in transfer of capital asset.</p> <ul style="list-style-type: none"> <li>Therefore, <b><u>CIT vs Meera Goyal [2014] 360 ITR 346 (Delhi) &amp; Travancore Rubber &amp; Tea Co. Ltd v. CIT (2000)243 ITR 158 (SC) over-ruled.</u></b></li> </ul> <p>Corresponding amendment proposed u/s Section 56(2) &amp; 2(24) to consider such amount as Income from Other Sources.</p>
22	Amendment in Section 54(1)	<p>(1) Subject to the provisions of sub-section (2), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of a long-term capital asset, being buildings or lands appurtenant thereto, and being a residential house, the income of which is chargeable under the head "Income from house property" (hereafter in this section referred to as the original asset), and the assessee has within a period of one year before or two years after the date on which the transfer took place purchased, or has within a period of three years after that date <del>constructed, a residential house,</del> <b><u>constructed one residential house in India</u></b> then, instead of the capital gain being charged to income-tax as income of the previous year in which the transfer took place, it shall be dealt with in accordance with the following provisions of this section, that is to say,—</p>	01.04.2015	<p>This amendment proposes to clarify that the exemption u/s 54 is only available in respect of purchase or construction of <b><u>one residential house in India</u></b></p> <p><b><u>Cases over-ruled in respect of investment in more than one house</u></b></p> <p>CIT vs. Devdas Naik, ITA No. 2483 of 2011 (Bombay) Date of decision- 10-06-2014, CIT v. Smt. K.G. Rukminiamma [2011] 331 ITR 211, CIT vs. Khoobchand M. Makhija [2014] 43 taxmann.com 143 (Karnataka) over-ruled.</p>

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				<p><b><u>Case over-ruled in respect of investment outside India</u></b>                  Prema P. Shah Vs. ITO 101 TTJ 849 (Mum) (2006) over-ruled.</p> <p>Similar amendment is proposed in Section 54F</p>
23	Second Proviso to Section 54EC	Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.	01.04.2015 [Newly inserted]	<p>This proviso clarifies that the total investment u/s 54EC in the year of transfer and subsequent financial year shall not exceed Rs. 50 lakhs in aggregate.</p> <p>Therefore, Smt. Sriram Indubal vs. ITO [2013] 32 taxmann.com 118 (Chennai - Trib.), ITO vs. Ms. Rania Faleiro [2013] 33 taxmann.com 611 (Panaji - Trib.) &amp; Coromandel Industries (P.) Ltd. vs. Asstt. CIT [2013] 36 taxmann.com 6 (Chennai - Trib.) over-ruled</p>
24	Amendment in Section 54F(1)	(1) Subject to the provisions of sub-section (4), where, in the case of an assessee being an individual or a Hindu undivided family, the capital gain arises from the transfer of any long-term capital asset, not being a residential house (hereafter in this section referred to as the original asset), and the assessee has, within a period of one year before or two years after the date on which the transfer took place purchased, or has	01.04.2015	<p>This amendment proposes to clarify that the exemption u/s 54F is only available in respect of purchase or construction of <b><u>one</u></b> residential house <b><u>in India</u></b></p> <p><b><u>Therefore, CIT vs. Devdas</u></b></p>

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		<p>within a period of three years after that date <del>constructed, a residential house</del> <b>constructed one residential house in India</b> (hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—</p>		<p><b><u>Naik, ITA No. 2483 of 2011 (Bombay) Date of decision- 10-06-2014, CIT v. Smt. K.G. Rukminiamma [2011] 331 ITR 211 and CIT vs. Khoobchand M. Makhija [2014] 43 taxmann.com 143 (Karnataka) over-ruled.</u></b></p> <p>Similar amendment is proposed in Section 54</p>
25	Section 56(2)(ix)	<p>(ix) any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, if,—</p> <p>(a) such sum is forfeited; and</p> <p>(b) the negotiations do not result in transfer of such capital asset.</p>	01.04.2015 <b>[Newly inserted]</b>	<p>This amendment proposes that the amount forfeited in respect of negotiations for transfer of capital asset shall be considered as Income from Other Sources where such negotiation does not result in transfer of capital asset.</p> <p>Further, it is proposed that such amount shall not be deducted from the cost of acquisition in view of corresponding amendment by inserting proviso to section 51.</p> <p>Corresponding amendment also proposed by inserting Section 2(24)(xvii) under clause 3 of Finance Bill, 2014 treating such receipt as income.</p>

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26	73	In the <i>Explanation</i> , for the words “the principal business of which is the business of banking”, the words “the principal business of which is the business of trading in shares or banking”	01.04.2015	<p><b>Losses in Speculation Business</b></p> <p>In case of a company, the principal business of which is trading in shares, any loss which was considered to be speculative till now, would be considered to be normal loss and shall be allowed to be carried forward for 8 years instead of 4 years. Subject to the condition that the principle business of the assessee is business of trading in shares.</p>
27	80C	In section 80C of the Income-tax Act, in sub-section (I), for the words “one lakh rupees”, the words “one hundred and fifty thousand rupees” shall be substituted	01.04.2015	<p><b>Raising the limit of deduction under section 80C</b></p> <p>The limit of investments eligible for deduction under section 80C increased from the existing Rs. 1 lakh to Rs.1.5 lakh.</p>
28	80CCD	In section 80CCD of the Income-tax Act, in sub-section (I)— (i) for the words, figures and letters “Where an assessee, being an individual employed by the Central Government or any other employer on or after the 1st day of January, 2004”, the words, figures and letters “Where an assessee, being an individual employed by	01.04.2015	<p><b>Extension of tax benefits under section 80CCD to private sector employees</b></p> <p>The condition of the date of joining the service on or after 1.1.2004 not applicable to the employees in private sector for</p>

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		<p>the Central Government on or after the 1st day of January, 2004 or, being an individual employed by any other employer” shall be substituted;</p> <p>(ii) after sub-section (I), the following sub-section shall be inserted, namely:—</p> <p>“(IA) The amount of deduction under sub-section (I) shall not exceed one hundred thousand rupees.”</p>		<p>the purposes of deduction under the said section. The limit under this section has been fixed at Rs. 1 Lakh.</p>
29	80CCE	<p>In section 80CCE of the Income-tax Act, for the words “one lakh rupees”, the words “one hundred and fifty thousand rupees” shall be substituted</p>	01.04.2015	<p><b>Raising the limit of deduction under section 80C, 80CCC &amp; 80CCD</b></p> <p>The aggregate limit of deduction u/s 80C, 80CCC and 80CCD has been increased from the existing Rs. 1 lakh to Rs.1.5 lakh.</p>
30	80IA	<p>In section 80-IA of the Income-tax Act, in sub-section (4), in clause (iv), in sub-clauses (a), (b) and (c), for the words, figures and letters “the 31st day of March, 2014”, the words, figures and letters “the 31st day of March, 2017” shall respectively be substituted</p>	01.04.2015	<p>Extension of the sunset date under section 80-IA for the power sector by 3 more years to 31-03-2017. This date otherwise expired on 31-03-2014</p>
31	92B	<p>In section 92B of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2015,—</p> <p>(i) for the words “deemed to be a transaction”, the words “deemed to be an international transaction” shall be substituted;</p> <p>(ii) after the words “determined in substance between such other person and the associated enterprise”, the</p>	01.04.2015	<p><b>Rationalisation of the Definition of International Transaction</b></p> <p>The existing provisions of section 92B of the Act define 'International transaction' as a transaction in the nature of purchase, sale, lease, provision</p>

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		<p>words “where the enterprise or the associated enterprise or both of them are non-residents irrespective of whether such other person is a non-resident or not” shall be inserted.</p>	<p>of services, etc. between two or more associated enterprises, either or both of whom are non-residents.</p> <p>Sub-section (2) of the said section extends the scope of the definition of international transaction by providing that a transaction entered into with an unrelated person shall be deemed to be a transaction with an associated enterprise, if there exists a prior agreement in relation to the transaction between such other person and the associated enterprise, or the terms of the relevant transaction are determined in substance between the other person and the associated enterprise. The sub-section as presently worded has led to a doubt whether or not, for the transaction to be treated as an international transaction, the unrelated person should also be a non-resident.</p> <p>Therefore, it is proposed to amend section 92B of the Act to provide that where, in respect of a transaction entered into by an enterprise with a person other than an associated enterprise,</p>
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				there exists a prior agreement in relation to the relevant transaction between the other person and the associated enterprise or, where the terms of the relevant transaction are determined in substance between such other person and the associated enterprise, and either the enterprise or the associated enterprise or both of them are non-resident, then such transaction shall be deemed to be an international transaction entered into between two associated enterprises, whether or not such other person is a non-resident.
32	92CC	In section 92CC of the Income-tax Act, after sub-section (9), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:— “(9A) The agreement referred to in sub-section (1), may, subject to such conditions, procedure and manner as may be prescribed, provide for determining the arm’s length price or specify the manner in which arm’s length price shall be determined in relation to the international transaction entered into by the person during any period not exceeding four previous years preceding the first of the previous years referred to in sub-section (4), and the arm’s length price of such international transaction shall be determined in	01.10.2014	<b>Roll back provision in Advance Pricing Agreement Scheme</b> Section 92CC of the Act provides for Advance Pricing Agreement (APA). It empowers the CBDT, with the approval of the Central Government, to enter into an APA with any person for determining the Arm’s Length Price (ALP) or specifying the manner in which ALP is to be determined in relation to an international

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		accordance with the said agreement.”.	<p>transaction which is to be entered into by the person. The agreement entered into is valid for a period, not exceeding 5 previous years, as may be mentioned in the agreement. Once the agreement is entered into, the ALP of the international transaction, which is subject matter of the APA, would be determined in accordance with such an APA.</p> <ul style="list-style-type: none"><li>• In many countries the APA scheme provides for “roll back” mechanism for dealing with ALP issues relating to transactions entered into during the period prior to APA. The “roll back” provisions refers to the applicability of the methodology of determination of ALP, or the <b>ALP, to be applied to the international transactions which had already been entered into in a period prior to the period covered under an APA.</b> However, the “roll back” relief is provided on case to case basis subject to certain conditions. Providing of such</li></ul>
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				<p>a mechanism in Indian legislation would also lead to reduction in large scale litigation which is currently pending or may arise in future in respect of the transfer pricing matters.</p> <ul style="list-style-type: none"> <li>• Therefore, it is <u>proposed to amend the Act to provide roll back mechanism in the APA scheme</u>. The APA may, subject to such prescribed conditions, procedure and manner, provide for determining the arm's length price or for specifying the manner in which arm's length price is to be determined in relation to an international transaction entered into by a person during any period not exceeding four previous years preceding the first of the previous years for which the advance pricing agreement applies in respect of the international transaction to be undertaken in future.</li> </ul>
33	111A	In section 111A of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 2015,— (A) after the words “unit of an equity oriented fund”, the words “or a unit of a business trust” shall be	01.04.2015	Units of Real Estate Investment Trust and Infrastructure investment trust now

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		<p>inserted;  <i>(B)</i> after the proviso, the following proviso shall be inserted, namely:—                      “Provided further that the provisions of this sub-section shall not apply in respect of any income arising from transfer of units of a business trust which were acquired by the assessee in consideration of a transfer as referred to in clause <i>(xvii)</i> of section 47.”</p>		<p>recognized at par with listed equity shares and thus 15% STCG u/s 111A will be applicable. Section 115A now covers distributed income being interest as referred in section 194LBA (2).</p>
34	112	<p>In section 112 of the Income-tax Act, in sub-section <i>(1)</i>, with effect from the 1st day of April, 2015,—  <i>(a)</i> in the proviso, occurring after clause <i>(d)</i>, for the words “being listed securities or unit”, the words and brackets “being listed securities (other than a unit)” shall be substituted;  <i>(b)</i> in the <i>Explanation</i>, clause <i>(b)</i> shall be omitted.</p>	01.04.2015	<p>Section 2(42A) has been amended to exclude from short term capital asset, securities (other than units) listed on recognized stock exchange and units of equity oriented mutual fund. In other words, shares of companies (not listed on recognized stock exchange) and units of debt oriented mutual fund shall be treated as short term capital asset if transferred before 36 months from its date of acquisition.</p> <p>It is proposed to amend the provision of section 112 to allow the benefit of concessional rate of tax of 10% in case of LTCG on listed securities (other than unit) and</p>

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				zero coupon bonds.
35	115A	<p>In section 115A of the Income-tax Act, in sub-section (I), in clause (a), with effect from the 1st day of April, 2015,—</p> <p>(I) after sub-clause (iiab), the following sub-clause shall be inserted, namely:—</p> <p>“(iiac) distributed income being interest referred to in sub-section (2) of section 194LBA;”</p> <p>(II) in item (BA), after the word, brackets, figures and letters “sub-clause (iiab)”, the words, brackets, figures and letters “or sub-clause (iiac)” shall be inserted;</p> <p>(III) in item (D), after the word, brackets, figures and letters “sub-clause (iiab)”, the word, brackets, figures and letters “, sub-clause (iiac)” shall be inserted.</p>	01.04.2015	The units of Real Estate Investment Trust and Infrastructure Investment Trust when sold within the period of twelve months will attract short term capital gain under Sec 111A@ 15%.
36	115BBC	<p>In section 115BBC of the Income-tax Act, in sub-section (I), for clause (ii), the following clause shall be substituted with effect from the 1st day of April, 2015, namely:—</p> <p>“(ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B) of clause (i), as the case may be.”.</p>	01.04.2015	<p>Clarification issued on mechanism of aggregation of tax payable by charitable institutions etc. Now tax payable would be aggregate of 30% of Anonymous donation as defined u/s 115BBC, being higher of 5% of total donations received or Rs. 1lakhs, AND tax computed on remaining total income after reducing the income on which tax @ 30% has been paid as being anonymous donation.</p> <p>Illustration: If a trust has total</p>

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				<p>income of Rs 100 L of which Rs 40 L. is anonymous donation then earlier tax was computed as Tax@30% on Rs. 39L + Tax on non-anonymous donation i.e. Rs. 60 L.</p> <p>Now, Tax shall be computed as Tax@30% on Rs. 39L + Tax on non-anonymous donation i.e. Rs. 60 L + Tax on Anonymous donation <b>excluding</b> income over which tax has already been paid i.e. Rs. 40L – Rs 39 L = Rs 1 L</p> <p>In nutshell, the amendment seems to tax the anonymous donation which was earlier not even been considered before applying the 30% rate to the portion of such income.</p>
37	115BBD	In section 115BBD of the Income-tax Act, in sub-section (1), the words, figures and letters “for the previous year relevant to the assessment year beginning on the 1st day of April, 2012 or beginning on the 1st day of April, 2013 or beginning on the 1st day of April, 2014” shall be omitted with effect from the 1st day of April, 2015.	01.04.2015	The specific assessment years have been excluded as a clarification that repatriation of dividends by Indian companies from its foreign entities will continue to enjoy concessional rate of 15% now perpetually.
38	115JC	In section 115JC of the Income-tax Act, in sub-section (2), with effect from the 1st day of April, 2015,— (a) in clause (i), the word “and” occurring at the end,	01.04.2015	Now the income computed under AMT will include the Investment linked deduction

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		<p>shall be omitted;</p> <p>(b) in clause (ii), for the words, figures and letters “under section 10AA”, the words, figures and letters “under section 10AA; and” shall be substituted;</p> <p>(c) after clause (ii), the following clause shall be inserted, namely:—</p> <p>“(iii) deduction claimed, if any, under section 35AD as reduced by the amount of depreciation allowable in accordance with the provisions of section 32 as if no deduction under section 35AD was allowed in respect of the assets on which the deduction under that section is claimed.”.</p>		<p>under section 35AB net off depreciation.</p> <p>Illustration-</p> <p>Total Income : Rs 60</p> <p>Deduction under Ch-VI-A: Rs 40</p> <p>Deduction under Sec 35AD: Rs 100</p> <p><u>Computation of AMT</u></p> <p>Total Income: Rs. 60</p> <p>Add: Deduction under Ch VI-A Rs 40</p> <p>Add: Deduction u/s 35AD Rs 100</p> <p>Less: Depreciation u/s32 Rs. 15 Rs. 85</p> <p>Total adjusted income u/s 115JC Rs. 185</p>
39	115JEE	<p>In section 115JEE of the Income-tax Act, with effect from the 1st day of April, 2015,—</p> <p>(A) in sub-section (1), for clause (b), the following clauses shall be substituted, namely:—</p> <p>“(b) section 10AA; or</p> <p>(c) section 35AD.”;</p> <p>(B) after sub-section (2), the following sub-section shall be inserted, namely:—</p> <p>“(3) Notwithstanding anything contained in sub-section (1) or sub-section (2), the credit for tax paid under section 115JC shall be allowed in accordance with the provisions of section 115JD.”.</p>	01.04.2015	<p>Now the tax credit of AMT can now be available irrespective of the condition that such income has to exceed Rs 20 Lacs, subject to the condition that provisions of Section 115JD.</p> <p><i>The provisions of this Chapter shall apply to a person who has claimed any deduction under—</i></p>

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				<p>(a) any section (other than section 80P) included in Chapter VI-A under the heading "C.— Deductions in respect of certain incomes"; or</p> <p>(b) section 10AA</p>
40	115O	<p>In section 115-O of the Income-tax Act, after the <i>Explanation</i> to sub-section (1A), the following sub-section shall be inserted with effect from the 1st day of October, 2014, namely:—</p> <p>“(1B) For the purposes of determining the tax on distributed profits payable in accordance with this section, any amount by way of dividends referred to in sub-section (1) as reduced by the amount referred to in sub-section (1A) [hereafter referred to as net distributed profits], shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate specified in sub-section (1), be equal to the net distributed profits.”.</p>	01.10.2014	<p>Now the dividend distribution tax is to be computed after grossing up of the Dividend distribution tax.</p> <p>Now, where the amount of dividend paid or distributed by a company is Rs. 85, then DDT under the amended provision would be calculated as follows:  Dividend amount distributed = Rs. 85  Increase by Rs. 15 [i.e. <math>(85 \times 0.15) / (1 - 0.15)</math>]  Increased amount = Rs. 100  DDT @ 15% of Rs. 100 = Rs. 15  Tax payable u/s 115-O is Rs. 15  Dividend distributed to shareholders = Rs. 85</p>



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		<p>been received by, or accrued to, the business trust.</p> <p>(2) Subject to the provisions of section 111A and section 112, the total income of a business trust shall be charged to tax at the maximum marginal rate.</p> <p>(3) If in any previous year, the distributed income or any part thereof, received by a unit holder from the business trust is of the nature as referred to in clause (23FC) of section 10, then, such distributed income or part thereof shall be deemed to be income of such unit holder and shall be charged to tax as income of the previous year.</p> <p>(4) Any person responsible for making payment of the income distributed on behalf of a business trust to a unit holder shall furnish a statement to the unit holder and the prescribed authority, within such time and in such form and manner as may be prescribed, giving the details of the nature of the income paid during the previous year and such other details as may be prescribed.”</p>		
44 (part of clause 3)	116	<p>In section 116 of the Income-tax Act,—</p> <p>(i) after clause (a), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2013,—</p> <p>“(aa) Principal Directors General of Income-tax or Principal Chief Commissioners of Income-tax,”;</p> <p>(ii) after clause (b), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of June, 2013,—</p>	01.06.2013	Two new posts under income tax authorities inserted w.e.f. 01.06.2013

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		“(ba) Principal Directors of Income-tax or Principal Commissioners of Income-tax,”.		
45	133A	<p>In section 133A of the Income-tax Act, with effect from the 1st day of October, 2014,—</p> <p>(I) after sub-section (2), the following sub-section shall be inserted, namely:—</p> <p>“(2A) Without prejudice to the provisions of sub-section (I), an income-tax authority acting under this sub-section may for the purpose of verifying that tax has been deducted or collected at source in accordance with the provisions under sub-heading B of Chapter XVII or under sub-heading BB of Chapter XVII, as the case may be, enter, after sunrise and before sunset, any office, or any other place where business or profession is carried on, within the limits of the area assigned to him, or any place in respect of which he is authorised for the purposes of this section by such income-tax authority who is assigned the area within which such place is situated, where books of account or documents are kept and require the deductor or the collector or any other person who may at that time and place be attending in any manner to such work,—</p> <p>(i) to afford him the necessary facility to inspect such books of account or other documents as he may require and which may be available at such place, and</p> <p>(ii) to furnish such information as he may require in relation to such matter.”;</p> <p>(II) in sub-section (3), in clause (ia), in the proviso, for clause (b), the following clause shall be substituted, namely:—</p> <p>“(b) retain in his custody any such books of account or other documents for a period exceeding fifteen days</p>	01.10.2014	<p><b><u>Provisions and powers pertaining to income tax survey u/s 133A enlarged</u></b></p> <p>1. Presently Income Tax Surveys for verification of TDS compliance are being conducted, which though in the past have been permitted as per judicial pronouncements [refer Reckitt and Colman of India Ltd. v. Asst. CIT [2001] 251 ITR 306 (Cal) ]do not have any statutory backing. Now a new sub-section is being inserted u/s 133A so as to specifically permit survey for verification of TDS and/or TCS.</p> <p>For this purpose, authorities may enter into any place only after sunrise but before sunset. However, they shall</p>

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		<p>(exclusive of holidays) without obtaining the approval of the Principal Chief Commissioner or the Chief Commissioner or the Principal Director General or the Director General or the Principal Commissioner or the Commissioner or the Principal Director or the Director therefor, as the case may be,”;</p> <p>(III) in sub-section (3), the following proviso shall be inserted, namely:—</p> <p>“Provided that no action under clause (ia) or clause (ii) shall be taken by an income-tax authority acting under sub-section (2A).”.</p>		<p>not be entitled to impound any books of accounts, etc or to record the statement of any assessee or authorized person.</p> <p>2. Also the present approval sought by authorities for retaining books of accounts beyond a period of ten day to be sought from CCIT/DGIT is also being extended to 15 days and approval can now be sought from Pr. CCIT/ PR.DGIT, CCIT, DGIT, CIT or DIT.</p>
46	133C	<p>After section 133B of the Income-tax Act, the following shall be inserted with effect from the 1st day of October, 2014, namely:—</p> <p>‘133C. The prescribed income-tax authority, may for the purposes of verification of information in its possession relating to any person, issue a notice to such person requiring him, on or before a date to be specified therein, to furnish information or documents verified in the manner specified therein, which may be useful for, or relevant to, any inquiry or proceeding under this Act.</p> <p><i>Explanation.</i>—In this section, the term “proceeding” shall have the meaning assigned to it in clause (b) of the <i>Explanation</i> to section 133A.’</p>	01.10.2014	<p>Power to call the information by prescribed income tax authority is increased to any person who is in possession of information relating to proceeding.</p>

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47	139	<p>In section 139 of the Income-tax Act, with effect from the 1st day of April, 2015,—</p> <p>(a) in sub-section (4C),—</p> <p>(i) after clause (e), the following clauses shall be inserted, namely:—</p> <p>“(ea) Mutual Fund referred to in clause (23D) of section 10;</p> <p>(eb) securitisation trust referred to in clause (23DA) of section 10;</p> <p>(ec) venture capital company or venture capital fund referred to in clause (23FB) of section 10;”;</p> <p>(ii) after the words “or infrastructure debt fund”, the words “or Mutual Fund or securitization trust or venture capital company or venture capital fund” shall be inserted;</p> <p>(b) after sub-section (4D), the following sub-section shall be inserted, namely:—</p> <p>“(4E) Every business trust, which is not required to furnish return of income or loss under any other provisions of this section, shall furnish the return of its income in respect of its income or loss in every previous year and all the provisions of this Act shall, so far as may be, apply if it were a return required to be furnished under sub-section (1).”.</p>	01.04.2015	<p>Changes person required to file income tax return.</p> <p>Applicable with effect from the 1st day of April, 2015</p>
48	140	<p>In section 140 of the Income-tax Act, with effect from the 1st day of October, 2014,—</p> <p>(i) in the marginal heading, for the word “signed”, the word “verified” shall be substituted;</p> <p>(ii) for the words “signed and verified”, wherever they</p>	01.10.2014	<p>“Signed and verified” substituted by the word “verified” in view of digitized returns &amp; signatures.</p>

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		<p>occur, the word “verified” shall be substituted;</p> <p>(iii) for the words “sign and verify”, wherever they occur, the word “verify” shall be substituted;</p> <p>(iv) in clause (a),—</p> <p>(a) in sub-clause (iv), for the word “sign”, the word “verify” shall be substituted;</p> <p>(b) in the proviso, for the word “signing”, the word “verifying” shall be substituted.</p>		
49, 51 and 52	142A, 153 and 153B of Income Tax Act, 1961	<p>AO may take a reference to the valuation officer (who have all the powers of section 38A of the Wealth Tax Act, 1957) for valuation of any asset, property or investment.</p> <p>Valuation officer shall take all the evidence produced by the Assessee and any other evidence in his possession gathered after giving an opportunity of being heard to the Assessee within a period of six months from the end of month in which reference is made.</p> <p>The valuation officer shall submit the estimate of valuation to AO and the Assessee.</p> <p>The time period beginning with the date on which the reference is made to the Valuation Officer and ending with the date on which his report is received by the Assessing Officer shall be excluded from the time limit provided under the aforesaid section for completion of assessment or reassessment.</p>	01.10.2014	Power given to AO to get a valuation report of any asset, property or investment. Earlier powers of AO were restricted to bullion, jewelry or any other valuable article or thing.
50	Section 145	Under section 145(2) reference to ‘Accounting Standards’ is proposed to be changed with Income Computation and Disclosure Standards.	01.04.2015	In case income tax computation and disclosure standards are not regularly followed, tax office

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		Under section 145(3) it is proposed to be provided to reject the books of accounts for not regularly following the income computation and disclosure standards.		may pass the order by making best judgment assessment under section 144 of the Income Tax Act, 1961. These are very much in line with tax accounting standards send in public domain during 2013.
53	Section 153C	Notwithstanding anything contained in section 139, section 147, section 148, section 149, section 151 and section 153, where the Assessing Officer is satisfied that any money, bullion, jewellery or other valuable article or thing or books of account or documents seized or requisitioned belongs or belong to any person, other than the person referred to in section 153A, then books of account or documents or assets seized or requisitioned shall be handed over to the Assessing Officer having jurisdiction over such other person and that Assessing Officer shall proceed against each of such other person and issue such other person notice and assess or reassess income of such other person in accordance with the provisions of section 153A if he is satisfied that the books of account or documents or assets seized or requisitioned have a bearing on the determination of the total income of such other person for the relevant assessment year or years referred to in sub-section (1) of section 153A .	01.10.2014	<p>If during the search, any money, bullion, jewellery or any valuable article or thing or books of accounts or documents document seized has to be transferred to the concerned Assessing officer of such other person.</p> <p><u>The satisfaction</u> regarding seized material having a bearing on the determination of the total income of such other person for relevant year referred in section 153(1) of the concerned Assessing officer of such other person <u>has to be recorded in writing before issuance of notice to the such other person.</u></p>
54, 56, 57	Section 194A, 194LB, 194LC	<p>The concept of Business Trust has been introduced under Income Tax Act, 1961.</p> <p>Interest income of Business Trust shall not be liable</p>	01.10.2014	Explanation is provided regarding the procedure to deduct tax on the income distributed by such business

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	<p>for deduction of tax at source under section 194A.</p> <p>Distributed income under section 115UA payable by a <u>Business Trust to its resident</u> unit holder is proposed to be liable for deduction of tax at source under section 194LBA (1) @ 10%.</p> <p>Distributed income as section 115UA payable by a <u>Business Trust to its Non-Resident</u> unit holder is proposed to be liable for deduction of tax at source under section 194LBA(2) @ 5%.</p> <p>The word Business Trust has been inserted under section 194LC meaning thereby income by way of interest from Business Trust is proposed to be liable for deduction of tax at source on the amount borrowed in foreign currency</p> <p>(a) under a loan agreement at any time on or after the 1st day of July, 2012 but before the 1st day of July, 2017; or</p> <p>(b) by way of issue of long-term infrastructure bonds at any time on or after the 1st day of July, 2012 but before the 1st day of October, 2014; or</p> <p>(c) by way of issue of any long-term bond including long-term infrastructure bond at anytime on or after the 1st day of October, 2014 but before the 1st day of July, 2017, as approved by the Central Government in this behalf.</p>		<p>trust and interest income of such business trust.</p>
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55	Section 194DA	<p>Any person responsible for paying to a resident any sum under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10, shall, at the time of payment thereof, deduct income-tax thereon at the rate of two per cent.:</p> <p><b>Provided that</b> no deduction under this section shall be made where the amount of such payment or, as the case may be, the aggregate amount of such payments to the payee during the financial year is less than one hundred thousand rupees.</p>	01.10.2014 [Newly inserted]	<p>Certain sum payable by the insurance company is proposed to be liable for TDS @ 2%.</p> <p>It is proposed that any sum exceeding Rs. 100,000 payable a under a life insurance policy, including the sum allocated by way of bonus on such policy, other than the amount not includible in the total income under clause (10D) of section 10 shall deduct tax at source @ 2%.</p>
58, 59, 60 and 68	Section 200(3), 200A, 201 and 271H	<p>It is proposed that a person may also deliver the correction statement for the return of deduction of tax source as per Tax deduction at source scheme 2013 notified vide notification number 2013 dated 15-01-2013.</p> <p>Also the present section 201(3)(ii) permits reopening of TDS matters upto 06 from the end of the FY in which payment is made. However, notice u/s 148 can be issued within 06 years from the end of the relevant assessment years. This time of one year as available u/s 148 is also being provided u/s 201(3)(ii).</p> <p>Assessing officer can levy the penalty under section 271H for non filing of TDS / TCS return or furnishing incorrect information under TDS / TCS return.</p>	01.10.2014	A correction statement of return of deduction of tax at sources for salary income can be filed.

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61	Section 206AA (7)	<p>The provisions of this section shall not apply in respect of payment of interest, on long-term <b>infrastructure</b> bonds, as referred to in section 194LC, to a non-resident, not being a company, or to a foreign company</p>	01.10.2014	<p>Relief of lower rate of deduction of tax extended to all non-resident investor not having PAN in long term bond referred in section 194LC.</p> <p>The word infrastructure is proposed to be omitted from section 206AA(7) meaning thereby if a non-resident person does not furnish his PAN to the deductor of tax at source, such deductor shall not deduct tax at high rate in respect of long term bonds as referred in section 194LC.</p>
62	Section 220	<p>(1A) Where any notice of demand has been served upon an assessee and any appeal or other proceeding, as the case may be, is filed or initiated in respect of the amount specified in the said notice of demand, then, such demand shall be deemed to be valid till the disposal of the appeal by the last appellate authority or disposal of the proceedings, as the case may be, and any such notice of demand shall have the effect as specified in section 3 of the Taxation Laws (Continuation and Validation of Recovery Proceedings) Act, 1964</p> <p><b><u>Second proviso proposed to be inserted after First Proviso [Newly inserted]</u></b>            Provided further that where as a result of an order under sections specified in the first proviso, the</p>	01.10.2014 <b>[Newly inserted]</b>	<p>Interest under section 220 is proposed to be increased or decreased as consequent to any appeal, rectification or revision from the date of expiry of period stated in the notice of demand under section 156 of the Income Tax Act, 1961.</p>



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		(1) of section 285BA, fails to furnish such return within the time prescribed under sub-section (2) thereof, the income-tax authority prescribed under said sub-section (1) may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which such failure continues:		financial transaction or reportable account in view of amendment to section 285BA.
66 and 71	Section 285BA	<p>Section 285BA.</p> <p>(1) Any person, being—</p> <p>(a) an assessee; or</p> <p>(b) the prescribed person in the case of an office of Government; or</p> <p>(c) a local authority or other public body or association; or</p> <p>(d) the Registrar or Sub-Registrar appointed under section 6 of the Registration Act, 1908; or</p> <p>(e) the registering authority empowered to register motor vehicles under Chapter IV of the Motor Vehicles Act, 1988; or</p> <p>(f) the Post Master General as referred to in clause (j) of section 2 of the Indian Post Office Act, 1898; or</p> <p>(g) the Collector referred to in clause (g) of section 3 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013; or</p> <p>(h) the recognised stock exchange referred to in clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; or</p> <p>(i) an officer of the Reserve Bank of India, constituted under section 3 of the Reserve Bank of India Act, 1934; or</p> <p>(j) a depository referred to in clause (e) of sub-section (1) of section 2 of the Depositories Act, 1996; or</p>	01.04.2015	<p>Section 285BA is proposed to be substituted and clause K is proposed to be added in definition of person being “a prescribed reporting financial institution”.</p> <p>Under Section 285BA (5) it is proposed that in case of non-filing of statement of financial transaction or reportable account then such statement shall be filed within 30 days from the date of service of notice.</p> <p>Section 285BA (6) is proposed to be inserted specifying that any mistake found in the statement of financial transaction or reportable account should be informed and furnished within 10 days of discovery of such mistake to the prescribed authority.</p>

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		<p>(k) a prescribed reporting financial institution, who is responsible for registering, or, maintaining books of account or other document containing a record of any specified financial transaction or any reportable account as may be prescribed under any law for the time being in force, shall furnish a statement in respect of such specified financial transaction or such reportable account which is registered or recorded or maintained by him and information relating to which is relevant and required for the purposes of this Act, to the income-tax authority or such other authority or agency as may be prescribed.</p> <p>(2) The statement referred to in sub-section (1) shall be furnished for such period, within such time and in the form and manner, as may be prescribed.</p> <p>(3) For the purposes of sub-section (1), “specified financial transaction” means any—</p> <p>(a) transaction of purchase, sale or exchange of goods or property or right or interest in a property; or</p> <p>(b) transaction for rendering any service; or</p> <p>(c) transaction under a works contract; or</p> <p>(d) transaction by way of an investment made or an expenditure incurred; or</p> <p>(e) transaction for taking or accepting any loan or deposit, which may be prescribed:</p> <p>Provided that the Board may prescribe different values for different transactions in respect of different persons having regard to the nature of such transaction:</p>		<p>Section 285BA (7) is proposed to be inserted to empower central government to make rules specifying</p> <ul style="list-style-type: none"> <li>- the persons to be registered with the person referred in section 285BA(1),</li> <li>- nature of information and manner in which such information is shall be maintained by the person referred in section 285BA(1).</li> <li>- due diligence to be carried out by the persons referred in section 285BA(1) for the purpose of any reportable account.</li> </ul>
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Provided further that the value or, as the case may be, the aggregate value of such transactions during a financial year so prescribed shall not be less than fifty thousand rupees.

(4) Where the prescribed income-tax authority considers that the statement furnished under sub-section (1) is defective, he may intimate the defect to the person who has furnished such statement and give him an opportunity of rectifying the defect within a period of thirty days from the date of such intimation or within such further period which, on an application made in this behalf, the said income-tax authority may, in his discretion, allow; and if the defect is not rectified within the said period of thirty days or, as the case may be, the further period so allowed, then, notwithstanding anything contained in any other provision of this Act, such statement shall be treated as an invalid statement and the provisions of this Act shall apply as if such person had failed to furnish the statement.

(5) Where a person who is required to furnish a statement under sub-section (1) has not furnished the same within the specified time, the prescribed income-tax authority may serve upon such person a notice requiring him to furnish such statement within a period not exceeding thirty days from the date of service of such notice and he shall furnish the statement within the time specified in the notice.

(6) If any person, having furnished a statement under

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	<p style="text-align: center;">Section 271FAA</p>	<p>sub-section (1), or in pursuance of a notice issued under sub-section (5), comes to know or discovers any inaccuracy in the information provided in the statement, he shall within a period of ten days inform the income-tax authority or other authority or agency referred to in sub-section (1), the inaccuracy in such statement and furnish the correct information in such manner as may be prescribed.</p> <p>(7) The Central Government may, by rules made under this section, specify—</p> <p>(a) the persons referred to in sub-section (1) to be registered with the prescribed income-tax authority;</p> <p>(b) the nature of information and the manner in which such information shall be maintained by the persons referred to in clause (a); and</p> <p>(c) the due diligence to be carried out by the persons for the purpose of identification of any reportable account referred to in sub-section (1).’.</p> <p>If a person referred to in clause (k) of sub-section (1) of section 285BA, who is required to furnish a statement under that section, provides inaccurate information in the statement, and where—</p> <p>(a) the inaccuracy is due to a failure to comply with the due diligence requirement prescribed under sub-section (7) of section 285BA or is deliberate on the part of that person; or</p> <p>(b) the person knows of the inaccuracy at the time of furnishing the statement of financial transaction or reportable account, but does not inform the prescribed</p>		<p>Section 271FAA is proposed to be inserted that specifying that in case prescribed reporting financial institution provide inaccurate statement and</p> <ul style="list-style-type: none"> <li>- such inaccuracy is due to failure to comply with the due diligence requirement prescribed under section 285BA(7); or</li> <li>- the person know of the</li> </ul>
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		<p>income-tax authority or such other authority or agency; or</p> <p>(c) the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time specified under sub-section (6) of section 285BA, then, the prescribed income-tax authority may direct that such person shall pay, by way of penalty, a sum of fifty thousand rupees</p>		<p>inaccuracy at the time of furnishing or statement of financial transaction or reportable account but does not inform the prescribed authority; or</p> <p>- the person discovers the inaccuracy after the statement of financial transaction or reportable account is furnished and fails to inform and furnish correct information within the time prescribed under section 285BA(6)</p> <p>the prescribed authority may direct such person shall pay, by way of penalty a sum of Rs. 50,000/-.</p>
67	Section 271G	<p>If any person who has entered into an international transaction or specified domestic transaction fails to furnish any such information or document as required by sub-section (3) of section 92D, the Assessing Officer <b><u>or the Transfer Pricing Officer as referred to in section 92CA</u></b> or the Commissioner (Appeals) may direct that such person shall pay, by way of penalty, a sum equal to two per cent of the value of the international transaction or specified domestic transaction for each such failure.</p>	01.10.2014	<p>It is proposed to give powers to Transfer pricing officer to levy penalty under section 271G. Thus, power to levy penalty extended to Transfer pricing officer as well</p>

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69	Section 276D	<p>If a person willfully fails to produce, or cause to be produced, on or before the date specified in any notice served on him under sub-section (1) of section 142, such accounts and documents as are referred to in the notice or willfully fails to comply with a direction issued to him under sub-section (2A) of that section, he shall be punishable with rigorous imprisonment for a term which may extend to one year <del>or with fine equal to a sum calculated at a rate which shall not be less than four rupees or more than ten rupees for every day during which the default continues, or with both</del> <b><u>and with fine.</u></b></p>	01.10.2014	<p>Levy of penalty made mandatory.</p> <p>It is proposed to remove the monetary limit of fine and also proposed mandatory levy of fine.</p>
70	Section 281B (2)	<p><b><u>First Proviso</u></b>          Provided that the Chief Commissioner, Commissioner, Director General or Director may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so, however, that the total period of extension shall not in any case exceed <del>two years</del> <b><u>two years or sixty days after the date of order of assessment or reassessment, whichever is later.</u></b></p>	01.10.2014	<p>Period of attachment is proposed to be extended by the prescribed authorities.</p> <p>It is proposed to substitute the words two year in the first proviso of section 281B (2) with two years or sixty days after the date of order of assessment or reassessment whichever is later.</p>