



AMENDMENTS IN INCOME TAX (A.Y. 2021-22)

CA NEETA MG

SECTION 115BAC (New Tax Regime)

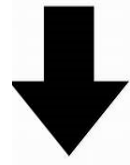
- Tax on income of **individuals and Hindu undivided family**
- Optional to the Tax Payer

Income slabs	Tax rates(%)
upto 2,50,000	Nil
2,50,001 to 5,00,000	5%
5,00,001 to 7,50,000	10%
7,50,001 to 10,00,000	15%
10,00,001 to 12,50,000	20%
12,50,001 to 15,00,000	25%
Above 15,00,000	30%

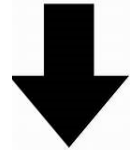


Alternative Minimum Tax – Individuals and HUF exercising option u/s 115BAC are not liable to AMT

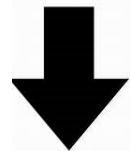
SEC 115BAD Co-operative society **Resident in India**



can opt concessional rate @ **25.168%**
(ie. Tax @ 22% plus surcharge 10% plus health and education cess @ 4%)



The provisions of Alternate minimum Tax 115JC would **not** be applicable



Total income should be computed without giving effect to deduction under section 10AA,35AD,35CCC, Additional depreciation under section 32(1)(ia),income based deductions under VI-A (Other than section 80JJAA) and without set off of losses.

SPECIAL TAX RATE FOR DOMESTIC COMPANIES U/S 115BA/115BAA/115BAB

SECTION	COMPANY	TAX RATE
115BA	Manufacturing Domestic Companies (Set -up and Registered on or after 1/3/2016)	25%
115BAA	Domestic Companies	22%
115BAB	Manufacturing Domestic Companies (Set-up and Registered on or after 01/10/2019 and Commences Manufacture of article or thing before 31.3.2023)	15%

Note : Under section 115BA,115BAB,115BAC, total income should be computed without giving effect to deduction under section 10AA, 33AB, 35, 35AD, 35CCC, 35CCD, Additional depreciation under section 32(1)(iia), Income based deductions under VI-A (Other than section 80JJA or section 80M) and without set-off of losses.



MCQ QUESTIONS

1. **The tax liability of Mr. Saral, who attained the age of 60 years on 01.04.2021 and does not opt for the provisions of section 115BAC for the P.Y. 2020-21, on the total income of ₹ 5,60,000, comprising of salary income and interest on fixed deposits, would be -**
 - (a) ₹ 9,880
 - (b) ₹ 22,880
 - (c) ₹ 25,480
 - (d) Nil

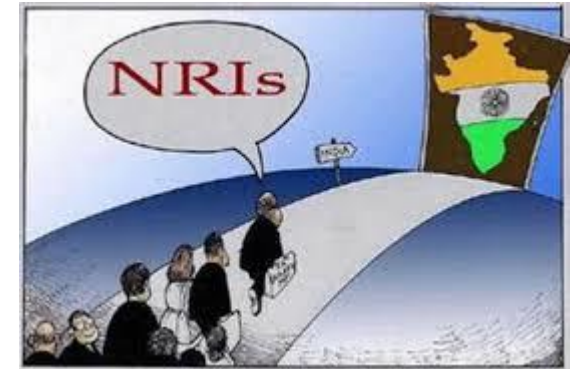
2. **The tax liability of Nirlep Co-operative Society (does not opt to pay tax under section 115BAD) on the total income of ₹ 90,000 for P.Y. 2020-21, is -**
 - (a) ₹ 24,000
 - (b) ₹ 28,080
 - (c) Nil
 - (d) ₹ 24,960

Determination of Residential Status of Individual being citizen of India/ Indian origin comes on a visit to India

Having Total income **other than the income from foreign Sources** exceeds **Rs 15 lakhs** during the previous year will be treated as



RESIDENT IN INDIA



If the period of his stay during the relevant PY amounts to **182 days or more**
OR

He has been in India during the **4 years immediately preceding the PY** for a total Period of **365 days or more AND has been in India for 120 days** in the PY.

Note: Income from foreign sources means income which accrues or arises outside India except income from a business controlled from or profession setup in India

SECTION 6(1A) - Deemed Resident

- An Individual being an **Indian Citizen**
- Having Total Income other than **income from foreign sources more than Rs 15 Lakhs during the P.Y.**
- If not liable to pay tax in any other country or territory
- Deemed Resident is always RNOR

RESIDENT



SECTION 6 - Residential Status

1) ROR is one who satisfies **both the following conditions**

i) He is a resident in any **2 out of 10** PYs preceding the relevant P.Y

AND

ii) His Stay in India in the Last 7 years preceding the relevant PY . is **730 days** or more

2) RNOR is one who satisfies **any one** of the following conditions :-

- He is a **non resident** in any of **9 out of 10** PYs preceding the relevant P.Y

OR

- His Stay in India in the **last 7 years** preceding the relevant P.Y. is **729 days** or less

- A citizen of India , or a person of Indian origin, having total income, **other than the income from foreign sources**, exceeding **Rs 15 lakh** during the previous year , who has been in India for a period or periods amounting in all to **120 days** or more but **less than 182 days**

OR

- A citizen of India who is deemed to be resident in India.

MCQ QUESTIONS

Question No 1

If Anirudh, a citizen of India, has stayed in India in the P.Y. 2020-21 for 181 days, and he is non-resident in 9 out of 10 years immediately preceding the current previous year and he has stayed in India for 365 days in all in the 4 years immediately preceding the current previous year and 420 days in all in the 7 years immediately preceding the current previous year, his residential status for the A.Y. 2021-22 would be -

- (a) Resident and ordinarily resident**
- (b) Resident but not ordinarily resident**
- (c) Non-resident**
- (d) Deemed resident but not ordinarily resident**

Question No 2.

Mr. Sumit is an Indian citizen and a member of the crew of an America bound Indian ship engaged in carriage of freight in international traffic departing from Chennai on 25th April, 2020. From the following details for the P.Y. 2020-21, What would be the residential status of Mr. Sumit for A.Y. 2021-22, assuming that his stay in India in the last 4 previous years preceding P.Y. 2020-21 is 365 days and last seven previous years preceding P.Y. 2020-21 is 730 days?

- **Date entered in the Continuous Discharge Certificate in respect of joining the ship by Mr. Sumit: 25th April, 2020**
- **Date entered in the Continuous Discharge Certificate in respect of signing off the ship by Mr. Sumit: 24th October, 2020**

Mr. Sumit has been filing his income tax return in India as a Resident for the preceding 2 previous years.

- (a) Resident and ordinarily resident**
- (b) Resident but not-ordinarily resident**
- (c) Non-resident**
- (d) Deemed resident but not-ordinarily resident**

Income from Salaries

Individual and HUF opting for concessional tax regime **under section 115 BAC**

Following deductions and exemptions are not allowed :-

- Leave Travel Concession u/s 10(5)
- House Rent Allowance u/s 10(13A)
- Helper Allowance u/s 10(14)(i)
- Any allowance granted for encouraging the academic, research and training pursuits in educational and research institutions u/s 10 (14)(i)
- Uniform Allowance u/s 10 (14)(i)
- Children Education Allowance , Hostel Expenditure Allowance , Tribal Area Allowance etc u/s 10(14)(ii) except transport allowance granted to an employee who is blind or deaf / dumb
- Free food and beverage through vouchers provided to the employee up to 50 per meal/ Tea & Snacks
- Deductions u/s 16 (Standard deduction, Entertainment Allowance, Professional Tax)



Income from House property

If **115BAC** is opted :-

- i) Deduction for Interest on borrowed capital **for self occupied property** is not allowed
- ii) Set off of losses from house property is not allowed.



PROFITS AND GAINS OF BUSINESS OR PROFESSION

Individual or HUF opting for concessional tax regime under [section 115BAC](#)

Following deductions and exemptions **are not allowed**

- Additional Depreciation u/s sec **32(1)(iia)**
- Account of payment to outside agencies for scientific research u/s **35(1)(ii),(iia),(iii)and 35(2AA)**
- Investment – linked tax deduction in case of specified business u/s **35AD**

SEC 32AD

- ❑ In respect of new plant and machinery acquired and installed in such notified back areas(Andhra Pradesh, Bihar, Telangana or west Bengal) **on or after 01.04.2020, deduction u/s 32AD is not allowable**
- ❑ For PY 2020-21 in respect of new plant and machinery acquired and installed in notified backward areas in PY 2019-20 and **put to use for less than 180 days**, the balance additional depreciation **@17.5%** is allowable in P.Y 2020-21



SEC 44AB – Compulsory audit of Books of Accounts (Tax audit)

Tax audit is compulsory in following cases :-

- a) Business – If Turnover exceeds Rs 1crore During the PY
- b) Profession – If Gross Receipts > Rs 50 lakhs during the PY
- c) If assessee covered by sec 44AD or sec 44ADA and assessee claimed income less than 8% / 6% or 50% & his Total income is more than Basic exemptions.

In order to reduce the compliance burden on the **small and medium enterprises** carrying on the business, the threshold of turnover /sales limit for tax audit requirements has been **increased from 1 crore to 5 crores**, subject :-

a) Aggregate of all amounts received including amount received for **sales, Turnover or gross receipts** during the previous year, **in cash does not exceed 5% of the said amount**

AND

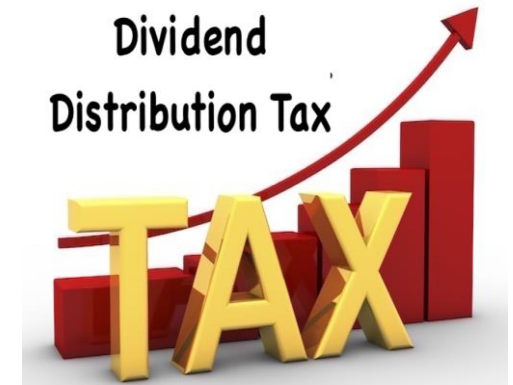
b) Aggregate of all payments made including **amount incurred for expenditure**, in cash, during the previous **year does not exceed 5% of the said payment**

INCOME FROM OTHER SOURCES

Taxability of Dividend Income

Section 115 O is not applicable on domestic company on dividend paid or declared w.e.f 1/4/2020

Exemption u/s 10(34) not applicable and therefore **Dividend received from domestic company is TAXABLE in the hands of shareholders**



NOTE

- ❖ Sec 57 –Deductions : Interest expense in case of dividend or income in respect of units of mutual fund or income in respect of units of specified company can be claimed as deduction but limited to **20% of such income**
- ❖ Individual and HUF opting for new tax regime u/s 115BAC cannot claim deduction u/s 57(ii a) – **Standard deduction for family pension**

TAX DEDUCTED AT SOURCE

Sec 197B- In order to provide funds at the disposal of tax payers dealing with the economic situation arising out of Covid 19 pandemic the **rate of TDS has been reduced to 3/4th** of the specified rate for the period from **14th May 2020 to 31st March 2021** .

Sec 194 M Payment to Contractors, Commission or brokerage, Fees for professional services

Threshold limit for deduction	➔	Payment to resident in excess of 50 lacs in a FY
Rate of TDS	➔	5 % (3.75%)
Time of deduction	➔	At the time of credit or payment which ever is earlier

TAX
DEDUCTION
AT SOURCE

Note :The section is applicable only to Individual or HUF other than those who are required to deduct tax at source u/s 194C or 194H or 194J

Sec 194 N Cash withdrawals



Payer :- a banking company

- a Co-operative society engaged in carrying on the business of banking or
- a post office who is responsible for paying any sum being the amount or the aggregate of amounts, as the case may be, **in cash exceeding Rs 1 crore during the P.Y**

Threshold limit



> 1 crore

Rate of TDS



2% of sum exceeding 1 crore

Time Of Deduction



At the time of Payment

Note : The recipient has **not filed Return of Income for all the 3 immediately preceding P.Ys :-**

if cash withdrawal > 20 lakhs but ≤ Rs 1 crore – TDS -2%

if cash withdrawal exceeds Rs 1 crore – TDS -5%

SEC 194-O : Payment of certain sums by e-commerce operator to e-commerce participant



Rate Of TDS



E-commerce operator to deduct tax by @ 1% on gross amount of sales or services

Exception



No TDS if individual or HUF ; gross amount does not exceed Rs. 5 lakhs; and PAN / Aadhar number is furnished

Time of deduction



At the time of credit or at the time of payment whichever is earlier

Note : E – commerce participant **does not furnish his PAN or Aadhar number**, TDS must be at the **rate of 5%** as per sec 206AA

SEC 206C – TAX COLLECTION AT SOURCE

Sec 206C (10A)

- TCS Rates reduced to **3/4th from** 14th May 2020 to 31st March 2021



**ALL ABOUT NEW
IT PROVISIONS OF
TCS**

Sec 206C(1G) - Overseas remittance or an overseas tour package (w.e.f 1.10.2020)

Sec 206C (1G) Provides for collection of tax by every person ,

- Being an **authorized dealer** , who receives amount, under the Liberalised Remittance scheme of the RBI,
For overseas remittance from a buyer being a person remitting such amount out of India
- Being a **Seller of an overseas tour package** who receives any amount from the buyer who purchases the package
at the Rate of 5% of such amount



**ALL ABOUT NEW
IT PROVISIONS OF
TCS**

Exception:

(i) The authorized dealer shall not collect tax , if aggregate of the amounts being remitted by a buyer is **less than Rs 700000** in a FY and is for a purpose **other than purchase of overseas tour programme package.**

(ii) **Tax point :** If remittance is more than Rs 7,00,000 (say 8,00,000) , then tax shall be collected on excess amount (i.e.Rs 1,00,000)

(iii) **Where amount remitted out is a loan obtained from financial institution for purpose of pursuing any education , TCS is 0.5% of the amount or aggregate of the amount in excess of Rs.7 lacs .**

Sec 206C (1H) -SALE OF GOODS OF VALUE EXCEEDING RS. 50 LAKHS (W.E.F 1.10.2020)

Every person , being a seller :-

- who receives any amount as consideration for sale of any goods
- of the value or aggregate of value **exceeding Rs. 50,00,000 in any previous year**
- at the time of receipt of such amount
- collect from the buyer ,
- a sum equal to 0.1% of the sale consideration exceeding Rs. 50,00,000**

Exception :-

If the buyer has not provided the **PAN OR the Aadhaar number** to the seller, tax shall be collected @ **1%**

Seller :-A person whose total sales , gross receipts or turnover exceed 10 crores during the FY immediately preceding the FY in which sale is carried out.

DUE DATE OF FILING RETURN OF INCOME

31st October of A.Y



- Company
- person (other than a company) whose accounts to be audited
- A working partner of a firm whose accounts to be audited

30th November of AY



Assessee required to file the transfer pricing report u/s 92E (international transactions)

31st July of A.Y



Any other Assessee