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# Budget 2015 - Synopsis

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## Direct Tax Provisions

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The information contained in this synopsis is of a general nature and it is not intended to address specific facts, merits or circumstances of any entity / person. We have tried to provide accurate information in condensed form. However, no one should act upon the information presented herein, before seeking detailed professional advice & thorough examination of the specific facts while formulating business decisions. This synopsis is prepared exclusively for the information of the professional colleagues, friends network, clients and staff of **CKD & Co.**

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## 1. Key Points

- 1 • Wealth Tax Abolished
- 2 • No merit in going ahead with Direct Tax Code (DTC)
- 3 • Deferment of General Anti Avoidance Rule by 2 years
- 4 • Corporate Tax rate to be reduced from 30 to 25%

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## 2. Rates of Income Tax

Sec. Ref.	Provision	Proposed Amendment				Effective From
Part III of First Schedule to Finance Bill 2015	Rate of Taxes	<b>Assessee</b>	<b>Basic Rate</b>	<b>Surcharge</b>	<b>Cess</b>	A.Y. 2016-17
		Individual, HUF, AOP, BOI, Co-op. Soc., Partnership Firm	No Change	Increased from 10% to 12% for income above Rs. 1 CR	No Change	
		Domestic Company	No Change	Income > Rs. 1 CR, but < Rs. 10 CR - Increased from 5% to 7%  Income > Rs. 10 CR - Increased from 10% to 12%	No Change	
		Foreign Company	No Change	No Change	No Change	

Additional surcharge of 2% on 'super rich' is in lieu of abolishment of Wealth Tax.

It was clarified in budget that "rich & wealthy must pay more tax than less affluent ones"

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### 3. Personal Taxation

Sec. Ref.	Provision	Proposed Amendment	Effective From																		
10(11A) (New Section)	Sukanya Samriddhi Account Scheme	Any payment from Sukanya Samriddhi Account Scheme will be exempt from tax.	A.Y. 2015-16																		
80C	Sukanya Samriddhi Account Scheme	Sum paid / deposited during the year under Sukanya Samriddhi Account Scheme in the name of girl child will be eligible for deduction in the hands of parents / legal guardian.	A.Y. 2015-16																		
80D	Deduction in respect of Health Insurance Premia	<table border="1"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="2">Individual</th> <th rowspan="2">HUF</th> </tr> <tr> <th>Family</th> <th>Parents</th> </tr> </thead> <tbody> <tr> <td>General Deduction</td> <td>Increased from Rs. 15K to Rs. 25K</td> <td>Increased from Rs. 15K to Rs. 25K</td> <td>Increased from Rs. 15K to Rs. 25K</td> </tr> <tr> <td>Deduction in case of Senior &amp; Very Senior Citizen</td> <td>Increased from Rs. 20K to Rs. 30K</td> <td>Increased from Rs. 20K to Rs. 30K</td> <td>Increased from Rs. 20K to Rs. 30K</td> </tr> <tr> <td>Aggregate deduction not to exceed</td> <td>Rs. 30K</td> <td>Rs. 30K</td> <td>Rs. 30K</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>➤ Concept of 'Very Senior Citizen' newly introduced in sec 80D</li> <li>➤ Even if no health insurance is taken by Very Senior Citizen, any payment made on account of medical expenditure will be eligible for deduction upto Rs. 30K</li> </ul>	Particulars	Individual		HUF	Family	Parents	General Deduction	Increased from Rs. 15K to Rs. 25K	Increased from Rs. 15K to Rs. 25K	Increased from Rs. 15K to Rs. 25K	Deduction in case of Senior & Very Senior Citizen	Increased from Rs. 20K to Rs. 30K	Increased from Rs. 20K to Rs. 30K	Increased from Rs. 20K to Rs. 30K	Aggregate deduction not to exceed	Rs. 30K	Rs. 30K	Rs. 30K	A.Y. 2016-17
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	Family	Parents																			
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Aggregate deduction not to exceed	Rs. 30K	Rs. 30K	Rs. 30K																		
80DDB	Deduction in respect of medical treatment	<ul style="list-style-type: none"> <li>➤ Deduction available to individuals and HUF's (Rs. 40K) for medical treatment of some chronic diseases.</li> <li>➤ Deduction of Rs. 60K for senior citizens</li> <li>➤ Up till now, deduction allowed only if assessee furnishes with RoI, certificate from specialist doctor working in Govt. hospital</li> <li>➤ Now, certificate from any specialist doctor (as may be prescribed) will be eligible for deduction (requirement of certificate only from Govt. hospital is no more applicable)</li> <li>➤ Concept of 'Very Senior Citizen' newly introduced.</li> <li>➤ Deduction upto Rs. 80K available to Very Senior Citizen. However, no change in respect of individual / HUF other than Very Senior Citizen.</li> </ul>	A.Y. 2016-17																		

80DD	Deduction in respect of maintenance of disabled dependent person	<ul style="list-style-type: none"> <li>➤ Deduction available to individual or HUF, resident of India.</li> <li>➤ Limit of deduction <b>increased</b> from Rs. 50K to 75K in respect of dependent with disability and from Rs. 100K to 125K in respect of dependent with severe disability.</li> </ul>	A.Y. 2016-17
80U	Deduction w.r.t. person with disability	<ul style="list-style-type: none"> <li>➤ Deduction available to individual, resident assessee only.</li> <li>➤ Limit of deduction <b>increased</b> from Rs. 50K to Rs. 75K for disability and Rs. 100K to Rs. 125k for severe disability.</li> </ul>	A.Y. 2016-17
80CCC	Deduction in respect of contribution to Pension Fund	<b>To promote social security</b> , deduction in respect of amount paid / deposited by an individual for any annuity plan of LIC or any other insurer for receiving pension from a fund set up under a pension scheme is proposed to be <b>increased</b> from Rs. 100K to Rs. 150K.	A.Y. 2016-17
80CCD	Deduction in respect of contribution to National Pension Scheme (NPS)	<ul style="list-style-type: none"> <li>➤ Deduction, upto 10% of salary or 10% of the gross total income, as the case may be, was allowed for contribution to notified pension scheme of Central Government.</li> <li>➤ Deduction was limited to Rs. 100K, which is now proposed to be removed.</li> <li>➤ Now, <b>additional deduction</b> upto Rs. 50K is proposed to be allowed for contribution to NPS.</li> <li>➤ This is over and above Rs. 150K</li> </ul>	A.Y. 2016-17
Sec. 10(14) r.w.r. 2BB	Exemption of Transport Allowance	Hon'ble Finance Minister, in his speech, has clarified that transport allowance exemption is to be <b>increased</b> from Rs. 800 p.m. to Rs. Rs. 1,600 p.m.	---
192	Collection of proof by the employer from employee for providing deduction from salary income	<p>Presently, there is no uniformity in respect of documents to be collected from the assessee employee for allowing deductions, exemptions and set-off of losses while computing the tax to be deducted u/s 192.</p> <p>It is now proposed that the employer shall obtain from the assessee employee, evidence or proof or particulars of the prescribed claim (including claim for set-off of loss) in the prescribed form and manner, for the purposes of estimating income of the assessee or computing tax deductible u/s 192(1)</p>	01-06-15

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## 4. Corporate Taxation

Sec. Ref.	Provision	Proposed Amendment	Effective From
--	Direct Tax Code (DTC)	Hon'ble Finance Minister, in his budget speech, has clarified that since most of the provisions of DTC have already been included in the existing Income Tax Act, there is <b>no merit in going ahead with DTC.</b>	--
32AD (New Section)	Additional Investment Allowance	Where an assessee sets up an undertaking or enterprise for manufacture or production of any article or thing in any notified backward areas in the state of Andhra Pradesh or Telangana, during the period 01-04-2015 to 31-03-2020, additional investment allowance of 15% be allowed for an amount equal to cost of new asset acquired and installed by the assessee.  <b>This deduction shall be over and above the existing deduction available u/s 32AC</b>	01-04-15
32(1)(iia)	Higher Additional Depreciation	It is proposed to allow higher additional depreciation at the rate of <b>35% (instead of 20%)</b> where an assessee acquires and installs new plant or machinery (other than a ship and aircraft) in a manufacturing undertaking or enterprise set up in the notified backward area of the State of Andhra Pradesh or Telangana during the period 01-04-2015 to 31-03-2020.	01-04-15
32(1)	Balance Additional Depreciation	At present, additional depreciation u/s 32(1)(iia) is restricted to 50% of the eligible amount if the new plant or machinery acquired and installed by the assessee, is put to use for less than 180 days in the previous year.  The balance 50% depreciation was deferred and claimed <u>under normal</u> depreciation route.  It is now proposed that the balance 50% of the additional depreciation, which was not allowed in the year of acquisition and installation of such plant or machinery, shall be <b>allowed in the immediately succeeding previous year.</b>	A.Y. 2016-17
80JJAA	Deduction for employment of new workmen	Currently, deduction equal to 30% of additional wages paid to the new regular workmen, in excess of 100 workmen, employed in a factory, manufacturing goods is available to an Indian company.  <b>To encourage generation of employment</b> , it is proposed to extend the similar benefit to all other assesseees having manufacturing units, employing new regular workmen in excess of 50.	A.Y. 2016-17
115JB	Minimum Alternate Tax (MAT)	Share of member of an AOP, in the income of AOP, on which no tax is payable as per sec. 86 of the ITA, 1961, should be excluded while computing the MAT liability of the member (company) u/s 115JB.  Further, expenditure, if any, debited to the P & L a/c w.r.t. such income should be added back while computing MAT liability.	A.Y. 2016-17

35(2AB)	Weighted deduction in respect of approved R & D facility	<p>Presently, weighted deduction of 200% is allowed to companies, engaged in the business of bio-technology or manufacturing of goods for the expenditure (not being in the nature of land / building) incurred on scientific research carried out in an approved in-house R &amp; D facility.</p> <p>The company is required to enter into an agreement with DSIR and DSIR, in turn, is required to send the approval report to DGFT (Exemption), who does not have jurisdiction over the assessee.</p> <p>Now, in order to have better &amp; meaningful monitoring system, it is proposed to provide that report may be submitted to Principal CCIT or CCIT, having jurisdiction over assessee company.</p>	A.Y. 2016-17
271(1)(c)	Penalty for concealment of income or furnishing of inaccurate particulars of income	<p>Presently, penalty u/s 271(1)(c) is levied on the 'amount of tax sought to be evaded' which is the difference of tax due on assessed income and tax which would have been chargeable had such income been reduced by the amount of concealed income.</p> <p>Hon'ble Delhi High Court in the case of CIT vs. Nalwa Sons Investments Ltd. (327 ITR 543) has held that penalty cannot be imposed on the concealed income under the normal provisions of the ITA, 1961, if the total income of the assessee is assessed under MAT provisions (sec. 115JB). The said view was affirmed by the Hon'ble Supreme Court by dismissing the Special Leave Petition.</p> <p>To nullify the aforesaid decision, it has been proposed to amend sec. 271 so as to provide that the amount of 'tax sought to be evaded' shall be the summation of tax sought to be evaded under the normal provisions of ITA, 1961 and under MAT provisions.</p> <p>Finance Bill has provided formula for computation of tax sought to be evaded.</p>	A.Y. 2016-17

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## 5. International / Non-Resident Taxation & Transfer Pricing

Sec. Ref.	Provision	Proposed Amendment	Effective From
Chapter X-A	General Anti Avoidance Rule (GAAR)	GAAR provisions were to come into effect from F.Y. 2015-16 (i.e. A.Y. 2016-17).  However, as a part of comprehensive regime to deal with Base Erosion & Profit Shifting (BEPS) and aggressive tax avoidance, it is <b>proposed to defer the applicability of GAAR by 2 years</b> . GAAR provisions will now be made applicable from A.Y. 2018-19.	01-04-15
115JA	Royalty & Fees for Technical Services (FTS)	Presently, income by way of Royalty & FTS, received by non-resident tax payer, which is not effectively connected with Permanent Establishment (PE), is taxed at the rate of 25%.  <b>To facilitate technology inflow to small businesses at low costs, it is proposed to reduce tax rate on Royalty &amp; FTS from 25% to 10%.</b>	A.Y. 2016-17
6	Test of Residence – Place of Effective Management (POEM)	Hitherto, as per sec. 6(3), a company is said to be resident in India if <ul style="list-style-type: none"> <li>➤ It is an Indian company; or</li> <li>➤ During that year, the control &amp; management of its affairs is situated <b>wholly</b> in India</li> </ul> <p>Now, <b>as a measure to deal with the cases of creation shell companies outside India but being controlled &amp; managed from India</b>, it is proposed to amend the test of residence for foreign companies to provide that a company would be treated as resident in India if its POEM is in India at any time in that year.</p> <p>POEM has been defined to mean 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.</p>	A.Y. 2016-17
195	Furnishing of information in respect of foreign remittances	Presently, any person, responsible for payment of any sum which is chargeable to tax, is required to furnish necessary information as prescribed (i.e. in Form 15CA / 15CB).  It is now proposed to extend the requirement to provide the information in respect of payments to non-residents, <b>whether the sum payable is chargeable to tax or not</b> .	01-06-15
271 – I <b>(New Section)</b>	Penalty for non-furnishing or furnishing of inaccurate information w.r.t. foreign remittances	Presently, there was no penalty for non-furnishing or inaccurate furnishing of information in respect of foreign remittance.  It is now proposed to levy a penalty of Rs. 100,000 for non-furnishing or inaccurate furnishing of information, if there is no reasonable cause for failure.	01-06-15

295(2)	Rule for granting foreign tax credit	<p>At present, ITA, 1961 does not provide the manner of granting credit of taxes paid in any country outside India.</p> <p>It is now proposed to amend the present section so as to enable CBDT to make rules in this regard.</p>	01-06-15
9A (New Section)	India based fund managers not to constitute business connection of off-shore funds.	<p>Sec. 9(1)(i) provides a set of circumstances under which income is deemed to accrue or arise in India, and is taxable in India.</p> <p>One of the conditions for the income of a non-resident to be deemed to accrue or arise in India is the existence of a business connection in India. Once, such a business connection is established, income attributable to the activities becomes taxable in India.</p> <p>Currently, in the case of 'off-shore funds', the presence of India based fund manager may create sufficient nexus of the off-shore fund with India and may constitute a business connection in India even though India based fund manager may be an independent person.</p> <p>Further, income of 'off-shore fund' from investment in jurisdiction other than India which is managed by India based fund manager, may be liable to tax in India due to the location of fund manager in India and attribution of such profits to the activity of the fund manager undertaken on behalf of the off-shore fund.</p> <p>Further, presence of the fund manager under certain circumstances may lead to the off-shore fund being held to be resident in India on the basis of its control and management being in India.</p> <p>In order to facilitate location of fund managers of off-shore funds in India, a special regime has been proposed to ensure that the fund management activity of an 'eligible investment fund', carried out by an 'eligible fund manager' will not constitute business connection in India of the said fund.</p> <p>It has also been proposed that an 'eligible investment fund' will not be said to be resident in India merely because the 'eligible fund manager' is situated in India.</p> <p>Various conditions / criterion have been laid down for off-shore fund to qualify as an 'eligible investment fund'. Similarly, various criterion have been specified for a person to qualify as an 'eligible fund manager'.</p>	A.Y. 2016-17
271FAB (New Section)	Penalty for failure to furnish statement / information / document by 'eligible investment fund'	<p>It is proposed that an 'eligible investment fund' shall furnish a statement / information / document in a prescribed form, within 90 days from the end of the financial year, to the income tax authorities, regarding fulfilment of conditions laid down u/s 9A(5) of the ITA, 1961.</p> <p>Failure to furnish the information will attract penalty of Rs. 500,000.</p>	A.Y. 2016-17

9(1)(i)	Clarification on indirect transfer of shares or interest	<p>Explanation 5 to sec. 9(1)(i) as amended by the Finance Act, 2012 clarified that an asset or capital asset, being any share or interest in a company or entity, registered or incorporated outside India, shall be deemed to be situated in India, if the share or interest derives, directly or indirectly, its value, <b>substantially</b> from the assets located in India.</p> <p>It is now proposed to insert Explanation 6 to provide that the share or interest shall be deemed to derive its value substantially from the assets located in India, if, on the specified date, the value of such assets is more than Rs. 10 CR and represents at least 50% of the value of all the assets owned by the company or entity, as the case may be. <b>(Term substantial defined)</b></p> <p>(This is <b>in line with the recommendation of</b> expert committee under the chairmanship of <b>Dr. Parthasarathi Shome</b>. In the year 2014, Hon'ble <b>Delhi HC</b>, in the case of <b>Copal Research Ltd.</b> had clarified the word 'substantial' by setting a 50% assets threshold to taxation of indirect transfers)</p> <p><b>Value of asset means Fair Market Value (FMV)</b> of such asset, without reduction of liabilities in respect of such asset.</p> <p>Further, taxability in respect of indirect transfer of shares will be done on proportionate basis i.e. only in respect of value of Indian assets.</p> <p>It is further proposed that income shall not accrue or arise to a non-resident in respect of transfer of any share or interest in a foreign entity unless –</p> <p>(a) he along with its associate enterprises,—</p> <p>(in the case of <u>directly holding</u>)</p> <p>(i) neither holds the right of management or control;</p> <p>(ii) nor holds voting power or share capital or interest exceeding 5% of the total voting power or total share capital;</p> <p>(in the case of <u>indirect holding</u>)</p> <p>(i) neither holds the right of management or control in relation to such company, as the case may be, or the entity;</p> <p>(ii) nor holds any rights in such company which would entitle it to either exercise control and management of the direct holding company or entitle it to voting power exceeding 5% in the direct holding company or entity .</p>	A.Y. 2016-17
285A <b>(New Section)</b>	Reporting obligation in respect of indirect transfer of shares or interest	Reporting obligation is cast on Indian entities to furnish information, relating to off-shore transaction having effect of directly or indirectly modifying the ownership structure or control of such Indian entity.	A.Y. 2016-17

271GA (New Section)	Penalty for failure to report indirect transfer of shares or interest.	<p>Failure to furnish information as per sec. 285A may attract penalty of –</p> <ul style="list-style-type: none"> <li>➤ 2% of the value of the transaction or</li> <li>➤ Rs. 500,000</li> </ul> <p>as the case may be.</p>	A.Y. 2016-17
92BA	Transfer Pricing –  Specified Domestic Transactions (SDT)	<p>SDT means any specified transactions, not being international transaction, where aggregate of such transactions, entered into by the assessee in the previous year exceeds Rs. 5 CR.</p> <p><b>In order to address the issue of compliance cost in the case of small businesses</b>, aggregate value of transactions, to fall within the meaning of SDT is proposed to be increased from Rs. 5 CR to Rs. 20 CR.</p>	A.Y. 2016-17
9(1)(v)	Interest paid by Indian branch to foreign banking company	<p>Till now, there was no specific provision in the ITA, 1961 regarding taxation of interest payment by an Indian branch to its non-resident head office (especially a foreign banking company) or its foreign branches.</p> <p>The CBDT, vide its Circular No. 740 dated 17-04-1996 had earlier clarified that branch of a foreign company in India is a separate entity for the purpose of taxation under the ITA and accordingly TDS provisions would apply along with separate taxation of interest paid to head office or other branches of the non-residents, which would be chargeable to tax in India.</p> <p>However, few judicial rulings have held a different view that TDS is not liable to be deducted being payment to the self (branch to HO) in absence of specific provision in the ITA, 1961.</p> <p>In view of the above, it is proposed to provide that in case of a non-resident engaged in business of banking, any interest payable by the Permanent Establishment (PE ) in India to its head office, other branches or any other part of the non-resident outside India shall be deemed to accrue and arise in India. Consequently, such interest income will be taxable in India in the hands of the head office in addition to any other income attributable to the PE in India.</p> <p>It is further proposed that the PE in India and the non-resident will deemed to be separate persons. Therefore, provisions relating to computation of total income, determination of tax and withholding tax will apply accordingly.</p>	A.Y. 2016-17

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## 6. Charitable Trusts & Educational Institutions

Sec. Ref.	Provision	Proposed Amendment	Effective From
2(15)	Scope of 'Charitable Purpose' widened	It is proposed that definition of 'Charitable Purpose' shall include 'YOGA' as a separate category on the lines of education and medical relief.	A.Y. 2016-17
2(15)	Any other object of general public utility	<p>Till now, the section provided that 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 any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity.</p> <p>However, this restriction would not apply if the aggregate value of the receipts from the activities referred above is Rs. 25 lacs or less in the previous year.</p> <p>It is now proposed that above restriction would not apply if aggregate receipts from such activities, during the previous year do not exceed 20% of the total receipts and activity is undertaken for such advancement of any other object of general public utility.</p> <p><b>Limit of Rs. 25 lacs has been replaced with 20% of the total receipts.</b></p>	A.Y. 2016-17
11(2)	Accumulation of income by charitable trust & institutions	<p>The primary condition for grant of exemption to trust or institution in respect of income derived from property held under such trust is that the income derived from property held under trust should be applied for the charitable purposes in India. Where such income cannot be applied during the previous year, it has to be accumulated and applied for such purposes in accordance with various conditions provided in the section.</p> <p>One of such conditions is filing of Form 10 with the AO regarding information of accumulation of fund which has not been applied for charitable purpose. However, there was no clarity as to within what time Form 10 needs to be filed with the AO.</p> <p>In order to remove the above ambiguity, it is now proposed that Form 10 needs to be filed before the due date specified u/s 139(1) of the ITA, 1961.</p> <p>Further, if Form 10 is not submitted before the due date of filing of return of income, the benefit of accumulation will not be available. Moreover, benefit of accumulation would not be available if return of income is not furnished on or before the due date of filing of return of income.</p>	A.Y. 2016-17

10(23C)	Mandatory filing of return by certain universities & hospitals	<p>Under the existing provisions of section 139, all entities whose income is exempt under clause (23C) of section 10, other than those referred to in sub-clauses (iiiab) and (iiiac) of the said clause, are mandatorily required to file their return of income.</p> <p>As per the proposed amendment, now entities claiming exemption u/s 10(23C)(iiiab) / (iiiac) will also be required to mandatorily file the return of income.</p>	A.Y. 2016-17
253(1)	Orders appealable before ITAT	<p>Sec. 253(1) of the ITA, 1961 specify the orders that are appealable before the Income Tax Appellate Tribunal (ITAT). However, order passed by the prescribed authority u/s 10(23C)(vi) / (via) (educational / medical institutions) was not included in section 253(1).</p> <p>Since, decision of the prescribed authority to refuse to grant approval can have significant implications for educational or medical institutions, it is now proposed to amend section 253(1) so as to provide that assessee aggrieved by the order passed by the prescribed authority u/s 10(23C)(vi) / (via) may appeal to ITAT.</p>	01-06-15

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## 7. TDS (Withholding Tax) Provisions

Sec. Ref.	Provision	Proposed Amendment	Effective From
194A	TDS on interest (other than interest on securities)  TDS on <b>time deposits</b> with Co-operative Bank	It is proposed to amend section 194A of the Act to expressly provide that co-operative banks shall be liable to deduct TDS from payment of interest to its members on time deposits.	01-06-15
194A	TDS on interest (other than interest on securities)  TDS on <b>recurring deposits</b> with banks	At present, definition of 'time deposits' as per sec. 194A does not include 'recurring deposits' in its scope. As such, TDS provisions were not applicable to payment of interest on recurring deposits by banking company or a co-operative bank.  It is now proposed to amend the definition of 'time deposits' so as to include, in its scope, 'recurring deposits' also for the purpose of TDS. Accordingly, TDS provisions would apply to recurring deposits also. However, threshold limit of Rs. 10,000/- will continue.	01-06-15
194A	TDS applicability for deposits in various branches of a bank	Currently, the computation of interest threshold limit of Rs. 10,000 for deduction of TDS by a banking company or co-operative bank or a public company is made branch-wise.  It is proposed that such computation will now be made at an entity level (and not branch-wise) which has adopted core banking solutions.	01-06-15
194C (Clarificatory amendment)	TDS on payments to transporters	Presently, tax is not required to be deducted on payments made to contractors who is engaged in the business of transport i.e. plying, hiring and leasing of goods carriage, if the contractors furnish their PAN.  It is proposed to be clarified that the said TDS exemption is only available to transporters which own 10 or less than 10 goods carriages at any time during the previous year and furnish declaration to this effect along with PAN to the payer.	01-06-15
194LD	Interest on rupee denominated bonds and Govt. securities.	Presently, beneficial (lower) withholding tax rate of 5% is applicable in case of interest payable to FIs and QFIs between to 01-06-13 to 31-05-15 on their investment in Govt. securities and rupee denominated corporate bonds.  It is now proposed that concessional rate of 5% withholding tax on interest payment will be available on interest payable upto 30-06-17.	01-06-15

194DA r.w.s. 197A	TDS on payment under life insurance policy or accumulated balance of employees provident fund.	It is proposed that no tax will be deducted on payment of any sum under life insurance policy or accumulated balance in a recognized provident fund to an individual if the individual furnishes to the payer a declaration in writing in the prescribed form Form No. 15G / 15H, stating that the tax on his / her estimated total income will be NIL.	01-06-15
203A	Requirement of obtaining TAN	To reduce the compliance burden of obtaining TAN for certain types of deductors (e.g. individuals & HUFs, not liable for audit u/s 44AB), it is proposed that the requirement of obtaining and quoting of TAN shall not apply to the deductors or collectors as may be notified by the Central Government.	01-06-15
234E r.w.s 200A	Fees for late filing of TDS return	It is proposed that TDS return will be processed after taking into account the fee, if any, payable u/s 234E for late filing of TDS return / statement.	01-06-15
206C	Processing of TCS return & TCS correction statement	<p>Currently, the provisions Sec. 200(3) of the Act enable the deductor to furnish TDS correction statement and consequently, section 200A of the Act allows processing of the TDS correction statement.</p> <p>However, currently, there does not exist any provision for allowing a collector to file correction statement in respect of TCS statement which has been furnished.</p> <p>It is, therefore, proposed to amend the provisions of section 206C of the Act so as to allow the collector to furnish TCS correction statement.</p> <p>It is further proposed to provide for processing of TCS return / statement on the lines of existing provisions for processing of TDS return / statement. Moreover, it is proposed to incorporate the mechanism for computation of fees payable u/s 234E in respect of TCS also.</p>	01-06-15

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## 8. Miscellaneous Amendments

Sec. Ref.	Provision	Proposed Amendment	Effective From
234B	Interest for default / shortfall in payment of Advance Tax	<p>The existing provisions contained u/s 234B(3) of the ITA, 1961 provides that where the total income is increased on reassessment u/s 147 or 153A, the assessee shall be liable for interest @ 1% on the amount of the increase in total income for the period commencing from date of determination of total income u/s 143(1) or on regular assessment and ending on the date of reassessment u/s 147 or sec. 153A.</p> <p>It is now proposed that interest will be charged on the additional tax determined in course of reassessment from the first day of the relevant assessment year till the date of reassessment u/s 147 or u/s 153A.</p> <p>On the similar line, it is proposed, in respect of application before the Settlement Commission, that interest will be levied on the additional amount of Income Tax declared from the first day of the assessment year to the date of making an application to the Settlement Commission.</p> <p>If the amount of total income disclosed in the application is increased by an order of the Settlement Commission, then interest will be payable from the first day of the assessment year to the date of such order of the Settlement Commission.</p>	01-06-15
263	Revision of Assessment	<p>Presently, if the Commissioner of Income Tax (CIT) considers that any order passed by the Assessing Officer (AO) is erroneous in so far as it is prejudicial to the interests of the revenue, he may pass an order modifying or cancelling the assessment and directing fresh assessment.</p> <p>In order to provide clarity, it is proposed that an order passed by the AO shall be deemed to be erroneous in so far as it is prejudicial to the interests of the revenue, if in the opinion of the CIT, the order is passed –</p> <ul style="list-style-type: none"> <li>➤ Without making inquiries or verification;</li> <li>➤ Allowing any relief without inquiring the claim;</li> <li>➤ Not in accordance with any order, direction or instructions issued by CBDT</li> <li>➤ Not in accordance with any decision, prejudicial to the assessee, rendered by jurisdictional HC or SC.</li> </ul>	01-06-15

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*Besides above, Hon'ble Finance Minister has proposed lot of other amendments also such as tax benefit for Swachh Bharat Kosh & Clean Ganga Fund, amendment in sec. 269SS / 269T so as to curb the black money, procedural amendments w.r.t. Settlement Commission, procedure for appeal by revenue when an identical question of law is pending before the Supreme Court etc. etc. To know the same in detail, please do contact us...*

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