TAX PROPOSALS 2015 AT A GLANCE ON DIRECT TAX

ASHISH RANJAN SAMAL (ADVOCATE & TAX CONSULTANT)

INDIVIDUAL (OTHER THAN SENIOR CITIZEN & senior most Citizen) Including WOMAN & HUF, AOP, BOI- TAX SLAB

UPTO 250000	NIL
ABOVE 2500000 TO 500000	10%
ABOVE 500000 TO 1000000	20%
ABOVE 1000000	30%

Senior Citizen from the age of 60 years to less than 80 years

UPTO 3,00,000	NIL
ABOVE 300000 TO 500000	10%
ABOVE 500000 TO 1000000	20%
ABOVE 1000000	30%

Senior Citizen of 80 years and above :TAX SLAB

UPTO 500000	NIL
ABOVE 500000 TO 1000000	20%
ABOVE 1000000	30%

- ***Surcharge***

- Surcharge of 12% in case of person (other than company) having total income exceeding 1.00 crores however subject to limit of amount more than 1 crores rupees. A.Y.2016-17

  This is now applicable u/s 115JC on Alternate Minimum tax A.Y. 2015-16

- In the case of *domestic companies* having total income more than 1 crores but less than Rs. 10.00 crores, surcharge @ 7% in case income exceeds 10.00 crores, surcharge @ 12%.

- In the case of *companies other than domestic companies* having total income more than 1 crores but less than Rs. 10.00 crores, surcharge @ 2%, in case income exceeds 10.00 crores, surcharge @ 5%.
- **Levy of surcharge u/s 115JB imposed in the case of company having total income exceeding 1 crores Rupees and 10 crores respectively A.Y. 2015-16**
- Marginal relief will be available.
- In other cases, 115O, 115QA, 115R, 115TA-Surcharge at the rate of 10% levied.

- No change in Education & Secondary Higher Education Cess of 3%

Rate of TDS in case of royalty or fee for technical service u/s 115A

- Rate of TDS u/s 195 has been reduced to 10% in case of royalty or FTS.
- Surcharge
- Surcharge in the case of a non resident person (other than a company)shall be levied @12% where the income or aggregate of income paid or likely to be paid and subject to the deduction exceeds Rs. 1 crores.
- Surcharge in the case of a company other than a domestic company shall be 2% if income paid and subject to deduction exceeds Rs. 1 Crores but not 10 crores or 5% in case income exceeds 10 crores.

Benefit u/s 80C(2)(viii) for investment in Sukanya Samriddhi Account Scheme and Section 10(11A)

- Tax benefit u/s 80C(2)(viii) will be available for investment in Sukanya Samriddhi Account Scheme and interest accruing on such deposit and withdrawal from it will be exempt u/s 10(11A) of the Income Tax Act.
- W.e.f. A.Y.2015-16

Deduction u/s 80D-Medical Insurance(MI), Preventive Health Check up(PHC) and Medical expenses incurred

clauses	Person referred	Amount	Remark
a	Individual or HUF (MI or PHC)	25000.00	In case of senior citizen, 30000.00
b	On parents(if not senior citizen (MI or PHC)	25000.00	In case of senior citizen, 30000.00
c	Individual or HUF (Medical expenditure	30000.00	It is for ***Very Senior Citizen. Provided the deduction under clause a and c would not exceed Rs. 30000.00***
3	Parents(Medical expenditure incurred)	30000.00	It is for ***Very Senior Citizen Provided the deduction under clause b and d would not exceed Rs. 30000.00***

Very Senior Citizen- A person above the age of 80 years

Examples

i) For Individual or his family

Health insurance premium(a) 21000.00

ii) For Parents

Health Insurance of mother (b) 18000.00

Medical Expenses on father(Very SC)(d) 15000.00

Deduction u/s 80D Rs. 21000+Rs. 30000=Rs. 51000 w.e.f. 2016-17

80DDB- deduction in respect of Medical expenditure

- Deduction in case of medical treatment of very senior citizen provided upto Rs. 80000./-
- Certificate of precription may be obtained from specialist doctor.
- W.e.f. A.Y.2016-17

Deduction U/s 80DD (Medical Expenditure) and 80U for persons with disability and severe disability

- The deduction under this section has been increased from 50000/- to 75000/- in case of suffering from disability and 1,25,000 from 1,00,000.00 if suffering from severe disability.
- W.e.f. A.Y.2016-17

Deduction u/s 80CCC- Deduction in respect of contribution to certain pension fund

- The limit under this section has been enhanced from 1,00,000.00 to 1,50,000.00 within over all limit provided u/s 80CCE.
- W.e.f. A.Y.2016-17

Section 80CCD-Deduction in respect of contribution to pension scheme of central government

- The limit provided u/s 80CCD of Rs 1,00,000.00 has been removed and an additional deduction of Rs. 50,000.00/ has been allowed.
- W.E.F. AY 2016-17

Enhancement of transport allowance

- Transport allowance increased from 9600 to 19600 p.a.

Enabling of filling of Form 15G/15H for payment under life insurance policy

- Section 197A has been amended so as to provide recipient of life insurance amount an opportunity to file 15G/H for non deduction of tax at source u/s 194DA. As section 194DA provide for deduction of TDS @ 2% from payment made under life insurance policy which are chargeable to tax.
- W.e.f. ist June 2015

Relaxation of requirement of obtaining TAN IN certain cases

- The requirement of obtaining TAN for deduction u/s 203A shall be relaxed in certain transactions which will be notified like a case of payment u/s 195.

80G- 100% deduction in respect of contribution to National fund for control of drug abuse, Swachh Bharat Kosh and Clean Gange Fund

- The 100% deduction u/s section 80G for contribution to
- - National Fund for control of drug abuse A.Y.2016-17
- - Swachh Bharat Kosh A.Y.2015-16
- - Clean Ganga Fund by resident only A.Y.2015-16

Sec 269SS and 269T- Scope enhanced

- The scope of Section 269SS or 269T has been enhanced and now Sec 269SS provides that no person shall accept from any person any
  - - Loan or
  - - Deposit or
  - - Any sum of money whether as advance or otherwise, in relation to transfer of immovable property
  - Otherwise than by an account payee cheque or account payee bank draft or by electronics transfer
  - If the amount exceeds Rs. 20,000/-.
  - Similar amendment has been provided in section 269T
  - The consequential amendment has been made in section 271D and 271E regarding levy of penalty.
  - W.e.f.01.06.2015

Chapter X-A and Sec 144BA -GAAR

- GAAR Postponed till A.Y.2018-19

Section 32AD- Additional Investment allowance

- A new section 32AD introduced to provide for an additional investment allowance of an amount equal to 15% of the cost of new assets acquired and installed by an assessee, if-
- - he sets up an undertaking or enterprise for manufacture or production of any article or things on or after 01.04.2015 *in any notified backward areas in the state of Andhra Pradesh and State of Telangana*; and
- The new assets are acquired or installed for the purpose of said undertaking or enterprises during the period beginning from ist april 2015 to 31st March 2020.

- This deduction is available over and above deduction available under section 32AC.
- The plant and Machinery will not be transferrable upto 5 years.

Sec 32(1)(iia)-Additional depreciation @ 35%

- The existing limit of 20% additional depreciation over and above the deduction allowed for general depreciation u/s 32(1)(ii) is enhanced to 35% of actual cost of p&m acquired by an manufacturing undertaking which is set up in the notified backward area of the state of Andhra Pradesh or state of Telangana on or after Ist April, 2015.
- 50% Deprecation in case acquired for less than 180 days and balance 50% in next year
- W.E.F. A.Y.2016-17

Sec 194LD- Extension of eligible period of concessional tax rate under section 194LD

- Sec 194LD provide for lower withholding tax rates at the rate of 5% in case of interest payable to FII or QFI at any time on or after Ist april 2013 to Ist June 2015. This period has been extended till 30June 2017.
- W.e.f. Ist June 2015.

Sec 80JJAA- Deduction for employment of new workman

- There are two amendment in this provisions:-
  - -This is now applicable to all assessee not only corporate assessee
  - -The base limit of workman to count additional wages has been reduced from 100 to 50.
  - W.E.F 2016-17

Sec 92BA- DTP-The threshold limit enhanced

- The threshold limit for applicability of DTP provisions enhanced from 5 crores to 20 crores.
- W.E.F. A.Y. 2016-17

Sec 2(15) – Charitable Purpose

- The Yoga has been included specifically in the definition of charitable purpose in the line of education.
- Similarly the definition of charitable purpose has been amended to provide that the advancement of any other object of general public utility shall not be a charitable purpose , if it involves the carrying on of any activity in the nature of trade, commerce or business or any activity of rendering any service in relation to trade commerce or business for a cess or fee or any other consideration, irrespective of use or application or retention of the income from such activity unless:

- Such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility.
- The aggregate receipt from such activity or activities, during the previous year, do not exceed 20% of the total receipts of the trust or institution undertaking such activities for the previous year.
- W.e.f. AY 2016-17

Sec 90, 90A, 91 – Foreign Tax Credit

- The CBDT has been directed to notify rules relating to claim of foreign tax credit paid outside India.
- W.e.f 01.06.2015

Wealth Tax Act

- It is abolished w.e.f.2016-17

Sec 9 (1)(v)-interest income

- The explanation has been inserted to provide that in the case of a non resident, *being a person engaged in the business of banking*, any interest payable by the PE in India of such non resident to the head office or any PE or any other part of such non –resident outside India shall be deemed to accrue or arise in India and shall be chargeable to tax in addition to any income attributable to the PE in India and PE shall be deemed to be a person separate and independent of the non resident of which it is a PE and the provision of the act relating to computation of total income, determination of tax and collection and recovery would apply. Accordingly, the PE in india shall be obliged to

- Deduct tax at source on any interest payable to either HO or any branch of it outside india.
- A.Y.2016-17
- Sumitomo Banking Corporation 136 ITD 66 (SB)(Bom)
- ABN AMRO BANK

Sec 11- relating to accumulation of income by charitable trust or institution

- for claiming exemption u/s 11 regarding accumulated fund, the following amendment has been introduced :-
  - The option of accumulation has to be exercised before due date of filling return of income as specified under section 139(1) of the Act for filling return of income.
  - Similarly, the return has to be filed before the due date of filling ITR.
  - Otherwise the benefit of accumulation will not be available and such income would be taxable.
  - A.Y.2016-17

Sec 115JB- MAT

- Clause (iib) has been inserted in explanation 1 so as to provide that the amount of income, being the share of income of an assessee on which no income tax is payable in accordance with the provisions of the section 86, if any such amt is credited to the P& L a/c shall be reduced from the book profit for the purpose of calculation of income tax under that section. Similarly, clause (fa) has been inserted in explanation 1 to provide that book profit shall be increased by an amount of expenditure relatable to such income.

- Similarly, a new clause (iic) is also proposed to be inserted in explanation 1 so as to provide that the income of FII from transaction in securities shall be excluded from the book profit and similarly, a new clause (fb) in explanation 1 inserted that book profit shall be increased by the amt of expenditure relatable to such income.
- W.e.f A.Y. 2016-17

Sec 253- order under section 10(23C), vi and via appealable Before ITAT

- The order u/s 10(23C) (vi), (via) refusing to grant approval in respect educational and medical institution has been made appealable before ITAT by inserting clause f in sub section 1 in section 253 of the Income Tax.
- W.e.f. Ist June 2015

Section 153 C-Assessment of income of any other person

Pre-amendment	Post Amendments
Where the AO is satisfied that *any money, bullion, jewellery or other valuable article or things or BOA or documents seized or requisitioned* ***belong to*** *any persons* other than person referred to in section 153A, then the books of accounts or documents seized or requisitioned shall be handed over to jurisdictional AO.	Where the AO is satisfied that any money, bullion, jewellery or other valuable article or things belong to Or any books of account or documents seized or requisitioned pertain to or Or any information conatined therein, relates to any person other than the persons referred to in section 153A, then these shall be handed over to jurisdictional AO.

Sec 151-Sanction for issue of notice u/s 148

- No notice or u/s 148 shall be issued without the approval of
  - In case the selection within four years from the end of relevant AY, by joint commissioner
  - In case of approval after four years from the end of relevant AY, by CIT or CCIT, Principal CIT or CCIT.

Sec- 234B-Interest for defaults in payment of advance tax-w.e.f. Ist june 2015

- Sub section 3 of section 234 B has been amended to provide that the period for which the interest is to be computed will begin from Ist day of April following the FY and end on the date of determination of total income u/s 147 or sec153A.
- Similarly, sub section 2A(a) has been introduced to provide that the assessee shall be liable to pay simple interest @ 1% on additional amt of income tax on income offered under sub sec (1) of section 245 from the date of relevant AY to the date of making such application and sec 2A(b) provide if the amount offered is increased by SC then, interest @ 1% on tax on enhanced income from the end of relevant AY to date of order.

Sec 263-Revision of order by commissioner

- Explanation 2 inserted to provide that the ***order deemed to be erroneous in so far as prejudicial to the interest of revenue***, if in the opinion of principal commissioner or commissioner:-
  - If the order is passed without making any enquiry or verification which should have been made
  - The order is passed allowing any relief without enquiring into the claim
  - The order has not been made in accordance with any order, direction or instruction issued by the Board under section 119 or
  - The order has not been passed in accordance with any decision prejudicial to the assessee rendered by the jurisdictional High Court or Supreme Court in the case of assessee or any other person
  - W.e.f Ist June 2015

Sec 194C(6)

- The exemption from deduction of TDS in case of transporter having PAN NO. has been withdrawn in case of those transporter having more than 10 goods carriage and not having PAN.
- A declaration to this effect has to be given by transporter.
- W.e.f Ist June 2015.

Sec 194A- TDS on interest payment

- Sec 194 A (3)(v)-exemption provided from TDS from payment of interest to members by a co-operative society under section 194 A(3)(V) does not apply to payment of interest on time deposits by the cooperative Bank to its members.
- The definition of time deposits has been amended to include recurring deposits also.
- Provisions of proviso to section 194A(3)(i) provide that interest income for the purpose of deduction of tax by the banking company or the co-operative bank or public company shall be computed with reference to a branch of these entities. This has been amended to provide for computation of income by banking

- Company or the cooperative bank or the public company which has accepted core banking solution.
- Sec 194A amended to provide that *deduction of tax under section 194A of the Act from interest payment on compensation amount awarded by the Motor Accident Claim Tribunal compensation shall be made at the time of payment,* if the amount of such payment or aggregate amount of such payment during a F.Y. exceed Rs. 50000/-.
- W.e.f. 01.06.2015

Amendments in provisions relating to TDS and TCS

- Sec 200A has been amended to enable computation of fee payable under section 234E of the Act at the time of processing of TDS statement under section 200A of the Act.
- Sec 206C has been amended so as to allow the collector to furnish TCS correction statement.
- Sec 206CB has been inserted in order to provide for processing of TCS statement in line with section 200A and levy of fee also u/s 243E
- Further, intimation generated under Sec 206CB is
    - Subject to rectification u/s 154 of IT Act
    - Appealable under section 246A of the IT Act
    - deemed as notice of demand u/s 156 of the act

- Sec 220 has been amended to provide that where interest is charged for any period under section 206(7) of the Act on the tax amount specified in the intimation issued under proposed provisions, no interest shall be charged u/s 220(2) of the Act on the same amount for the same period.
- Sec 200 and 206C has been amended to provide that in the case of Govt deductor making payment through book entry , the prescribed statement of TDS or TCS shall be delivered in time in such manner and setting forth such particulars as may be prescribed. The penalty of Rs. 100 per day for default under sec 272A has been prescribed.

Se c 195(6)-Information relating to payment to non resident.

- Sec 195(6) has been amended to provide that the person responsible for paying any sum, *whether chargeable to tax or not,* to a non resident not being a company or to a foreign company shall be required to furnish the information of the prescribed sum in such form and manner as may be prescribed.
- Sec 271 H has been inserted to provide for levy of penalty for Rs. 1 lakh for non furnishing or inaccurate furnishing of information under section 195(6) of the Income Tax Act.
- Sec 273B amended for non levy of penalty under section 271H if there is reasonable cause.
- W.e.f. Ist June 2015

Sec 192A- deduction of tax on pre mature withdrawal from RPF

- This section has been introduced to provide for TDS @10 % on premature withdrawal from RPF .
- Threshold limit is 30,000.00
- Self-declaration in form 15G by any person having nil taxable income and 15H u/s 197A by senior citizen can be filed for non deduction of TDS.
- TDS will be at maximum marginal rate if deductee does not furnish PAN to the deductor.
- W.e.f.01.06.2015

Sec 6(3)-Residential status of a company

- Sec 6(3) has been amended to provide that a person being a, company shall be said to be resident in india in any previous year, if :-
  - it is an Indian Company
  - Its place of effective management, at any time in that year, is in India.

Place of Effective Management(POEM) means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole, are in substance made. Further guidance will be issued.

w.e.f A.Y.2016-17

Sec (6)(1)-determination of residential status in case of Indian crew

- Explanation 2 has been inserted to provide that in case of individual being a citizen of india and a member of a foreign bound ship leaving india, the period or periods of stay in India shall in respect of such voyage be determined in the manner and subject to such conditions as may be prescribed.

- A.Y.2015-16

Sec 35(2AB)-Weighted deduction in respect of scientific research expenditure

- The sub clause 3 has been amended to provide that deduction under this section shall be available if company enters into an agreement with the prescribed authority for cooperation in such research and development facility and fulfils prescribed condition with regard to maintenance and audit of accounts and also furnish prescribed reports.
- Further sub section has been amended to provide for furnishing of reports to Jurisdictional CIT or PCIT.
- W.e.f. A.Y.2016-17

Sec 288-

- Section 288 has been amended to provide that an auditor who is not eligible to be appointed as auditor of the company as per the provision of section 141 of the companies act shall not be eligible for carrying out any audit or furnishing of any report/certificate under any provisions of the Act in respect of that company.
- Similar provision has been provided in respect of non company.
- However, this is not applicable for representing before Income Tax Authority.
- W.e.f. 1st June 2015.

Sec 271(1)(c)- definition of term tax sought to be evaded

- The term tax sought to be evaded shall be ***summation of tax sought to be evaded under general provision and the tax sought to be evaded under provisions of sec 115JB or 115JC.***
- However, if an amount of concealment of income is considered both under general provisions and provisions of section 115JB or 115JC, then such amount shall not be considered in computing tax sought to be evaded under provision of section 115JB or 115JC.
- Further, where the provisions of section 115JB or 115JC are not applicable, the computation of tax sought to be evaded under the provisions of section 115JB or 115JC shall be ignored.
- W.e.f. A.Y.2016-17

Sec 49(1)(iii)(e)-cost of acquisition in the hands of resulting company

- The section 49 (1) (iii)(e) amended to include transfer under clause (vib) of section 47 to provide that the cost of acquisition of an asset acquired by resulting company shall be the cost for which the demerged company acquired the capital assets as increased by the cost of improvement incurred by the demerged company.
- W.e.f 2016-17

Sec 139- furnishing of ITR

- Section 139 has been amended to provide for filling of ITR by educational institution or hospital covered under section 10(23C)(iiiab) and (iiiac) substantially financed by government.
- W.e.f A.Y. 2016-17

Settlement Commission-

- Sec 245 A, clause (i) of explanation amended to provide that where a notice under section 148 is issued for any assessment years, the assessee can approach the settlement commission for other assessment years as well even if notice under section 148 for such other assessment years has not been issued.
- However, a return of income for such other assessment years should have been furnished under section 139 or in response to notice under section 142 of the Income Tax Act.

- Further clause (iv) of the explanation is amended to provide that a proceedings for any assessment years, other than the proceedings of assessment or reassessment referred to in clause (i) or clause(iii) or clause(iiia) shall be deemed to have commenced from the date on which the return of income is furnished u/s 139 or in response to notice u/s 142 and concluded on the date on which assessment is made or on the expiry of two years from the end of relevant assessment years, in a case where no assessment is made.

- Sec 245 D (6B) has been amended to provide that the settlement commission may, with a view to rectify any mistake apparent from record, amend any order passed by it u/s(4)
  - At any time within six months from end of month in which order is passed
  - In case of application for amendment by CIT or PCIT, within a period of six months from the end of month in which the application is made.

- Sec 245H(1) is amended to provide that any order granting immunity from prosecution shall record the reasons in writing in the order passed by it.
- Section 245HA (1) amended to provide that where in respect of any application made u/s 245C, an order u/s245D(4) has been passed without providing the terms of settlement; the proceedings before the settlement commission shall abate on the day on which such order under sub section 245D(4) was passed.

- Sec 245K has been amended to provide that any person related to the persons who has already approached the Settlement Commission once, can not approach the settlement commission subsequently.

- 132B amended to provide that assets seized u/s 132 or requisitioned u/s 132A may also be adjusted against the amount of liability arising on against the liability arising on an application made before the settlement commission u/s 245C(1).
- W.e.f. 01.06.2015

Sec 158AA-Procedure for appeal by revenue when identical question of law is pending before supreme court

- Sec 158AA is inserted to provide that notwithstanding anything contained in this act, where any question of law arising in the case of an assessee for any assessment year is identical with a question of law arising in his case for another assessment year which is pending before supreme court, in a appeal or in SLP filed by revenue against the order of HC in favour of assessee, the CIT or PCIT may direct the AO to make an application to the appellant tribunal in the prescribed form within sixty days from the date of receipt of order of cit(a) stating that an appeal on the question of law arising in the relevant case may be filed when the decision on the question of law becomes final in the earlier case.

Consolidation of mutual fund scheme

- Sub section (xviii) in section 47 has been inserted to provide that in case of consolidation of two or more scheme of mutual fund , it will not be treated as transfer and there will be tax neutrality.

- Similarly, sub section 2AD in section 49 has been inserted to provide that the cost of acquisition of assets in the consolidated shall be deemed to be the cost of acquisition to him of the of the units or units in the consolidation scheme.

Sec 255(3)- income limit of cases to be decided by single member bench of ITAT

- Sec 255(3) has been amended to provide that a single member bench may dispose of cases where total income as computed by AO does not exceed Rs. 15.00 lakh.
- W.e.f. 01.06.2015

- THANKS
- From Ashish Ranjan Samal (Advocate & Tax Consultant)
- Advocate
- DL – 191, Basanti Colony
- Rourkela - 769012
- Mob : 9437042421, 9861389660