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Amendments through Finance Act, 2019 (Final Budget) in Income Tax Act, 1961

(A) Personal Taxation

1. **Increased in Rate of the Surcharges on Individuals** 'etc.' (Applicable from Ay 20**20-21** & FY 20**19-20**)

(a) Individuals
(b) **HUFs**
(C) AOPs
(d) BOIs
(e) **AJPs** (Artificial Jurisdence Persons) like Foreign Portfolio Investors **(FPIs)** etc.

S.No	Particulars	Existing Rates	Increased Rates
(a)	Where incomes are exceeding Rs **50** Lakhs but not exceeding Rs **1** crore	10%	10%
(b)	Where incomes are exceeding Rs **1** crore but not exceeding **2** crores	15%	15%
(c)	Where incomes are exceeding Rs **2** crores but not exceeding **5** crores	15%	**25%**
(d)	Where incomes are exceeding Rs **5** crores	15%	**37%**

(ii) **No** change in rates of the **surcharges** for (a) Co-operative **Societies** (b) Partnership **firms** (c) **LLPs** 'etc' (d) **Companies** domestic and Foreign both
(iii) **No** change in rates of the education **cess @ 4%** for any assessee.
(iv) **Effective rate** of the income taxes for the **individual** 'etc'. after surcharge is **increased**

S.No.	Particulars	Incomes Exceeding Rs. 2 crores but not Excedding 5 crores		Incomes Exceeding Rs.5 crores	
		Existing Rates	Increased Rates	Existing Rates	Increased Rates
(a)	**Normal** Incomes	35.88%	**39%**	35.88%	**42.74%**
(b)	**Dividends** incomes of the companies exceeding Rs. **10**Lacs	11.96%	**13%**	11.96%	**14.26%**
(c)	Long Term Capital Gains **(LTCG)** of the **listed** companies exceeding Rs. **1** Lac	11.96%	**13%**	11.96%	**14.26%**
(d)	LTCG of the **non-listed** companies	23.92%	**26%**	23.92%	**28.50%**
(e)	Short Term Capital Gains **(STCG)** of the **listed** companies	17.94%	**19.50%**	17.94%	**21.37%**

2. Mandatory Filing of the Income Tax Returns by the certain Persons (Applicable from Ay 20**20-21** & FY 20**19-20**) Section **139**

(i) **Mandatory filing** of the income tax returns are required where certain persons have **entered** in **high** value transactions, a list of such transactions is as followings :-

(a) Where **foreign travelling** expenditures are exceeding Rs **2**(two) **lacs** in a financial year in Indian and foreign currency **both**

(b) Where **electricity** expenses are exceeding Rs **1**(one) **lac** in a financial year

(c) Where **deposits** in **all** current **bank** accounts are exceeding Rs **1**(one) **crore** in a financial year

(ii) Certain persons term is to **include** for **mandatory filing** of the income Tax Returns in a financial, a list of such persons is year which are as following :-

(a) **Individuals**

(b) HUFs

(c) **AOPs**

(d) BOIs

(e) **AJPs**

(iii) **Mandatory filing** of the income tax returns are also **required** by the certain persons where they are claiming **exemption** under the following Sections:-

(a) **54**

(b) 54B

(c) **54D**

(d) 54EC

(e) **54F**

(f) 54G

(g) **54GA**

(h)54GB

- Where **gross** total incomes are exceeding Rs. **2,50,000** (two lacs fifty thousands) in a financial year **before** claiming any one out of these **exemptions**

3. Taxability of the Gifts from a Resident of India to a Non Resident of India (Applicable from **July 05, 2019**-AY 20**20-21** & FY 20**19-20**) Section **9(1)(viii)**

(i) **Taxability** of the Gifts in India

- Any **gift** from a resident of India to a **non-resident** of India in cash or in kind is **taxable** in the hands of **non-resident** of India under the Section **56(2)(X)** where donor and donee are **not close relatives**

(ii) **Non Taxability** of the Gifts in India

- Any **gift** from a resident of India to a **close** relative **non-resident** of India is **not taxable** in the hands of non-resident of India under the Section **56(2)(X)**

(iii)**DTAA Provisions** Relating to the Gifts

- Relevant **article** of the concern **DTAA** is **superseding** the provisions of the Indian **Income Tax Act**, 1961 for the purpose of **taxability** and **non-taxability** of Gifts in the hands of **non-resident** of India

4. **Allowability of the Deduction against Interest paid on the loan amount taken for purchase of a 'Residential House Property'** (Applicable from AY 20**20-21** & FY 20**19-20**) New Section a **80EEA**

   (i) **Now** an assesse is **permitted** to take a **deduction** against **interest** paid on the loan amount a maximum of Rs.**1,50,000** (one lakh fifty thousands) where certain followings **conditions** are satisfied :-

   (a) Where loan is **sanctioned** from a bank or financial institution between April 01, **2019** and March 31, **2020**

   (b) Where **stamp duty** value of the **residential** house property is **not exceeding** Rs **45** (forty five) **Lakhs**

   (c) Where assesse is **not owning** any **other** residential house property as on the **date of Sanction** of the loan

   (ii) Assesse is **not permitted** to take any further **deduction** under any other section against the interest paid **after allowing** as abovementioned under the Section **80EEA**

5. **Allowability of the Deduction against Interest paid on the loan amount taken for purchase of an 'Electric Vehicle'** (Applicable from AY 20**20-21** & FY 20**19-20**) New Section **80EEB**

   (i) **Now** an assesse is **permitted** to take a **deduction** against **interest** paid on the loan amount a maximum of Rs.**1,50,000** (one lakh fifty thousands) where certain followings **conditions** are satisfied:-

   (a) Where loan is **sanctioned** from a bank or financial institution including a NBFC between April 01, **2019** and March 31, **2023**

   (b) Where assesse is **not owning** any **other** electric vehicle as on the **date of sanction** of the loan

   (ii) Assesse is **not permitted** to take any further **deduction** under any other section against the interest paid **after allowing** as abovementioned under the Section **80EEB**

6. **Additional Incentives for the National Pension Scheme (NPS) Subscribers** (Applicable from AY 20**20-21** & FY 20**19-20**) Section **80CCD**

   (i) **Now** tax **exemption** limit is **increased** from **40%** to **60%** on **closure** of the NPS account or opting **withdrawal** out of the NPS account

   (ii) **Now** limit for **contribution** by Govt. or **non Govt**. employer to the NPS account is **increased** from **10%** to **14%** of the salary

   (iii) **Now** amount **deposited** by a Central **Govt. employee** to the NPS **Tier-II** account is **eligible for deduction** under the Section **80C** in the hands of employee

7. **Interchangeability of the PAN and Aadhaar number** (Applicable from AY 20**20-21** & FY 20**19-20**) Section **139A**

   (i) **Now** an assessee is permitted to **file** an income tax **return** with the **Aadhaar** card number where he is **not holding** any PAN

   (ii) Henceforth **Aadhaar** number is **permitted** where **PAN** is **not obtained** till the date of filing an income tax **return**

8. Exemption from Deemed Incomes Provisions for the prescribed transactions in Equity Shares (Applicable from AY 20**20-21** & FY 20**19-20**) **–** Section **56(2)(X)**

(i) **Now** the **CBDT** is empower to **prescribe** certain class of the **persons** where concept of deemed **fair market value** of shares will **not** be **applicable**

(ii) These prescribed share **transactions** should be of such nature where **person** transferring the shares has **no control** on determination and transfer at **fair market value** of the shares.

9. Relaxation in Pass through of the losses for category I and category II Alternative Investment Fund (AIF) (Applicable from AY 20**20-21** & FY 20**19-20**) Section **79**

(i) **Now** eligible **business losses** of the AIF are permitted for **carry forward** and set off in next years and therefore **not to pass** to unit holders of the **AIF**

(ii) Eligible **other than business** losses of the **AIF** are permitted for **ignoring** to pass to the unit **holders** where **losses** are against units as held by the unit holders for a period **less** than **12**(twelve) **months**.

(iii) Unit holders of the **AIF** are permitted to **carry forward** and set-off the **losses** in next years in their own **hands** where these units are held by the unit holders as on **March 31, 2019**

(iv) Henceforth **business losses** which are eligible for **carry forward** and set off in next years by the unit holders are **not eligible** to carry forward by the **AIF**

10. Tax Rebate (zero taxation) on the Incomes upto Rs.5(five) lakhs (Applicable from AY 20**20-21** & FY 20**19-20**) Section **87A**

(i) An **assessee** is permitted to avail the **tax rebate** a maximum of Rs. **12500** where '**taxable'** incomes **after** all permissible **deductions** is a maximum **5** (five) **lakhs** in a **financial** year

(ii) **Marginal Relief** is **not permitted** where **'taxable'** income is exceeding **5**(five) **lacks** for example if 'taxable' incomes is exceeding **5** (five) **lacks** the income **tax** is to be levied Rs **12700** on the 'taxable' income of Rs **5,01,000** resulting a **tax** amount is Rs. **12700** on an '**additional'** incomes of Rs. **1000**

(iii) (a) This amendment has been made through **interim budget** as announced on **February 1, 2019**

(b) However this amendment is **included** here as being **important amendment**.

(B)Corporate Taxation

1. **(i) Decreased in the Rates of Income tax for the Domestic Companies 'only'** (Applicable from AY 20**20-21** & FY 20**19-20**)

S.No	Particulars	Existing Rates	Decreased in Rates
(a)	**Domestic** Companies where total turnover or gross receipts in the year ending as on March 31, 2018 are **not** exceeding Rs **250** crores	25%	25%
(b)	**Domestic** Companies where total turnover or gross receipts in the year ending as on March 31, 2018 are **not** exceeding Rs **400** crores	**30%**	**25%**
(c)	**Domestic** Companies other than above	30%	30%
(d)	**Foreign** Companies	40%	40%

(ii) **NO change** in rate of the education **cess** and **surcharges** for the **domestic** companies and **foreign** Companies

2. **Income Tax on Buyback of Equity Shares by the Listed Companies (**Applicable from **July 05, 2019** - AY 20**20-21** & FY 20**19-20)** Section **115QA**
   (i) **Now** a **listed** company is also **liable to pay** an income tax on **buy back** of its equity shares @ **20%** + Education cess + Surcharge on the **difference amount** as to be paid by the company over and above as **already paid** by the shareholder
   (ii) **Unlisted** company is already **liable to pay** an income **tax** on **buy back** of its equity **shares**
   (iii) However **shareholders** are **not liable** to pay an income **tax** on **buy back** of equity shares by company under the section **10(34A)** where company has **already paid** income **tax** on buy back

3. **Availability of the benefits for Demerger of IND-AS Compliant Companies (**Applicable from AY 20**20-21** & FY 20**19-20)** Section **2(19AA)**
   (i) **Tax-neutral** demerger is **permitted** where **resulting** company is **recording** the **assets** and **liabilities** of a demerged entity at the **value** as **appearing** in the books of the **demerged** company based on **IND-AS**
   (ii) Above **provision** was resulting in **hardship** to **IND-AS compliant** company where **assets** and **liabilities** are to be recorded at **fair**/realizable **value** in the books of the **demerged** company
   (iii) Henceforth now **resulting** company is permitted to record the **different value** as was recorded by the **demerged** company for its **assets** and **liabilities**

4. **Relaxations in the provisions for carry forward and set-off of the losses of companies under Insolvency proceedings (**Applicable from AY 20**20-21** & FY 20**19-20)** Section **79**
   - (i) **Now** an Indian **company** is permitted to **Carry Forward** and set off of the **losses** when **undergoing** in **insolvency** proceedings under Insolvency and Bankruptcy code 2016 where also **change** in the **voting power** or shareholding is exceeding **51%**
   - (ii) **Now** a **relaxation** is also permitted to **subsidiary** and the **subsidiary** of the subsidiary
   - (iii) **Now** a **relaxation** is permitted when **NCLT** has **suspended** the Board of **Directors** of a company

5. **Relaxations in the provisions for payment of Minimum Alternate Tax (MAT) when company is under Insolvency Proceedings (**Applicable from AY 20**20-21** & FY **2019-20)** Section **115JB**
   - **Now** company is permitted to **set off** of the **brought forward** unabsorbed **depreciation** and **losses** as computed **after** deducting the amount of **depreciation** out of the losses where company is under Insolvency Proceedings

6. (i) **Relaxations and Clarities on the Provisions for Secondary Adjustments under Transfer Pricing (TP) Adjustments (**Applicable from AY 20**18-19** & FY 20**17-18)** Section **92CE**
   - (a) **Now** basic **condition** of threshold of limit of Rs. **1** (one) **crore** and also **primary adjustments** made up to Ay 20**16-17** & FY 20**15-16** are treated as **alternative** conditions
   - (b) **Now** assese is required to **calculate** and to pay the **interest** on **excess** money equivalent to **primary** adjustment
   - (c) **Now** this **section** is also **applicable** for the Advance Pricing Agreements **(APAs)** which are signed on or **after** April **01, 2017**
   - (d) **Now** an assese is **not permitted** to get a **refund** of the taxes which was already paid **before** this **amendment**
   - (e) Abovementioned **excess** money of tax may be **received** from any of the Non-resident **(NR)** Associated Enterprise

   (ii) Applicable from **September 01, 2019** and AY **2020-21** & FY 20**19-20**
   - (a) **Now** assese is **required** to pay an **additional** income **tax @ 18%** plus surcharge @ 12% where excess money is **not repatriated** in time in an **addition** to the existing requirement of **interest** till this **additional** tax is paid
   - (b) Tax paid is **treated** as **final payment** of tax where **no** further **credit** is permitted against any other **tax** liability
   - (c) Tax paid under this provision is **not permitted** to be adjusted under any **other provision** of the Income Tax **Act**, 1961
   - (d) Assese is **not required** to make any **secondary adjustment** or to compute **interest** once he pay an **additional** income tax

7. **Clarifications against Power of the Assessing Officer (AO) where ITR is modified in accordance to signing of Advance Price Agreement (APA) (**Applicable from **September 01,2019** AY 2020**-21** & FY 20**19-20)** Section **92 CD(3)**

(i) AO is **not permitted** to assess, reassess, recomputed, fresh assessment or **reassessment** of the assesses who has already **modified** his **return** of incomes in **accordance** with **APA** is entered

(ii) Henceforth AO is merely **permitted** to **modify** the total **incomes** of the assesse in **accordance** to ITR filed **after** APA is entered

8. Clarifications against Accounting year under Country-by-Country Reporting (CBCR) (Applicable from AY 20**17-18** & FY 20**16-17)** Section **286**

- **Accounting** year of the **parent** company of an international group is **permitted** for **CBCR** filing where Alternate Reporting Entity (**ARE**) is required to **submit** a CBCR

9. Clarifications for filing of the Master files (Applicable from AY 20**20-21** & FY 20**19-20)** Section **92D** & **286**

- Filing of the **Master** file under the Section **92D** and **286** is required to be filed by the Constituent Entity **(CE)** where **no** international **transaction** is undertaken by the **CE**

10. Incentives for the Rupees Denominated Bonds (RDBs) (Applicable from AY 20**20-21** & FY 20**19-20)** Section **10**

- **Non-residents** of India are permitted to avail an **exemption** from liability of income **tax** on the **interest** incomes as earned on the **RDBs**

11. Incentives for the Investments in International Financial Service Centre (IFSC) (Applicable from AY 20**20-21** & FY 20**19-20)** Section **80-LA**

(i) **Now** 100% exemption on profits as **linked** to deduction under section **80-LA** is permitted for any **10**(ten) **years** out of block of **15** (fifteen) **years**

(ii) **Now** exemption is **permitted** from Dividend Distribution Tax **(DDT)** to the **Companies** and **Mutual funds** for **accumulated** incomes and **current** incomes as applicable from **September 01**, **2019**

(iii) **Now** exemption is also **permitted** from capital gain **tax** for **Category III-AIF**

(iv) **Now** exemption is also permitted from income tax on **interest** payments to the **non-residents** by the IFSC

(v) **Now** exemption is also permitted from capital gain **tax** on certain additional **securities** as to be **notified** beside GDRs and RDBs if these are **traded** on a recognized stock **exchange** by the **specified** persons

12. Online facility for filing of Application and obtaining a Tax Determination Certificate against payments to the Non-residents (Applicable from **November 01, 2019**, AY 20**20-21** & FY 20**19-20)** Section **195(2)**

(BA) Benefits to the Start-ups Domestic Companies

1. **Increased in rationalization of the capital gains tax exemption for the investments in eligible Start-ups (**Applicable from AY 20**20-21** & FY 20**19-20)** Section **54GB**

(i) **Now** an assesse is **permitted** to take capital gains **tax exemption** where capital **gains** on the transfer of a **residential** house property is **invested** in eligible **start-ups** Indian Company by the eligible assesse

(ii) **Increased** in rationalization for the capital gains **tax exemption**

(a) **Decreased** in minimum **shareholding** requirement from **50%** to **25%** of a domestic **start-ups** company

(b) **Decreased** in **lock-in-period** for transfer of the **new asset** like computer hardware and software from **5** (five) years to **3** (three) years

(c) **Increased** in period for taking **benefit** under the Section 54GB from March 31, **2019** to March 31, **2021**

2. **Increased in rationalization for carry-forward and set off of the losses (**Applicable from AY 20**20-21 &** FY 20**19-20)** Section **79(a)** & **79(b)**

(i) Provisions Applicable for the **non-eligible start-ups** companies under the Section **79(a)**

- These companies are permitted to **carry forward** and **set off** of the **losses** in next years where a minimum **51%** shareholdings as on **March 31** of a previous year in which **losses** are incurred should be **continued** as on **March 31** of a previous year in which such **losses** are to be **set-off**

(ii) Provisions Applicable for the **Eligible start-ups** companies under the Section **79(b)**

(a) These companies are permitted to **carry forward** and **set off** of the **losses** in next years where shareholdings in a previous year of the **losses** are **continued** as on **March 31** of previous year in which **losses** are to be **set off**

(b) These companies are permitted to **carry forward** and **set off** of the **losses** in next years but within **7**(seven) **years** from the year in which company is **incorporated**

3. **No Enquiry or verification against share Premium received by an eligible start-up Indian Company (**Applicable from AY 20**20-21 &** FY 20**19-20)** Section **56(2)(viib)**

(i) **Now** income tax deptt is **not permitted** for making enquiry or **verify** the amount of **share premium** where eligible start-up Indian company has already submitted a **requisite declaration** and also submitted **requisite informations** in the **return** of incomes **filed** with the Income Tax Deptt.

(ii) **Now** income tax deptt is also **not permitted** to carry any kind of **e-verification** for establishing of

(a) **Identity** of the investors

(b) **Source** of the funds

(iii) **Now** Assessing officer **(AO)** is also **not permitted** for enquiry or verification in the **pending** assessments cases **without** obtaining an **approval** from the CIT or principle CIT as case may be

4. Taxability on the amount of Share Premium as received by an eligible start-up Indian company where default is made in compliance of the prescribed conditions for availing tax exemption (Applicable from AY 20**20-21** & FY 20**19-20)** Section **56(2)(viib)**

(i) **Now** amount of **Share premium** is **taxable** in the **year** in which eligible **start-up** Indian company is **failed** to **comply** the **conditions** as given in the notification for availing a **tax exemption**

(ii) This **provision** is incorporated **to force** the eligible **start-up** Indian company to **comply** with the provisions as given in the notification for availing a tax **exemption**

5. Incentives against the investments by a Category II Alternative Investment Fund **(AIF) (**Applicable from AY 20**20-21** & FY 20**19-20)** Section **Section 56(2)(viib)**

(i) **Now** eligible **start-up** Indian Company is **permitted** to take the **benefit** of a **tax exemption** under the section **56(2)(viiib)** where the funds as **received** by an eligible start-up Indian company from **Category II** AIF **in addition** to Category **I** AIF also

(ii) Previously **benefits** of a **tax exemption** was **available** against the funds as **received** by an eligible start-up Indian Company from **Category I** AIF only

(C) General Provisions for Corporates and Non Corporates both

1. **TDS on Cash Withdrawals from Banks (**Applicable from September **01, 2019** AY 20**20-21** & FY 20**19-20)** New Section **194 N**

- **Now** 'all' **banks** are **required** to deduct a TDS **@ 2%** where **cash withdrawals** by the account holders are exceeding of Rs **1**(one) **crore** during a financial year to discourage the cash transactions

2. **Acceptance of Payments through electronic modes by the Business Entities (**Applicable from November **01, 2019** AY 20**20-21** & FY 20**19-20)** New Section **269SU**

(i) **Now** business entities are required to provide a facility for **electronic modes** payments to the customers to **accept** the **payments** through **electronic** modes only where business **turnover** is exceeding Rs **50**(fifty) **crores** in a financial year
(ii) A **penalty @5000** per day under the Section **271 DB** is to be levied where such facility is **not provided** to the customers

3. **Introduction of Faceless Scrutiny Assessment System**

(i) **Now** Govt. of India is **launching** a scheme of **faceless** assessment in a phased manner in **electronic** mode where **human interface is not possible** with the Assessing Officer (AO)
(ii) **Now** cases for the **Scrutiny** are to be **allocated** to the assessments **units** in a **random** manner and **notices** are to be issued an **electronically** by a Central Cell **without** disclosing the name, **designation** or **location** of the AO
(iii) **Central Cell** is to be a **single point** for contact between the taxpayer and the Income Tax Deptt.

4. **Rationalization of the Penalty Provisions against under Reported Incomes (**Applicable from AY 20**17-18** & FY 20**16-17)** Section **270A**

- **Now** basis for computing the **quantum** of **penalty** has been suitably **amended** where the assesse has **under reported** incomes and also **furnished** his return for **first** time under the Section **148**

5. **Widening the Scope of Statement of Financial Transactions (SFT) (**Applicable from September **01, 2019** AY 20**20-21** & FY 20**19-20)** Section **285BA**

- **Now** Govt of India has **widened** the scope of **SFT** by way of **removing** the current thresehold limit of Rs. **50**(fifty) **thousands** as aggregate value of the transactions during a **financial** year

6. **Widening of the Black Money Act**

- **Now** the **definition** of **assesse** under the Black Money Act is **widened** by covering of the **non-residents** and **not ordinarily residents** those were **residents** in India in the year in which the **undisclosed** income or asset was earned or **acquired**

7. **Incentives/Benefits to the Non-Banking Finance Companies (NBFCs) (**Applicable from AY 20**20-21** & FY 20**19-20)** Section **43D & 43B**

(i) Now **NBFCs** are permitted to **declare** the **interest** incomes in their profit and loss account as earned **against** certain categories of **bad** or **doubtful debts** on **receipt basis** under the Section **43D**

(ii) **Before** this amendment the **privilege** was **available** to the Scheduled **banks** only

(iii) Now **borrower** is required to **claim** the **interest** on **loans** or advances taken from the **NBFCs** on **actual payment** basis and also payment should be made **before** the due **date** of **furnishing** the **return** of incomes

8. Promoting Digital mode of the Payments (Applicable from September **01, 2019** Ay 20**20-21** & FY 20**19-20)** Section **269SU**

- Now **Govt** of India is **empowered** to prescribe any **other** electronic **modes** of the payments or receipts for encouraging **digital** modes over and above **existing** permissible modes **like** account payee **Cheque** account payee **draft,** RTGS, NEFT and electric clearing system **(ECS)**

9. Concessional Rate of Tax for the Short Term Capital Gains (STCG) on Equity Oriented Mutual fund Scheme (Applicable from AY 20**20-21** & FY 20**19-20)** Section **111A**

- Now **Concessional rate** of tax for **STCG** is also permitted for **transfer** of the **units** of a mutual fund as **set up** for **disinvestment** of Central Public Sector Enterprises **(CPSEs)**

10. Cancellation of **Registration of the Trust or Institution (**Applicable from September **01, 2019** & AY 20**20-21** & FY 20**19-20)** Section **12AA**

(i) **Now** Income Tax deptt is **permitted** for **cancellation** of a registration of a **charitable** trust, society or institution where charitable entity is **not complying** with the **provisions** of **'other'** Indian laws of the state or Central Govt.

(ii) However **not complying** with the provisions of **other** law should be on **material**/substantial basis against the objects of the charitable entity

11. Reliefs for the Salaried Persons (Applicable from AY 20**07-08** & FY 20**06-07)** Section **89**

(i) **Now** an assesse is **permitted to claim a relief** in tax slab rate under the Section **89** where **salary** is received **in arrear** or in advance

(ii) Relief under Section **89** is **specifically** permitted under the following Sections :-

(a) **140A**
(b) 143
(c) 234A
(d) **234B**
(e) 234C

12. Enhancing the time limit for sale of attached Property (Applicable from **September 01, 2019** AY 20**20-21** & FY 20**19-20)** Rule **68B**

(i) **Now** Income Tax **deptt** is permitted **to sale** the attached immovable **property** within **7**(seven) **years** for the **recovery** of **tax** and **penalties** etc.

(ii) **Computing** of **7** (Seven) **years** is commenced from the end of **financial year** in which **order** of tax and **penalties** etc are become **final**.

(iii) **Before** this amendment the period was within **3**(three) **years** only

13. Relief for the Non Residents of India against the provisions where they are treated Assesse in default (Applicable from AY 20**20-21** & FY 20**19-20)** Section **201** and **40(a)(i)**

(i) **Now** resident of India as **payer** is also **not treated** as '**assesse in default'** where **payee** is non resident of India who has **declared** the incomes **in** his income tax return **(ITR)** and also **paid** income **tax** on it in India

(ii) **Before** this amendment the **relief** was **not available** where **payee** is a **non-resident** of India.

14. Additional inclusions in Definition of the 'Consideration for Immovable' Property for TDS purpose (Applicable from September 01, 2019 AY 2020-21 & FY 2019-20) Section 194-IA

- **Now** certain **charges** as being recovered by a developer of a **immovable property** are also to be **included** for the purpose of **TDS deduction** by a payer **@1%.** A list is as below:-

  (a) **Club** Membership fee
  (b) **Car** parking fee
  (c) **Electricity** and water facility fee
  (d) **Maintenance** fee
  (e) **Advance** fee
  (f) Any **other charges** of the similar nature which are incidental to transfer of the immovable property

15. TDS on the Individuals and HUFs against the Payments to Contractors & Professionals (Applicable from September 01, 2019 AY 2020-21 & FY 2019-20) New Section 194M

(i) **Now** individuals and HUFs are required to deduct **TDS @ 5%** on **payments** to the contractors and professionals where such payments are **exceeding** Rs **50**(fifty) **lacs** in a **financial** year

(ii) These payments may be for **personal** or **business** purpose where these are also **not covered in tax audit** report under the Section **44AB**

16. Rationalization for TDS on the Payments under the head Life Insurance Policy (Applicable from September 01, 2019 AY 2020-21 & FY 2019-20) Section 194DA

(i) **Now** TDS on the payments under the head **life insurance policy** on the **not exempted** incomes under the Section **10**(**10D**) is to be deducted **@ 5%** on the '**net taxable incomes**' component where it was earlier **@ 1%** on the '**gross payment**' Amounts

(ii) Henceforth TDS @ **5%** is to be deducted on the **net taxable incomes** instead of TDS @ **1%** which was earlier to be deducted on the **gross payments**