Clause(S) Of Finance Bill, 2021	Particulars Of Amendments	Section	Amendment / Newly Inserted	Applicable W.E.F.	Brief Of Amendment
5	**Amendment to Section 10(5)**	10(5)	Insertion of Proviso and Explanation 2	WEF 01.04.2021 AY. 2021-22 ***ONLY***	In view of Pandemic Covid, it is proposed to provide Tax Exemption to cash allowance in lieu of LTC subject to the following conditions namely: (a) The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-21; (b) ―specified expenditure‖ means expenditure incurred by an individual or a member of his family during the specified period on goods or services which are liable to tax at an aggregate rate of twelve per cent or above under various GST laws and goods are purchased or services procured from GST registered vendors/service providers; (c) ―specified period‖ means the period commencing from 12th day of October, 2020 and ending on 31st day of March, 2021; (d) the amount of exemption shall not exceed thirty-six thousand rupees per person or one-third of specified expenditure, whichever is less; (e) the payment to GST registered vendor/service provider is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic

					clearing system through a bank account or through such other electronic mode as prescribed under Rule 6ABBA and tax invoice is obtained from such vendor/service provider; (f) If the amount received by, or due to an individual as per the terms of his employment, from his employer in relation to himself and his family, for the LTC is more than what is allowable to such person under the above discussed provisions, the exemption under the proposed amendment would be available only to the extent of exemption admissible under above listed provisions.
26	**Amendment to Section 80-IBA**	80-IBA	Insertion of subsection (1A) Substitution of words in Sub-Section (2) Insertion of Clause 6(da)	"wef 01.04.2020 AY 2022-23 and onwards"	This amendment is aimed to provide benefit to Migrant Labourers and to promote Affordable Rental by providing tax deduction of 100% of profits and gains derived by an assessee engaged in providing rental housing projects subject to fulfilment of certain conditions
4,5,15,17,21,23 & 30	**Tax incentives for units in IFSC**	9A / 10 / 47 / 80LA / 115 AD	Amendment / New Insertion	01/04/2022 AY 2022-23	Following incentives have been conferred to units located in International Financial Services Centre (IFSC) if they commence thier operations on or before 31/03/2024: 1. Relaxation of existing conditions specified in clause 3 and 4 for eligible investment fund or its eligible fund manager. The Central Government shall by notification specify the relaxations made in this regard; 2. Investment division of offshore banking unit to be included under the definition of 'specified fund' provided u/s 10(4D).

						Accordingly exemption on specified captial gains derived by investment division of offshore banking unit would be exempt u/s 10(4D) and provisions of Sec 115AD as applicable to specified fund would be applicable to investment division of offshore banking unit; 3. Insertion of new clause 10(4E) providing exemption to incomes of non-resident derieved from transfer of non- deliverable forward contracts entered into with an offshore banking unit of an IFSC; 4. Insertion of new clause 10(4F) providing exemption to non-resident on its royalty incomes from lease of aircraft payment of which is paid by unit of an International Financial Services Centre eligible for deduction u/s 80LA; 5. Insertion of new clause 10(23FF) providing exemption of specified capital gains of non-resident on transfer of shares by 'Resultant Fund' which were already exempt had the shares were sold while being a member of 'Original Fund'. The terms 'resultant fund', 'original fund' and 'relocation' has been further defined under the said clause; 6. Consequential amendment made in Sec 47 taking transfer of assets by original fund to resultant fund outside the definition of transfer. Similar benefit conferred to shareholder / unit holder / interest holder while transferring of its share / unit / interest from original fund to resultant fund; 7. Deduction of Sec 80LA extended to any unit of IFSC registered under IFSC Authority Act, 2019 (copy of registration under IFSC Act sufficient to claim deduction under 80LA; and 8. Deduction u/s 80LA also available on

					income of unit of IFSC obtained from transfer of aircraft or aircraft engines leased to Indian company.
3	**Amendment to Section 2(48) to facilitate infrastructure debt funds to issue zero coupon bonds**	2(48)	Insertion of clause (a) & (b) and "Insertion of Explanation 2 after Explanation 1(previously Explanation)"	wef 01.04.2022 A.Y. 2022-23 ONWARDS	" The definition of zero coupon bonds has been widened in order to enable Infrastructure debt funds to issue zero coupon bonds"
45	**Amendment to Section 194A**	194A	Insertion of new clause [cl. (xi)] to section 194A(3)	wef 01.04.2021 A.Y. 2022-23 ONWARDS	The interest earned by an Infrastructure debt funds will not be subjected to TDS.
13,15	**Amendments to Sections 44DB and Section 47(vica) & 47(vicb)**	Sections 44DB and Section 47(vica) & 47(vicb)	Insertion of new clauses	WEF 01.04.2021 Ay 2021-22 Onwards	1. By virtue of this amendment, scope of business reorganisation is enhanced to include conversion of primary co-operative bank to a banking company 2. all the deductions u/s44DB shall be applicable to such conversion 3. transfer of a capital Asset by primary co-operative bank to banking company and accordingly, allotment of shares of the converted banking co to the shareholders of the predecessor primary co-operative bank shall not be treated as transfer u/s 47
Clause 22 read with Clause 3	**Facilitating strategic disinvestment of public sector company**	Amendment to Sections 2(19AA) and 72A	Insertion of new explanation to Section 2(19AA) and amendment to section 72A(1)	AY 2021-22	(i) It is proposed to amend clause (19AA) of section 2 of the Act to insert Explanation 6 to clarify that the reconstruction or splitting up of a public sector company into separate companies shall be deemed to be a

			by amendment to cl. (c) and insertion of Cl.(d)		demerger, if • such reconstruction or splitting up has been made to transfer any asset of the demerged company to the resultant company; and • the resultant company is a public sector company on the appointed date indicated in the scheme approved by the Government or any other body authorised under the provisions of the Companies Act, 2013 or any other Act governing such public sector companies in this behalf; and • fulfils such other conditions as may be notified by the Central Government in the Official Gazette. (ii) It is proposed to amend sub-section (1) of section 72A of the Act, (a) to substitute clause (c) to provide that the provision of sub- section (1) of section 72A shall also apply in case of amalgamation of one or more public sector company or companies with one or more public sector company or companies. (b) to insert clause (d) to provide that the provision of sub-section (1) of section 72A shall also apply in case of amalgamation of an erstwhile public sector company with one or more company or companies, if • the share purchase agreement entered into under strategic disinvestment restricted immediate amalgamation of the said public sector company; and • the amalgamation is carried out within five year from the end of the previous year in which the restriction on amalgamation in the share purchase agreement ends.

					(c) to insert a proviso to sub-section (1) to provide that the accumulated loss and the unabsorbed depreciation of the amalgamating company, in case of an amalgamation referred to in clause (d), which is deemed to be loss or, as the case may be, allowance for unabsorbed depreciation of the amalgamated company shall not be more than the accumulated loss and unabsorbed depreciation of the public sector company as on the date on which the public sector company ceases to be a public sector company as a result of strategic disinvestment; (d) to insert an Explanation to sub-section (1) to define the followings:- (A) —Control‖ shall have the same meaning as assigned to in clause (27) of Section 2 of the Companies Act, 2013; (B) —Erstwhile public sector company‖ means a company which was a public sector company in earlier previous years and ceases to be a public sector company by way of strategic disinvestment by the Government. (C) —Strategic disinvestment‖ shall mean sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding to below 51%, along with transfer of control to the buyer.
Clause 24	**Extension of date of sanction of loan for affordable residential**	Section 80EEA	In section 80EEA of the Income-tax Act, in sub-section (3), in clause (i), for the	AY 2022-23	Extention of the outer date for sanction of loan from 31st March 2021 to 31st March 2022. As per the Amended provision of the section 80EEA of the Act applies in respect of interest on loan

	house property		figures “2021”, the figures “2022” shall be substituted with effect from the 1st day of April, 2022.		taken for a residential house property from any financial institution up to one lakh fifty-thousand rupees subject to the condition that the loan has been sanctioned during the period beginning on 1st April, 2019 and ending on 31st March, 2022.
Clause 25	**Extension of date of incorporation for eligible start up for exemption and for investment in eligible start-up**	80-IAC & 54GB	"In section 80-IAC of the Income-tax Act, in the Explanation, in clause (ii), in sub-clause (a), for the figures “2021”, the figures “2022” shall be substituted." In section 54GB of the Income-tax Act, in sub-section (5), in the proviso, for the figures “2021”, the figures “2022” shall be substituted.	AY 2022-23	Extention of the outer date of incorporation of Start up to before 1st April, 2022 For Claiming the deduction u/s 80-IAC of the Act, amounting to hundred percent of the profits and gains derived from an eligible business by an eligible start-up for three consecutive assessment years out of ten years at the option of the assessee. This is subject to the condition that the total turnover of its business does not exceed one hundred crore rupees. The eligible start-up is required to be incorporated on or after 1st day of April, 2016 but before 1st day of April 2022. Extention of the outer date of transfer of residential property from 31st March 2021 to 31st March 2022 For exemption of capital gain which arises from the transfer of a long-term capital asset, being a residential property (a house or a plot of land), owned by the eligible assessee. The assessee is required to utilise the net consideration for subscription in the equity shares of an eligible start-up, before the due date of furnishing of return of income under sub-section (1) of section 139 of the Act. The eligible start-up is required to utilise this amount for purchase of new asset within one year from the date of subscription in equity shares by the assessee.

					Further, it has been provided that benefit is available only when the residential property is transferred on or before 31st March, 2022.
Clause 10 ***Also see Cl.21***	**Increase in safe harbour limit of 10% for real estate developers selling such residential units**	Section 43CA	In section 43CA (1) of the Income-tax Act, in case of transfer of residential unit, the first proviso shall have the effect as if for the words "110%", the words "120%" had been substituted	AY 2021-22	Increase in safe harbour limit of 10% for home buyers and real estate developers selling such residential units It is proposed to increase the safe harbour threshold from existing 10% to 20% under section 43CA of the Act, if the following conditions are satisfied:- • The transfer of residential unit takes place during the period from 12th November, 2020 to 30th June, 2021 • The transfer is by way of first time allotment of the residential unit to any person • The consideration received or accruing as a result of such transfer does not exceed two crore rupee "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirement, distinctly separated from other residential units within the building, which is directly accessible from an outer door or through an interior door in a shared hallway and not by walking through the living space of another household.'.
Clause 21 ***Also see Cl.10***	**Increase in safe harbour limit of 10% for home buyers**	Section 56(2)(x)	In section 56(2)(x) of the Income-tax Act, in case of transfer of residential unit, the first proviso shall have the effect as if for the words "110%",	AY 2021-22	Consequent to the amendment in section 43 CA, Increase in safe harbour limit from 10% to 20% In case of property being residential unit, It is proposed to increase the safe harbour threshold from existing 10% to 20% "residential unit" means an independent housing unit with separate facilities for living, cooking and sanitary requirement, distinctly separated from other residential units within the building, which is directly accessible from

			the words "120%" had been substituted		an outer door or through an interior door in a shared hallway and not by walking through the living space of another household.'. ***<u>NO corresponding amendment under Section 50C</u>***
Clause 47	**Relaxation for certain category of senior citizen from filing return of income-tax**	194P & 139	Amendment / Newly Inserted	AY 2021-22	It is proposed to provide a relaxation from filing the return of income, if the following conditions are satisfied:- (i) The senior citizen is resident in India and of the age of 75 or more during the previous year; (ii) He has pension income and interest income from the same bank in which he is receiving his pension income only; (iii) This bank is a specified bank. and (iv) He furnishes a declaration to the specified bank, as may be prescribed. Once the declaration is furnished, the specified bank would be required to compute the income of such senior citizen after giving effect to the deduction allowable under Chapter VI-A and rebate allowable under section 87A of the Act, for the relevant assessment year and deduct income tax u/s 194P on the basis of rates in force.
5	**Rationalisation of provisions related to Sovereign Wealth Fund (SWF) and Pension Fund (PF)**	10(23FE)	Amendment	01/04/2021 AY 2021-22	This provision was introduced through the Finance Act, 2020 to encourage investments of SWF and PF into infrastructure sector of India. Subsequent to enactment, a notification was also issued to enlarge the scope of infrastructure activities eligible for investments. In order to rationalise the provision of this clause and to remove the difficulties in meeting some of the conditions, the

						followings amendments are proposed in the Bill: • Allowing Alternate Investment Fund (AIF) to invest up to 50% in non-eligible investments • Investment through holding company • Investment in NBFC- IDF/IFC (non-banking finance company-infrastructure debt fund/Infrastructure finance company) Presently, SWF/PFs are not allowed to invest in NBFC-IFC/IDF. It is proposed to allow the same subject to the certain conditions • Loan or borrowings by SWF/Pension Fund. It is proposed to provide that there should not be any loan or borrowing for the purpose of making investment in India. • Commercial activity Presently, SWF/PFs are not allowed to undertake any commercial activity. This condition is proposed to be removed and replaced with a condition that SWF/PFs shall not participate in day to day operation of investee. • Liable to Tax Presently, some PFs are liable to tax in their country though given exemption subsequently. It is proposed to amend this sub-clause to provide that if pension fund is liable to tax but exemption from taxation for all its income has been provided by the foreign country under whose

					laws it is created or established, then such pension fund shall also be eligible.
28	**Addressing mismatch in taxation of income from notified overseas retirement fund**	89A	Insertion of new Section	AY 2022-23 and onwards	there is mismatch in the year of taxability of withdrawal from retirement funds by residents who had opened such fund when they were non-resident in India and resident in foreign countries. At present the withdrawal from such funds may be taxed on receipt basis in such foreign countries, while on accrual basis in India. In order to address this mismatch and remove this genuine hardship, it is proposed to insert a new section 89A to the Act to provide that the income of a specified person from specified account shall be taxed in the manner and in the year as prescribed by the Central Government. . It is also proposed to define the expression —specified person, specified account & notified country.
31	**Rationalisation of provisions of Minimum Alternate Tax (MAT)**	115JB	Amendment	AY 2021-22 and onwards	The computation of book profit under section 115JB does not provide for any adjustment on account of additional income of past year(s) included in books of account of current year on account of secondary adjustment under section 92CE or on account of an Advance Pricing Agreement (APA) entered with the taxpayer under section 92CC. Further since dividend income is now taxable in the hand of shareholders, dividend received by a foreign company on its investment in India is required to be excluded for the purposes of calculation of book profit in case the tax payable on such dividend income is less than

					MAT liability on account of concessional tax rate provided in the Double Taxation Avoidance Agreement (DTAA). Hence it is proposed to,- (i) provide that in cases where past year income is included in books of account during the previous year on account of an APA or a secondary adjustment, the Assessing Officer shall, on an application made to him in this behalf by the assessee, recompute the book profit of the past year(s) and tax payable, if any, during the previous year, in the prescribed manner. Further, the provision of section 154 of the Act shall apply so far as possible and the period of four years specified in sub-section (7) of section 154 shall be reckoned from the end of the financial year in which the said application is received by the Assessing Officer. (ii) to provide similar treatment to dividend as already there for capital gains on transfer of securities, interest, royalty and Fee for Technical Services (FTS) in calculating book profit for the purposes of section 115JB of the Act, so that both specified dividend income and the expense claimed in respect thereof are reduced and added back, while computing book profit in case of foreign companies where such income is taxed at lower than MAT rate due to DTAA.
44	**Exemption of deduction of tax at source on payment of Dividend to business trust in**	194	Amendment	Retrospectively from 1st April, 2020	Second proviso to section 194 of the Act is proposed to be amended to further provide that the provisions of this section (i.e Sec 194) shall also not apply to such income credited or paid to a business trust by a special purpose vehicle or payment of dividend to

	whose hand dividend is exempt				any other person as may be notified.
49	**Rationalisation of the provision concerning withholding on payment made to Foreign Institutional Investors (FIIs)**	196D	Insertion of Proviso to Section 196D(1)	From 01/04/2021	Section 196D of the Act provides for deduction of tax on income of FII from securities as referred to in clause (a) of sub-section (1) of section 115AD of the Act (other than interest referred in section 194LD of the Act) at the rate of 20 per cent. The situation is different in cases where the provision mandates TDS at rate in force It is proposed to insert a proviso to sub-section (1) of section 196D of the Act to provide that in case of a payee to whom an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies and such payee has furnished the tax residency certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A of the Act, then the tax shall be deducted at the rate of twenty per cent. or rate or rates of income-tax provided in such agreement for such income, whichever is lower.
11	**Rationalisation of provisions relating to tax audit in certain cases**	Section 44AB	In section 44AB of the Income-tax Act, in clause (a), in the proviso, in long line, for the words “five crore rupees”, the words “ten crore rupees” shall be substituted.	01.04.2021 (A.Y 2021-2022)	it is proposed to increase the threshold of tax audit in the case of assessees (other then companies and to whom section 44ADA applies) ***from five crore rupees to ten crore rupees in cases*** (i) aggregate of all receipts in cash during the previous year does not exceed five per cent of such receipt; and (ii) aggregate of all payments in cash during the previous year does not exceed five per cent of such payment.

53	**Advance tax instalment for dividend income**	Section 234C(1)	Amendment	01/04/2021	The first proviso of the sub section (1) provides for the relaxation that if the shortfall in the advance tax instalment or the failure to pay the same on time is on account of the income listed therein Aforesaid relaxation is to insulate the taxpayers from payment of interest under section 234C of the Act in cases where accurate determination of advance tax liability is not possible due to the intrinsic nature of the income. Therefore, after it is proposed to include dividend income in the above exclusion but not deemed dividend as per sub-clause (e) of clause (22) of section 2 of the Act. **Though the proposed amendment is silent as to the timing of dividend income,** regard is to be given to the ***speech of the FM as per para 162*** **wherein the dividend income will be considered for the purpose of advance tax under Section 234C as under:** **"I propose to provide that advance tax liability on *dividend income shall arise only after the declaration/payment of dividend*"** Explanation 2.—For the purposes of this sub-section, the term "dividend" shall have the meaning assigned to it in clause (22) of section 2, but shall not include sub-clause (e)

					thereof.'
5	**Raising of prescribed limit for exemption under sub-clause (iiiad) and (iiiae) of clause (23C) of section 10 of the Act**	Section 10(23C) (iiiad) 10(23C) (iiiae)	Amendment	01/04/2022 AY 2022-23	The hitherto monetary limits for exemption of income received by any person on behalf of university or educational institution OR ncome received by any person on behalf of hospital or institution is presently 1 crore rupees. The aforesaid limit of ***annual receipt*** of such organization is proposed to be ***increased to Rs. 5 crore***.
32	**Extending due date for filing return of income in some cases, reducing time to file belated return and to revise original return and also to remove difficulty in cases of defective returns**	Section 139	Amendments to section 139(1) Sec 139(4) 139(5) 139(9)	01/04/2021 (AY 2021-22 and onwards)	Section 5A of the Act provides for taxation of spouses governed by Portuguese Civil Code. On account of this provision any income earned by a partner of a firm whose accounts are required to be audited shall be apportioned between the spouses and included in their total income, if the section 5A applies to them. Since the total income of a partner can be determined after the books of accounts of such firm have been finalised, the due dates of partners are already aligned with the due date of the firm. Thus, the due date for filing of original return of income of such partner is 31st October of the assessment year. However, this relaxation is not there for spouse of such partner to whom section 5A of the Act applies. Therefore, it is proposed that the due date for the filing of original return of income be extended to 31st October of the assessment year in case of spouse of a partner of a firm whose accounts are required

					to be audited under this Act or under any other law for the time being in force, if the provisions of section 5A applies to them. Further, in the case of a firm which is required to furnish report from an accountant for entering into international transaction or specified domestic transaction, as per section 92E of the Act, the due date for filing of original return of income is the 30th November of the assessment year. Since the total income of such partner can be determined after the books of accounts of such firm have been finalised, it is proposed that the due date of such partner be extended to 30th November of the assessment year. Further, it is proposed that the ***belated or revised returns of income can be filed*** at any time, prior or upto 3 months before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier. Also, it is proposed to notify relaxations for rectifying the defective returns.
Clasue 8 & 9	**Payment by employer of employee contribution to a fund on or before due date**	Section 36(1)(va) Expln 2 & Section 43B Expln.5	Amendment	01/04/2021 i.e. AY 2021-22 and onwards	Explanation to section 36(v)(a) has been inserted to clarify that the provision of section 43B does not apply and deemed to never have been applied for the purposes of determining the —due date‖ under this clause And Explanation to section 43 B has also been inserted to clarify that the provisions of the said section do not apply and deemed to never have been applied to a sum received by the assessee from any of his

					employees to which provisions of sub-clause (x) of clause (24) of section 2 applies **Comments from authors** The Hon'ble Supreme court in the case of CIT vs. Alom Extrusions Ltd. [(2009) 319 ITR 306 (SC)] had not distinguished between the employer and the employee contribution for deduction u/s 36(i)(va). Similar view was taken by Hon'ble Patna High Court in the case of Bihar State Warehousing Corporation Ltd. vs. CIT (2016) 386 ITR 410 (Pat). Also, Haryana High Court in CIT vs. Hemla Embroidery Mills (P) Ltd. (2014) 366 ITR 167 (P&H), not only followed CIT vs. Alom Extrusions Ltd.(supra) but also its own earlier judgment in CIT vs. Rai Agro Industries Ltd. (2011) 334 ITR 122 (P&H), to hold that s. 43B shall apply to both 'contributions' i.e. employers' and employees'. Similar view was taken by High Court of Allahabad in the case of Sagun Foundry Pvt Ltd. vs CIT, (2017) 291 CTR (All) 557 and by Guwahati High Court in the cases of George Williamson (Assam) 2006 284 ITR 619, Assam Tribune, Bharat Bamboo and Timber Suppliers. On the contrary, in CIT vs. Gujarat State Road Transport Corp the Gujarat High Court held that Employees' PF/ ESI Contribution is not covered by s. 43B & is only allowable as a deduction u/s 36(1)(va) if paid by the "due date" prescribed therein. Vide the above proposed amendments, the judgments, which treated the Employees' PF/ ESI Contribution as being also covered by 43B,

					have been all nullified.
66	**Constitution of Dispute Resolution Committee for small and medium taxpayers**	245MA	Newly inserted	01/04/2021	In order to provide early tax certainty to small and medium taxpayers, it is proposed to introduce a new scheme for preventing new disputes and settling the issue at the initial stage which have following salient features: (i) The Central Government shall constitute one or more Dispute Resolution Committee (DRC). (ii) This committee shall resolve disputes of such persons or class of person which shall be specified by the Board. The assessee would have an option to opt for or not opt for the dispute resolution through the DRC. (iii) Only those disputes where the returned income is fifty lakh rupee or less (if there is a return) and the aggregate amount of variation proposed in specified order is ten lakh rupees or less shall be eligible to be considered by the DRC. (iv) If the specified order is based on a search initiated under section 132 or requisition made under section 132A or a survey initiated under 133A or information received under an agreement referred to in section 90 or section 90A, of the Act, such specified order shall not be eligible for being considered by the DRC. (v) Assessee would not be eligible for benefit of this provision if there is detention, prosecution or conviction under various laws as specified in the proposed section.

					(vi) Board will prescribe some other conditions in due course which would also need to be satisfied for being eligible under this provision. (vii) The DRC, subject to such conditions as may be prescribed, shall have the powers to reduce or waive any penalty imposable under this Act or grant immunity from prosecution for any offence under this Act in case of a person whose dispute is resolved under this provision. (viii) The Central Government has also been empowered to make a scheme by notification in the Official Gazette for the purpose of dispute resolution under this provision.
67 to 77	**Constitution of the Board for Advance Ruling**	245N 245O 245OB 245P 245Q 245R 245S 245T 245U 245V 245W	Amendments/ Insertions	01/04/2021	The long pending vacancies in Authority for advance ruling, has seriously hampered the working of AAR and a large number of applications are pending since last many years. There is, therefore, a need to look for an alternative method of providing advance ruling which can give rulings to taxpayers in timely manner. Hence, it is proposed to constitute a Board of Advance Ruling and to make various enabling amendments in the existing provisions of AAR have been made so that the Board for advance ruling may give timely and prompt rulings.
35	**Income escaping assessment & search and survey assessments**	147	Substitution of existing section with a new section	01.04.2021 (A.Y 2021-2022)	35. For section 147 of the Income-tax Act, the following section shall be substituted, namely:— "147. If any income chargeable to tax, in the case of an assessee, has escaped assessment for any assessment year, the Assessing

					Officer may, subject to the provisions of sections 148 to 153, assess or reassess such income or recompute the loss or the depreciation allowance or any other allowance or deduction for such assessment year (hereafter in this section and in sections 148 to 153 referred to as the relevant assessment year). Explanation.—For the purpose of assessment or reassessment under this section, the Assessing Officer may assess or reassess the income in respect of any issue, which has escaped assessment, and such issue comes to his notice subsequently in the course of the proceedings under this section, irrespective of the fact that the provisions of section 148A have not been complied with.". **AUTHOR COMMENT** Though the explanation to proposed section 147 is similar to explanation III to erstwhile section, yet considering the specific wordings and language used in the memorandum explaining the provisions, the following judgments have been rendered otiose : • Delhi High Court in the case of Ranbaxy Laboratories Ltd. vs. CIT [2011] 12 Taxmann.Com 74 (Del), • Delhi High Court in the case of CIT vs. Software Consultants (341 ITR 240) • Delhi High Court in the case of CIT (Exemption) vs. Monarch Educational Society (387 ITR 416) • Bombay High Court in the case of CIT vs. Jet Airways (I) Ltd. 331 ITR 236

36	**Income escaping assessment & search and survey assessments**	148	Substitution of new section for section 148	01.04.2021 (A.Y 2021-2022)	36. For section 148 of the Income-tax Act, the following section shall be substituted, namely:— "148. Before making the assessment, reassessment or recomputation under section 147, and subject to the provisions of section 148A, the Assessing Officer shall serve on the assessee a notice, along with a copy of the order passed, if required, under clause (d) of section 148A, requiring him to furnish within such period, as may be specified in such notice, a return of his income or the income of any other person in respect of which he is assessable under this Act during the previous year corresponding to the relevant assessment year, in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be prescribed; and the provisions of this Act shall, so far as may be, apply accordingly as if such return were a return required to be furnished under section 139: Provided that no notice under this section shall be issued unless there is information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the relevant assessment year and the Assessing Officer has obtained prior approval of the specified authority to issue such notice.

						Explanation 1.—For the purposes of this section and section 148A, the information with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment means,— (i) any information flagged in the case of the assessee for the relevant assessment year in accordance with the risk management strategy formulated by the Board from time to time; (ii) any final objection raised by the Comptroller and Auditor General of India to the effect that the assessment in the case of the assessee for the relevant assessment year has not been made in accordance with the provisions of this Act. Explanation 2.—For the purposes of this section, where,— (i) a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A, on or after the 1st day of April, 2021, in the case of the assessee; or (ii) a survey is conducted under section 133A in the case of the assessee on or after the 1st day of April, 2021; or (iii) the Assessing Officer is satisfied, with the prior approval of the Principal Commissioner or Commissioner, that any money, bullion, jewellery or other valuable article or thing, seized or requisitioned in case of any other

					person on or after the 1st day of April, 2021, belongs to the assessee; or (iv) the Assessing Officer is satisfied, with the prior approval of Principal Commissioner or Commissioner, that any books of account or documents, seized or requisitioned in case of any other person on or after the 1st day of April, 2021, pertains or pertain to, or any information contained therein, relate to, the assessee, the Assessing Officer shall be deemed to have information which suggests that the income chargeable to tax has escaped assessment in the case of the assessee for the three assessment years immediately preceding the assessment year relevant to the previous year in which the search is initiated or books of account, other documents or any assets are requisitioned or survey is conducted in the case of the assessee or money, bullion, jewellery or other valuable article or thing or books of account or documents are seized or requisitioned in case of any other person. Explanation.3—For the purposes of this section, specified authority means the specified authority referred to in section 151.”. **AUTHOR COMMENTS** 2 category of deemed escapements defined as per Explanation 1 & 2.

37	**Conducting enquiry, providing opportunity before issuance of notice under Section 148**	148A	Newly inserted	01.04.2021 (A.Y 2021-2022)	"148A. The Assessing Officer shall, before issuing any notice under section 148, — (a) conduct any enquiry, if required, with the prior approval of specified authority, with respect to the information which suggests that the income chargeable to tax has escaped assessment; (b) provide an opportunity of being heard to the assessee, with the prior approval of specified authority, by serving upon him a notice to show cause within such time, as may be specified in the notice, being not less than seven days and but not exceeding thirty days from the date on which such notice is issued, or such time, as may be extended by him on the basis of an application in this behalf, as to why a notice under section 148 should not be issued on the basis of information which suggests that income chargeable to tax has escaped assessment in his case for the relevant assessment year and results of enquiry conducted, if any, as per clause (a); (c) consider the reply of assessee furnished, if any, in response to the show-cause notice referred to in clause (b); (d) decide, on the basis of material available on record including reply of the assessee, whether or not it is a fit case to issue a notice under section 148, by passing an order, with the prior approval of specified authority, within one month from the end of the month in which the reply referred to in clause (c) is received by him, or where no such reply is furnished, within one month from the end of

					the month in which time or extended time allowed to furnish a reply as per clause (b) expires: Provided that the provisions of this section shall not apply in a case where,— (a) a search is initiated under section 132 or books of account, other documents or any assets are requisitioned under section 132A in the case of the assessee on or after the 1st day of April, 2021; or (b) the Assessing Officer is satisfied, with the prior approval of the Principal Commissioner or Commissioner that any money, bullion, jewellery or other valuable article or thing, seized in a search under section 132 or requisitioned under section 132A, in the case of any other person on or after the 1st day of April, 2021, belongs to the assessee; or (c) the Assessing Officer is satisfied, with the prior approval of the Principal Commissioner or Commissioner that any books of account or documents, seized in a search under section 132 or requisitioned under section 132A, in case of any other person on or after the 1st day of April, 2021, pertains or pertain to, or any information contained therein, relate to, the assessee. Explanation.—For the purposes of this section, specified authority means the specified authority referred to in section 151.”.

					AUTHOR COMMENTS The proposed section incorporates the directions of Apex Court in the case of GKN Driveshafts Limited. Also, the section is based on principle of audi alteram partem.
38	**Time limits for issuance of notice under Section 148**	149	Substitution of new section for section 149	01.04.2021 (A.Y 2021-2022)	The new Section provides as under: "149. (1) No notice under section 148 shall be issued for the relevant assessment year,— (a) ***if three years have elapsed from the end of the relevant assessment year, unless*** the case falls under clause (b); (b) ***if three years, but not more than ten years, have elapsed from the end of the relevant assessment year unless the Assessing Officer*** has in his possession books of accounts or other documents or evidence which reveal that the income chargeable to tax, represented in the form of asset, which has escaped assessment amounts to or is likely to amount to fifty lakh rupees or more for that year: Provided that no notice under section 148 shall be issued at any time in a case for the relevant assessment year beginning on or before 1st day of April, 2021, if such notice could not have been issued at that time on account of being beyond the time limit specified under the provisions of clause (b) of sub-section (1) of this section, as they stood immediately before the commencement of the Finance Act, 2021:

					Provided further that the provisions of this sub-section shall not apply in a case, where a notice under section 153A, or section 153C read with section 153A, is required to be issued in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A, on or before the 31st day of March, 2021: Provided also that for the purposes of computing the period of limitation as per this section, the time or extended time allowed to the assessee, as per show-cause notice issued under clause (b) of section 148A or the period during which the proceeding under section 148A is stayed by an order or injunction of any court, shall be excluded: Provided also that where immediately after the exclusion of the period referred to in the immediately preceding proviso, the period of limitation available to the Assessing Officer for passing an order under clause (d) of section 148A is less than seven days, such remaining period shall be extended to seven days and the period of limitation in sub-section (1) shall be deemed to be extended accordingly. (2) The provisions of sub-section (1) as to the issue of notice shall be subject to the provisions of section 151.”. Here the relevant para of FM speech are also relevant and are as under: ***Reduction in Time for Income Tax***

					Proceedings *153. Honourable Speaker, presently, an assessment can be re-opened up to 6 years and in serious tax fraud cases for up to 10 years. As a result, taxpayers have to remain under uncertainty for a long time.* *154. I therefore propose to reduce this time-limit for re-opening of assessment to 3 years from the present 6 years. In serious tax evasion cases too, only where there is evidence of concealment of income of `50 lakh or more in a year, can the assessment be re-opened up to 10 years. Even this reopening can be done only after the approval of the Principal Chief Commissioner, the highest level of the Income Tax Department*
39	**Sanction for issue of notice under Section 148 and 148A**	151	Substitution of new section for section 151	01.04.2021 (A.Y 2021-2022)	"151. Specified authority for the purposes of section 148 and section 148A shall be,— (i) Principal Commissioner or Principal Director or Commissioner or Director, if three years or less than three years have elapsed from the end of the relevant assessment year; (ii) Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General, if more than three years have elapsed from the end of the relevant assessment year.".

40	**(**) no such section in statute**	151A	Amendment	01.04.2021 (A.Y 2021-2022)	In section 151A of the Income-tax Act, in sub-section (1), in the opening portion, after the words and figures "issuance of notice under section 148", the words, figures and letter "or conducting of enquiries or issuance of show-cause notice or passing of order under section 148A" shall be inserted.
42	**Assessment in case of Search conducted or requisition made**	153A(1)	Amendment	01.04.2021 (A.Y 2021-2022)	The provisions of Section 153A shall ***not be applicable with respect to search conducted or requisition made on or after 01.04.2021.*** However, the provisions shall be applicable wrt search conducted or requisition made on or upto 31.3.2021.
43	**Assessment of income of any other persons**	153C(3)	Amendment	01.04.2021 (A.Y 2021-2022)	The provisions of Section 153C shall ***not be applicable with respect to search conducted or requisition made on or after 01.04.2021.*** However, the provisions shall be applicable wrt search conducted or requisition made on or upto 31.3.2021. the relevant sub-section is reproduced as under "(3) Nothing contained in this section shall apply in relation to a search initiated under section 132 or books of account, other documents or any assets requisitioned under section 132A on or after the 1st day of April, 2021.".
33	**Allowing prescribed authority to issue notice under clause (i) of sub-section**	142(1)	Amendment	01.04.2021 (A.Y 2021-2022)	Section 142 of the Act provides for conduct of inquiry before assessment. Clause (i) of sub section (1) of the said section gives the Assessing Officer the authority to issue notice to an assessee, who has not submitted a return of income, asking for submission of

	(1) of section 142				return. This is necessary to bring into the fold of taxation non-filers or stop filers who have transactions resulting in income. However, this power can be currently invoked only by the Assessing Officer. The proposed amendment reads as under: "Provided further that a notice under this sub-section for the purposes of this clause may also be served by the prescribed income-tax authority,". In an automated manner, it is ***proposed to*** amend the provisions of clause (i) of the sub-section (1) of the section 142 to ***empower the prescribed income-tax authority besides the Assessing Officer to issue notice under the said clause***.
78	**Provision for Faceless Proceedings before the Income-tax Appellate Tribunal (ITAT) in a jurisdiction less manner**	Section 255(7), 255(8) & 255(9)	Amendment	1st April, 2021	In order to ensure that the reforms initiated by the Department to reduce human interface from the system reaches the next level, it ***is imperative that a faceless scheme be launched for ITAT proceedings on the same line as faceless appeal scheme***. It is proposed to insert new sub-sections in the section 255 of the Act so as to provide that the ***Central Government may notify a scheme for the purposes of disposal of appeal by the ITAT so as to impart greater efficiency, transparency and accountability by***,— (a) eliminating the interface between the ITAT and parties to the appeal in the course of proceedings to the extent technologically feasible;

					(b) optimizing utilization of the resources through economies of scale and functional specialization; (c) introducing an appellate system with dynamic jurisdiction. It is also proposed to empower the Central Government, for the purpose of giving effect to the scheme made under the proposed sub-section, for issuing notification in the Official Gazette, to direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.
54 to 65	**Discontinuation of Income-tax Settlement Commission & introduction of 'Interim Board'**	245A 245AA 245B 245BC/ 245BD/ 245C/ 245D/ 245DD/ 245F/ 245G/ 245H/ 245M	Insertions of various clauses	01.02.2021	Proviso has been inserted to cease the operation of Income Tax Settlement Commission w.e.f. 01.02.2021. Provisions related to Settlement Commission has been amended suitably to make the same applicable to 'Interim Board' and it has further been proposed that a scheme would be notified for faceless proceedings before the Interim Board. Definition of 'Interim Board', 'Member of Interim Board' and 'Pending Application' has been inserted in Section 245A. Pending Application has been defined as a Valid declaration for which no order under sub section (4) of Section 245D was issued on or before 31.01.2021 New Interim Board(s) would be constituted consisting of 3 Members of the rank of Chief Commissioner. Decision of the Board would be taken on the basis of majority of opinion.

					The salient features of the new provisions are being summarized as under: • ITSC shall cease to operate on or after 1st February, 2021 • No application under section 245C of the Act for settlement of cases shall be made on or after 1st February, 2021; • All applications that were filed under section 245C of the Act and not declared invalid under sub-section (2C) of section 245D of the Act and in respect of which no order under section 245D(4) of the Act was issued on or before the 31st January, 2021 shall be treated as pending applications. • Where in respect of an application, an order, which was required to be passed by the ITSC under section 245(2C) of the Act on or before the 31st day of January, 2021 to declare an application invalid but such order has not been passed on or before 31st January, 2021, such application shall be deemed to be valid and treated as pending application. • The Central Government shall constitute one or more Interim Board for Settlement (hereinafter referred to as the Interim Board), as may be necessary, for settlement of pending applications. Every Interim Board shall consist of three members, each being an officer of the rank of Chief Commissioner, as may be nominated by the Board. If the Members of the Interim Board differ in opinion on any point, the point shall be decided according to the opinion of majority.

						• On and from 1st February, 2021, the provisions related to exercise of powers or performance of functions by the ITSC viz. provisional attachment, exclusive jurisdiction over the case, inspection of reports and power to grant immunity shall apply mutatis mutandi to the Interim Board for the purposes of disposal of pending applications and in respect of functions like rectification of orders for all orders passed under sub-section (4) of section 245D of the Act. However, where the time-limit for amending any order or filing of rectification application under section 245(6B) of the Act expires on or after 1st February, 2021, in computing the period of limitation, the period commencing from 1st February, 2021 and ending on the end of the month in which the Interim Board is constituted shall be excluded and the remaining period shall be extended to sixty days, if less than sixty days. • With respect to a pending application, the assessee who had filed such application may, at his option, withdraw such application within a period of three months from the date of commencement of the Finance Act, 2021 and intimate the Assessing Officer, in the prescribed manner, about such withdrawal. • Where the option for withdrawal of application is not exercised by the assessee within the time allowed, the pending application shall be deemed to have been received by the Interim Board on the date on which such application is allotted or transferred to the Interim Board. • The Board may, by an order, allot any pending application to any Interim Board and may also transfer, by an order, any pending

					application from one Interim Board to another Interim Board. • Where the pending application is allotted to an Interim Board or transferred to another Interim Board subsequently, all the records, documents or evidences, with whatever name called, with the ITSC shall be transferred to such Interim Board and shall be deemed to be the records before it for all purposes. • Where the assessee exercises the option to withdraw his application, the proceedings with respect to the application shall abate on the date on which such application is withdrawn and the Assessing Officer, or, as the case may be, any other income-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 245C of the Act had been made. However, for the purposes of the time-limit under sections 149, 153, 153B, 154 and 155 and for the purposes of payment of interest under section 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment, the period commencing on and from the date of the application to the ITSC under section 245C of the Act and ending with the date on which application is withdrawn shall be excluded. Further, the income-tax authority shall not be entitled to use the material and other information produced by the assessee before the ITSC or the results of the inquiry held or evidence recorded by the ITSC in the

					course of proceeding before it. However, this restriction shall not apply in relation to the material and other information collected, or results of the inquiry held or evidence recorded by the Assessing Officer, or, as the case may be, other income-tax authority during the course of any other proceeding under this Act irrespective of whether such material or other information or results of the inquiry or evidence was also produced by the assessee or the Assessing officer before the ITSC
41	**Reduction of time limit for completing assessment**	153	Insertion of third proviso to sub section (1) of Section 153	01.04.2021	The time limit for completion of assessment has been reduced to 9 months fom end of the relevant assessment year i.e. the time limit has been reduced by 3 months which is in line with the earlier reduction in time limit for completion of assessment proceedings from 21 months to 18 months for AY 2018-19 and 12 months for AY 2019-20. **Author's Comments** This is a welcome step considering that the Time Limit for filing of Return has been reduced in recent years and monetary penalty has been imposed in form of Fee u/s 234F of the Income Tax Act, 1961 for late filing of Return of Income. Disposal of assessment proceedings early would definitely ease some compliance burden from the Assessee but how the ITD would be able to adhere to the time limits is a thing to watch out for.
5 & 6	**Rationalisation of the provision of Charitable Trust and**	10(23C)	Amendment in Explanation 1 to third proviso	01.04.2022	The Explanation appearing after third proviso has been numbered as (1) and it has been proposed to cast a condition for claiming Corpus Donation as exempt that such

	Institutions to eliminate possibility of double deduction while calculating application or accumulation		Insertion of Explanation 2 Insertion of Explanation to twentieth proviso		volutary contributions are invested or deposited in one or more of the forms specified in sub-section (5) of Section 11. "It has been proposed that any amount spent from Corpus Donation as referred in Explanation 1 shall not be treated as application of income for the purpose of charitable or religious purposes. It has further been proposed that amount not so treated as application of income as referred above, shall be treated as application in the previous year in which the amount or a part thereof, is invested or deposited back to the funds maintained specifically for such Corpus, provided that the same is out of income of the previous year. It has also been proposed that any application for charitable or religious purpose shall not be treated as application of income if the same is from any loan or advances. However, the amount not so treated as application, shall be treated as application in the previous year in which such loan or borrowings is repaid in full or part from income of that relevant previous year." "It has been proposed that Explanation to twentieth proviso be numbered as (1). It has been further proposed to insert Explanation 2 to clarify that the calculation of income required to be applied or accumulated during the previous year shall be made without any set off or deduction or allowance of any excess application of any of the preceding year(s)." **Authors' Comment**

					This amendment has been proposed to restrict excess application of income of a previous year for set-off of any shortfall in application required to be made in any of the succeeding year(s). In nut shell, it can be said that if any excess application has been made during a previous year, there is no corresponding benefit for same during succeeding years. However, if there is any short application is there during any previous year, tax liability may arise on such shortfall subject to other provisions. This would discourage some genuine cases where during a previous year excess application is required to be made by a Charitable Institution out of its accumulated receipts of earlier years as there would not be any incentive/ benefit to spend more in an year and it would be preferred to defer the spending to subsequent years once the required amount to be spent has already been spent. Though under the income tax act, there is no provision currently permitting set off and carry forward of excess of expenditure over income in case of charitable/religious Trusts/ Institutions, on the strength of following judicial pronouncements of various high courts, c/f of excess expenditure was being permitted: • CIT vs. Maharana of Mewar Charitable Foundation (Rajasthan High Court) 164 ITR 439 • DIT Vs Raghuvanshi Charitable Trust [2010] 44 DTR 223 (Del) • Govindu Naicker Estate Vs ADIT [2001] 248 ITR 368 (Mad) : 167 CTR 303 (Mad)

					• CIT v. Shri Plot Swetamber Murti Pujak Jain Mandal [1995] 211 ITR 293 (Guj) : [1994] 119 CTR 144 (Guj) • CIT v. Institute of Banking [2003] 264 ITR 110 (Bom) : 185 CTR 492 (Bom) The aforesaid issue attained finality by virtue of the judgment of the **Hon'ble Supreme Court in the case of CIT vs Subros Educational Society [2018] 166 DTR 257 (SC)** whereby the consistent view taken by various High Courts in the above cited judgments was upheld. By virtue of the proposed legislative amendment, the aforesaid judgments have been nullified.
		11	Amendment in Clause (d) of sub-section (1) to Section 11 Insertion of Explanation 4 Insertion of Explanation 5	01.04.2022	It has been proposed to cast a condition for claiming Corpus Donation as exempt that such volutary contributions are invested or deposited in one or more of the forms specified in sub-section (5) of Section 11. "It has been proposed that any amount spent from Corpus Donation as referred in Clause (d) shall not be treated as application of income for the purpose of charitable or religious purposes. It has further been proposed that amount not so treated as application of income as referred above, shall be treated as application in the previous year in which the amount or a part thereof, is invested or deposited back to the funds maintained specifically for such Corpus, provided that the same is out of income of the previous year. It has also been proposed that any application

					for charitable or religious purpose shall not be treated as application of income if the same is from any loan or advances. However, the amount not so treated as application, shall be treated as application in the previous year in which such loan or borrowings is repaid in full or part from income of that relevant previous year." It has been proposed to insert Explanation 5 to clarify that the calculation of income required to be applied or accumulated during the previous year shall be made without any set off or deduction or allowance of any excess application of any of the preceding year(s).
3, 5, 14 & 29	**Taxation of proceeds of high premium unit linked insurance policy (ULIP)**	2(14)	Insertion of sub clause (c) in Clause (14) to Section 2	01.04.2021	The definition of Capital Assets has been amended to include any ULIP on which exemption u/s 10(10D) of the Income Tax Act, 1961 do not apply on account of applicability of fourth and fifth proviso thereof.
		10(10D)	Insertion of fourth and fifth proviso after third proviso and insertion of Explanation 3 after Explanation 2	01.04.2021	"Section 10D refers to income not forming part of Total Income received under a life insurance policy. Fourth proviso has been inserted to provide that no benefit of Section 10D would be available for Unit Linked Insurance Policy issued on or after 01.02.2021 if the amount of premium payable for any of the previous year during the term of such policy exceeds Rs. 2,50,000/-. Fifth proviso has been inserted to provide that where more than 1 ULIP has been issued on or after 01.02.2021 then benefit of Section 10D would be available only with respect to ULIPs aggregate yearly premium on which do

						not exceed Rs. 2,50,000/- for any of the previous year during the term of such policies. Sixth proviso has been inserted to provide that maturity on account of death of a person would be unconditionally remain exempt u/s 10(10D) of the Income Tax Act, 1961. Seventh proviso has been inserted to delegate powers to the Board with approval of CG to issue guidelines for the purpose of removing the difficulty arise in giving effect to the provisions of this clause, if any. Explanation 3 has been inserted to define ULIP as a life insurance policy which has components of both investment and insurance and is linked to a unit as defined in clause (ee) of regulation 3 of the Insurance Regulatory and Development Authority of India (Unit Linked Insurance Products) Regulations, 2019 issued by the Insurance Regulatory and Development Authority under the Insurance Act, 1938 and the Insurance Regulatory and Development Authority Act, 1999." **Author's Comment** This amendment has been made in view of High Net Worth Individuals such that aggregate of premium paid for ULIPs issued on or after 01.02.2021, if the same exceeds Rs 2,50,000/- during any of the previous year during the term of the said ULIPs, the said ULIPs for which premium is in excess of Rs 2,50,000/-, would be treated as Capital Assets and at the time of maturity of such ULIPs,

					provisions of Capital Gain would be attracted.
		45	Insertion of sub section (1B) after sub section (1A)	01.04.2021	Necessary rationalization has been made in Section 45 to include income arising from maturity proceeds of ULIPs referred in 4th and 5th proviso to Section 10(10D) of the Income Tax Act, 1961 as Capital Gains taxable in the year of receipt.
		112A	Amendment in Explanation to Clause (a)	01.04.2021	Necessary rationalization has been made in Section 112A dealing with taxability of Long Term Capital Gains to include income arising from maturity proceeds of ULIPs referred in 4th and 5th proviso to Section 10(10D) of the Income Tax Act, 1961.
154 to 158	**Amendment in Finance (No 2) Act, 2004 dealing with STT**			01.02.2021	Consequential amendment has been made to make the provisions of STT applicable with respect to Units as referred in 4th and 5th proviso to Section 10(10D) of the Income Tax Act, 1961.
3	**Rationalisation of the provision of Slump Sale**	2(42C)	Amendment	01.04.2021	The definition of Slump Sale in Section 2(42C) has been amended so as to attract any type of transfer as against transfer in nature of sale only, to attract provisions of Section 50B dealing with computation of Capital Gains in case of slump sale.
14 & 16	Rationalisation of provision of transfer of capital assets to partner on dissolution or reconstitution	45	Amendment of sub-section (4) of Section 45 and insertion of sub-section (4A)	01.04.2021	Amended sub-section (4) of Section 45 states that where a specified person (person who is partner of a firm or member of other association of persons or body of individuals) has received any capital assets at the time of dissolution or reconstitution of the specified entity (a firm or other association of persons or body of individuals) on account of balance

					in his capital account in the books of accounts of such specified entity, then any profit or gain arising from receipt of such capital assets by the specified person shall be taxable as income of the specified entity as Capital Gains and the same would be chargeable to tax in the year in which such capital assets is received by the specified person. It has been further provided that FMV of the Capital Assets on the date of such receipt shall be deemed to be the full value of the consideration received/ accrued on account of transfer of such capital assets. The COA has been provided to be determined in accordance with the provisions of the Act.
79	Provisional attachment in Fake Invoice cases	281B	Amendment	01.04.2021	Amendment has been made in Section 281B dealing with Provisional Attachment. In case where Penalty proceedings u/s 271AAD of the Income Tax Act, 1961 for Fake Invoices are undergoing then provisional attachment as referred in Section 281B of the Act can be made in cases where the amount or aggregate of amounts of penalty likely to be imposed u/s 271AAD exceeds 2 Crore rupees.
159	Rationalisation of provisions of Equalisation Levy	"Finance Act 2016		159	A new chapter with the name of Equalisation Levy, providing for taxation of digital transactions, was inserted vide Chapter VIII of Finance Act 2016. Vide the Finance Act 2021, certain explanations have been added in the said chapter to avoid double taxation and clarify various terms used in the said chapter. Accordingly, it has been provided that: 1. The consideration shall not include the amount which is specifically taxed as royalty or fee for technical services in India.

					2. Online sale of goods / provision of services shall include any of the following activities taking place online ; a) acceptance of offer for sale, b) Placing or Acceptance of Purchase Order, c) Payment of consideration or d) Supply of goods / provision of services, partly or wholly 3. Consideration for sale of goods not owned by e-commerce operator ('operator') shall be included in calculating of total consideration received / receivable by operator. Similarly, consideration for services shall be included irrespective of operator providing or facilitating the same.
7, 18 & 20	Restriction of Depreciation on Goodwill	32, 50 & 55	Amendment	01.04.2021	'Goodwill' has been specifically excluded from list of assets on which depreciation is allowed to be claimed and thus depreciation is not allowed to be claimed with respect to 'Goodwill' whether self generated or acquired. Consequential amendment has been made in Section 50 of the Income Tax Act, 1961 to provide for manner of computation of Short Term Capital Gain in case of depreciable assets in nature of Goodwill. Consequential amendment has also been made in clause (a) of sub-section (2) of Section 55 of the Income Tax Act, 1961. It has been proposed that 'adjusted', 'cost of improvement' and 'cost of acquisition' in

					relation to Goodwill would be: (i) Purchase price in case of acquisition of such assets (ii) Amount of purchase price of previous owner where such asset was acquired by previous owner and the asset has become property of the present owner on account of conditions prescribed under sub-clauses (i) to (iv) of sub-section (1) of section 49. (iii) In any other case, NIL. It has also been provided that where depreciation has been claimed on Goodwill in preceding year(s), in that case, adjustment with respect to depreciation would be made in cost as determined above. **Author's Comment** As per the ratio of judgment of Hon'ble ***Supreme Court in the case of CIT vs. Smifs Securities Ltd. 348 ITR 302 (SC), goodwill of a business or profession was held to be depreciable asset under section 32 of the Act. By virtue of the proposed amendment, the aforesaid judgment has been nullified*** and corresponding amendments have been made in Clauses 7, 18 and 20.
34	Rationalisation of the provisions relating to processing of returned income and issuance of notice u/s 143(2)	143	Amendment	01.04.2021	With respect to processing of Return of Income u/s 143(1) of the Income Tax Act, 1961, the time limit has been reduced by 3 months and now the intimation u/s 143(1) of the Act can be issued within 9 months from end of the Financial Year in which Return of Income is furnished.

	of the Income Tax Act, 1961				It has been further provided that sub-clause (iv) of Clause (a) of Section 143(1) would be amended to include the cases where increase in income has been indicated in the audit report but not taken into account in computing the total income in the return. Similar amendment has been proposed under sub-clause (v) to include disallowance of deduction claimed u/s 10AA or any of the provisions of Chapter VI-A under the heading "C.-Deductions in respect of certain incomes", where the return of income is furnished beyond the due date specified u/s 139(1) of the Act. In line with reduction in time limit for Return Filing by 3 months and also completion of assessment proceedings by 3 months, the time limit for issuance of Notice u/s 143(2) of the Act has also been reduced by 3 months and now the ***Notice u/s 143(2) of the Act can be issued within 3 months from end of the financial year in which return of income is furnished***.
12	Rationalisation of the provisions of Section 44ADA related to presumptive taxation of professionals	44ADA	Amendment	01.04.2021	This amendment is only clarificatory in nature where ***inapplicability of provisions of Section 44ADA in the case of LLP has been specifically mentioned***. Earlier it was not clear from a reading of Section 44ADA.
142 to 147	Adjudicating authority under the PBPT Act	71 of the PBPT Act	Amendment	01/07/2021	Section of the 71 of the PBPT Act, inter alia, provides that the Central Government may, by notification, provide that until the

					Adjudicating Authorities are appointed and the Appellate Tribunal is established under the PBPT Act, the Adjudicating Authority appointed under sub-section (1) of section 6 of the Prevention of Money-Laundering Act, 2002 (hereinafter referred to as the PMLA) and the Appellate Tribunal established under section 25 of the PMLA may discharge the functions of the Adjudicating Authority and the Appellate Tribunal, respectively, under the PBPT Act Since there was no appointment of the Adjudicating Authority under the PBPT Act, the Adjudicating Authority under the PMLA is discharging the functions of the Adjudicating Authority under the PBPT Act. It is ***now proposed*** *to provide that the Competent Authority constituted under sub-section (1) of section 5 of the Smugglers and Foreign Exchange Manipulators (Forfeiture of Property) Act, 1976 (SAFEMA) shall be the Adjudicating Authority under the PBPT Act which shall commence discharging the function from 1st July, 2021*.
160	Clarification regarding the scope of Vivad se Vishwas Act, 2020	DTVsV Act, 2020	Amendment	Retrospective effect from 17/03/2020	The VsV was enacted for the resolution of ***disputed tax and not for the taxes covered by an order in pursuance to the settlement of a case*** under Chapter XIX-A of the Income-tax Act***, such cases as are covered by Chapter XIX-A of the Income-tax Act (whether they have attained finality or not) have always been, therefore, intended to be outside the purview of VsV***. With a view ***to remove any ambiguity***, it is

					proposed to amend the provisions of VsV to clarify the original legislative intent for which the definitions of —appellant‖ in section 2(1)(a), —disputed tax‖ in section 2(1)(j) and —tax arrear‖ in section 2(1)(o), of the VsV are proposed to be amended
3	Definition of term 'Liable to tax'	2	Insertion of Clause (29A) to Section 2	01.04.2021	Liable to tax' has been defined in relation to a person that there is a liability of tax on such person under ANY Law in ANY country and it shall include a case where subsequent to imposition of tax liability, an exemption has been provided. In other words even if there is no liability on account of exemption, even then the person can be termed as 'Liable to tax'.
159	Income Declaration Scheme (IDS) amendment	Section 183 to 197 of FA, 2016	Amendment	Retrospective effect from 01/06/2016	section 191 of the Finance Act, 2016, inter alia, provides that any amount of tax, surcharge and penalty paid in pursuance of a declaration made under the Scheme shall not be refundable. A proviso was inserted in section 191 of the Finance Act, 2016 vide Finance (No. 2) Act, 2019 empowering the Board to specify a class of persons to whom such tax paid in excess shall be refundable. It is now proposed to amend the proviso of section 191 of the Finance Act, 2016, so as to provide that the excess amount of tax, surcharge or penalty paid in pursuance of a declaration made under the Scheme shall be refundable to the specified class of persons without payment of any interest.
48	Tax Deduction at Source (TDS) on purchase of	Section 194Q	Insertion of Section 194Q	01/07/2021	The section provides for ***deduction of TDS by buyer from a resident seller*** from whom he had purchase the goods @ 0.10%, subject to

	goods				certain conditions. ***<u>This section is opposite to section 206C(1H) where the responsibility is on the seller to collect TCS from buyer of the goods</u>***. The section 194Q has been subjected to certain exceptions, which as per Section ***<u>194Q(5)</u>*** are as under: (i) a transaction on which tax is deductible under any provision of the Act; and (ii) a transaction, on which tax is collectible under the provisions of section 206C other than transaction to which sub-section (1H) of section 206C applies. Though, the memorandum explaining the provisions provides that If on a transaction TCS is required under sub-section (1H) of section 206C as well as TDS under this section, then on that transaction only TDS under this section shall be carried out, nothing in such sense is emanating out of the provisions of Cl. (ii) of Section 194Q(5) of the Act. However, upon a ***<u>conjoint reading of section 194Q and second proviso to Section 206C(1H)</u>***, the above interpretation provided in memorandum explaining the provisions becomes explicit.
50	Amendment to Section 206AA	Section 206AA	Insertion of second proviso to section 206AA(1)	01/07/2021	Provide that where the tax is required to be deducted under section 194Q and Permanent Account Number (PAN) is not provided, the TDS shall be at the rate of five per cent.

					Author's Comment The entire agriculture sector has now come within the ambit of the above sections.
51	TDS on non filer at higher rates	Section 206AB	Newly Inserted	01/07/2021	It is seen that while these provisions have served their purpose in ensuring obtaining and furnishing of PAN by various person, there is need to have similar provisions to ensure filing of return of income by those person who have suffered a reasonable amount of TDS/TCS. Hence, it is proposed to insert a new section 206AB in the Act as a special provision providing for higher rate for TDS for the non-filers of income-tax return. Similarly it is proposed to insert a section 206CCA in the Act as a special provision for providing for higher rate of TCS for non-filers of income-tax return. Proposed section 206AB of the Act would apply on any sum or income or amount paid, or payable or credited, by a person (herein referred to as deductee) to a specified person. This section shall not apply where the tax is required to be deducted under sections 192, 192A, 194B, 194BB, 194LBC or 194N of the Act. The proposed TDS rate in this section is higher of the followings rates:- • twice the rate specified in the relevant provision of the Act; or • twice the rate or rates in force; or • the rate of five per cent If the provision of section 206AA of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be
52	TCS on non filer at higher rates	Section 206CCA	Newly Inserted	01/07/2021	

					deducted at higher of the two rates provided in this section and in section 206AA of the Act. Proposed section 206CCA of the Act would apply on any sum or amount received by a person (herein referred to as collectee) from a specified person. The proposed TCS rate in this section is higher of the following rates:- • twice the rate specified in the relevant provision of the Act; or • the rate of five percent If the provision of section 206CC of the Act is applicable to a specified person, in addition to the provision of this section, the tax shall be collected at higher of the two rates provided in this section and in section 206CC of the Act. The specified person is a person who has not filed the returns of income for both of the two assessment years relevant to the two previous years which are immediately before the previous year in which tax is required to be deducted or collected, as the case may be. Further the time limit for filing tax return under sub-section (1) of section 139 of the Act has expired for both these assessment years. There is another condition that aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in each of these two previous years. Specified person shall not include a non-resident who does not have a permanent establishment in India. **Author's Note** Businesses have been given additional responsibility to check if their vendors and

					customers are filing return or not. Afraid in future, Businesses might need to have additional full fledge tax audit division for vendors and customers. It will certainly going to effect ease of doing.
46	Payment of rent by certain individuals or HUF's	194IB	Amendment	01/072021	In section 194-IB of the Income-tax Act, in sub-section (4), for the words, figures and letters "section 206AA, such", the words, figures and letters "section 206AA or section 206AB, such" shall be substituted with effect from the 1st day of July, 2021. **Author's Note** Non compliance with this section would result in higher TDS and prompt compliance would entail having a copy of ITR of the landlord.
5	Taxability of Interest on various funds where income is exempt	Section 10(11) and Section 10(12)	Insertion of proviso to clause(11) and clause (12) of section 10 of the Act	01/04/2021 i.e. AY 2022-23	***Presently***, Section 10(11) of the Act provides for exemption with respect to any payment from a provident fund to which the Provident Funds Act, 1925 (19 of 1925) applies or from any other provident fund set up by the Central Government and notified by it in this behalf in the Official Gazette. Similarly, Section 10(12) provides for exemption with respect to the accumulated balance due and becoming payable to an employee participating in a recognised provident fund, to the extent provided in rule 8 of Part A of the Fourth Schedule It is proposed that the provisions of these clauses ***shall not apply*** to the ***interest income*** accrued during the previous year in the account of the person ***to the extent it relates***

					to the amount or the aggregate of amounts of contribution made by the person exceeding two lakh and fifty thousand rupees in a previous year in that fund, on or after 1st April, 2021, computed in such manner as may be prescribed.

(**) Disclaimer : the authors disclaims any liability for any reliance placed on the contents of the above infancy provisions. The analysis has been made by the authors as per their own understanding and interpretation of the Existing as well as proposed Taxation Laws. Any unauthorized or unintended use must be avoided and the authors whose details are appearing per infra, must be informed and their approval must be sought before placing any professional reliance on the above discussions. The above discussion is meant only for circulation amongst professional and is neither an expression of opinion nor cannot be so construed. The authors disclaims any liability whatsoever to any one.

CONTRIBUTIONS MADE BY :

NAME	M.NO. OF ICAI	PHONE NO.
CA Sidharth	099165	9810418700
CA Vijay Kumar Gupta	088169	9868826026
CA Ajesh Aggarwal	087781	9811164339
CA Swati Jain	503118	9810418578
CA Gautam Paliwal	528460	9899101235
CA Ashish	528499	9654517917
CA Himanshu Jain	537834	9968706959
CA Ankur Jain	537835	9899945634
CA Sachin Garg	537836	9599032343
CA Neha Garg Singla	544711	9999801499
CA Vinit	554967	8950602191