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Direct Tax Amendments by Finance Bill 2021

- ✓ No change in Minimum threshold limits of Income Tax Exemptions under old Income Tax Regime;
- ✓ No change in Health & Education Cess maintained at 4% for all categories of Tax payers;
- ✓ Standard deduction u/s 16 is maintained at Rs.50,000/- for all the salaried employees;
- ✓ Rebate u/s 87A is continued amounting to Rs.12500/- for all Assessee having taxable income up to Rs.5,00,000/- under old regime of taxation; (Refer to Table given below)
- ✓ No changes in Tax Rates for Companies, Firms and Co-operative Societies.
- ✓ *Senior Citizens – Age 75 years and above are not required to file Income Tax Returns if they have only Pension and Bank Interest Income from the specified Income and provided that Bank has deducted appropriate tax as applicable as per the provisions of Income Tax Act 1961. (Really doubtful how many senior citizens can enjoy such benefits) (01/04/2021)*
- ✓ *Importance of AI, ML and DA expanded to all the aspects of system monitoring and revenue detections;*
- ✓ *Equalisation Levy provisions u/s 163 rationalized to exclude consideration received or receivable for specified services and*

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consideration received or receivable for e-commerce supply or services shall not include consideration which are taxable as royalty or fees for technical services in India under the Income-tax Act read with the agreement notified by the Central Government under section 90 or section 90A of the Income-tax Act.

Advance Tax Changes

- ✓ *Section 234C has been amended to provide for exclusion for levy of Interest @ 1% p.m. on the dividend receipt of the tax payers.*

Tax Audit Changes

- ✓ *Tax Audit limit increased to 10 crores from existing 5 years in the cases where transactions done digitally and electronically in excess of 95% or equal to 95% on revenue as well as expenditure limbs of business operations of the Assessee;*
- ✓ *In view of Increase in Tax Audit Limits of 10 crores, due date of filing Income Tax Returns u/s 139(1) in cases of Individual, HUF, Firm, Partners of Firm etc., new due date would be 31st July for each previous year;*
- ✓ *In view of Increase in Tax Audit Limits of 10 crores, due date for claim of deduction u/s 43(VAT, Excise, GST, TDS etc.) in cases of Individual, HUF, Firm, Partners of Firm etc., new due date would be 31st July for each previous year;*

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- ✓ For Corporate Tax Audit Reports and Transfer Pricing Reports, one needs to be upload on or before one month of Normal due date specified u/s 139(1) of the Income Tax Act 1961;
- ✓ *LLP is excluded from the definition of Section 44ADA of the Income Tax Act 1961*
- ✓ *If Employees contribution towards Provident Fund and ESIC is not deposited on or before the due dates specified as per respective laws then such contribution would be disallowed u/s 43B and also it would be termed as Income of the Assessee;*
- ✓ *Goodwill won't be considered as part of Block of Assets u/s 32 of the Income Tax Act 1961. Thus, no depreciation on Goodwill u/s 32 can be claimed in the computation of Total Income. Consequent changes would be introduced in Section 45(4A), Definition of Capital Asset, Capital Gains definition, Period of Holdings and Section 50 of the Act would be introduced. Suitable guidelines would be introduced.*
- ✓ *Section 2(29A) introduced to provide for the definition of the term- Liable to tax which was not provided under the law.*

Partnership Firms

- ✓ *Provisions of section 45(4) are rationalised to plug the leakage of tax revenue due to revaluation of business and distribution of benefits to the Partners due to business reorganisations.*

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Fake Invoices

- ✓ *Provisional attachment in the cases of Fake Invoices provided u/s 281B of the Act and such attachment is also extended Penalty recoveries u/s 271AAD of the Income Tax Act 1961.*

Income Tax Returns Due Dates and Time Limits

- ✓ *No Changes in Income Tax Returns as well as audit reports due dates*
- ✓ *Time Limit to file Belated and Revised Returns reduced by 3 months viz. 31st December;*
- ✓ *In view of above time limit of filing of Income Tax Returns, no Income Tax Returns can be filed and if Income Tax Returns not filed on or before 31st December then it would create option in the hands of ITD to initiate Compounding and Prosecution proceedings under the provisions of the Income Tax Act 1961;*

Dispute Resolution Measures and Assessment Changes
(01/04/2021)

- ✓ *Income Tax Tribunal Proceedings would be conducted in the faceless manner;*
- ✓ *New Dispute Resolution Committee provisions for Small and Medium Tax Payers*
- ✓ *Authority of Advance Rulings shall cease to exist and it would be replaced by Board for Advance Rulings;*

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- ✓ *It is also proposed to reduce the time limit for issue of notice under sub-section (2) of section 143 of the Act from six months to three months from the end of the financial year in which the return is furnished.*
- ✓ *Settlement Commission shall cease to exist (01/02/2021);*
- ✓ *Reassessment notice time limit reduced from 6 to 3 years under certain stipulations and conditions and in other cases limit increased to 10 years from existing 6 years under certain stipulations and conditions*
- ✓ *It is proposed to amend the provisions of clause (i) of the sub-section (1) of the section 142 to empower the prescribed income-tax authority besides the Assessing Officer to issue notice under the said clause.*
- ✓ *It has been proposed that the time limit for completion of assessment proceedings may be reduced further by three months.*
- ✓ *The time for completing of assessment is proposed to be nine months from the end of the assessment year in which the income was first assessable, for the assessment year 2021-22 and subsequent assessment years.*

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Section 10 changes– Universities, Educational Institutions, Hospitals etc.

- ✓ *Exemptions limit u/s 10(23C) (iiia) – University and Educational Institutions and (iiiae) - Hospital or Institutions cumulatively increased to 5 crores instead of individual limits;*

Charitable Trust Changes

- ✓ *Provisions of Section 11, 12 and section 10(23C) are tweaked to eliminate possibility of double deductions while calculating application or accumulation benefits as per the provisions of the Act.*

Provident Fund Contribution by Employees

- ✓ *Any employee contributing more than 2.50 Lakhs p.a. in Statutory Provident or Recognised Provident Fund, then interest earned on self-contribution would be taxable at the time of encashment. Suitable guidelines are proposed to be introduced (01/04/2021)*
- ✓ *All Employers may be required to address their HR policy to address such implications in the hands of employees.*

TDS and TCS Changes

- ✓ *Section 194 has been amended by second proviso to section 194 of the Act to further provide that the provisions of this section shall also not apply to such income credited or paid to a business trust by a special purpose vehicle or payment of dividend to any other person as may be notified.*

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- ✓ *Section 196D - withholding on payment made to Foreign Institutional Investors (FIIs) - to insert a proviso to sub- section (1) of section 196D of the Act to provide that in case of a payee to whom an agreement referred to in sub-section (1) of section 90 or sub-section (1) of section 90A applies and such payee has furnished the tax residency certificate referred to in sub-section (4) of section 90 or sub-section (4) of section 90A of the Act, then the tax shall be deducted at the rate of twenty per cent. or rate or rates of income-tax provided in such agreement for such income, whichever is lower. (01/04/2021)*
- ✓ *New Section 194Q – TDS on purchase of goods is introduced which would replace section 206C(1H) – TCS on sale of goods act provisions which was introduced in the last Budget – all stakeholders need to rearrange their systems accordingly.*
- ✓ *Higher rate of TDS and TCS collections provided in respect of all the Assessee who don't file their Income Tax Returns viz. known as non-filers.*

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- ✓ *Any employee contributing more than 2.50 Lakhs p.a. in Statutory Provident or Recognised Provident Fund, then interest earned on self-contribution would be taxable at the time of encashment. Suitable guidelines are proposed to be introduced (01/04/2021)*
- ✓ *All Employers may be required to address their HR policy to address such implications in the hands of employees.*

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ULIP Investment Insurance Policies

- ✓ *Any policy taken after 01/02/2021, would be treated as Investment if the contribution exceeds Rs.2,50,000/- in one policy or aggregate of multiple policies;*
- ✓ *As such policy is treated as Investment, it would attract levy of capital gain as per section 45 of the Income Tax Act 1961;*
- ✓ *Such policy should be reflected as Investment in Statement of Affairs of the Assessee.*
- ✓ *Maturity proceeds of such ULIP Insurance Policy shall be treated in the manner similar to tax treatment applicable to Equity Oriented Mutual Funds subject to STT;*
- ✓ *Maturity proceeds of such ULIP Investment Insurance Policies would be exempt in the hands of Life Assured if the same is paid to the nominees of the policy on the demise of Life Assured*

Affordable Housing Benefits – Real Estate

- ✓ *Section 80IBA– Incentives for Affordable Rental Housing extended to 31st March 2022 provided with the intention to help migrant labourers and to promote affordable rental, it is proposed to allow deduction under section 80-IBA of the Act also to such rental housing project which is notified by the Central Government in the Official Gazette and fulfils such conditions as specified in the said notification. (01/04/2022)*

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- ✓ Section 80EEA - Extension of date of sanction of loan for affordable residential house property – extended from 31st March 2021 to 31st March 2022- provided *further conditions that the stamp duty value of residential house property does not exceed forty-five lakh rupees and the assessee does not own any residential house property on the date of sanction of loan (01/04/2022)*

Start Up Benefits

- ✓ It is proposed to amend the provisions of section 80-IAC of the Act to extend *the outer date of incorporation to before 1st April, 2022;* and
- ✓ *it is proposed to amend the provisions of section 54GB of the Act to extend the outer date of transfer of residential property from 31st March 2021 to 31st March 2022.*
- ✓ These amendments will take effect from *1st April, 2021.*

MAT Amendments

- ✓ *Section 115JB of the Act provides for MAT*
- ✓ *provide that in cases where past year income is included in books of account during the previous year on account of an APA or a secondary adjustment, the Assessing Officer shall, on an application made to him in this behalf by the assessee, recompute the book profit of the past year(s) and tax payable, if any, during the previous year, in the prescribed manner. Further, the provision of section 154 of the Act shall apply so far as possible and the period of four years specified in sub-section (7) of section 154 shall*

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be reckoned from the end of the financial year in which the said application is received by the Assessing Officer.

- ✓ *(ii) to provide similar treatment to dividend as already there for capital gains on transfer of securities, interest, royalty and Fee for Technical Services (FTS) in calculating book profit for the purposes of section 115JB of the Act, so that both specified dividend income and the expense claimed in respect thereof are reduced and added back, while computing book profit in case of foreign companies where such income is taxed at lower than MAT rate due to DTAA.*
- ✓ *This amendment will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.*

Time bound benefits u/s 43CA and Section 56(2) (X)

- *The transfer of residential unit takes place during the period from 12th November, 2020 to 30th June, 2021*
- *The transfer is by way of first-time allotment of the residential unit to any person*
- *The consideration received or accruing as a result of such transfer does not exceed two crore rupee*
- ✓ *Further it is proposed to provide the consequential relief to buyers of these residential units by way of amendment in clause (x) of sub-section (2) of section 56 of the Act by increasing the safe harbour from 10% to 20%. Accordingly, for these transactions, circle rate shall be deemed as sale/purchase consideration only if the*

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variation between the agreement value and the circle rate is more than 20%.

- ✓ *These amendments will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.*

LTC Scheme Amendments

- ✓ *Section 10(5) – LTC Cash scheme (01/04/2021) – to provide that, for the assessment year beginning on the 1st day of April, 2021, the value in lieu of any travel concession or assistance received by, or due to, an individual shall also be exempt under this clause subject to fulfilment of conditions to be prescribed. It is also proposed to clarify by way of an Explanation that where an individual claims and is allowed exemption under the second proviso in connection with prescribed expenditure, no exemption shall be allowed under this clause in respect of same prescribed expenditure to any other individual.*
 - *The conditions for this purpose shall be prescribed in the Income-tax Rules in due course and shall, inter alia, be as under:*
 - *(a) The employee exercises an option for the deemed LTC fare in lieu of the applicable LTC in the Block year 2018-21;*
 - *(b) –specified expenditure means expenditure incurred by an individual or a member of his family during the*

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specified period on goods or services which are liable to tax at an aggregate rate of twelve per cent or above under various GST laws and goods are purchased or services procured from GST registered vendors/service providers;

- *(c) –specified period means the period commencing from 12th day of October, 2020 and ending on 31st day of March, 2021;*
- *(d) the amount of exemption shall not exceed thirty-six thousand rupees per person or one-third of specified expenditure, whichever is less;*
- *(e) the payment to GST registered vendor/service provider is made by an account payee cheque drawn on a bank or account payee bank draft, or use of electronic clearing system through a bank account or through such other electronic mode as prescribed under Rule 6ABBA and tax invoice is obtained from such vendor/service provider;*
- *(f) If the amount received by, or due to an individual as per the terms of his employment, from his employer in relation to himself and his family, for the LTC is more than what is allowable to such person under the above discussed provisions, the exemption under the proposed amendment would be available only to the extent of exemption admissible under above listed provisions.*

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International Financial Services Center (IFSC) amendments

- ✓ Tax Incentives for Units located in International Financial Services Center (IFSC) by amending section 9A to provide that the Central Government may, by notification in the Official Gazette, specify that any one or more of the conditions specified in clauses(a) to (m) of sub-section(3) or clauses (a) to (d) of sub-section (4) of section 9A of the Act shall not apply (or apply with modification) to an eligible investment fund or its eligible fund manager, if the fund manager is located in an International Financial Services Centre and has commenced operations on or before the 31st day of March, 2024.
- ✓ In view of amendment to Section 9A, Section 10(4D) as to provide that the exemption under this clause shall also be available in case of any income accrued or arisen to, or received to the investment division of offshore banking unit to the extent attributable to it and computed in the prescribed manner.
- ✓ In view of amendment to Section 9A, new clause 10(4E) is inserted to exempt any income accrued or arisen to, or received by a non-resident as a result of transfer of non-deliverable forward contracts entered into with an offshore banking unit of International Financial Services Centre which commenced operations on or before the 31st day of March, 2024 and fulfils prescribed conditions.
- ✓ In view of amendment to Section 9A, new clause 10(4F) is inserted to exempt any income of a non-resident by way of royalty on account of lease of an aircraft in a previous year paid by a unit of an International Financial Services Centre, if the unit is eligible for deduction under section 80LA for that previous year

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and has commenced operation on or before the 31st day of the March, 2024.

- ✓ *In view of amendment to Section 9A, new clause 10(23FF) is inserted to exempt any income of the nature of capital gains, arising or received by a non-resident, which is on account of transfer of share of a company resident in India by the resultant fund and such shares were transferred from the original fund to the resultant fund in relocation, if capital gains on such shares were not chargeable to tax had that relocation not taken place.*
- ✓ *It is also proposed to amend section 47 of the Act to insert new clauses in the said section so as to provide that any transfer, in relocation, of a capital asset by the original fund to the resultant fund shall not be considered as transfer for capital gain tax purpose. It is also proposed to provide another clause to provide that any transfer by a shareholder or unit holder or interest holder, in a relocation, of a capital asset being a share or unit or interest held by him in the original fund in consideration for the share or unit or interest in the resultant fund shall not be treated as transfer for the purpose of capital gains*
- ✓ Consequential amendments shall be proposed in section 49, 56 and 79 of the Act on account of such relocation.
- ✓ It is also proposed to amend section 80LA to:
 - *provide that deduction under said section is also available to a unit of International Financial Services Centre if it is registered under the International Financial Services Centre Authority Act, 2019 and thereby removing the earlier requirement of obtaining permission under any other relevant law.*

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- *provide that the income arising from transfer of an asset, being an aircraft or aircraft engine, which was leased by a unit referred to in clause (c) of sub-section (2) of said section to a domestic company engaged in the business of operation of aircraft before such transfer shall also be eligible for 100% deduction subject to condition that the unit has commenced operation on or before the 31st March 2024.*
- *to provide that in case the unit is registered under the International Financial Services Centre Authority Act, 2019 then the copy of permission shall mean a copy of the registration obtained under the International Financial Services Centre Authority Act, 2019.*
- ✓ *It is also proposed to amend section 115AD to make the provision of this section applicable to investment division of an offshore banking unit in the same manner as it applies to specified fund. However, the provisions of this section shall apply to the extent of income that is attributable to the investment division of such banking unit as a Category-III portfolio investor under the Securities and exchange Board of India (Foreign Portfolio investors) Regulations, 2019 made under the Securities and Exchange Board of India Act, 1992 (15 of 1992), calculated in the prescribed manner.*

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Zero Coupon Bond

- ✓ *In order to enable infrastructure debt fund [which are notified by the Central Government in the Official Gazette under clause (47) of section 10 of the Act] to issue zero coupon bond necessary amendments are proposed in clause (48) of section 2 of the Act. Rules 2F and 8B of Income-tax Rules shall be amendment subsequently after the Finance Bill 2021 is enacted.*
- ✓ *Consequential amendment has also been proposed in clause (x) of sub-section (3) of section 194A of the Act which will take effect from 1st April, 2021*

Business Reorganizations

Urban Co-operative Bank

- ✓ *Scope has been expanded whereby the scope of business reorganization to include conversion of a primary co-operative bank to a banking company and the deductions available under section 44DB of the Act shall also be made applicable in relation to such conversion of primary co-operative bank to the banking company. Further it is also proposed that transfer of a capital asset by the primary co-operative bank to the banking company as a result of conversion shall not be treated as transfer under section 47 of the Act. Consequently, the allotment of shares of the converted banking company to the shareholders of the predecessor primary co-operative bank shall not be treated as transfer under the said section of the Act.*

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- ✓ Necessary amendments to this effect have been proposed in section 44DB and in clause (vica) and clause (vicb) of section 47 of the Act.

Public Sector Undertaking

- ✓ *It is proposed to relax the provisions of these two sections for public sector companies in order to facilitate strategic disinvestment by the Government. Accordingly, it is proposed to carry out the following amendments-*
- ✓ *It is proposed to amend clause (19AA) of section 2 of the Act to insert Explanation 6 to clarify that the reconstruction or splitting up of a public sector company into separate companies shall be deemed to be a demerger, if*
 - *such reconstruction or splitting up has been made to transfer any asset of the demerged company to the resultant company; and*
 - *the resultant company is a public sector company on the appointed date indicated in the scheme approved by the Government or any other body authorised under the provisions of the Companies Act, 2013 or any other Act governing such public sector companies in this behalf; and*
 - *fulfils such other conditions as may be notified by the Central Govt. in gazette*
- ✓ *It is proposed to amend sub-section (1) of section 72A of the Act,*
 - *to substitute clause (c) to provide that the provision of sub- section (1) of section 72A shall also apply in case of*

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amalgamation of one or more public sector company or companies with one or more public sector company or companies.

- to insert clause (d) to provide that the provision of sub-section (1) of section 72A shall also apply in case of amalgamation of an erstwhile public sector company with one or more company or companies, if
 - the share purchase agreement entered into under strategic disinvestment restricted immediate amalgamation of the said public sector company; and
 - the amalgamation is carried out within five year from the end of the previous year in which the restriction on amalgamation in the share purchase agreement ends.
 - (c) to insert a proviso to sub-section (1) to provide that the accumulated loss and the unabsorbed depreciation of the amalgamating company, in case of an amalgamation referred to in clause (d), which is deemed to be loss or, as the case may be, allowance for unabsorbed depreciation of the amalgamated company shall not be more than the accumulated loss and unabsorbed depreciation of the public sector company as on the date on which the public sector company ceases to be a public sector company as a result of strategic disinvestment;
- to insert an Explanation to sub-section (1) to define the followings: -

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- –Controll shall have the same meaning as assigned to in clause
 - (27) of Section 2 of the Companies Act, 2013;
 - –Erstwhile public sector company means a company which was a public sector company in earlier previous years and ceases to be a public sector company by way of strategic disinvestment by the Government.
 - –Strategic disinvestment shall mean sale of shareholding by the Central Government or any State Government in a public sector company which results in reduction of its shareholding to below 51%, along with transfer of control to the buyer.
- ✓ These amendments will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

Sovereign Wealth Fund (SWF) and Pension Funds (PF)

- ✓ *It is proposed to provide that there should not be any loan or borrowing for the purpose of making investment in India. It is also proposed to provide that the condition regarding no benefit to private person and assets going to government on dissolution would not apply to any payment made to creditor or depositor for loan taken or borrowing other than for the purpose of making investment in India.*
- ✓ Presently, SWF/PFs are not allowed to undertake any commercial activity. This condition is *proposed to be removed and replaced with a condition that SWF/PFs shall not participate in day-to-day*

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operation of investee. However, appointing director and executive director for monitoring the investment would not amount to participation in day-to-day operation. The term “investee” is proposed to define to mean a business trust or a company or an enterprise or an entity or a category I or II Alternative Investment Fund or an Infrastructure Investment Trust or a domestic company or an Infrastructure Finance Company or an Infrastructure Debt Fund, in which the SWF or PF, as the case may be, has made the investment, directly or indirectly, under the provisions of this clause.

Liable to Tax

- ✓ Presently, some PFs are liable to tax in their country though given exemption subsequently. *It is proposed to amend this sub-clause to provide that if pension fund is liable to tax but exemption from taxation for all its income has been provided by the foreign country under whose laws it is created or established, then such pension fund shall also be eligible.*

Rules to prescribe the method of calculation

- ✓ It is also proposed to provide that the Central Government may prescribe the method of calculation of 50% or 75% or 90% referred above.
- ✓ This amendment will take effect from 1st April, 2021 and will accordingly apply to the assessment year 2021-22 and subsequent assessment years.

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Overseas Retirements Funds Mismatch – Section 89A

- ✓ *In order to address this mismatch and remove this genuine hardship, it is proposed to insert a new section 89A to the Act to provide that the income of a specified person from specified account shall be taxed in the manner and in the year as prescribed by the Central Government.*

- ✓ *Specified account is proposed to be defined as an account maintained in a notified country which is maintained for retirement benefits and the income from such account is not taxable on accrual basis and is taxed by such country at the time of withdrawal or redemption*

- ✓ *Notified country is proposed to be defined to mean a country notified by the Central Government for the purposes of this section in the Official Gazette.*

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Tax Slabs (old schema)- Individuals – Taxable Income upto Rs.5 Lakhs

New Income Limits	Tax Rate	Tax	Old Income Limits	Tax Rate	Tax
Upto Rs.250000/-	NIL	NIL	Upto Rs.250000/-	NIL	NIL
Rs.250001/- to Rs.500000/-	NIL	NIL	Rs.250001/- to Rs.500000/-	5%	Rs.12500/-
Rs.500001/- to Rs.1000000/-	20%	20% in excess of Rs.5 Lakhs	Rs.500001/- to Rs.1000000/-	20%	Rs.12500/- plus 20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.100000/- plus 30% in excess of Rs.10 Lakhs	Above Rs.1000000/-	30%	Rs.112500/- plus 30% in excess of Rs.10 Lakhs

Tax Slabs (old Schema) – Individuals – Taxable Income above Rs.5 Lakhs

New Income Limits	Tax Rate	Tax	Old Income Limits	Tax Rate	Tax
Upto Rs.250000/-	NIL	NIL	Upto Rs.250000/-	NIL	NIL
Rs.250001/- to Rs.500000/-	5%	Rs.12500/-	Rs.250001/- to Rs.500000/-	5%	Rs.12500/-
Rs.500001/- to Rs.1000000/-	20%	Rs.12500/- plus 20% in excess of Rs.5 Lakhs	Rs.500001/- to Rs.1000000/-	20%	Rs.12500/- plus 20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.112500/- plus 30% in excess of Rs.10 Lakhs	Above Rs.1000000/-	30%	Rs.112500/- plus 30% in excess of Rs.10 Lakhs

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Tax Slabs (old schema) – Women Assessee below 60 years

New Income Limits	Tax Rate	Tax	Old Income Limits	Tax Rate	Tax
Upto Rs.250000/-	NIL	NIL	Upto Rs.250000/-	NIL	NIL
Rs.250001/- to Rs.500000/-	5%	Rs.12500/-	Rs.250001/- to Rs.500000/-	5%	Rs.12500/-
Rs.500001/- to Rs.1000000/-	20%	Rs.12500/- plus 20% in excess of Rs.5 Lakhs	Rs.500001/- to Rs.1000000/-	20%	Rs.12500/- plus 20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.112500/- plus 30% in excess of Rs.10 Lakhs	Above Rs.1000000/-	30%	Rs.112500/- plus 30% in excess of Rs.10 Lakhs

Tax Slabs (old schema) – Senior Individual Citizens above 60 years

New Income Limits	Tax Rate	Tax	Old Income Limits	Tax Rate	Tax
Upto Rs.300000/-	NIL	NIL	Upto Rs.300000/-	NIL	NIL
Rs.300001/- to Rs.500000/-	5%	Rs.10000/-	Rs.300001/- to Rs.500000/-	5%	Rs.10000/-
Rs.500001/- to Rs.1000000/-	20%	Rs.10000/- plus 20% in excess of Rs.5 Lakhs	Rs.500001/- to Rs.1000000/-	20%	Rs.10000/- plus 20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.110000/- plus 30% in excess of Rs.10Lakhs	Above Rs.1000000/-	30%	Rs.110000/- plus 30% in excess of Rs.10Lakhs

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Tax Slabs (old schema) – Senior Individual Citizens above 80 years

New Income Limits	Tax Rate	Tax	Old Income Limits	Tax Rate	Tax
Upto Rs.500000/-	NIL	NIL	Upto Rs.500000/-	NIL	NIL
Rs.500001/- to Rs.1000000/-	20%	20% in excess of Rs.5 Lakhs	Rs.500001/- to Rs.1000000/-	20%	20% in excess of Rs.5 Lakhs
Above Rs.1000000/-	30%	Rs.100000/- plus 30% in excess of Rs.10 Lakhs	Above Rs.1000000/-	30%	Rs.100000/- plus 30% in excess of Rs.10 Lakhs

Note:

When Income exceeds Rs. 50 Lakhs but less than One Crore additional surcharge @ 10% is payable on Total Tax Payable by all the category of the Assessee

When Income exceeds Rs. 1 (One) Crore but less than Rs.2 crores then additional surcharge @ 15% of such tax payable by all the category of the Assessee

When Income exceeds Rs. 2 Crore but less than Rs.5 crores then additional surcharge @ 25% of such tax payable by all the category of the Assessee

When Income exceeds Rs. 5 Crore then additional surcharge @ 37% of such tax payable by all the category of the Assessee

Note: Additional 4% cess payable in respect of all categories.

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New Schema Income Tax for Individuals and HUF

**New Tax Slabs (New schema)- Individuals – Taxable Income above
Rs.5 Lakhs**

New Income Limits	Tax Rate	Tax
Up to Rs.250000/-	NIL	NIL
Rs.250001/- to Rs.500000/-	5%	Rs.12500/-
Rs.500001/- to Rs.750000/-	10%	Rs.12500 plus 10% in excess of Rs.5 Lakhs
Rs.750001/- to Rs.1000000/-	15%	Rs.37500 plus 15% in excess of Rs.7.5 Lakhs
Rs.1000001/- to Rs.1250000/-	20%	Rs.62500 plus 20% in excess of Rs.10 Lakhs
Rs.1250001/- to Rs.1500000/-	25%	Rs.112500 plus 25% in excess of Rs.12.5 Lakhs
Above Rs.15 Lakhs	30%	Rs.175000 plus 30% in excess of Rs.15 Lakhs

Note:

When Income exceeds Rs. 50 Lakhs but less than One Crore additional surcharge @ 10% is payable on Total Tax Payable by all the category of the Assessee

When Income exceeds Rs. 1 (One) Crore but less than Rs.2 crores then additional surcharge @ 15% of such tax payable by all the category of the Assessee

When Income exceeds Rs. 2 Crore but less than Rs.5 crores then additional surcharge @ 25% of such tax payable by all the category of the Assessee

When Income exceeds Rs. 5 Crore then additional surcharge @ 37% of such tax payable by all the category of the Assessee

Note: Additional 4% cess payable in respect of all categories.

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Disadvantages of opting for new schema of Taxation

- 1. All Exemptions eligible u/s Chapter XVII-B viz. 80C, 80D, 80G, 80TTA etc. All should be given up.**
- 2. For Salaried employee, benefits of Standard deduction, House Rent Allowance, LTA, Education allowance etc. all has to be given up completely.**
- 3. For Pensioners, deduction available u/s 56 amounting to Rs.15000/- has to be given up.**
- 4. In respect of House Property Income, benefit of interest on monies borrowed for purchase of such property has to be given up.**
- 5. In case of business enterprises or professionals or entrepreneurs, Deduction available u/s section 32, 32AB, 35AB etc. has to be given up.**

Thus, considering above whether to go for new schema of taxation or not has to be computed to decide whether it is beneficial or not.

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