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TABLE OF CONTENTS

A. RATES OF INCOME-TAX

1. **Individual, Hindu undivided family, association of persons, body of individuals, artificial juridical person.**
   - The new tax regime u/s 115BAC of the Act has been made the default option for taxpayers. Whereas, a taxpayer can opt for the old tax regime also.
   - With effect from AY 2024-25, Hon'ble Finance Minister proposed new slab rates and the same are stated hereinafter:

Old Slab Rates u/s 115BAC		**New Slab Rates u/s 115BAC w.e.f. AY 2024-25**	
Total Income	**Rate of Taxes**	**Total Income**	**Rate of Taxes**
Up to Rs 2,50,000	Nil	Up to Rs 3,00,000	Nil
From Rs 2,50,001 to Rs 5,00,000	5 %	From Rs. 3,00,001 to Rs. 6,00,000	5 %
From Rs 5,00,001 to Rs 7,50,000	10 %	From Rs. 6,00,001 to Rs. 9,00,000	10 %
From Rs 7,50,001 to Rs 10,00,000	15 %	From Rs 9,00,001 to Rs 12,00,000	15 %
From Rs 10,00,001 to Rs 12,50,000	20 %	From Rs 12,00,001 to Rs 15,00,000	20 %
From Rs 12,50,001 to Rs 15,00,000	25 %	Above Rs 15,00,000	30 %
Above Rs 15,00,000	30 %		

   - The above tax rates would be applicable on all individual or Hindu undivided family or association of persons [other than a co-operative society], or body of individuals, whether incorporated or not, or an artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2, unless an option is exercised under proposed sub-section (6) of section 115BAC.
   - No Exemption or deduction would be available except the following:
     i. Standard Deduction u/s 16(ia) of the act.
     ii. deduction in respect of income in the nature of family pension as provided under clause (iia) of section 57 of the act.
     iii. deduction in respect of the amount paid or deposited in the Agniveer Corpus Fund as proposed to be provided under subsection (2) section 80CCH of the act.
   - An assessee, being an individual resident in India whose income is chargeable to tax under the proposed sub-section (1A) of section 115BAC, shall now be entitled to a rebate of 100 per cent of the amount of income-tax payable on a total income not exceeding Rs 7 lakh. i.e., no tax is payable under the new regime up to the Total Income of Rs. 7 Lakh.

Example -

Ms. Kajal for AY 2024-25, a female resident aged 40 years, have total income is Rs 3,00,50,000 under the head Profits and Gains of Business and Profession comprising of business income. Ms Kajal opts for the provisions of Section 115BAC.

Tax Liability as per Old Slab Rates u/s 115BAC:

Particulars	Amount (Rs)
Tax on Rs 3,00,50,000 as per concessional slabs given u/s 115BAC ➢ First Rs 2,50,000 – Nil ➢ Next Rs 2,50,000 – Rs 12,500 (5%) ➢ Next Rs 2,50,000 – Rs 25,000 (10%) ➢ Next Rs 2,50,000 – Rs 37,500 (15%) ➢ Next Rs 2,50,000 – Rs 50,000 (20%) ➢ Next Rs 2,50,000 – Rs 62,500 (25%) ➢ Balance Rs 2,85,50,000 – Rs 85,65,000 (30%)	87,52,500
Add: Surcharge @ 25%	21,88,125
Tax Before Health & Education Cess	1,09,40,625
Add: Health & Education Cess @ 4%	4,37,625
Tax Liability	1,13,78,250

Tax Liability as per New Slab Rates u/s 115BAC as applicable from AY 2024-25:

Particulars	Amount (Rs)
Tax on Rs 3,00,50,000 as per concessional slabs given u/s 115BAC ➢ First Rs 3,00,000 – Nil ➢ Next Rs 3,00,000 – Rs 15,000 (5%) ➢ Next Rs 3,00,000 – Rs 30,000 (10%) ➢ Next Rs 3,00,000 – Rs 45,000 (15%) ➢ Next Rs 3,00,000 – Rs 60,000 (20%) ➢ Balance Rs 2,85,50,000 – Rs 85,65,000 (30%)	87,15,000
Add: Surcharge @ 25%	21,78,750
Tax Before Health & Education Cess	1,08,93,750
Add: Health & Education Cess @ 4%	435750
Tax Liability	1,13,29,500

- The slab rates of the old tax regime remains same, which are as follows:

Total Income	Existing Tax Rates	New Tax Rates
Up to Rs. 2,50,000	Nil	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%	5%

Rs. 5,00,001 to Rs. 10,00,000	20%	20%
Above Rs. 10,00,000	30%	30%

- The amount of income-tax computed (in accordance with the Provisions of the Income Tax & provisions of the Section 115BAC) shall be increased by a surcharge at the rate of:

Old Surcharge Rates		**New Surcharge Rates**	
Particulars	**Surcharge**	**Particulars**	**Surcharge**
Taxable Total Income < INR 50 lacs	-S	Taxable Total Income < INR 50 lacs	-
INR 50 lacs < Taxable Income < INR 1 crore	10%	INR 50 lacs < Taxable Income < INR 1 crore	10%*
INR 1 crore < Taxable Income < INR 2 crore	15%	INR 1 crore < Taxable Income < INR 2 crore	15%*
INR 2 crore < Taxable Income < INR 5 crore	25%	Taxable Income > INR 5 crore	25%**
Taxable Income > INR 5 crore	37%		

For A.Y. 2024-25 the total income of the Assessee includes the income earned by way of Dividends or income in accordance with the Provisions of the section 111A, 112 and 112A of the Act.

****The above surcharge rate is applicable only if the total income of the assessee excluding the income in accordance with the provision of the section 111A, 112 and 112A of the Act. But if the total income of the Assessee (included income earned by way of the Dividend or the income in accordance with section 111A, 112 and 112A) of the income tax Act exceeds Rs.2 crore, the rate of the surcharge computed on the dividend income or income chargeable under section 111A, 112 and 112A shall not exceed 15% on that part of the income.***

If the association of person consisting of only company as its members, the rate of surcharge shall not be exceeds 15%.

2. Co – operative Society

- The rates of income-tax will continue to be the same as those specified for Assessment Year 2023-24

Total Income	**Tax Rates**
Up to Rs. 10,000	10%
Rs. 10,000 to Rs. 20,000	20%
Above Rs. 20,000	30%

- Surcharge of 12% would applicable where the total income of resident Co-operative Society (except resident co-operative society opting u.s 115BAD) exceeds Rs 10.00 Crore. [Subject to Marginal Relief].

Health & Education cess as applicable. But if the total income of the corporative society exceeds Rs. 1 Crore but not exceeding Rs 10 Crore the rate of surcharge is 7% on such income.

- In relation to AY 2023-24, if the corporative society is liable to pay tax in accordance with the provisions of section 115JC(AMT), then income tax rate is reduced to 15% from 18%.
- A co-operative society resident in India has the option to pay tax in accordance with the provisions of the section 115 BAD at the rate of income tax is 22 percent for assessment year 2021-22 or onwards.
- Under proposed new section 115BAE of the Act, a new manufacturing co-operative society set up on or after **01.04.2023**, which commences manufacturing or production on or before 31.03.2024 and does not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15% for the assessment year 2024-25 onwards. The surcharge would be paid at 10% on such tax.

3. <u>Partnership Firms</u>

- The rates of income-tax will continue to be the same as those specified for Assessment Year 2023-24 i.e. a partnership firm (including LLP) is taxable at 30%.

Add:

I. Surcharge of 12% would continue to be applicable where the total income of firm exceeds Rs 1.00 Crore. [Subject to Marginal Relief*]
II. Health & Education cess as applicable.

*However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

4. <u>Local Authorities</u>

- The rates of income-tax will continue to be the same as those specified for Assessment year 2022-23 i.e. a local authority is taxable at 30%.

Add:

I. Surcharge of 12% would continue to be applicable where the total income of Local Authority exceeds Rs. 1.00 Crore **[Subject to Marginal Relief*]**
II. Health & Education cess as applicable.

*However, the total amount payable as income-tax and surcharge on total income exceeding one crore rupees shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

5. **<u>Domestic Companies</u>**

- **Paragraph E of Part III to the First Schedule:** In the case of domestic companies the rate of income-tax shall be @ 25% (plus applicable surcharge and health & education cess) of the total income **<u>where the total turnover or gross receipts of previous year 2021-22 does not exceed Rs. 400.00</u>** crore and in all other cases the rate of income-tax shall be 30% (plus applicable surcharge and health & education cess) of the total income (Unchanged).

- **For a domestic company having total turnover/ gross receipts in the previous year (2021-22) not exceeding INR 400 Crores:**

Particulars	**Taxable income < INR 1 crore**	**Taxable income >INR 1 crore and < INR 10 crore**	**Taxable income > INR 10 crore**
Corporate tax	25%	25%	25%
Surcharge	-	7%	12%
Corporate tax + surcharge	25%	26.75%	28%
Health & Education cess	4%	4%	4%
Effective tax rate	26%	27.82%	29.12%

- **For a domestic company having total turnover/ gross receipts in the previous year (2021-22) exceeding INR 400 Crores:**

Particulars	**Taxable income < INR 1 crore**	**Taxable income >INR 1 crore and < INR 10 crore**	**Taxable income > INR 10 crore**
Corporate tax	30%	30%	30%
Surcharge	-	7%	12%
Corporate tax + surcharge	30%	32.10%	33.60%
Health & Education cess	4%	4%	4%
Effective tax rate	31.20%	33.38%	34.94%

- However, if the Domestic company opted to pay tax in accordance with the provisions of section 115BAA (rate of tax 22%)or Section 115BAB (rate of tax 15%) of the income tax Act, then Surcharge is 10 % in both cases.

6. **<u>Foreign Company</u>**
   - The rates of income-tax will continue to be the same as those specified for assessment year 2022-23 i.e. **a foreign company is taxable at 40%** *[Health & Education cess and surcharge as applicable]*.

Particulars	**Taxable income < INR 10 million**	**INR 10 million < taxable income < INR 100 million**	**Taxable income > INR 100 million**
Corporate tax	40%	40%	40%
Surcharge	-	2%	5%
Corporate tax + surcharge	40%	40.80%	42.00%
Health & Education cess	4%	4%	4%
Effective tax rate	41.60%	42.43%	43.68%

B. SOCIOECONOMIC WELFARE MEASURES

Clause No.	Relevant Section/ Amendment	Provision	Brief Impact
13	Section 43B w.e.f. 1st April 2024 [Promoting timely payments to Micro and Small Enterprises]	***13. In section 43B of the Income-tax Act, with effect from the 1st day of April, 2024,—*** "(h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006 in the proviso, after the words "nothing contained in his section", the brackets, words and letter "[except the provisions of clause (h)]" shall be inserted	Section 43B of the act provides for deduction of expenses to be allowed only on actual payments. To wider the scope of this section the government inserted clause (h) for MSME sector. Now the deduction of expenses made to MSME will be allowed on actual payment. Further, the proviso of Section 43B will not be applicable for the payment to MSME which means no deduction will be allowed in the period under consideration if payment was not made till the time limit given in MSME act which is till 45 days if written agreement or otherwise the 15 days.
5,10,39 & 50	Section 10, 17, 80CCH, 115BAC w.e.f. 1st April 2023 [Agnipath Scheme, 2022]	***5. In section 10 of the Income-tax Act,—*** '(12C) any payment from the Agniveer Corpus Fund to a person enrolled under the Agnipath Scheme, or to his nominee. Explanation.—For the purposes of this clause "Agniveer Corpus Fund" and "Agnipath Scheme" shall have the meanings respectively assigned to them in section 80CCH;'; ***10. In section 17 of the Income-tax Act,—*** "(ix) the contribution made by the Central Government in the previous year, to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme referred to in section 80CCH;";	The Ministry of Defence has introduced the Agnipath Scheme, 2022 (the Scheme) for enrolment of Agniveers in Indian Armed Forces w.e.f. from 1st November 2022. In pursuance of the Government's decision to implement the Agnipath Scheme, 2022, the Competent Authority has decided to create a non-lapsable dedicated Agniveer Corpus Fund in the interest-bearing section of the Public Account head. The package given to an Agniveer from Agniveer Corpus Fund is called as 'Seva Nidhi'. Each Agniveer is to contribute 30% of his monthly

		39. After section 80CCG of the Income-tax Act, the following section shall be inserted, namely:— '80CCH. (1) Where an assessee, being an individual enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund on or after the 1st day of November, 2022, has in the previous year paid or deposited any amount in his account in the said Fund, he shall be allowed a deduction in the computation of his total income, of the whole of the amount so paid or deposited. (2) Where the Central Government makes any contribution to the account of an assessee in the Agniveer Corpus Fund referred to in sub-section (1), the assessee shall be allowed a deduction in the computation of his total income of the whole of the amount so contributed. Explanation.—For the purposes of this section,— (a) "Agnipath Scheme" means the scheme for enrolment in Indian Armed Forces introduced vide letter No.1(23)2022/D(Pay/Services), dated the 29th December, 2022 of the Government of India in the Ministry of Defence; (b) "Agniveer Corpus Fund" means a fund in which consolidated contributions of all the Agniveers and matching contributions of the Central Government along with interest on both these contributions are held.'. ***50. In section 115BAC of the Income-tax Act,—*** (B) with effect from the 1st day of April, 2023, in sub-section (2), in clause (i), after the words, figures and letters "section 80CCD or", the words, brackets, figures and letters "sub-	customized Agniveer package to corpus fund and on completion of service of 4 year, he will receive one time Seva Nidhi which comprise of interest and government contribution. There will be deduction from total income to individual from 01.11.2022 for contribution made to corpus fund u/s 80CCH, which is newly inserted by this finance bill. Further, the payment received by such fund is also exempt under clause 12C which is inserted by this finance bill. A new sub clause is proposed to add in clause 1 of section 17 as to provide that the contribution made by Central government will be deemed as Salary. Further the individual who is opting the new tax regime of section 115BAC And enrolled in the Agnipath Scheme and subscribing to the Agniveer Corpus Fund shall get a deduction of the government contribution to his Seva Nidhi.

		section (2) of section 80CCH or" shall be inserted;	
74	Section 36, 155 w.e.f. 1st April 2023 [Relief to sugar co-operatives from past demand]	In section 155 of the Income-tax Act,— (a) in sub-section (11A), after the words, figures and letter "section 10A or" at both the places where they occur, the words, figures and letters "section 10AA or" shall be inserted with effect from the 1st day of April, 2024; (b) after sub-section (18), the following sub-section shall be inserted, namely:– – "(19) Where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee, being a co-operative society engaged in the business of manufacture of sugar, and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1st day of April, 2014, the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of the assessee for such previous year after allowing deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year, and the provisions of section 154 shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of previous year commencing on the 1st day of April, 2022."; (c) after sub-section (19) and before the Explanation, the following sub-section shall be inserted with effect from the 1st day of October, 2023, namely:— '(20) Where any income has been included in the return of income furnished by an assessee under section 139 for any assessment year (herein referred to as the relevant assessment year) and tax on such income has been	Sugar factories operating in the co-operative sectors in certain States of India pay to sugarcane growers a final amount, often referred to as Final Cane Price (FCP) which is over and above the Statutory Minimum Price (SMP) fixed by the Central Government under the Sugarcane Control Order, 1996. FCP is decided on the basis of the particular factory's working results which take into account all the revenues and expenditure incurred by the factory. 2. The payment of FCP by the co-operative sugar factories over and above the SMP for purchase of sugarcane had resulted into tax litigation. The co-operative sugar factories were claiming this excess payment as business expenditure whereas the same has been disallowed in the assessment on the ground that the excess price paid for purchase of sugar cane over and above SMP is in the nature of appropriation/distribution of profit and hence not allowable as deduction. 3. In order to provide certainty in this matter and to encourage co-operative movement in sugar sector, a new clause (xvii) was inserted to amend sub-section (1) of section 36 of the Act to provide that the amount paid for purchase of sugarcane by the co-operative societies engaged in the manufacture of sugar at a price

		deducted at source and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year, the Assessing Officer shall, on an application made by the assessee in such form, as may be prescribed, within a period of two years from the end of the financial year in which such tax was deducted at source, amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year, and the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in subsection (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted: Provided that the credit of such tax deducted at source shall not be allowed in any other assessment year.'.	which is equal to or less than the price fixed by or fixed with the approval of the Government shall be allowed as deduction for computing business income of the sugar co-operative factories. The said amendment came into force through the Finance Act 2015 on 01.04.2016 and was applicable from Assessment Year 2016-17 onwards. Pending demands and litigation still persisted in respect of AYs prior to 2016-17. 4. Therefore, to conclude the matter logically and to extend the benefit of the abovementioned relief to all the applicable years, it is proposed to amend section 155 of the Act to insert a new sub-section (19). It shall provide that in the case of a sugar mill cooperative, where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee and such deduction has been disallowed wholly or partly the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of such assessee for such previous year. The Assessing Officer shall allow such deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year. Also, the provision of section 154 shall, so far as may be, apply

			thereto, and the period of four years specified in sub-section (7) of section 154 shall be reckoned from the end of previous year commencing on the 1st day of April, 2022.
85	Section 194N w.e.f. 1st April 2023 [Increasing threshold limit for co-operatives to withdraw cash without TDS]	85. In section 194N of the Income-tax Act, after the second proviso, the following proviso shall be inserted, namely:— "Provided also that where the recipient is a co-operative society, the provisions of this section shall have effect, as if for the words "one crore rupees", the words "three crore rupees" had been substituted.".	Section 194N of the act provides that a banking company and co-operative society engaged in business of banking or post office, will deduct TDS of 2% on withdrawal of fund. However, in case of recipient who is non filer i.e., the person who has not file the return of last three assessment year, the tax is to be deducted at the rate of 2% on any sum exceeding Rs. 20 lakh but not exceeding Rs. 1 crore in aggregate during the financial year and, at the rate of 5% on sum exceeding Rs. 1 crore in aggregate during the financial year. It is proposed to amend section 194N of the Act by inserting a new proviso to provide that where the recipient is a co-operative society, the provisions of this section shall have when the payment will be three crore instead on one crore.
105, 106	Section 269SS w.e.f. 1st April 2023 [Penalty for cash loan/ transactions against primary co-operatives]	***105. In section 269SS of the Income-tax Act,—*** (a) after the second proviso and before the Explanation, the following proviso shall be inserted, namely:— "Provided also that the provisions of this section shall have effect, as if for the words "twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,—	Section 269SS of the Act provides that no person shall take from any person any loan or deposit otherwise than by an account payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs. 20,000 or more. Similarly, section 269T provides that no loan or deposit shall be repaid otherwise than by an account

		(a) such deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member; or (b) such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member."; (b) in the Explanation, for clause (ii), the following clause shall be substituted, namely:— '(ii) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them in the Explanation to sub-section (4) of section 80P;' ***106. In section 269T of the Income-tax Act,—*** (a) after the second proviso and before the Explanation, the following proviso shall be inserted, namely:— "Provided also that the provisions of this section shall have effect, as if for the words "twenty thousand rupees", the words "two lakh rupees" had been substituted in the case of any deposit or loan where,— (a) such deposit is paid by a primary agricultural credit society or a primary co-operative agricultural and rural development bank to its member; or (b) such loan is repaid to a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member."; (b) in the Explanation, for clause (ii), the following clause shall be substituted, namely:— '(ii) "co-operative bank", "primary agricultural credit society" and "primary co-operative agricultural and rural development bank" shall have the meanings respectively assigned to them	payee cheque or account payee bank draft or online transfer through a bank account, if the amount of such loan or deposit is Rs. 20,000 or more. Certain exceptions have, however, been specified in the provisions. 2. Request was received to bring parity to Primary Agricultural Credit Societies ("PACS") and Primary Co-Operative Agricultural and Rural Development Bank ("PCARD") for limits on cash transactions with banking companies with regards to sections 269SS and 269T of the Act as they are involved in granting loans and accepting deposits from the rural segment. Present provisions state that every person including PACS and PCARD are liable for penalty on accepting loan or deposit in cash exceeding Rs.20,000 as per Section 269SS as well as repayment of loan and deposit in cash exceeding Rs.20,000 under section 269T. Since PACS and PCARD are providing credit facilities at the grass-root level, relaxation may be made for them under the aforesaid provisions. 3. To provide relief to the low-income groups and facilitate easier conduct of business operations in such areas it has been proposed that an amendment may be made in the section 269SS of the Act by raising the limit of Rs. 20,000 to Rs. 2 lakh for PACS and PCARD. This will imply where such deposit is accepted

		in Explanation to sub section (4) of section 80P;'	by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member or such loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member. The penalty would be leviable only if the amount of a loan or deposit is Rs. 2 lakh or more. 4. In continuation of the above, it is also proposed to amend the provisions to section 269T of the Act and increase the limit of Rs. 20,000 to Rs. 2 lakh in the case of PACS and PCARD. As a result, in a case where a deposit is paid by a PACS or a PCARD to its member or a loan is repaid to a PACS or a PCARD by its member, payment shall be made by an account payee cheque or account payee bank draft or online transfer through a bank account if the amount of such or deposit is more than Rs. 2 lakh. Penalty shall be imposable if the amount of such loan or deposit exceeds Rs. 2 lakh.
35	Section 79 w.e.f. 1st April 2023 [Relief to start-ups in carrying forward and setting off of losses]	35. In section 79 of the Income-tax Act, in sub-section (1), in the proviso, for the word "seven", the word "ten" shall be substituted.	Section 79 of the Act restricts carrying forward and setting off of losses in cases of companies, other than the companies in which the public is substantially interested. It prohibits setting off of carried forward losses if there is change in shareholding. The carried forward loss is set off only if at least 51%

			shareholding (as on the last date of the previous year) remains same with the company on the last date of the previous year to which the loss belongs. However, some relaxation has been provided in case of an eligible start-up as referred to in section 80-IAC of the Act. The condition of continuity of at least 51%shareholding is not applicable to the eligible start-up, if all the shareholders of the company as on the last day of the year, in which the loss was incurred, continue to hold those shares on the last day of the previous year in which the loss is set off. There is an additional condition that the loss is allowed to be set off, under this relaxation, only if it has been incurred during the period of seven years beginning from the year in which such company is incorporated. 3. In order to align this period of seven years with the period of ten years contained in sub-section (2) of section 80-IAC of the Act, the time period for loss of eligible start-ups to be considered for relaxation is proposed to be increased from seven years to ten years from the date of incorporation.
41	Section 80-IAC w.e.f. 01st April 2023 [Extension of date of incorporation for eligible start-up for exemption]	In section 80-IAC of the Income-tax Act, in the Explanation, in clause (ii), in sub-clause (a), for the figures "2023", the figures "2024" shall be substituted.	Section 80-IAC provides deduction of an amount equal to 100% of the profit and gains derived from eligible business by an eligible startup for three consecutive out of 10 years from the date of incorporation subject to condition that

			a. total turnover of its business not exceed 100 crore b. holding a certificate of eligible business from the Inter-Ministerial Board of Certification. c. Incorporation on or after 01st April 2016 but before 1st April 2023. In order to promote the startups the finance bills proposed to extend the time limit upto 01st April 2024.
3,21,23	Section 2, 47, 49 w.e.f. 1st April 2024 [Conversion of Gold to Electronic Gold Receipt and vice versa]	***3. (d) in clause (42A), in Explanation 1, in clause (i), after sub-clause (hh), the following sub-clause shall be inserted with effect from the 1st day of April, 2024, namely:—*** "(hi) in the case of a capital asset, being— (a) Electronic Gold Receipt issued in respect of gold deposited as referred to in clause (viid) of section 47, there shall be included the period for which such gold was held by the assessee prior to conversion into the Electronic Gold Receipt; (b) gold released in respect of an Electronic Gold Receipt as referred to in clause (viid) of section 47, there shall be included the period for which such Electronic Gold Receipt was held by the assessee prior to its conversion into gold.". ***21. In section 47 of the Income-tax Act,—*** (b) after clause (viic), the following clause shall be inserted with effect from the 1st day of April, 2024, namely:— '(viid) any transfer of a capital asset, being conversion of gold into Electronic Gold Receipt issued by a Vault Manager, or conversion of Electronic Gold Receipt into gold.	Pursuant to the announcement in the Union Budget 2021-22 about Gold Exchange, SEBI has been made the regulator of the entire ecosystem of the proposed gold exchange. Accordingly, SEBI has come out with a detailed regulatory framework for spot trading in gold on existing stock exchanges through the instrument of Electronic Gold Receipts (EGR). 2. In order to promote the concept of Electronic Gold, it is proposed to exclude the conversion of physical form of gold into EGR and vice versa by a SEBI registered Vault Manager from the purview of 'transfer' for the purposes of Capital gains. 3. It is also proposed that the cost of acquisition of the EGR for the purpose of computing capital gains shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued, and the holding period for the purpose of capital gains, would include

		Explanation.—For the purposes of this clause, the expressions "Electronic Gold Receipt" and "Vault Manager" shall have the meanings respectively assigned to them in clauses (h) and (l) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Vault Managers) Regulations, 2021 made under the Securities and Exchange Board of India Act, 1992.'. ***23. In section 49 of the Income-tax Act, after sub-section (9),*** the following sub-section shall be inserted with effect from the 1st day of April, 2024, namely:— "(10) Where the capital asset, being— (i) an Electronic Gold Receipt issued by a Vault Manager, became the property of the person as consideration of a transfer, referred to in clause (viid) of section 47, the cost of acquisition of the asset for the purposes of the said transfer, shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is issued; (ii) gold released against an Electronic Gold Receipt, which became the property of the person as consideration for a transfer, referred to in clause (viid) of section 47, the cost of acquisition of the asset for the purposes of the said transfer shall be deemed to be the cost of the Electronic Gold Receipt in the hands of such person.".	the period for which gold was held by the assessee prior to its conversion into EGR. Similarly, provision for conversion from gold to EGR is also proposed. 4. For the above changes following amendments are proposed to be made: i. To insert a new clause in section 47 of the Act so as to provide that any transfer of a capital asset, being physical gold to the Electronic Gold Receipt issued by a Vault Manager or such Electronic Gold Receipt to physical gold shall not be considered as 'transfer'. ii. For the purposes of this newly inserted clause, the expressions 'Electronic Gold Receipt' and 'Vault Manager' shall have the meanings respectively assigned to 17 them in clauses (h) and (l) of sub-regulation (1) of regulation 2 of Securities and Exchange Board of India (Vault Managers) Regulations, 2021. iii. To insert a new sub-section (10) to section 49 of the Act to provide that where an Electronic Gold Receipt issued by a Vault Manager, became the property of the person as consideration of a transfer, as referred in the newly inserted clause in section 47, the cost of acquisition of the asset for the purpose of the said transfer, shall be deemed to be the cost of gold in the hands of the person in whose name Electronic Gold Receipt is

			issued. Similarly, where the gold released against an Electronic Gold Receipt, which became the property of the person as consideration for a transfer, as referred in the newly inserted clause in section 47, the cost of acquisition of the asset (being gold) for the purposes of the said transfer shall be deemed to be the cost of the Electronic Gold Receipt in the hands of such person. iv. To insert a new clause (hi) to Explanation 1 of sub-section (42A) of section 2 of the Act to provide that the holding period for the purpose of capital gain shall include the period for which the Gold was held by the assessee prior to conversion into the Electronic Gold Receipt. v. To insert a new clause (hi) in Explanation 1 of sub-section (42A) of section 2 of the Act to provide that the holding period for the purpose of capital gain shall include the period for which the Gold was held by the assessee prior to conversion into the Electronic Gold Receipt and similarly the holding period for the purpose of capital gain shall include the period for which the Electronic Gold Receipt was held by the assessee prior to conversion into the Gold.
5, 21, 59	Clause 4E of Section 10, w.e.f. 1st April 2024 Section 47 & 115UB	***5. In section 10 of the Income-tax Act,—*** (b) for clause (4E), the following shall be substituted with effect from the 1st day of April, 2024,—	2. In order to further incentivize operations from IFSC, it is proposed to provide the following: (i) It is proposed to extend the date for transfer of assets of

	w.e.f. 01st April 2023 [Tax Incentives to International Financial Services Centre]	"(4E) any income accrued or arisen to, or received by a non-resident as a result of— (i) transfer of non-deliverable forward contracts or offshore derivative instruments or over-the-counter derivatives; or (ii) distribution of income on offshore derivative instruments, entered into with an offshore banking unit of an International Financial Services Centre referred to in subsection (1A) of section 80LA, which fulfils such conditions as may be prescribed: Provided that the amount of distributed income referred to in sub-clause (ii) shall include only so much of the amount which is chargeable to tax in the hands of the offshore banking unit under section 115AD."; ***21. In section 47 of the Income-tax Act,—*** (a) in clause (viiad), in the Explanation,— (i) in clause (b), for the figures "2023", the figures "2025" shall be substituted; (ii) in clause (c), in sub-clause (i), after the words and figures "Securities and Exchange Board of India Act, 1992 or", the words, brackets and figures "regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022, made under the" shall be inserted; ***59. In section 115UB of the Income-tax Act***, in Explanation 1, in clause (a), after the words and figures "Securities and Exchange Board of India Act, 1992 or", the words, brackets and figures "regulated under the International Financial Services Centres Authority (Fund Management) Regulations, 2022 made" shall be inserted.	the original fund, or of its wholly owned special purpose vehicle, to a resultant fund in case of relocation to 31st March, 2025 from current limitation of 31st March, 2023. (ii) Income of non-residents on transfer of Offshore Derivative Instruments (ODI) entered into with IFSC Banking unit is exempt under section 10 (4E) of the Act. Under the ODI contract, the IFSC Banking Unit (IBU) makes the investments in permissible Indian Securities. After the payment of tax, the IBU passes such income to the ODI holders. Presently, the exemption is provided only on the transfer of ODIs and not on the distribution of income to the non-resident ODI holders, hence this distributed income is taxed twice in India i.e. first when received by the IBU and second, when the same income is distributed to non-resident ODI holders. Therefore, in order to remove the double taxation, it is proposed to amend clause (4E) of section 10 of the Act, to also provide exemption to any income distributed on the offshore derivative instruments, entered into with an offshore banking unit of an International Financial Services Centre as referred to in sub-section (1A) of section 80LA, which fulfils such conditions as may be prescribed. It has also been provided that such exempted income shall include only that

			amount which has been charged to tax in the hands of the IFSC Banking Unit under section 115AD.
5 & 7	Clause 46 & 46A of Section 10, Section 11 w.e.f. 1st April 2024 [emption to development authorities etc.]	***5. in the nineteenth proviso, in the Explanation, with effect from the 1st day of April, 2024,—*** (a) after the words, brackets and figures "notified under clause (46)", the word, brackets, figures and letter "or (46A)" shall be inserted; (b) for the words, brackets and figures "under clause (46)", the words, brackets, figures and letter "under clause (46) or clause (46A)" shall be substituted; (k) in clause (46), for the words ", or a class thereof" at both the places where they occur, the words, figures and letter "other than those covered under clause (46A), or a class thereof" shall be substituted with effect from the 1st day of April, 2024; (l) after clause (46), the following clause shall be inserted with effect from the 1st day of April, 2024, namely:— "(46A) any income arising to a body or authority or Board or Trust or Commission, not being a company, which — (a) has been established or constituted by or under a Central Act or State Act with one or more of the following purposes, namely:— (i) dealing with and satisfying the need for housing accommodation; (ii) planning, development or improvement of cities, towns and villages; (iii) regulating, or regulating and developing, any activity for the benefit of the general public; or (iv) regulating any matter, for the benefit of the general public, arising out of the object for which it has been created; and	2. The restriction on undertaking commercial activities by anybody or authority or Board or Trust or Commission notified under clause (46) of section 10 has been a litigated issue. 3. Recently, ***Hon'ble Supreme Court of India in the case of Assistant Commissioner of Income-tax (Exemptions) vs Ahmedabad Urban Development Authority in Civil Appeal No 21762 of 2017 vide its order dated 19.10.2022*** held that in sub-clause (b) of clause (46) of section 10 of the Act, "commercial" has the same meaning as "trade, commerce, business" in clause (15) of section 2 of the Act. Therefore, sums charged by such notified body, authority, Board, Trust or Commission (by whatever name called) will require similar consideration – i.e., whether it is at cost with a nominal mark-up or significantly higher, to determine if it falls within the mischief of "commercial activity". 4. However, the Hon'ble Court has also made a fine distinction in respect of statutory authorities, boards etc. which have been established by the State government or Central governments, for achieving essentially "public

		(c) is notified by the Central Government in the Official Gazette for the purposes of this clause;"; ***(C) in sub-section (7), with effect from the 1st day of April, 2024,—*** (a) for the words, brackets and figures "and clause (46)", the words, brackets, figures and letter ", clause (46) and clause (46A)" shall be substituted; (b) in the first proviso, for the words, brackets and figures "under clause (46)", the words, brackets, figures and letter "under clause (46) or clause (46A)" shall be substituted; (c) in the second proviso, for the words, brackets and figures "under clause (46)", the words, brackets, figures and letter "under clause (46) or clause (46A)" shall be substituted.	functions/services". In such cases, the court have held that the amounts or any money whatsoever charged for the public services are prima facie to be excluded from the mischief of business or commercial receipts as their objects are essential for advancement of public purposes/ functions. 5. In view of the above, it is proposed to amend the Act so as to exclude income of a body or authority or Board or Trust or Commission, not being a company, from the scope of clause (46) of section 10 of the Act and insert a new clause (46A) in section 10 of the Act for their income. 6. The new clause (46A) proposes to exempt any income arising to a body or authority or Board or Trust or Commission, not being a company, which has been established or constituted by or under a Central or State Act with one or more of the following purposes, namely: - (i) dealing with and satisfying the need for housing accommodation; (ii) planning, development or improvement of cities, towns and villages; (iii) regulating, or regulating and developing, any activity for the benefit of the general public; or (iv) regulating any matter, for the benefit of the general public, arising out of the object for which it has been created.

			7. It is also required to be notified by the Central Government in the Official Gazette for the purposes of this clause. 8. Consequential amendment is also proposed in the Explanation to the nineteenth proviso of clause (23C) of section 10 of the Act. Similarly, consequential amendment is also proposed in sub-section (7) of section 11 of the Act.
33 & 34	"Section 72A & 72AA W.e.f. 1st April 2023 [Facilitating certain strategic disinvestment]	***33. In section 72A of the Income-tax Act, in sub-section (1)***, in clause (d), in the Explanation, for clause (iii), the following clause shall be substituted, namely:— '(iii) "strategic disinvestment" means sale of shareholding by the Central Government or any State Government or a public sector company, in a public sector company or in a company, which results in— (a) reduction of its shareholding to below fifty-one per cent.; and (b) transfer of control to the buyer: Provided that the condition laid down in subclause (a) shall apply only in a case where shareholding of the Central Government or the State Government or the public sector company was above fifty-one per cent. before such sale of shareholding: Provided further that requirement of transfer of control referred to in sub-clause (b) may be carried out by the Central Government or the State Government or the public sector company or any two of them or all of them.'. ***34. In section 72AA of the Income-tax Act,—*** (a) for clause (i), the following clause shall be substituted, namely:—	Sub-section (1) of section 72A provides that in specified cases, accumulated loss and unabsorbed depreciation of the amalgamating company shall be deemed to be the accumulated loss and unabsorbed depreciation of amalgamated company for the previous year in which the amalgamation was affected in the case of strategic disinvestment. Strategic disinvestment has been defined as sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding below fifty-one per cent along with transfer of control to the buyer. 2. Section 72AA of the Act relates to carry forward of accumulated losses and unabsorbed depreciation allowance in a scheme of amalgamation in certain cases, which, inter-alia, includes amalgamation of one or more banking company with any other banking institution.

		"(i) one or more banking company with— (a) any other banking institution under a scheme sanctioned and brought into force by the Central Government under sub-section (7) of section 45 of the Banking Regulation Act, 1949; or (b) any other banking institution or a company subsequent to a strategic disinvestment, wherein the amalgamation is carried out within a period of five years from the end of the previous year during which such strategic disinvestment is carried out; or"; (b) in the long line, after the words "such banking institution or", the words "company or" shall be inserted; (c) in the Explanation, after clause (vi), the following clause shall be inserted, namely:— '(via) "strategic disinvestment" shall have the meaning assigned to it in clause (iii) of the Explanation to clause (d) of sub-section (1) of section 72A;'.	3. To facilitate further strategic disinvestment, it is proposed to amend the definition of 'strategic disinvestment' in section 72A of the Act so as to provide that strategic disinvestment shall mean sale of shareholding by the Central Government, the State Government or Public Sector Company in a public sector company or a company which results in (i) reduction of its shareholding below fifty-one per cent, and (ii) transfer of control to the buyer. 4. The first condition shall apply in case the shareholding was above fifty one percent before such sale of shareholding. The requirement of transfer of control may be carried out by either the Central Government or State Government or Public Sector Company (or any two of them or all of them). 5. It is also proposed to amend section 72AA of the Act to allow carry forward of accumulated losses and unabsorbed depreciation allowance in the case of amalgamation of one or more banking company with any other banking institution or a company subsequent to a strategic disinvestment, if such amalgamation takes place within 5 years of strategic disinvestment.
45, 51 & 52	Section 92BA, Section 115BAD, New Section 115BAE	***45. In section 92BA of the Income-tax Act***, after clause (va), the following clause shall be inserted with effect from the 1st day of April, 2024, namely:—	The Taxation Laws (Amendment) Act, 2019, inserted section 115BAB in the Act which provides that

	w.e.f., 01st April 2024 [15% concessional tax to promote new manufacturing co-operative society]	"(vb) any business transacted between the assessee and other person as referred to in sub-section (4) of section 115BAE". ***51. In section 115BAD of the Income-tax Act***, in sub-section (1), after the words "provisions of this Chapter,", the words, figures and letters "other than those mentioned under section 115BAE," shall be inserted with effect from the 1st day of April, 2024. ***52. After section 115BAD of the Income-tax Act***, with effect from the 1st day of April, 2024, the following section shall be inserted, namely:— "115BAE. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, other than those mentioned under section 115BAD, the income-tax payable in respect of the total income of an assessee, being a co-operative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall, at the option of such assessee, be computed at the rate of fifteen per cent. if the conditions contained in sub-section (2) are satisfied: Provided that where the total income of the assessee includes any income, which has neither been derived from nor is incidental to, manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent. and no deduction or allowance in respect of any expenditure or allowance shall be made in computing such income: Provided further that the income-tax payable in respect of the income, of the assessee deemed so under the second proviso to sub-section (4) shall be computed at the rate of thirty per cent.:	new manufacturing domestic companies set up on or after 01.10.2019, which commence manufacturing or production by 31.03.2023 and do not avail of any specified incentive or deductions, may opt to pay tax at a concessional rate of 15 per cent. 3. To give the same benefit to co-operative societies, it is proposed to insert a new section 115BAE to the Act in which concessional tax regime is being provided for the new manufacturing cooperative societies. The conditions are materially similar to the conditions applicable to new manufacturing companies, which are as under:- i. The income-tax payable in respect of the total income of a cooperative society resident in India, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2024, shall, at the option of such assessee, be computed at the rate of fifteen per cent, on satisfaction of certain specified conditions; ii. the condition for concessional rate shall be that the total income of the new manufacturing co-operative society is computed,— a) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 33AB or section 33ABA or subclause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or subsection (2AA) of section

		Provided also that the income-tax payable in respect of income, being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of twenty-two per cent: Provided also that where the assessee fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply to the assessee as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years. (2) For the purposes of sub-section (1), the following conditions shall apply, namely:— (a) the cooperative society has been set-up and registered on or after the 1st day of April, 2023, and has commenced manufacturing or production of an article or thing on or before the 31st day of March, 2024 and,— (i) the business is not formed by splitting up, or the reconstruction, of a business already in existence; (ii) does not use any machinery or plant previously used for any purpose. Explanation 1.—For the purposes of sub-clause (ii), any machinery or plant which was used outside India by any other person shall not be regarded as machinery or plant previously used for any purpose, if the following conditions are fulfilled, namely:— (A) such machinery or plant was not, at any time previous to the date of the installation, used in India;	35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA; b) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in ii(a) above; and c) by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; iii. the loss and depreciation referred to in (ii)(b) above shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year. iv. the concessional rate shall not apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income for any previous year relevant to the assessment year commencing on or after 1st day of April, 2024 and such option once exercised shall apply to subsequent assessment years; v. the option so exercised cannot be withdrawn; vi. if the income of the assessee, includes any income, which has neither been derived from nor is

		(B) such machinery or plant is imported into India from any country outside India; and (C) no deduction on account of depreciation in respect of such machinery or plant has been allowed or is allowable under the provisions of this Act in computing the total income of any person for any period prior to the date of installation of machinery or plant by the person. Explanation 2.—Where any machinery or plant or any part thereof previously used for any purpose is put to use by the assessee and the total value of such machinery or plant or part thereof does not exceed twenty per cent. of the total value of the machinery or plant used by the assessee, then, for the purposes of subclause (ii), the condition specified therein shall be deemed to have been complied with; (b) the assessee is not engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it. Explanation.—For the removal of doubts, it is hereby clarified that the business of manufacture or production of any article or thing shall include the business of generation of electricity, but not include a business of,— (i) development of computer software in any form or in any media; (ii) mining; (iii) conversion of marble blocks or similar items into slabs; (iv) bottling of gas into cylinder; (v) printing of books or production of cinematograph film; or (vi) any other business as may be notified by the Central Government in this behalf; (c) the total income of the assessee has been computed,—	incidental to manufacturing or production of an article or thing and in respect of which no specific rate of tax has been provided separately under this Chapter, such income shall be taxed at the rate of twenty-two per cent and no deduction or allowance in respect of any expenditure or allowance shall be made in computing such income; vii. where it appears to the Assessing Officer that, owing to the close connection between the assessee to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall, in computing the profits and gains of such business for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom and such income shall be charged at the tax rate of thirty per cent.; viii. in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined in clause (ii) of section 92F. The amount, being profits in excess of the amount of the

		(i) without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 33AB or section 33ABA or subclause (ii) or sub-clause (iia) or sub-clause (iii) of subsection (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any of the provisions of Chapter VI-A other than the provisions of section 80JJAA; (ii) without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i); and (iii) by claiming the depreciation, if any, under section 32, other than clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed. (3) The loss and depreciation referred to in sub-clause (ii) of clause (c) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss shall be allowed for any subsequent year. (4) Where it appears to the Assessing Officer that, owing to the close connection between the assessee to which this section applies and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the assessee more than the ordinary profits which might be expected to arise in such business, the Assessing Officer shall, in computing the profits and gains of such business for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom: Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be	profits determined by the Assessing Officer, shall be deemed to be the income of the assessee. The income-tax payable in respect of the income, in such case shall be computed at the rate of thirty per cent; ix. the income-tax payable in respect of income, being short term capital gains derived from transfer of a capital asset on which no depreciation is allowable under the Act shall be computed at the rate of twenty-two percent; x. where the assessee fails to satisfy the specified conditions under the section in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and subsequent assessment years and other provisions of the Act shall apply to the assessee as if the option had not been exercised for the assessment year relevant to that previous year and subsequent assessment years. 4. It is further proposed to provide that any machinery or plant which was used outside India by any other person shall not be regarded as machinery or plant previously used for any purpose, on fulfilment of certain specified conditions. 5. It is also proposed that where any machinery or plant or any part thereof previously used for any purpose is put to use by the assessee and the total value of such machinery or plant or part thereof does not exceed twenty per cent of

		determined having regard to arm's length price as defined in clause (ii) of section 92F: Provided further that the amount, being profits in excess of the amount of the profits determined by the Assessing Officer, shall be deemed to be the income of the assessee. (5) Nothing contained in this section shall apply unless the option is exercised by the person in the prescribed manner on or before the due date specified under sub-section (1) of section 139 for furnishing the first of the returns of income for any previous year relevant to the assessment year commencing on or after 1st day of April, 2024, and such option once exercised shall apply to subsequent assessment years: Provided that once the option has been exercised for any previous year shall not be allowed to be withdrawn for the same or any other previous year.”	the total value of the machinery or plant used by the assessee, then, the concessional rate shall apply on fulfilment of the specified conditions. 6. It is proposed to provide that the assessee shall not be engaged in any business other than the business of manufacture or production of any article or thing and research in relation to, or distribution of, such article or thing manufactured or produced by it. 7. Further, it is proposed that the business of manufacture or production of any article or thing shall include the business of generation of electricity, but not include certain specified businesses. 8. Further, it is proposed to insert a new clause (vb) in the section 92BA of the Act to include the transaction between the Cooperative society and the other person with close connection within the purview of ‘specified domestic transaction’.

C. EASE OF COMPLIANCE

Clause No.	Relevant Section/ Amendment	Provision	Brief Impact
12	Section 35D(2)(a) W.e.f. 1st April, 2024 [Ease in claiming deduction on amortization of preliminary expenditure]	***In section 35D of the Income-tax Act, in sub-section (2), in clause (a)***, for the proviso, the following proviso shall be substituted with effect from the 1st day of April, 2024, namely:– "Provided that the assessee shall furnish a statement containing the particulars of expenditure specified in this clause within such period, to such income-tax authority, in such form and manner, as may be prescribed."	Section 35D of the Act provides for amortization of certain preliminary expenses which are incurred prior to the commencement of business or after commencement, in connection with extension of undertaking or setting up of a new unit. This includes expenditure in connection with preparation of feasibility report, project report etc. In order to ease the process of claiming amortization of these preliminary expenses it is proposed to amend section 35D of the Act to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, the assessee shall be required to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner.
15,16 & 17	Section 44AB, 44ADA(1), 44AD(1) W.e.f. 1st April, 2024 Increasing threshold limits for presumptive taxation schemes	***15. In section 44AB of the Income-tax Act***, for the first proviso, the following proviso shall be substituted with effect from the 1st day of April, 2024, namely:— "Provided that this section shall not apply to a person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD or sub-section (1) of section 44ADA:" ***16. In section 44AD of the Income-tax Act,*** in the Explanation, in clause (b), after sub-clause (ii), the following provisos shall be inserted with	The existing provisions of Section 44AD of the Act provide for a presumptive income scheme for small businesses. This scheme applies to certain resident assessees (i.e., an individual, HUF or a partnership firm other than LLP) carrying on eligible business and having a turnover or gross receipt of two crore rupees or less. Under this scheme, a sum equal to 8% or 6% of the turnover or gross receipts is deemed to be the profits and gains from business subject to certain conditions. 2. Section 44ADA of the Act provides for a presumptive income scheme for small professionals. This scheme applies to certain resident assessees (i.e., an

		effect from the 1st day of April, 2024, namely:— 'Provided that where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent. of the total turnover or gross receipts of such previous year, this sub-clause shall have effect as if for the words "two crore rupees", the words "three crore rupees" had been substituted: ***17.In section 44ADA of the Income-tax Act,*** after subsection (1), the following provisos shall be inserted with effect from the 1st day of April, 2024, namely:— 'Provided that in case of an assessee where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent. of the total gross receipts of such previous year, this sub-section shall have effect as if for the words "fifty lakh rupees", the words "seventy-five lakh rupees" had been substituted: 40 Provided further that for the purposes of the first proviso, the receipt of amount or aggregate of amounts by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash.'.	individual, partnership firm other than LLP) who are engaged in any profession referred to in subsection (1) of section 44AA, and whose total gross receipts do not exceed fifty lakh rupees in a previous year. Under this scheme, a sum equal to 50% of the gross receipts is deemed to be the profits and gains from business. 3. Under section 44AB of the Act, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts, in business exceeds one crore rupees in any previous year. The limit is raised to ten crore rupees where at least 95% of receipts/payments are in non-cash mode. In case of a person carrying on profession he is required to get his accounts audited, if his gross receipts in profession exceeds, fifty lakh rupees in any previous year. Those opting for and fulfilling the conditions laid in the presumptive scheme are exempt from audit under this section. 4. In order to ease compliance and to promote non-cash transactions, it is proposed to increase the threshold limits for presumptive scheme in section 44AD and section 44ADA of the Act on fulfilment of certain conditions. 5. It is proposed to provide that: • under section 44AD of the Act, for eligible business, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total turnover or gross receipts, a threshold limit of three crore rupees will apply. • under section 44ADA of the Act, for professions referred to in sub-section (1) of section 44AA of the Act, where the amount or aggregate of the amounts received during the previous year, in cash, does not exceed five per cent of the total gross receipts, a threshold limit of seventy-five lakh rupees will apply.

			• the receipt by a cheque drawn on a bank or by a bank draft, which is not account payee, shall be deemed to be the receipt in cash. • provision of section 44AB of the Act shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD of the Act or sub-section (1) of section 44ADA of the Act, as the case may be.
88	Section 197(1) W.e.f. 1st April 2023 [Extending the scope for deduction of tax at source to lower or nil rate]	***88.In section 197 of the Income-tax Act,*** in sub-section (1), after the figures and letters "194LA,", the figures and letters "194LBA," shall be inserted.	Section 197 of the Act relates to grant of a certificate of tax deduction at lower or nil rate. It provides for assessee to apply to the Assessing Officer for TDS at zero rate or lower rate. If the Assessing Officer is satisfied that the total income of the recipient justifies the deduction of income-tax at any lower rates or zero rate, he is required to give an appropriate certificate to the assessee. Till date lower deduction u/s 197 cannot be applied for section 194LBA which provides that business trust shall deduct and deposit tax at the rate of 5% on interest income of non-resident unit holders. However, since certificate for lower deduction under section 194LBA of the Act cannot be obtained under section 197 of the Act, benefit of exemption is not available at the time of tax deduction. To remove this difficulty, it is proposed to amend sub-section (1) of section 197 of the Act to provide that the sums on which tax is required to be deducted under section 194LBA of the Act shall also be eligible for certificate for deduction at lower rate.

D. WIDENING AND DEEPENING OF TAX BASE/ ANTI AVOIDANCE

Clause No.	Relevant Section/ Amendment	Provision	Brief Impact
4	9(1)(vii) W.e.f. 1st April, 2024 [Extending deeming provision under section 9 to gift to not-ordinarily resident]	New provision: (viii) income arising outside India, being any sum of money referred to in sub-clause (xviia) of clause (24) of section 2, paid by a person resident in India — (a) on or after the 5th day of July, 2019 to a nonresident, not being a company, or to a foreign company; or (b) on or after the 1st day of April, 2023 to a person not ordinarily resident in India within the meaning of clause (6) of section 6.”	This amendment is introduced as an anti-abuse provision. The deeming provision earlier applied only to gifts made to non-residents. Additionally, it has now been extended to a sum of money exceeding Rs. 50,000, received by a not ordinary resident (NOR), without consideration from a person resident in India.
5	10(22B) W.e.f. 1st April, 2024 [Removal of exemption of news agency under clause (22B) of section 10]	New Provisions: “Provided also that nothing contained in this clause shall apply to any income of the news agency of the previous year relevant to the assessment year beginning on or after the 1st day of April, 2024;	Section 10 of the Act, in particular clause (22B), exempts any revenue of a notified news agency established in India purely for the collecting and delivery of news. This is subject to the requirement that the news agency uses or accumulates its money purely for the collecting and delivery of news and does not distribute it in any way to its members. The exemption provided to news agencies under clause (22B) of section 10 of the Act is intended to be eliminated in conformity with the Government's declared policy of phasing away exclusions and deductions under the Act.
3, 32 & 58	56(2), 2(24) & 115UA W.e.f. 1st April, 2024 [Tax avoidance through distribution	New provisions: • 56(2)(xii) any sum received by a unit holder from a business trust which—	At the level of business trust, interest, dividend, and rental income have been granted pass-through status and are taxable in the hands of the unit holder. However, distributions made by

	by business trusts to its unit holders]	(a) is not in the nature of income referred to in clause (23FC) or clause (23FCA) of section 10; and (b) is not chargeable to tax under sub-section (2) of section 115UA: Provided that where the sum received by a unit holder from a business trust is for redemption of unit or units held by him, the sum so received shall be reduced by the cost of acquisition of the unit or units to the extent such cost does not exceed the sum received; • 115UA(3A) The provisions of sub- sections (1), (2) and (3) shall not apply in respect of any sum referred to in clause (xii) of sub-section (2) of section 56, received by a unit holder from a business trust. • 2(24)(xviic) any sum referred to in clause (xii) of subsection (2) of section 56.	the business trust to its unit holders that are reported as debt repayment are really income of the unit holder that is not taxed either in the hands of the business trust or in the hands of the unit holder. The dual non-taxation of any distribution made by the business trust, that is exempt in the hands of both the business trust and the unit holder, is not the aim of the business trust's distinctive taxation system. It is recommended that any sum received by a unit holder be taxed in his hands. However, a provision is recommended for the case when the sum received by the unit holder constitutes redemption of the unit owned by him.
81	193 W.e.f. 1st April, 2023 [Removal of exemption from TDS on payment of interest on listed debentures to a Resident]	Omission of provision: Clause (xi) of proviso to section 193 ~~Any interest payable on any security issued by a company, where such security is in dematerialized form and is listed on a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and the rules made thereunder.~~	It is seen that the recipient underreports interest income due to the foregoing TDS exemption. As a result, clause (ix) of the proviso to section 193 of the Act be deleted.
18,19	44BB & 44BBB W.e.f. 1st April, 2024 [Preventing misuse of presumptive schemes under section 44BB and section 44BBB]	New Provision: • 44BB(4) Notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of	It has been observed that taxpayers opt in and out of the presumptive scheme in order to profit from both presumptive and non-presumptive income. When an assessee declares business income and gains for any previous year in conformity with the principles of

		subsection (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year. • 44BBB(3) Notwithstanding anything contained in sub-section (2) of section 32 and sub-section (1) of section 72, where an assessee declares profits and gains of business for any previous year in accordance with the provisions of subsection (1), no set off of unabsorbed depreciation and brought forward loss shall be allowed to the assessee for such previous year.	presumptive taxation, no set off of unabsorbed depreciation or carried forward loss is permitted to the assessee for such previous year.
53, 54, 82, 83 & 84x	194B, 194BB, W.e.f. 1st April, 2023 194BA W.e.f. 1st July, 2023 115BB & 115BBJ W.e.f. 1st April, 2024 [TDS and taxability on net winnings from online games]	New Provisions: • 194B- Substitution or from gambling or betting of any form or nature whatsoever, being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year Provided further that nothing contained in this section shall apply to deduction of income-tax on winnings from any online game on or after the 1st day of July, 2023. Explanation.—For the purposes of this section, "online game" shall have the meaning assigned to it in clause (iii) of the Explanation to section 115BBJ. • 194BB-Substitution Being the amount or aggregate of amounts exceeding ten thousand rupees during the financial year. • 194BA-Insertion (1) Notwithstanding anything contained in any other provisions of this Act, any person responsible for	It can be shown that deductors are deducting tax under sections 194B and 194BB of the Act by applying the Rs 10,000/- transaction threshold and avoiding tax deduction by breaking a winning into many transactions, each of which is less than Rs 10,000/-. This is contrary to the objective of the statute. There has also been an increase in the number of people who play online games in recent years. Because of the unique character of online games, which are freely available via the Internet and computer resources and offer a range of playing and payment alternatives, additional regulations regarding TDS and taxability are required. Section 194BA was introduced to provide for deduction of tax at source on net winnings in the user account at the end of the financial year.

		paying to any person any income by way of winnings from any online game during the financial year shall deduct income-tax on the net winnings in his user account, computed in the manner as may be prescribed, at the end of the financial year at the rates in force: Provided that in a case where there is a withdrawal from user account during the financial year, the income-tax shall be deducted at the time of such withdrawal on the net winnings comprised in such withdrawal, as well as on the remaining amount of net winnings in the user account, computed in the manner as may be prescribed, at the end of the financial year. (2) In a case where the net winnings are wholly in kind or partly in cash, and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of whole of the net winnings, the person esponsible for paying shall, before releasing the winnings, ensure that tax has been paid in respect of the net winnings. (3) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the previous approval of the Central Government, issue guidelines for the purposes of removing the difficulty. (4) Every guideline issued by the Board under sub-section (3) shall, as soon as may be after it is issued, be laid before each House of Parliament, and shall be binding on the income tax authorities and on the person liable to deduct income-tax.	Also, a new section 115BBJ was introduced to define the rate in force of online gaming.

		Explanation.— For the purposes of this section— (a) "computer resource", "internet" and "online game" shall have the meanings respectively assigned to them in section 115BBJ; (b) "online gaming intermediary" means an intermediary that offers one or more online games; (c) "user" means any person who accesses or avails any computer resource of an online gaming intermediary; (d) "user account" means account of a user registered with an online gaming intermediary.' • 115BB- Substitution Provided that nothing contained in this section shall apply to income by way of winnings from any online game for the assessment year beginning on or after the 1st day of April, 2024. Explanation.—For the purposes of this section,— (i) "horse race" shall have the meaning assigned to it in section 74A; (ii) "online game" shall have the meaning assigned to it in section 115BBJ.' • 115BBJ- Insertion Notwithstanding anything contained in any other provisions of this Act, where the total income of an assessee includes any income by way of winnings from any online game, the income-tax payable shall be the aggregate of— (i) the amount of income-tax calculated on net winnings from such online games during the previous year, computed in the manner as may	

		be prescribed, at the rate of thirty per cent.; and (ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the net winnings referred to in clause (i). Explanation.—For the purposes of this section,— (i) "computer resource" shall have the same meaning as assigned to it in clause (e) of the Explanation to section 144B; (ii) "internet" means the combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that transmits information based on a protocol for controlling such transmission; (iii) "online game" means a game that is offered on the internet and is accessible by a user through a computer resource including any telecommunication device.'.	
90	206C(1G) W.e.f. 1st July, 2023. [Increasing rate of TCS of certain remittances]	New Provision- Substitution • 206C(1G) shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the buyer, a sum equal to "twenty" per cent of such amount as income-tax: • 1st and 2nd Proviso of 206C(1G) and is for the purposes of education or medical treatment	A seller of overseas tour package has to collect tax @20% now on all the transactions without any limit. Although, the minimum threshold of 7,00,000 is still applicable for education and medical treatment. Further, only 5% tax to be collected for the same instead of the increased 20%.
25 & 30	54 & 54F W.e.f. 1st April, 2024	New Provisions: • 54(1)	The major goal of sections 54 and 54F of the Act was to alleviate the acute housing shortage and to stimulate home

	[Limiting the roll over benefit claimed under section 54 and section 54F]	Provided also that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section • 54(2) Provided further that the capital gains in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section. • 54F(1) Provided further that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section. • 54F(4) Provided further that the net consideration in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.	construction activity. However, it has been discovered that high-net-worth individuals are claiming massive deductions under these rules by acquiring extremely costly residential properties. It defeats the entire point of these parts. To counteract this, it is suggested to limit the maximum deduction that an assessee can claim under sections 54 and 54F to Rs. 10 crore. It is specified that if the cost of the new asset bought exceeds Rs. ten crore, the cost of such asset is regarded to be Rs. ten crore. The deduction under the two parts would be limited to 10 crore rupees.
24	50AA W.e.f. 1st April, 2024 [Special provision for taxation of capital gains in case of Market Linked Debentures]	New Provision: Section 50AA Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset is a Market Linked Debenture, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture as reduced by— (i) the cost of acquisition of the debenture; and (ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity, shall be deemed to be the capital gains arising from the transfer of a short-term capital asset:	Market Linked Debentures are a type of listed security. They are now taxed as long-term capital gains at 10% without indexation. These securities, however, are in the nature of derivatives, which are generally taxed at the corresponding rates. Furthermore, they provide variable interests because they are connected to market performance. To tax the capital gains arising from the transfer, redemption, or maturity of these securities as short-term capital gains at the applicable rates, a new section 50AA is inserted into the Act to treat the full value of the consideration received or accruing as a result of the transfer, redemption, or maturity

		Provided that no deduction shall be allowed in computing the income chargeable under the head “Capital gains” in respect of any sum paid on account of securities transaction tax under the provisions of Chapter VII of the Finance (No. 2) Act, 2004. 23 of 2004. Explanation.— For the purposes of this section “Market Linked Debenture” means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to the market returns on other underlying securities or indices, and includes any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India.	of the "Market Linked Debentures" as reduced by the cost of acquisition of the debenture and the expenditure incurred wholly or exclusively in connection with the transaction as the full value of the consideration received or accruing
68, 72 & 122	142(2A) W.e.f. 1st April, 2023 [Preventing permanent deferral of taxes through undervaluation of inventory]	New Provisions: • 142(2A)-Substitution If, at any stage of the proceedings before him, the Assessing Officer, having regard to the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and the interests of the revenue, is of the opinion that it is necessary so to do, he may, with the previous approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, direct the assessee to get either or both of the following, namely:— (i) to get the accounts audited by an accountant, as defined in the Explanation below sub-section (2) of section 288, nominated by the	The amendment has been made in order to ensure that the inventory is valued in accordance with various provisions of Law like section 148 of the Companies Act, 2013.

		Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars, as may be prescribed, and such other particulars as the Assessing Officer may require; (ii) to get the inventory valued by a cost accountant, nominated by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner in this behalf and to furnish a report of such inventory valuation in the prescribed form duly signed and verified by such cost accountant and setting forth such particulars, as may be prescribed, and such other particulars as the Assessing Officer may require: Provided that the Assessing Officer shall not direct the assessee to get the accounts so audited or inventory so valued unless the assessee has been given a reasonable opportunity of being heard. • 142(2D)-Substitution Audit or inventory valuation under sub-section (2A) (including the remuneration of the accountant or the cost accountant, as the case may be) • Explanation-insertion For the purposes of this section, “cost accountant” means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works	

		Accountants Act, 1959 and who holds a valid certificate of practice under sub-section (1) of section 6 of the said Act.	
3,5 & 32	10(10D) & 56(2)(xiii) W.e.f. 1st April, 2024 [Rationalisation of exempt income under life insurance policies]	New Provisions: • 10(10D) Provided also that nothing contained in this clause shall apply with respect to any life insurance policy other than a unit linked insurance policy, issued on or after the 1st day of April, 2023, if the amount of premium payable for any of the previous years during the term of such policy exceeds five lakh rupees: Provided also that if the premium is payable by a person for more than one life insurance policy other than unit linked insurance policy, issued on or after the 1st day of April, 2023, the provisions of this clause shall apply only with respect to those life insurance policies other than unit linked insurance policies, where the aggregate amount of premium does not exceed the amount referred to in the sixth proviso in any of the previous years during the term of any of those policies: Provided also that the provisions of the fourth, fifth, sixth and seventh provisos shall not apply to any sum received on the death of a person: • 56(2)(xiii) where any sum is received, including the amount allocated by way of bonus, at any time during a previous year, under a life insurance policy, other than the sum,— (a) received under a unit linked insurance policy;	ULIPs (excluding death benefits) issued on or after 01.02.2021 are not exempt if the amount of premium payment for any of the preceding years throughout the period of such policy exceeds Rs 2,50,000. It was also stated that if a premium is payable for more than one ULIP issued on or after 01.02.2021, the exemption under the said clause will only be available for such policies where the aggregate premium does not exceed Rs 2,50,000 for any of the previous years during the term of any of the policies. Furthermore, income from insurance plans (other than ULIPs, for which provisions already exist) with premiums or aggregate premiums exceeding Rs 5,00,000 in a year is planned to be taxed. Income received on the death of the covered individual is suggested to be excluded. This income shall be taxed under the head "income from other sources". If the premium paid has not previously been claimed as a deductible, a deduction will be permitted.

		(b) being the income referred to in clause (iv), which is not to be excluded from the total income of the previous year in accordance with the provisions of clause (10D) of section 10, the sum so received as exceeds the aggregate of the premium paid, during the term of such life insurance policy, and not claimed as deduction under any other provision of this Act, computed in such manner as may be prescribed. Explanation.—For the purposes of this clause "unit linked insurance policy" shall have the meaning assigned to it in Explanation 3 to clause (10D) of section 10.'.	
20	45(5A) W.e.f. 1st April, 2024 [Alignment of provisions of section 45(5A) with the TDS provisions of section 194-IC]	New Provision 45(5A)-substitution any consideration received in cash or by a cheque or draft or by any other mode.	The taxpayers are mistakenly thinking that consideration received through non-cash means (such as cheques or electronic payment) is not included in computing capital gains tax under section 45(5A) of the Act. However, this is not in line with the intention of the law as stated in section 194-IC of the Act, which requires tax to be deducted on any sum of consideration (other than in-kind) paid in cash, cheque or any other mode. To align with the law, it is proposed to amend section 45(5A) to include the full value of consideration, including any received in cash, cheque, draft or any other mode, as the stamp duty value of the share increased by the consideration.
22	48 W.e.f. 1st April, 2024 [Prevention of double deduction claimed on interest	New Provision: Proviso to section 48-insertion Provided that the cost of acquisition of the asset or the cost of improvement thereto shall not	Some assessees have been claiming double deductions for interest paid on borrowed capital for acquiring, renewing, or reconstructing a property. This is done by claiming a deduction under section 24 (income from

	on borrowed capital for acquiring, renewing or reconstructing a property]	include the deductions claimed on the amount of interest under clause (b) of section 24 or under the provisions of Chapter VIA	house property) and in some cases under other provisions of Chapter VIA of the Act. Additionally, the same interest is included as a part of the cost of acquisition or improvement under section 48 when computing capital gains on the transfer of the property. Now, this issue is clarified with this proviso.
31	55 W.e.f. 1st April, 2024 [Defining the cost of acquisition in case of certain assets for computing capital gains]	New Provisions: • 55(1)(b)(1) after the word "goodwill", the words "or any other intangible asset" shall be inserted • 55(2)(b) for the words "profession, or a right", the words "profession, or any other intangible asset or a right" shall be substituted	In order to remove the ambiguity around the cost of acquisition and cost of improvement of intangible assets this amendment has been brought. To provide that the cost of improvement or cost of acquisition of a capital asset being any intangible asset or any other right (other than those mentioned in the said sub-clause or clause, as the case may be) shall be 'Nil'.

E. IMPROVING COMPLIANCE AND TAX ADMINISTRATION

Clause No.	Relevant Section/ Amendment	Provision	Brief Impact
95	S. 245D(9)(iv) (w.e.f. 01-02-2021) [Extension of time for disposing pending rectification applications by Interim Board for Settlement]	• **Substitution** "Where the time-limit for amending an order or for making an application under sub-section (6B) expires on or after 01-02-2021 but before 01-02-2022, such time-limit shall stand extended to 30-09-2023."	The time limit as per the provisions of sub-section (6B) of section 245D, was provided the extension under clause (iv) of sub section (9) of section 245D. Henceforth, the time limit as per the provisions of sub-section (6B) of section 245D which is originally expiring on or after 01-02-2021 but before 01-02-2022, such time-limit shall stand extended to 30.09.2023.
3, 60, 61, 62, 64, 65, 73, 75, 76, 78, 79, 98, 99, 100, 101, 102, 103, 104, 107, 109, 110, 111, 112, 115, 117, 120, 121 & 122	S. 246 (1) Proviso to S. 246 (1) S. 246 (2) S. 246 (3) S. 246 (4) S. 246 (5) S. 246 (6) Explanation to S. 246 S. 2 S. 116 Other consequential amendments for smooth functioning. (All w.e.f. 01-04-2023) [Introduction of the authority of Joint Commissioner (Appeals)]	• **Substitution** S. 246 (1): to provide for appeals to be filed before Joint Commissioner (Appeals). Sub-section (1) of the proposed section seeks to provide that any assessee aggrieved by any of the following orders of an Assessing Officer (below the rank of Joint Commissioner) may appeal to the Joint Commissioner (Appeals) against— (i) an order being an intimation under sub-section (1) of section 143, where the assessee objects to the making of adjustments, or any order of assessment under sub-section (3) of section 143 or section 144, where the assessee objects to the amount of income assessed, or to the amount of tax determined, or to the amount of loss computed, or to the status under which he is assessed. (ii) an order of assessment, reassessment or recomputation under section 147;	The first authority for appeal, Commissioner (Appeals) are currently overburdened due to the huge number of appeals and the pendency being carried forward every year. In order to clear this bottleneck, a new authority for appeals is being proposed to be created at Joint Commissioner/Additional Commissioner level to handle certain class of cases involving small amount of disputed demand. Such authority has all powers, responsibilities, and accountability like that of Commissioner (Appeals) with respect to the procedure for disposal of appeals. Sub-section (1) mentions the list of orders against which an appeal with Jt. Commissioner can be filed. Sub-section (2) empowers the Board to transfer the existing cases from the Commissioner (Appeals) to Joint Commissioner (Appeals), whereas Sub-section (3) empowers the Board to transfer the cases from

		(iii) an order being an intimation under sub-section (1) of section 200A. (iv)an order under section 201. (v) an order being an intimation under sub-section (6A) of section 206C. (vi)an order under sub-section (1) of section of section 206CB. (vii) an order imposing a penalty under Chapter XXI; and (viii) an order under section 154 or section 155 amending any of the orders mentioned in (i) to (vii) above. Proviso to S. 246 (1): an appeal cannot be filed before the Joint Commissioner (Appeals) where an order referred to under this sub-section is passed by or with the approval of an income-tax authority above the rank of Deputy Commissioner. S. 246 (2): to provide that where any appeal filed against an order referred to in sub-section (1) is pending before the Commissioner (Appeals), the Board or an income-tax authority so authorized by the Board in this regard, may transfer such appeal and any matter arising out of or connected with such appeal and which is so pending, to the Joint Commissioner (Appeals) who may proceed with such appeal or matter, from the stage at which it was before it was so transferred. S. 246 (3): to provide that notwithstanding anything contained in sub-section (1) or	Joint Commissioner (Appeals) to Commissioner (Appeals). Sub-section (4) provides opportunity of being heard to the appellant before the case is transferred under sub-section (3) or (4). Sub-section (5) deals with empowering the Central Government to make schemes for expedient disposal of appeals. Sub-section (6) empowers the Board to specify that the provisions of sub-section (1) shall not apply to any case or any class of cases. It is also proposed to amend section 2 of the Act by inserting a definition for Joint Commissioner (Appeals) and to amend section 116 of the Act to make Joint Commissioner (Appeals) an income-tax authority under the Act. Further, consequential amendments are proposed in relevant provisions of the Act in order to ensure that functioning of the Joint Commissioner (Appeals) is aligned with that of the Commissioner (Appeals).

		sub-section (2), the Board or an income-tax authority so authorized by the Board in this regard, may transfer any appeal which is pending before a Joint Commissioner (Appeals) and any matter arising out of or connected with such appeal and which is so pending, to the Commissioner (Appeals) who may proceed with such appeal or matter, from the stage at which it was before it was so transferred. S. 246 (4): to provide that where an appeal is transferred under the provisions of sub-section (2) or sub-section (3), the appellant shall be provided an opportunity of being reheard. S. 246 (5): to provide that for the purposes of disposal of appeal by the Joint Commissioner (Appeals), the Central Government may make a Scheme, by notification in the Official Gazette, so as to dispose appeals in an expedient manner with transparency and accountability by eliminating the interface between the Joint Commissioner (Appeals) and the appellant in the course of appellate proceedings to the extent technologically feasible and direct that any of the provisions of this Act relating to jurisdiction and procedure for disposal of appeals by Joint Commissioner (Appeals) shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.	

		S. 246 (6): to provide that for the purposes of sub-section (1), the Board may specify that the provisions of that sub-section shall not apply to any case or any class of cases. Explanation: to define "status" to mean the category under which the assessee is assessed as "individual", "Hindu undivided family" and so on. S. 2: **Insertion** Definition for Joint Commissioner (Appeals) S. 116: **Amendment** to make Joint Commissioner (Appeals) an income-tax authority under the Act. Consequential amendments are proposed in relevant provisions of the Act in order to ensure that functioning of the Joint Commissioner (Appeals) is aligned with that of the Commissioner (Appeals).	
46	S. 92D (3) (w.e.f. 01-04-2023) [Reducing the time provided for furnishing TP report]	• **Amendment** It is proposed to amend sub-section (3) of section 92D of the Act to provide that, - (i) the Assessing Officer or the Commissioner (Appeals) may, in the course of any proceeding under the Act, require any person referred to in clause (i) of sub-section (1) of section 92D of the Act i.e., who has entered into an international transaction or specified domestic transaction, to furnish any information or document	Due to limited time available for TP proceedings it may not be practically possible to provide minimum 30 days u/s 92D (3) for producing the information or documents, as provided under Rule 10D, which in any case is already in possession of the assessee. Accordingly, the period allowed for submission of information or documents in respect of international transactions, or a specified domestic transaction is required to be rationalized to provide the AOs a reasonable amount of time to examine the information or documents submitted

		referred therein, within a period of ten days from the date of receipt of a notice issued in this regard; and (ii) the Assessing Officer or the Commissioner (Appeals) may, on an application made by such person who has entered into an international transaction or specified domestic transaction, extend the period of ten days by a further period not exceeding thirty days.	and complete the pending proceedings. Henceforth, AOs or the Commissioner (Appeals) may during any proceedings under the Act require such person to furnish such information or document within a period of 10 days from the date of receipt of a notice issued in this regard. It has been further provided that on an application made by the assessee the time period of 10 days may be extended by a further period not exceeding thirty days.
102	S. 253 (1) S. 253 (4) (w.e.f. 01-04-2023) [Rationalization of Appeals to the Appellate Tribunal]	• **Amendment** Sub-section (1) of the said section details the types of orders passed under various sections of the Act, against which an aggrieved assessee may appeal to the Appellate Tribunal. The said sub-section provides that any assessee aggrieved by any order passed by a Commissioner (Appeals) under section 154, section 250, section 270A, section 271, section 271A, section 271J or section 272A may appeal to the Appellate Tribunal. <u>Amendment 1:</u> It has been proposed to amend the provisions of section 253 of the Act to provide that appeal against penalty orders passed by Commissioner (Appeals) under the sections 271AAB, 271AAC and 271AAD shall be made to the Appellate Tribunal. <u>Amendment 2:</u> It has been proposed that section 253 of the Act may be amended so that appeal against an order passed under section 263 of the Act by Principal Chief Commissioner or Chief Commissioner or an	Vide Finance Act, 2022, sections 271AAB, 271AAC and 271AAD were amended to enable Commissioner (Appeals) also to pass an order imposing penalty under the said sections. However, as the reference to the same has not been inserted in sub-section (1) of section 253 of the Act, an aggrieved assessee cannot appeal against such penalty orders passed by Commissioner (Appeals) which may lead to taxpayer grievance. Therefore, amendment 1 has been proposed. Vide Finance Act, 2021, section 263 of the Act was amended to enable Principal Chief Commissioner and Chief Commissioner to also pass an order of revision under the said section. However, in the absence of any reference to such orders passed under section 263 of the Act in sub-section (1) of the section 253 of the Act, an assessee aggrieved by any order under section 263 of the Act by a Principal Chief Commissioner and Chief Commissioner or an order under section 154 of the Act rectifying such order under section 263 of the Act cannot appeal against such orders to the Appellate

		order passed under section 154 of the Act in respect of any such order shall be made to the Appellate Tribunal. <u>Amendment in Sub-section (4)</u>: It is proposed that an amendment may be made in sub-section (4) of section 253 to enable filing of memorandum of cross-objections in all classes of cases against which appeal can be made to the Appellate Tribunal.	Tribunal. Therefore, amendment 2 has been proposed. Sub-section (4) currently does not allow memorandum of cross objection to be filed by the respondent against the orders of authorities like Pr. Commissioner or Commissioner or Pr. Director or Director. Accordingly, amendment has been proposed.
63	S. 132 (w.e.f. 01-04-2022 & 01-04-2023) [Assistance to authorised officer during search and seizure]	• **Amendment in relevant provisions of S. 132** <u>*W.e.f. 01-04-2023:*</u> "To provide that during the course of search the authorised officer, may requisition the services of any other person or entity, as approved by the Principal Chief Commissioner or the Chief Commissioner, the Principal Director General, or the Director General, in accordance with the procedure prescribed by the Board in this regard, to assist him for the purposes of the search. Similarly, in during and post search enquiries, the authorised officer may make reference to any person or entity, or any valuer registered by or under any law for the time being in force, who shall estimate the fair market value of the property in the manner prescribed and submit a report of the estimate to the authorised officer or the Assessing Officer within sixty days from the receipt of such reference."	Due to the increased use of technology and digitization in every aspect including management and maintenance of accounts, digitization of data, cloud storage etc., the procedure for search & seizure has become complex, requiring the use of data forensics, advanced technologies for decoding data etc., for complete and proper analysis of accounts. Similarly, there is an increasing trend of undisclosed income being held in a vast variety of forms of assets or investments in addition to immovable property. Valuation of such assets and decryption of information often require specific domain experts like digital forensic professionals, valuers, archive experts etc. In addition to this, services of other professionals like locksmiths, carpenters etc. are also required in most of the cases, due to typical nature of the operations. The timelines for completing assessment or reassessment in search cases is linked to the execution of the last of the authorizations during such procedure, to establish the day of conclusion of search proceedings,

		W.e.f. 01-04-2022: "It is proposed to provide the meaning of execution of last authorization under section 132 itself."	and what constitutes as last authorization is provided in section 153B. As the provisions of section 153B are no longer applicable, it is proposed to provide the meaning of execution of last authorization under section 132 itself.
77	S. 170A (w.e.f. 01-04-2023) S. 2 (w.e.f. 01-04-2023) [Provisions related to business reorganization]	• **Substitution in S. 170A** "To provide that notwithstanding anything contained in section 139, in a case of business reorganization, where prior to the date of order of the tribunal or the High Court or Adjudicating Authority as defined in clause (1) of section 5 of the Insolvency and Bankruptcy Code, 2016, any return of income has been furnished for any assessment year relevant to a previous year, by an entity to which such order applies, the successor shall furnish, within a period of six months from the end of the month in which the said order was issued, a modified return in the form and manner, as may be prescribed, in accordance with and limited to the said order." "It is being provided that, if proceedings of assessment or reassessment for the relevant assessment year have been completed on the date of furnishing of modified return under sub-section (1), the Assessing Officer shall pass an order modifying the total income of the relevant assessment year in accordance with the order of the business reorganization and taking into account the modified return so furnished. Where proceedings	Section 170A of the Act was inserted vide Finance Act, 2022 in order to make provisions for giving effect to the order of business reorganization issued by tribunal or court or an Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016. The section provides that in case of business reorganization, where a return of income has been filed by the successor under section 139 of the Act, such successor shall furnish a modified return within six months from the end of the month in which such order of business reorganization was issued. Considering the multiplicity of provisions, certain issues have come to the fore since the insertion of section 170A in the Act last year. These pertain to the entities who have previously furnished the return for the relevant assessment year, obligation on the Assessing Officer (AO) for passing or modifying assessment or reassessment orders, the requirement of furnishing modified return etc. To avoid any unintended litigation, it is proposed to amend the law to clarify the same.

		of assessment or reassessment for the relevant assessment year are pending on the date of furnishing of modified return under sub-section (1), the Assessing Officer shall pass an order assessing or reassessing the total income of the relevant assessment year in accordance with the order of the business reorganization and taking into account the modified return so furnished. For the purposes of such assessment or reassessment, unless provided otherwise, all other provisions of the Act shall apply, and the tax shall be chargeable at the rate applicable to such assessment year." • **Amendment in S. 2** "It is also proposed to define the following terms for the purposes of this section: "business reorganization" means the reorganization of business involving the amalgamation or demerger or merger of business of one or more persons; "successor" means all resulting companies in a business reorganization, whether or not the company was in existence prior to such business reorganization."	
152	S. 46 of PBPT Act S. 54A of PBPT Act S. 2(18) of PBPT Act (All w.e.f. 01-04-2023) [Rationalization of the provisions of	• **Amendment of S. 46 & S. 54A** "It is proposed that the provisions of section 46 of the PBPT Act may be amended to allow the filing of appeal against the order of the Adjudicating authority within a period of 45 days from the date when such order is received in	Under the existing provisions of section 46 of the PBPT Act, any person, including the Initiating Officer (IO), aggrieved by the order of the Adjudicating Authority, may prefer an appeal to the Appellate Tribunal within a period of 45 days from the date of the order. The order often takes time to reach the office of the Initiating Officer or the

	the Prohibition of Benami Property Transactions Act, 1988 (the PBPT Act)]	the office of the Initiating Officer or the aggrieved person as the case may be. Similar change is also proposed with reference to the order passed by an authority under section 54A of the PBPT Act." • **Amendment of S. 2(18)** "To enable the determination of High Court jurisdiction for the non-resident appellants or respondents, it is proposed to amend section 2(18) of the PBPT Act to modify the definition of 'High Court' by inserting a proviso so as to provide that where the aggrieved party does not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court or where the Government is the aggrieved party and any of the respondents do not ordinarily reside or carry on business or personally work for gain in the jurisdiction of any High Court, then the High Court shall be such within whose jurisdiction the office of the Initiating Officer is located."	approving authority and, it is difficult to file an appeal within the prescribed time limit and leads to delay in such filing. Hence, amendment in sections 46 and 54A of PBPT Act have been proposed. Under the existing provisions of section 2(18) of the PBPT Act, the 'High Court', for the purpose of filing appeal against the order of the Adjudicating authority, have been defined as Jurisdiction of such High Court within which either the aggrieved party ordinarily resides or carries on business or personally works for gain, or if the aggrieved party is Government then, jurisdiction of the High Court within which the respondent, or any respondent in case of multiple respondents resides, or carries on business or works for gain. It has been observed that the non-residents against whom proceedings under PBPT Act have been initiated and who does not fall in the category of appellant or respondent mentioned in the definition, do not fall under the jurisdiction of any High Court. Hence, amendment in section 2(18) has been proposed.
72	S. 153 (w.e.f. 01-04-2023) [Alignment of timeline provisions under section 153 of the Act]	• **Amendment of S. 153** "It has been proposed that the time available for completion of assessment relating to the assessment year commencing on or after the 1st day of April 2022 shall be twelve months from the end of the assessment year in which the income was first assessable. Consistent with the above, the time available for completion of assessment proceedings in the	The time for passing the order for assessment u/s 143, 144 of the act was reduced to 9 months from 21 months from AY 2021-22. In the previous budget the government has introduced the updated return under sub section 8A of section 139 of the act where the assessee can file their updated return. The time limit for completion of assessment was 9 month from the end of month in which return was filed. Since the time limit for issuance of notice u/s

		case of an updated return is also proposed to be increased to 12 months from the end of the financial year in which such return is furnished." • **Amendment of S. 153** "It is proposed that section 153 may be amended to provide that the provision of the said sub-section (3), (5) and (6) shall also be applicable to order under section 263 or section 264, passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be." "Furthermore, consequent to the introduction of sub-section (1A) of section 153 of the Act vide Finance Act, 2022, it is proposed to insert the reference to sub-section (1A) in sub sections (3), (4), (6) as well as in the first proviso to Explanation 1 of section 153."	143(2) of the act was 3 months from the end of month in which return was filed. So, there is effectively 6 months with the department to complete the proceeding which was not sufficient as per department. So the finance bill propose to increase the time limit to 9 months. Further, vide Finance Act, 2021 the section 263 of the Act was amended to enable Principal Chief Commissioner and Chief Commissioner to also pass an order of revision under the said section. However, the time line provided in section 153 of the Act under sub-sections (3), (5) and (6) to pass an order of assessment or reassessment or order under section 92CA by the Transfer Pricing Officer does not refer to the orders so passed by Principal Chief Commissioner or Chief Commissioner. Therefore, it is proposed that section 153 may be amended to provide that the provision of the said sub-section (3), (5) and (6) shall also be applicable to order under section 263 or section 264, passed by the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner, as the case may be.
66, 96, 97, 100 & 116	S. 135A, S. 250, and S. 274 (w.e.f. 01-04-2022) S. 245MA & S. 245R (w.e.f. 01-04-2023) [Modification of directions related	***66. In section 135A of the Income-tax Act, in sub-section (2)***, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2022, namely:— "Provided further that the Central Government may amend any direction, issued under this sub-section on or	The central government has introduced various measure to make the process electronic by eliminating person to person interface between taxpayers and department. When these sections were introduced the central government inserted the clause which gave the power to government to issue direction for which the time limit was come to end. Therefore, it is proposed to

	to faceless schemes and e-proceedings]	before the 31st day of March, 2022, by notification in the Official Gazette.". ***96. In section 245MA of the Income-tax Act, in sub-section (4)***, after the proviso, the following proviso shall be inserted, namely:— "Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2023, by notification in the Official Gazette.". ***97. In section 245R of the Income-tax Act, in sub-section (10)***, after the proviso, the following proviso shall be inserted, namely:— "Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2023, by notification in the Official Gazette.". ***116. In section 274 of the Income-tax Act, in sub-section (2B)***, after the proviso, the following proviso shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 2022, namely:— "Provided further that the Central Government may amend any direction, issued under this sub-section on or before the 31st day of March, 2022, by notification in the Official Gazette." "It is proposed to amend the relevant provisions to provide that where any direction has been issued for the purposes of	amend the relevant provisions to provide that where any direction has been issued for the purposes of giving effect to the scheme under that section before the expiry of limitation, i.e., 31st March, 2022 or 31st March, 2023, as the case may be, the Central Government may, amend such direction at any time by notification in the Official Gazette.

		giving effect to the scheme under that section before the expiry of limitation, i.e., 31st March 2022 or 31st March 2023, as the case may be, the Central Government may, amend such direction at any time by notification in the Official Gazette."	
69, 70 & 71	S. 148, S. 148A, S. 149, S. 151 (w.e.f. 01-04-2023) [Provisions relating to reassessment proceedings]	• **Insertion of proviso in S. 149** "To insert a proviso in the said section to provide that in cases where a search under section 132 is initiated or a search for which the last of the authorization is executed or requisition is made under section 132A, after the 15th March of any financial year a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the notice so issued shall be deemed to have been issued on the 31st day of March of such financial year." • **Insertion of proviso in S. 149** "It is also proposed to insert another proviso in the section 149 of the Act to provide that in cases where the information deemed to be with the Assessing Officer emanates from a statement recorded or documents impounded under summons or survey, as the case may be, on or before the 31st day of March of a financial year, in consequence of, a search initiated or last of the authorization executed under section 132 or a requisition made under section 132A, after	As per section 148 of the act the assessee in response to notice issued u/s 148 of the act is required to file the return, however no time limit for filling of return was specified. The Finance bill propose to amend the section and has now set the time limit of 3 months from the end of the month in which notice is issued or such further period as allowed by AO. The proposed amendment is come to nullify the ground taken by those assessee who filed their return after time limit and taken the ground that no notice u/s 143(2) of the act was issued. Now if the assessee filed their return after the time limit mentioned in section it will be deemed that no return u/s 139 of the act was filed by assessee. Section 149 of the act specified the time limit for issuance of notice issued u/s 148 of the act. In the cases where survey u/s 133A of the act was conducted the provision of 148A is required to be followed and there is difficulty appeared before department that if the survey was conducted after 15th March of Financial year there is little time to complete the procedure mentioned u/s 148A and 148 of the act which causes the loss of revenue to department. As such, the finance bill proposed to amend the provision and specified that where a search under section 132 is initiated or a search for which the last of the

		the 15th day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the show cause notice issued under clause (b) of section 148A in such case shall be deemed to have been issued on the 31st day of March of such financial year. It has also been provided that the impounding or the recording of the statement in consequence of the search or the search itself should be before the 31st March only. Only extension has been provided for the time consumed in the procedure for issuance of notice under section 148 or 148A, as the case may be." • **Amendment in S. 151** "To provide that the specified authority under clause (ii) of section 151 of the Act shall be Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General." "A proviso is proposed to be inserted in the section 151 to provide that while computing the period of three years for the purposes of determining the specified authority the period which has been excluded or extended as per the provisos in section 149 of the Act from the time limit for issuance of notice under section 148 of the Act shall be taken into account."	authorization is executed or requisition is made under section 132A, after the 15th March of any financial year a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the notice so issued shall be deemed to have been issued on the 31st day of March of such financial year. At the same time, to give further clarity with regards to the specified authority a proviso is proposed to be inserted in the section 151 to provide that while computing the period of three years for the purposes of determining the specified authority the period which has been excluded or extended as per the provisos in section 149 of the Act from the time limit for issuance of notice under section 148 of the Act shall be taken into account. initiated or last of the authorization executed under section 132 or a requisition made under section 132A, after the 15th day of March of such financial year, a period of fifteen days shall be excluded for the purpose of computing the period of limitation for issuance of notice under section 148 and the show cause notice issued under clause (b) of section 148A in such case shall be deemed to have been issued on the 31st day of March of such financial year. It has also been provided that the impounding or the recording of the statement in consequence of the search or the search itself should be before the 31st March only. Only extension has been provided for the time consumed in the procedure for issuance of notice under section 148 or 148A, as the case may be.

			Further. Also section 151 of the act specified the authority whom approval is required to issue notice u/s 148A and 148 of the act. In case where it is proposed to issue notice beyond three years the approval from Principal Chief Commissioner or Principal Director General or where there is no Principal Chief Commissioner or Principal Director General, Chief Commissioner or Director General is required. There is misinterpretation regarding the specified authority for period more than 3 years. So the finance bill clear the law and state that specified authority for period above three years will be Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General.
114	S. 285BA (w.e.f. 01-04-2023) [Penalty for furnishing inaccurate statement of financial transaction or reportable account]	• **Insertion of new sub-section (2) of S. 285BA** "To insert a new sub-section (2) in the said section which shall provide that if there is any inaccuracy in the statement of financial transactions submitted by a prescribed reporting financial institution and such inaccuracy is due to false or inaccurate information submitted by the account holder, a penalty of five thousand rupees shall be imposable on such institution, in addition to the penalty leviable on such financial institution in the said section, if any." • **Clarification** "Also proposed to clarify that the reference to the income-tax authority prescribed which shall levy the said penalty in the section 271FAA is the	

		prescribed authority under sub-section (1) of section 285BA."	
113 & 119	S. 271C & S. 276B (w.e.f. 01-04-2023 and 01-07-2023) [Amendments in consequence to new provisions of TDS]	• **Amendment in S. 271C (w.e.f. 01-04-2023)** "Proposed to amend section 271C inserting two new sub-clauses under clause (b) in sub-section (1) providing reference to the first proviso to section 194R and the first proviso to section 194S." • **Amendment in S. 276B (w.e.f. 01-04-2023)** "Similar amendments are also proposed in section 276B. Drafting changes are also proposed in the section to align the language with the parent provisions." • **Insertions in S. 271C & 276B (w.e.f. 01-07-2023)** "To insert a new sub-clause under section 271C and section 276B providing reference to sub-section (2) of section 194BA."	Penalty provisions under sections 271C and 276B are now also applicable on sections 194BA, 194R and 194S.

F. RATIONALISATION OF PROVISIONS

Clause No.	Relevant Section/ Amendment	New Provision	Brief impact
47	94B w.e.f. 1st April 2024 [Excluding non-banking financial companies (NBFC) from restriction on interest deductibility]	In section 94B of the Income-tax Act— (i) in sub-section (3), after the words "banking or insurance", the words "or such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf" shall be inserted; (ii) in sub-section (5), after clause (ii), the following clause shall be inserted, namely:— '(iia) "non-banking financial company" shall have the meaning assigned to it in clause (vii) of the Explanation to clause (viia) of sub-section (1) of section 36;'.	It is proposed that section 94B(1) shall not apply to,- (i) an Indian company or a permanent establishment of a foreign company which is engaged in the business of banking or insurance; or (ii) such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf; It is also proposed to provide that for the purposes of this section, NBFC shall have the same meaning as assigned to it in clause (vii) of the Explanation to clause (viia) of sub-section (1) of section 36.
87	196A w.e.f 1st April 2023 [Tax treaty relief at the time of TDS under section 196A of the Act]	In sub-section (1), the following proviso shall be inserted, namely:— "Provided that where an agreement referred to in subsection (1) of section 90 or sub-section (1) of section 90A applies to the payee and if the payee has furnished a certificate referred to in sub-section (4) of section 90 or subsection (4) of section 90A, as the case may be, then, incometax thereon shall be deducted at the rate of twenty per cent. or at the rate or rates of income-tax provided in such agreement for such income, whichever is lower.".	It is proposed that the TDS would be deducted at lower of 20% and the rate(s) provided in the tax avoidance agreement referred to in section 90/ 90A, provided such payee has furnished the tax residency certificate from the relevant Country/ Territory.
80	192A w.e.f. 1st April, 2023 [TDS on payment of accumulated	Second Proviso is proposed to be Omitted "**Provided further** ~~that any person entitled to receive any amount on which tax is~~	Presently, at the time of payment of the accumulated balance due to the employee under Employees' Provident Fund Scheme, TDS is deducted at maximum marginal rate

	balance due to an employee]	~~deductible under this section shall furnish his Permanent Account Number to the person responsible for deducting such tax, failing which tax shall be deducted at the maximum marginal rate~~"	in the event of non-furnishing of PAN. It is now proposed that in case of failure to furnishing of PAN TDS shall be deducted at 20% as in other non-PAN cases in accordance with section 206AA of the Act, instead of at the maximum marginal rate.
74 & 93	155 & 244A w.e.f. 1st October, 2023 [Facilitating TDS credit for income already disclosed in the return of income of past year]	In section 155 of the Income-tax Act, after sub-section (18), the following sub-section shall be inserted, namely:— "(19) Where any deduction in respect of any expenditure incurred for the purchase of sugarcane has been claimed by an assessee, being a co-operative society engaged in the business of manufacture of sugar, and such deduction has been disallowed wholly or partly in any previous year commencing on or before the 1st day of April, 2014, the Assessing Officer shall, on the basis of an application made by such assessee in this regard, recompute the total income of the assessee for such previous year after allowing deduction to the extent such expenditure is incurred at a price which is equal to or less than the price fixed or approved by the Government for that previous year, and the provisions of section 154 shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of previous year commencing on the 1st day of April, 2022."; (c) after sub-section (19) and before the Explanation, the following sub-section shall be	It is proposed that where any income has been included in the return of income for any AY and tax has been deducted at source on such income and paid to the credit of the Central Government in a subsequent financial year, in such a case the assessee can make application in the prescribed form to the Assessing Officer within 2 years from the end of FY in which such tax was deducted at source. Then Assessing Officer shall amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant AY. It has been further provided that the provisions of section 154 of the Act shall, so far as may be, apply thereto, and the period of four years specified in sub-section (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted. Further, credit of such tax deducted at source shall not be allowed in any other assessment year. Relevant amendment is also proposed in section 244A to provide that the interest on refund arising out of above rectification shall be for the period from the date of the application to the date on which the refund is granted.

		inserted with effect from the 1st day of October, 2023, namely:– – ‘(20) Where any income has been included in the return of income furnished by an assessee under section 139 for any assessment year (herein referred to as the relevant assessment year) and tax on such income has been deducted at source and paid to the credit of the Central Government in accordance with the provisions of Chapter XVII-B in a subsequent financial year, the Assessing Officer shall, on an application made by the assessee in such form, as may be prescribed, within a period of two years from the end of the financial year in which such tax was deducted at source, amend the order of assessment or any intimation allowing credit of such tax deducted at source in the relevant assessment year, and the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in subsection (7) of that section shall be reckoned from the end of the financial year in which such tax has been deducted: Provided that the credit of such tax deducted at source shall not be allowed in any other assessment year.’. In section 244A of the Income-tax Act,— (a) in sub-section (1), in clause (a), after sub-clause (ii), the following proviso shall be inserted with effect from the 1st day of October, 2023, namely:–	

		– "Provided that where refund arises as a result of an order passed by the Assessing Officer in consequence of an application made by the assessee under sub-section (20) of section 155, such interest shall be calculated at the rate of one-half per cent. for every month or part of a month comprised in the period from the date of such application to the date on which the refund is granted;"; (b) in sub-section (1A), the following proviso shall be inserted, namely:— "Provided that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this sub-section, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of sub-section (2) of section 245 and ending with the date on which such assessment or reassessment is made, shall be excluded.".	
89 & 91	206AB & 206CCA w.e.f. 1st April, 2023 [Relief from special provision for higher rate of TDS/TCS for non-filers of income-tax returns]	In section 206AB of the Income-tax Act, in sub-section (3), for the proviso, the following proviso shall be substituted, namely:— "Provided that the specified person shall not include— (i) a non-resident who does not have a permanent establishment in India; or	Section 206AB & 206CCA provides for special provision for higher TDS/ TCS for non-filers of income-tax returns. It is proposed to provide specific exclusion to such persons who are not required to furnish the return of income i.e. a non-resident who does not have a permanent establishment in India and a person who is notified by

		(ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.". In section 206CCA of the Income-tax Act, in sub-section (3), for the proviso, the following proviso shall be substituted, namely:— "Provided that the specified person shall not include— (i) a non-resident who does not have a permanent establishment in India; or (ii) a person who is not required to furnish the return of income for the assessment year relevant to the said previous year and is notified by the Central Government in the Official Gazette in this behalf.".	the Central Government in the Official Gazette in this behalf.
67	Section 140B w.r.e.f. 1st April, 2022. [Clarification regarding advance tax while filing Updated Return]	In section 140B of the Income-tax Act, in sub-section (4), with effect from the 1st day of April, 2022,— (i) in the opening portion, the words "or, as the case may be, on the amount by which the advance tax paid falls short of the assessed tax," shall be omitted and shall be deemed to have been omitted; (ii) in clause (a), in sub-clause (i), after the words "earlier return", the words ", if any" shall be inserted and shall be deemed to have been inserted.	With respect to computation of interest u/s 234B for additional tax for purpose of Section 139(8A), it is proposed to clarify that interest payable shall be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any.
32	56(2) w.e.f. 1st April, 2024 [Bringing the non-resident investors	In section 56 of the Income-tax Act, in sub-section (2)— (a) in clause (viib), the words "being a resident" shall be omitted;	Section 56(2)(vii) is attracted where consideration is received <u>from residents</u> for issue of shares by a closely held company in excess of the face value of shares. Where any

	within the ambit of section 56(2)(viib) to eliminate the possibility of tax avoidance]		consideration for issue of shares exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head 'Income from other sources' Now, it is proposed to apply the provisions of Section 56(2)(viib) in respect of receipt of consideration for issue of shares from non-residents as well.
10	17 w.e.f. 1st April, 2024 [Rationalization of provisions related to the valuation of residential accommodation provided to employees]	In section 17 of the Income-tax Act, in clause (2), with effect from the 1st day of April, 2024,— (a) in sub-clause (i), after the word "employer", the words "computed in such manner as may be prescribed" shall be inserted; (b) for sub-clause (ii) and Explanations 1 to 4 thereto, the following shall be substituted, namely:— "(ii) the value of any accommodation provided to the assessee by his employer at a concessional rate. Explanation.—For the purposes of this sub-clause, it is clarified that accommodation shall be deemed to have been provided at a concessional rate, if the value of accommodation computed in such manner as may be prescribed, exceeds the rent recoverable from, or payable by, the assessee;".	The Finance Bill proposes to prescribe a uniform methodology for computing the value of rent-free accommodation with respect to accommodation provided by the employers.
6 & 74	10AA & 155 w.e.f. 1st April, 2024 [Specifying time limit for bringing consideration	In section 10AA of the Income-tax Act, with effect from the 1st day of April, 2024,— (a) in sub-section (1), after clause (ii) and before the Explanation, the following	It is proposed to provide that no deduction under section 10AA shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under section 139.

	against export proceeds into India]	proviso shall be inserted, namely:— "Provided that no such deduction shall be allowed to an assessee who does not furnish a return of income on or before the due date specified under sub-section (1) of section 139."; (b) after sub-section (4), the following shall be inserted, namely:— '(4A) This section applies to a Unit, if the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf. Explanation 1.—For the purposes of this sub-section, the expression "competent authority" means the Reserve Bank of India or the authority authorised under any law for the time being in force for regulating payments and dealings in foreign exchange. Explanation 2.—The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India.'; (c) in Explanation 1, for clause (i), the following clause shall be substituted, namely:— '(i) "convertible foreign exchange" shall have the meaning assigned to it in clause	It is further proposed that the deduction u/s 10AA shall be available for such unit, if the export proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf. Also, it is proposed that if the export proceeds from sale of goods or provision of services shall be deemed to have been received in India where such proceeds from sale of goods or provision of services are credited to a separate account maintained for the purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India. Consequential amendment is proposed to be made in section 155(11A).

		(ii) of the Explanation 2 to section 10A; (ia) "export turnover" means the consideration in respect of export by the undertaking, being the Unit of articles or things or services received in, or brought into, India by the assessee in convertible foreign exchange in accordance with the provisions of sub-section (4A), but does not include freight, telecommunication charges or insurance attributable to the delivery of the articles or things outside India or expenses, if any, incurred in foreign exchange in rendering of services (including computer software) outside India;'. In section 155 of the Income-tax Act,— (a) in sub-section (11A), after the words, figures and letter "section 10A or" at both the places where they occur, the words, figures and letters "section 10AA or" shall be inserted with effect from the 1st day of April, 2024;	
13 & 14	43B & 43D w.e.f. 1st April, 2024 [Non-Banking Financial Company (NBFC) categorization]	In section 43B of the Income-tax Act, with effect from the 1st day of April, 2024,— (i) in clause (da), for the words "a deposit taking nonbanking financial company or systemically important nondeposit taking non-banking financial company", the words "such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf" shall be substituted;	Section 43B and 43D currently use two erstwhile categories of NBFC namely, Deposit taking Non-Banking Financial Company and Systemically Important Non-Deposit taking Non-Banking Financial Company. Such classification for non-banking financial companies is no longer followed by the Reserve Bank of India for the purposes of asset classification. Thus, the relevant amendment is proposed in section 43B & 43D.

		(ii) in clause (g), after the word "assets,", the word "or" shall be inserted; (iii) after clause (g), the following clause shall be inserted, namely:— "(h) any sum payable by the assessee to a micro or small enterprise beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act, 2006,"; 27 of 2006. (iv) in the proviso, after the words "nothing contained in this section", the brackets, words and letter "[except the provisions of clause (h)]" shall be inserted; (v) in Explanation 4,— (I) for clause (e), the following clause shall be substituted, namely:— '(e) "micro enterprise" shall have the meaning assigned to it in clause (h) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006;'; 27 of 2006. (II) for clause (g), the following clause shall be substituted, namely:— '(g) "small enterprise" shall have the meaning assigned to it in clause (m) of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.'. In section 43D of the Income-tax Act, with effect from the 1st day of April, 2024,— (i) in clause (a), for the words "a deposit taking nonbanking financial company or a systemically important nondeposit taking non-banking financial company", the words "such class of non-banking	

		financial companies as may be notified by the Central Government in the Official Gazette in this behalf" shall be substituted; (ii) in the long line, for the words "a deposit taking nonbanking financial company or a systemically important nondeposit taking non-banking financial company", the words 39 "such class of non-banking financial companies as may be notified by the Central Government in the Official Gazette in this behalf," shall be substituted; (iii) in the Explanation, for clause (h), the following clause shall be substituted, namely:— '(h) the expression "non-banking financial company" shall have the meaning assigned to it in clause (vii) of the Explanation to clause (viia) of sub-section (1) of section 36.'.	
11 & 86	28(iv) w.e.f. 1st April, 2024 & 194R w.e.f. 1st April, 2023 [Providing clarity on benefits and perquisites in cash	In section 28 of the Income-tax Act, for clause (iv), the following clause shall be substituted with effect from the 1st day of April, 2024, namely:– – "(iv) the value of any benefit or perquisite arising from business or the exercise of a profession, whether— (a) convertible into money or not; or (b) in cash or in kind or partly in cash and partly in kind;". In section 194R of the Income-tax Act, the Explanation shall be numbered as Explanation 1 thereof, and after Explanation 1 as so numbered, the following Explanation shall be inserted, namely:—	It is proposed to clarify that provisions of Section 28(iv) shall applies to cases where benefit or perquisite provided is in cash or in kind or partly in cash and partly in kind. Also, it is proposed to clarify that the provisions of Section 194R shall apply to benefit or perquisite whether in cash or in kind or partly in cash and partly in kind.

		"Explanation 2.—For the removal of doubts, it is clarified that the provisions of sub-section (1) shall apply to any benefit or perquisite, whether in cash or in kind or partly in cash and partly in kind.".	
5,7,8,9, 40, 57	10, 11, 12A, 12AB, 80G, 115TD [Rationalisation of the provisions of Charitable Trust and Institutions]	In section 10 of the Income-tax Act,— (g) in clause (23C),— (I) with effect from the 1st day of October, 2023,— (i) in the first proviso, for clause (iv), the following clause shall be substituted, namely:— "(iv) in any other case, where activities of the fund or trust or institution or university or other educational institution or hospital or other medical institution have— (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (B) commenced and no income or part thereof of the said fund or trust or institution or university or other educational institution or hospital or other medical institution has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) or section 11 or section 12 for any previous year ending on or before the date of such application, at any time after the commencement of such activities,"; (ii) in the second proviso,— (a) in clause (ii),— (A) in the opening portion, after the word, brackets and figures "clause (iii)", the words, brackets, letter and figures "or	The following amendments are proposed in respect of Charitable Trust/ Institution: 1. <u>Depositing back of corpus and repayment of loans or borrowings</u> a. That application out of corpus or loans or borrowings before 01.04.2021 should not be allowed as application for charitable or religious purposes when such amount is deposited back or invested in to corpus or when the loan or borrowing is repaid. b. It is further proposed to provide that if the trust or institution invests or deposits back the amount in to corpus or repays the loan within 5 years of application from the corpus or loan, then such investment/depositing back in to corpus or repayment of loan will be allowed as application for charitable or religious purposes. c. It is also proposed to provide that where the application from corpus or loan did not satisfy certain conditions, the repayment of loan or investment/depositing back in to corpus of such amount will not be treated as application. 2. <u>Donation to Other Trusts</u> In order to prevent revenue leakage and ensure that 85% of the income is applied by a trust/ institution, it is proposed that the donations made to other trust/ institutions by one trust/ institution to any other trust/ institution shall

		sub-clause (B) of clause (iv)" shall be inserted; (B) in sub-clause (b), for item (B), the following item shall be substituted, namely:– "(B) if he is not so satisfied, pass an order in writing,— (I) in a case referred to in clause (ii) or clause (iii) of the first proviso, rejecting such application and also cancelling its approval; (II) in a case referred to in subclause (B) of clause (iv) of the first proviso, rejecting such application, after affording it a reasonable opportunity of being heard;"; (b) for clause (iii), the following clause shall be substituted, namely:— "(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application made under clause (iv) of the said proviso, as it stood immediately before its amendment by the Finance Act, 2023, pass an order in writing granting approval to it provisionally for a period of three years from the assessment year from which the approval is sought, and send a copy of such order to the fund or trust or institution or university or other educational institution or hospital or other medical institution:"; (II) in the third proviso,— (i) in Explanation 2,— (a) in clause (i),— (A) in the proviso, the word "and" shall be omitted; (B) after the proviso, the following provisos shall be inserted, namely:— "Provided further that the provisions of the first proviso shall apply only if there was no violation of the conditions	be considered as application of income to the extent of 85% of such donation. Amendment is proposed to take effect from 1st April 2024. 3. Omission of redundant roll back provisions of Section 12A i.e. Second, third & fourth proviso to Section 12A(2). Amendment is proposed to take effect from 1st April 2023. 4. In order to remove difficulties while registration in case of trust/ institutions formed/ incorporated during the previous year and such trust/ institutions, where activities have already commenced, it is proposed to grant direct final registration/ approval. Amendment is proposed to take effect from 1st October 2023. 5. Applications filed for registration/ approval/ provisional registration/ approval in accordance with amendments introduced by Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 were automatically granted by CPC and the PCIT/ CIT are empowered to cancel such registration for certain violations. It is proposed that where a form is not complete or contains false or incorrect information, the same shall be considered as specified violation for the purpose of cancellation. Amendment is proposed to take effect from 1st April 2023. 6. Amendments are proposed to ensure that taxes are paid on the accreted income by such trust/

		specified in the twelfth, thirteenth and twenty-first provisos, and those specified in Explanation 2 and Explanation 3, of this clause, at the time the application was made from the corpus: 29 Provided also that the amount invested or deposited back shall not be treated as application for charitable or religious purposes under the first proviso unless such investment or deposit is made within a period of five years from the end of the previous year in which such application was made from the corpus: Provided also that nothing contained in the first proviso shall apply where the application from the corpus is made on or before the 31st day of March, 2021;"; (b) in clause (ii), after the proviso, the following provisos shall be inserted, namely:— "Provided further that the provisions of the first proviso shall apply only if there was no violation of the conditions specified in the twelfth, thirteenth and twenty-first provisos, and those specified in Explanation 2 and Explanation 3, of this clause at the time the application was made from loan or borrowing: Provided also that the amount repaid shall not be treated as application for charitable or religious purposes under the first proviso unless such repayment is made within a period of five years from the end of the previous year in which such application was made from loan or borrowing: Provided also that nothing	institutions who have taken exit from charitable regime by voluntarily opting to not file an application in accordance with the provisions as amended by Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020. Necessary amendments are proposed to be introduced in Section 115TD to take effect from 1st April 2023. 7. In order to ensure timely availability of information for furnishing audit report, the Form 9A/10 for accumulation of income shall be furnished on or before 2 months prior to due date specified u/s 139(1). Amendment is proposed to take effect from 1st April 2023. 8. Benefit under section 10(23C) and 11/12 shall be allowed only where ITR is filed within time limit provided under section 139(1) & (4). As such, the benefit under these provisions cannot be availed by filing updated return as per section 139(8A). Amendment is proposed to take effect from 1st April 2023.

		contained in the first proviso shall apply where the application from any loan or borrowing is made on or before the 31st day of March, 2021; and"; (c) after clause (ii), the following clause shall be inserted with effect from the 1st day of April, 2024, namely:– "(iii) any amount credited or paid out of the income of any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via), other than the amount referred to in the twelfth proviso, to any other fund or trust or institution or any university or other educational institution or any hospital or 30 other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or subclause (via), or trust or institution registered under section 12AB, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent. of such amount credited or paid."; (ii) in Explanation 3, in clause (c), for the words "furnished on or before", the words "furnished at least two months prior to" shall be substituted; (III) in the fifteenth proviso, in Explanation 2,— (A) in clause (d), for the words "attained finality.", the words "attained finality; or" shall be substituted; (B) after clause (d), the following clause shall be inserted, namely:— "(e) the	

		application referred to in the first proviso of this clause is not complete or it contains false or incorrect information."; (IV) in the nineteenth proviso, in the Explanation, with effect from the 1st day of April, 2024,— (a) after the words, brackets and figures "notified under clause (46)", the word, brackets, figures and letter "or (46A)" shall be inserted; (b) for the words, brackets and figures "under clause (46)", the words, brackets, figures and letter "under clause (46) or clause (46A)" shall be substituted; (V) in the twentieth proviso, for the words "within the time allowed under that section", the words, brackets and figures "within the time allowed under sub-section (1) or sub-section (4) of that section" shall be substituted; In section 11 of the Income-tax Act,— (A) in sub-section (1),— (a) in Explanation 1, in clause (2), in sub-clause (ii), in the long line, for the words "before the expiry of the time allowed", the words "at least two months prior to the due date specified" shall be substituted; (b) in Explanation 4,— (I) in clause (i),— (a) in the proviso, for the words "deposit; and", the word "deposit:" shall be substituted; (b) after the proviso, the following provisos shall be inserted, namely:— "Provided further that provisions of the first proviso shall apply only if there was no violation of the conditions specified— (a) in clause (c) of this sub-section; (b) in	

		Explanations 2, 3 and 5 of this sub-section; (c) in the Explanation to this section; and (d) in clause (c) of sub-section (1) of section 13, at the time the application was made from the corpus: Provided also that the amount invested or deposited back shall not be treated as application for charitable or religious purposes under the first proviso unless such investment or deposit is made within a period of five years from the end of the previous year in which such application was made from the corpus: Provided also that nothing contained in the first proviso shall apply where application from the corpus is made on or before the 31st day of March, 2021;"; (II) in clause (ii), after the proviso, the following provisos shall be inserted, namely:— "Provided further that provisions of the first proviso shall apply only if there was no violation of the conditions specified— (a) in clause (c) of this sub-section; (b) in Explanations 2, 3 and 5 of this subsection; (c) in the Explanation to this section; and (d) in clause (c) of sub-section (1) of section 13, at the time the application was made from loan or borrowing: Provided also that the amount repaid shall not be treated as application for charitable or religious purposes under the first proviso unless such repayment is made within a period of five years from the end of the previous year in which such application was made from loan or borrowing:	

		Provided also that nothing contained in the first proviso shall apply where application from any loan or borrowing is made on or before the 31st day of March, 2021; and"; (III) after clause (ii), the following clause shall be inserted with effect from the 1st day of April, 2024, namely:— "(iii) any amount credited or paid, other than the amount referred to in Explanation 2, to any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or subclause (vi) or sub-clause (via) of clause (23C) of section 10, as the case may be, or other trust or institution registered under section 12AB, as the case may be, shall be treated as application for charitable or religious purposes only to the extent of eighty-five per cent. of such amount credited or paid."; (B) in sub-section (2), in clause (c), for the words "on or before", the words "at least two months prior to" shall be substituted; (C) in sub-section (7), with effect from the 1st day of April, 2024,— (a) for the words, brackets and figures "and clause (46)", the words, brackets, figures and letter ", clause (46) and clause (46A)" shall be substituted; (b) in the first proviso, for the words, brackets and figures "under clause (46)", the words, brackets, figures and letter "under clause (46) or clause (46A)" shall be substituted; (c)	

		in the second proviso, for the words, brackets and figures “under clause (46)”, the words, brackets, figures and letter “under clause (46) or clause (46A)” shall be substituted. In section 12A of the Income-tax Act,— (a) in sub-section (1),— (I) in clause (ac), for sub-clause (vi), the following sub-clause shall be substituted with effect from the 1st day of October, 2023, namely:— “(vi) in any other case, where activities of the trust or institution have — (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said registration is sought; (B) commenced and no income or part thereof of the said trust or institution has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10, or section 11 or section 12, for any previous year ending on or before the date of such application, at any time after the commencement of such activities,”; (II) in clause (ba), for the words “within the time allowed under that section”, the words, brackets and figures “within the time allowed under sub-section (1) or sub-section (4) of that section” shall be substituted; (b) in sub-section (2), the second, third and fourth provisos shall be omitted.	

		In section 12AB of the Income-tax Act,— (a) in sub-section (1) with effect from the 1st day of October, 2023,— (A) in clause (b),— (a) in the opening portion, after the word, brackets and figure "sub-clause (v)", the words, brackets, letter and figures "or item (B) of sub-clause (vi)" shall be inserted; (b) in sub-clause (ii), for item (B), the following item shall be substituted, namely:— "(B) if he is not so satisfied, pass an order in writing,— (I) in a case referred to in sub-clause (ii) or sub-clause (iii) or sub-clause (v) of clause (ac) of sub-section (1) of section 12A rejecting such application and also cancelling its registration; (II) in a case referred to in sub-clause (iv) or in item (B) of sub-clause (vi) of sub-section (1) of section 12A, rejecting such application, after affording a reasonable opportunity of being heard;"; (B) for clause (c), the following clause shall be substituted, namely:— "(c) where the application is made under item (A) of sub-clause (vi) of the said clause or the application is made under sub-clause (vi) of the said clause, as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing provisionally registering the trust or institution for a period of three years from the assessment year from which the registration is sought,"; (b) in sub-section (4), in the Explanation, in clause (f), for the words "attained finality.", the words "attained	

		finality; or" shall be substituted; (c) after clause (f), the following clause shall be inserted, namely:— "(g) the application referred to in clause (ac) of subsection (1) of section 12A is not complete or it contains false or incorrect information.". In section 80G of the Income-tax Act,— (II) in sub-section (5),— (A) with effect from the 1st day of October, 2023,— (i) in the first proviso, for clause (iv), the following clause shall be substituted, namely:— "(iv) in any other case, where activities of the institution or fund have— (A) not commenced, at least one month prior to the commencement of the previous year relevant to the assessment year from which the said approval is sought; (B) commenced and where no income or part thereof of the said institution or fund has been excluded from the total income on account of applicability of sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10 or section 11 or section 12 for any previous year ending on or before the date of such application, at any time after the commencement of such activities:"; (ii) in the second proviso,— (a) in clause (ii),— (1) in the opening portion, after the word, brackets and figures "clause (iii)", the words, brackets, figures and letter "or sub-clause (B) of clause (iv)" shall be inserted; (2) in sub-clause (b), for item (B), the following shall be substituted,	

		namely:— "(B) if he is not so satisfied, pass an order in writing,— (I) in a case referred to in clause (ii) or clause (iii) of the first proviso, rejecting such application and cancelling its approval; or (II) in a case referred to in subclause (B) of clause (iv) of the first proviso, rejecting such application, after affording it a reasonable opportunity of being heard;"; (b) for clause (iii), the following clause shall be substituted, namely:— "(iii) where the application is made under sub-clause (A) of clause (iv) of the said proviso or the application is made under clause (iv) of the said proviso as it stood immediately before its amendment vide the Finance Act, 2023, pass an order in writing granting it approval provisionally for a period of three years from the assessment year from which the approval is sought,"; (B) in the third proviso, for the words "first proviso", the words "second proviso" shall be substituted. In section 115TD of the Income-tax Act,— (i) in sub-section (3),— (a) in clause (ii), in sub-clause (b), for the word "rejected.", the words "rejected; or" shall be substituted; (b) after clause (ii), the following clause shall be inserted, namely:— "(iii) it fails to make an application in accordance with the provisions of clause (i) or clause (ii) or clause (iii) of the first proviso to clause (23C) of section 10 or sub-clause (i) or sub-clause (ii) or sub-clause	

		(iii) of clause (ac) of sub-section (1) of section 12A, within the period specified in the said clauses or sub-clauses, as the case may be, which expires in the said previous year."; (ii) in sub-section (5), in clause (ii), after the word, brackets and figures "clause (ii)", the words, brackets and figures "clause (ii), or clause (iii)," shall be inserted; (iii) in the Explanation, in clause (i),— (a) in sub-clause (b), after the word, brackets and figure "sub-section (3);", the word "or" shall be inserted; (b) after sub-clause (b), the following sub-clause shall be inserted, namely:— "(c) the last date for making an application for registration under sub-clause (i) or sub-clause (ii) or subclause (iii) of clause (ac) of sub-section (1) of section 12A or for making an application for approval under clause (i) or clause (ii) or clause (iii) of the first proviso to clause (23C) of section 10, as the case may be, in a case referred to in clause (iii) of sub-section (3);".	
40	80G w.e.f. 1st April 2024 [Removal of certain funds from section 80G]	In section 80G of the Income-tax Act, in sub-section (2), in clause (a), sub-clauses (ii), (iiic) and (iiid) shall be omitted with effect from the 1st day of April, 2024;	Funds based on names of certain persons are proposed to be omitted from list of eligible trusts/ institutions. The same are as under: • the Jawaharlal Nehru Memorial Fund referred to in the Deed of Declaration of Trust adopted by the National Committee at its meeting held on the 17th day of August, 1964 • the Indira Gandhi Memorial Trust, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of February, 1985

			• the Rajiv Gandhi Foundation, the deed of declaration in respect whereof was registered at New Delhi on the 21st day of June, 1991
92, 93 & 94	241A w.e.f. 1st April, 2023 [Set off and withholding of refunds in certain cases]	In section 241A of the Income-tax Act, the following proviso shall be inserted, namely:— "Provided that the provisions of this section shall not apply from the 1st day of April, 2023.". In section 244A of the Income-tax Act,— (a) in sub-section (1), in clause (a), after sub-clause (ii), the following proviso shall be inserted with effect from the 1st day of October, 2023, namely:– – "Provided that where refund arises as a result of an order passed by the Assessing Officer in consequence of an application made by the assessee under sub-section (20) of section 155, such interest shall be calculated at the rate of one-half per cent. for every month or part of a month comprised in the period from the date of such application to the date on which the refund is granted;"; (b) in sub-section (1A), the following proviso shall be inserted, namely:— "Provided that where proceedings for assessment or reassessment are pending in respect of an assessee, in computing the period for determining the additional interest payable to such assessee under this sub-section, the period beginning from the date on which such refund is withheld by the Assessing Officer in accordance with and subject to provisions of sub-	Section 241A empowers the AO, after recording the reasons and prior approval of the PCIT/ CIT, to withhold refund as determined u/s 143(1) till the date of completion of assessment where notice u/s 143(2) is issued if he is of the opinion that the grant of refund is likely to adversely affect the revenue. Whereas Section 245 deals with set off of refunds against tax remaining payable after giving him an intimation in writing regarding the proposed action. In order to integrate these 2 overlapping provision, it is proposed to omit Section 24A and amend section 245 to provide that the AO/ CIT/ PCIT/ CCIT/ PCCIT, may set off refunds against any sum remaining payable under this Act, after giving an intimation in writing to such person of the action proposed to be taken under this section. Further, to empower the AO to withhold any refund if assessment/ reassessment are pending and grant of refund is likely to adversely affect the revenue, and for reasons to be recorded in writing and with the previous approval of the PCIT/ CIT. It is further proposed that additional interest on refund shall not be granted for the period beginning from the date on which such refund is withheld by the AO till the date on which the assessment or reassessment pending in such case, is made.

		section (2) of section 245 and ending with the date on which such assessment or reassessment is made, shall be excluded.”. For section 245 of the Income-tax Act, the following section shall be substituted, namely:— “245. (1) Where under any of the provisions of this Act, a refund becomes due or is found to be due to any person, the Assessing Officer or Commissioner or Principal Commissioner or Chief Commissioner or Principal Chief Commissioner, as the case may be, may, in lieu of payment of the refund, set off the amount to be refunded or any part of that amount, against the sum, if any, remaining payable under this Act by the person to whom the refund is due, after giving an intimation in writing to such person of the action proposed to be taken under this sub-section. (2) Where a part of the refund is set off under the provisions of sub-section (1), or where no such amount is set off, and refund becomes due to a person, and the Assessing Officer, having regard to the fact that proceedings for assessment or reassessment are pending in the case of such person, is of the opinion that the grant of refund is likely to adversely affect the revenue, he may, for reasons to be recorded in writing and with the previous approval of the Principal Commissioner or the Commissioner, as the case may be, withhold the refund up to the	

		date on which such assessment or reassessment is made.”.	

G. OTHERS

Clause No.	Relevant Section/ Amendment	New Provision	Brief impact
5, 26, 27, 28, 29, 36, 37, 38, 42, 44, 48 & 49	10(23BBF)/(23EB)/ (26A)/(41)/(49) & 88 w.e.f. 1st April, 2023 [Omission of certain redundant provisions of the Act]	• In section 10 of the Income-tax Act,— (f) clause (23BBF) shall be omitted; (h) clause (23EB) shall be omitted; (i) clause (26A) shall be omitted; (j) clause (41) shall be omitted; (m) clause (49) shall be omitted. • In section 54EA of the Income-tax Act, sub-section (3) shall be omitted. • In section 54EB of the Income-tax Act, sub-section (3) shall be omitted. • In section 54EC of the Income-tax Act, in sub-section (3), clause (a) shall be omitted. • In section 54ED of the Income-tax Act, in sub-section (3), clause (a) shall be omitted. • In section 80C of the Income-tax Act, sub-section (7) shall be omitted. • In section 80CCC of the Income-tax Act, in sub-section (3), clause (a) shall be omitted. • In section 80CCD of the Income-tax Act, in sub-section (4), clause (a) shall be omitted. • In section 87 of the Income-tax Act,— (a) in	The redundant provisions under the Act which have already been sunset are proposed to be omitted.

		sub-section (1), the figures and letters ", 88, 88A, 88B, 88C, 88D" shall be omitted; (b) in sub-section (2), the words, figures and letters "or section 88 or section 88A or section 88B or section 88C or section 88D" shall be omitted. • Section 88 of the Income-tax Act shall be omitted. • In section 111A of the Income-tax Act, sub-section (3) shall be omitted. • In section 112 of the Income-tax Act, sub-section (3) shall be omitted.	
154	w.e.f. 1st April, 2023 [Extension of exemption to Specified Undertaking of Unit Trust of India (SUUTI) and providing for alternative mechanism for vacation of office of the Administrator]	In the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, with effect from the 1st day of April, 2023,— (a) in section 8, in sub-section (1), for the words "investors, shall", the words "investors or from such date as may be notified by the Central Government in the Official Gazette, whichever is earlier," shall be substituted; (b) in section 13, in sub-section (1), for the figures, letters and words "31st day of March, 2023", the figures, letters and words "30th day of September, 2023" shall be substituted.	Specified Undertaking of Unit Trust of India (SUUTI) was created by the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 [UTI Repeal Act, 2002]. It is the successor of the erstwhile Unit Trust of India (UTI) and is mandated to liquidate the Government liabilities on account of erstwhile UTI. As per section 13(1) of the UTI Repeal Act, 2002, SUUTI has been exempted from payment of income-tax up to 31.03.2023. Further, section 8(1) of the UTI Repeal Act, 2002 provides that the Administrator, SUUTI shall vacate its office only on the redemption of all the schemes. Considering the pending work of SUUTI pertaining to the redemption of schemes, payments of entire amounts, pending litigation etc. it is proposed to

			amend the UTI Repeal Act, 2002, as under: 1. Section 8(1), so as to provide that the Administrator, SUUTI shall immediately on redemption of all the schemes of the specified undertaking and the payment of entire amount to investors or from the date as may be notified by the Central Government in the Official Gazette, whichever is earlier, vacate his office; 2. Section 13(1), so as to provide that notwithstanding anything contained in the Income-tax Act or any other enactment for the time being in force relating to tax or income, profits or gains, no income-tax or any other tax shall be payable by the Administrator in relation to the specified undertaking till the period ending on the 30th day of September, 2023 in respect of any income, profits or gains derived, or any amount received in relation to the specified undertaking.
118	276A w.e.f. 1st April, 2023 [Decriminalisation of section 276A of the Act]	In section 276A of the Income-tax Act, after the proviso, the following proviso shall be inserted, namely:— "Provided further that no proceeding shall be initiated under this section on or after the 1st day of April, 2023.".	Section 276A provides for prosecution of liquidator for non-compliance with section 178. Section also imposes personal liability on such liquidator for the same non-compliance. Further, with the operationalisation of the Insolvency and Bankruptcy Code, 2016 (IBC), waterfall mechanism for payment of dues is now in place for companies under liquidation and section 178(6) (the parent section) provides that this section shall not have effect when provisions of the IBC are in contrary. Moreover, the liquidator is now working under the

			oversight of this specific law. Thus, sunset clause is proposed under the section with effect from 31.03.2023. The earlier prosecutions will however continue.