



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**

(Set up by an Act of Parliament)

**KOTTAYAM BRANCH (SIRC)**

Vol :05 Issue: 05

JULY 2024

# NEWSLETTER

A background image of a city street at sunset or sunrise, with tall buildings and a crowd of people walking. The scene is bathed in a warm, orange-red light. A person in a suit is walking away from the camera in the foreground.

**FINANCE (NO. 2) BILL  
ANALYSIS OF DIRECT TAX  
PROPOSALS**

# CHAIRMAN'S MESSAGE

**CA SHINE P. JOSEPH**  
**CHAIRMAN**

My Dear Professional Colleagues,

## 1st July, Chartered Accountants Day.

This day, 1 July, will always be etched in our minds as the Day of Formation of the Institute of Chartered Accountants of India, to which we proudly belong. It is on this day in the year 1949 that ICAI was born, and over the last 75 years we have grown by leaps and bounds in terms of members' and students' bases, and we are marching ahead with confidence and conviction to serve the profession of accounting in the country, the members, the students, and the society at large.

ICAI, the second largest accounting profession in the world, is unique in the entire world, playing the multifaceted roles of education, examination, admission to membership, continuing professional education, and regulating the profession with disciplinary jurisdiction. No other professional institute in the world got the intellectual backing that ICAI has, and our alma mater, rightly, has been recognised as a Partner in Nation Building by none other than the great visionary Dr. APJ Abdul Kalam, former President of India.

One needs to know the history of ICAI, which was the culmination of historic efforts taken by the accounting professionals in the Constituent Assembly in the 30's and 40's of the last century. The first initiative came from the discussion with the introduction of the Companies (Amendment) Bill in

the Constituent Assembly on 23 March 1936. The accounting profession as such was recognised through a statutory provision in the form of the Companies Act, 1913; later in 1932, it became the Accountancy Board; and thereafter, on 1st July 1949, the Institute of Chartered Accountants of India.

This is the most fitting occasion to recall and record all of their yeomen service to our profession. We salute them for their efforts to lay a strong foundation and their foresighted thoughts to develop, making our institution the second largest accounting professional body in the world. On this juncture, let us take the pledge to carry forward the ideals set in by them and build up the image of the profession across the globe. Let us rededicate our energy and efforts to continue the legacy and values set by them.

It perhaps will be remembered as one of the busiest months of the year for chartered accountants. As per the official press release, the total number of ITRs for the Assessment Year 2024-25 filed till 31st July, 2024. This month has also been a month of ups and downs for our students, with the results being published in early July 2024. My hearty congratulations to the new entrants to the profession. For those who couldn't make it yet, I would only say, "Never give up!"

This month's programmes start with CA Day celebrations. I thank

all our members and students who volunteered to donate their blood on CA Day at our blood donation camp that morning. I also express my deep gratitude to the Lions-SH Medical centre Blood Bank & Pala Blood Forum who teamed up with ICAI Kottayam for the success of the camp. All our donors that day are our heroes; we salute you! I thank SICASA Kottayam for wonderful cultural activities on the day.

July 3, 2024, ICAI MSME & STARTUP YATRA on the theme Financial & Tax Literacy bus reaches our branch. On 5th July 2024, a CPE seminar on TAXATION OF CHARITABLE TRUST by CA. Prasanth Srinivas, Kottayam and it was a wonderful session. The Annual General Meeting of ICAI Kottayam was conducted on the 12th of July 2024 along with a CPE seminar on Compliances under Companies Act-An Overview & Key Forms and Compliances under FEMA by CA. Madhukuttan Pillai K.B., Ernakulam, and CA. Alwin Jacob, Thrissur, with 4 hours of CPE credit. On July 15, 2024, we celebrate World Youth Skills Day and the CPE Seminar on 'Skill Enrichment of Chartered Accountants for a Transformative Future' with 3 hours of CPE credit.

Once again, CA Day wishes to all, and let us continue to contribute to the stature of our profession, thereby bringing in more glory to ourselves and our fellow members.

Jai Hind! Jai ICAI!

Yours truly

# CA Day Celebrations



# MSME Start-up Yatra



## CPE Seminar on Taxation



## World Youth Skills Day



# AGM & CPE Seminar on Compliance Under Companies Act-An Overview & Key forms and Compliances under FEMA



# FINANCE (NO. 2)

## BILL

### ANALYSIS OF

#### DIRECT TAX



**CA. PRASANTH SRINIVAS**

#### Analysis of amendments

- Computation provisions
- Charitable Trusts
- TDS and TCS
- Assessment / Appellate Procedures
- Miscellaneous
- Tax Rates

#### · Standard deduction from family pension

Assessee following old regime – upper limit of Rs.15,000 will continue

· Assessee following 115BAC – upper limit is enhanced from Rs.15,000 to Rs. 25,000

#### AMENDMENTS IN COMPUTATION PROVISIONS

Standard Deduction from Salaries (S 16) / Family pension (S 57)

Effective Date: 01.04.2025 (i.e. AY 2025-26)

Clause of FB: 10 & 24

#### · Standard deduction from Salary

Assessee following old regime – upper limit of Rs.50,000 will continue

· Assessee following 115BAC – upper limit is enhanced from Rs.50,000 to Rs. 75,000

#### Angel Tax abolished (S 56(2)(viib))

Effective Date: 01.04.2025 (i.e. AY 2025-26) Clause of FB: 23

#### · Existing provision

· Closely held company issuing shares to a resident at a price higher than face value.

· IFOS = Issue price – fair market value of shares

#### · Proposal

· It is proposed that the provisions of Section 56(2)(viib) shall not apply from the assessment year 2025-26.

· A boost to startups.

#### Amendments relating to Capital Gains

Effective Date: 23.07.2024

Clause of FB: 3, 20, 21, 29, 30, 31, 33, 34, 35, 36, 38, 63 & 64

#### Period of holding – 12 months / 24 months for all assets

| Description                            | Long term asset if                           | Short term asset if                        |
|--|--|--|
| All listed securities                  | Held for more than 12 months                 | Held for 12 months or less                 |
| All other capital assets               | Held for more than 24 months (now 36 months) | Held for 24 months or less (now 36 months) |
| Units of listed business trust         | Held for more than 12 months (now 36 months) | Held for 12 months or less (now 36 months) |
| bonds, debentures, gold etc.           | Held for more than 24 months (now 36 months) | Held for 24 months or less (now 36 months) |
| unlisted shares and immovable property | Held for more than 24 months (no change)     | Held for 24 months or less (no change)     |

## Amendments relating to Capital Gains contd...

Effective Date: 23.07.2024

Clause of FB: 3, 20, 21, 29, 30, 31, 33, 34, 35, 36, 38, 63 &amp; 64

**Changes in tax rates on capital gains**

- the rate for **short-term capital gain u/s 111A** on STT paid **equity shares, units of equity oriented mutual fund and unit of a business trust** is proposed to be **increased to 20% from the present rate of 15%**
- **Other short-term capital gains** shall **continue to be taxed at applicable rate.**
- The rate of **long-term capital gains under provisions of various sections** of the Act is proposed to be **12.5% in respect of all category of assets.** This rate earlier was 10% for STT paid listed equity shares, units of equity-oriented fund and business trust under section 112A and for other assets it was 20% with indexation under section 112. **Exemption of gains up to Rs. 1.25 lakhs** (aggregate) is proposed **for long-term capital gains under section 112A increasing the present exemption limit of Rs. 1 lakh.**
- For **bonds and debentures**, rate for taxation of **long-term capital gains is 20% without indexation.** For **listed bonds and debentures**, the rate shall be reduced to 12.5%. Unlisted debentures and unlisted bonds are of the nature of debt instruments and therefore any capital gains on them should be taxed at applicable rate, whether short-term or long-term.

7

**Removal of indexation**

With rationalization of rate to 12.5%, **indexation** available under **second proviso to section 48** is proposed to be **removed** for calculation of any long-term capital gains which is presently available for property, gold and other unlisted assets. This will ease computation of capital gains for the taxpayer and the tax administration.

**Consequential changes**

To bring parity of taxation between residents and non-residents, corresponding amendments to section 115AD, 115AB, 115AC, 115ACA and 115E are being made to align the rates of taxation in respect of long-term capital gains proposed under section 112A and 112 and rates of short term capital gains proposed under section 111A. Further, consequential amendments to align the withholding tax provisions with the substantive provisions to give effect to the proposed changes in rates of capital gains tax are being made under section 196B and 196C.

8

**Working partners' remuneration limit (Section 40 (b))**

Effective Date: 01.04.2025 (i.e. AY: 2025 – 26)

Clause of FB: 14

| PRESENT LIMIT (Fixed in AY 2010-11)                                |   | PROPOSED LIMIT   |   |
|--|---|--|---|
| on the first Rs. 3,00,000 of the book- profit or in case of a loss | <ul style="list-style-type: none"> <li>• Rs. 1,50,000 or</li> <li>• 90% the book profit whichever is more;</li> </ul> | on the first Rs. 6,00,000 of the book- profit or in case of a loss | <ul style="list-style-type: none"> <li>• Rs. 3,00,000 or</li> <li>• 90% the book profit whichever is more;</li> </ul> |
| on the balance of the book-profit                                  | 60% the book profit   | on the balance of the book-profit                                  | 60% the book profit   |

9



## Income from letting residential house is not business income (sec 24 vs 28)

Effective Date: 01.04.2025 (I.e. AY 2025-26)

Clause of FB: 11

### • Existing practice

Some taxpayers are reporting their rental income generated by letting out of the residential house property, under the head 'Profits and gains of business or profession' instead of 'Income from house property'. To reduce their tax liability substantially.

### • Proposal

It is proposed to amend the section 28 of the Act so as to clarify that any income from letting out of a residential house or a part of the house by the owner shall not be chargeable under the head "Profits and gains of business or profession" and shall be chargeable under the head "Income from house property".

## Amendment to Section 47 – Transaction not regarded as transfer

Effective Date: 01.04.2025 (I.e. AY 2025-26)

Clause of FB: 19

### • Existing practice

Clause (iii) of section 47 provides that nothing contained in section 45 shall apply to any transfer of a capital asset under a gift or will or an irrevocable trust. Section applies even when capital assets are transferred by persons other than individuals and HUF.

### • Proposal

Since gift pre supposes natural love and affection, it is proposed to restrict the applicability of this section to gifts made by individuals and HUF.

It is proposed to substitute section 47(iii) to provide that **nothing contained in section 45 shall apply to transfer of a capital asset, under a gift or will or an irrevocable trust, by an individual or a Hindu undivided family.**

11

## Inclusion of taxes withheld outside India for purposes of calculating total income (S 198)

Effective Date: 01.04.2025 (I.e. AY 2025-26)

Clause of FB: 66

### • Existing practice

Section 198 of the Act provides that tax deducted, in accordance with Chapter XVII-B shall, for the purpose of computing the income of an assessee, be deemed to be income received.

Some assessees are not including taxes withheld outside India for the purposes of calculating their total income in India which led to under reporting of total income.

They not only declared income net of tax deducted, but also claimed credit for the taxes withheld abroad resulting in taking double benefit.

### • Proposal

It is proposed to amend section 198, to provide income tax paid outside India by way of deduction, in respect of which an assessee is allowed a credit against the tax payable under the Act, also are for the purpose of computing the income of the assessee, deemed to be income received.

12

# AMENDMENTS RELATING TO CHARITABLE TRUSTS

## Limited merger of Section 10(23C) into Sections 11 to 13

Effective Date: 01.10.2024

Clause of FB: 4, 6 & 9

### • Existing provision

Many provisions in Section 10(23C)(iv)(v)(vi) & (via) are almost identical to Sections 11 to 13. Year to year amendments are made to synchronize both. Now they are proposed to be integrated to avoid duplication and to bring simplicity.

### • Proposal

- Applications seeking approval or provisional approval u/s 10(23C)(iv), (v), (vi) or (via) filed on or after 01.10.2024 shall not be considered.
- Applications filed under these sub-clauses before 01.10.2024, and which are pending would be processed and considered under those provisions itself.
- Approved trusts, funds or institutions would continue to get the benefit of exemption, as per the provisions of 10(23C)(iv), (v), (vi) or (via), till the validity of the said approval.
- They would be eligible to apply for registration, subsequently, under sections 11 to 13. Amendments have accordingly been proposed in section 12A.
- Certain eligible modes of investment, specified in clause (b) of third proviso to S 10(23C) shall be protected in the second regime, by way of amendment in section 13.

14

## Condonation of delay in filing application for registration (S 12A proviso)

Effective Date: 01.10.2024

Clause of FB: 6

### • Existing provision

A trust seeking registration under section 12AB must apply for registration / renewal etc. within the timelines specified in clause (ac) of sub-section (1) of section 12A. Failing which, it may lose exemption, it may be subject to exit tax u/s 115TD etc.

### • Proposal

It is proposed that the Principal Commissioner/ Commissioner may be enabled to condone the delay in filing application and treat such application as filed within time. The delay may be condoned if he considers that there is a reasonable cause for the same.

## Correcting Anomaly in proviso – clause iv(B) to Section 80G(5)

Effective Date: 01.10.2024

Clause of FB: 26

### • Existing provision

Vide amendment effective from 01.10.2023, a trust, which had claimed exemption u/s 10(23C) or Section 11, could not make an application for approval u/s 80G. If applied, CITs rejected the applications. This was an unintended anomaly.

- **Proposal**

Clause B referred to above is proposed to be amended so that trusts that have claimed exemption u/s 10(23C) or 11 could also apply for approval u/s 80G. **However this should have been proposed wef 01.10.2023 instead of 01.10.2024.**

16

### Rationalizing timelines for disposing off applications u/s 12AB / 80G

|                            |                      |
|----------------------------|----------------------|
| Effective Date: 01.10.2024 | Clause of FB: 7 & 26 |
|----------------------------|----------------------|

- **Existing provision**

In both cases, applications are to be disposed off by the PCIT/CIT within 6 months from the end of the month in which they are filed.

- **Proposal**

For better administration and monitoring, it is proposed to rationalise timelines for disposing applications made by trusts or funds or institutions to **six months from the end of the quarter in which the application was received.**

17

### Merger of a trust covered u/s 10(23C) with one u/s 11 & vice versa

|                            |                      |
|----------------------------|----------------------|
| Effective Date: 01.10.2024 | Clause of FB: 7 & 26 |
|----------------------------|----------------------|

- **Existing provision**

When a trust or institution which is approved / registered under the first or second regime, as the case may merges with another approved / registered entity under either regime, it may attract the provisions of Chapter XII-EB, relating exit tax in certain circumstances.

- **Proposal**

It is proposed that conditions under which the said merger shall not attract provisions of Chapter XII-EB, may be prescribed, to provide greater clarity and certainty to taxpayers. **A new section 12AC is proposed to be inserted** for this purpose.

18

# AMENDMENTS RELATING TO TDS / TCS

## Rationalizing TDS rates

| Effective Date: 01.10.2024  |                        | Clause of FB: 54 to 61 |                  |  |
|---|------------------------|------------------------|------------------|--|
| Section   | Present TDS Rate       | Proposed TDS Rate      | With effect from |  |
| Section 194D - Payment of insurance commission (in case of person other than company)                     | 5%                     | 2%                     | 1.4.2025         |  |
| Section 194DA - Payment in respect of life insurance policy   | 5%                     | 2%                     | 1.10.2024        |  |
| Section 194G - Commission etc on sale of lottery tickets  | 5%                     | 2%                     | 1.10.2024        |  |
| Section 194H - Payment of commission or brokerage   | 5%                     | 2%                     | 1.10.2024        |  |
| Section 194-IB - Payment of rent by certain individuals or HUF  | 5%                     | 2%                     | 1.10.2024        |  |
| Section 194M - Payment of certain sums by certain individuals or Hindu undivided family                   | 5%                     | 2%                     | 1.10.2024        |  |
| Section 194-O - Payment of certain sums by e-commerce operator to e-commerce participant                  | 1%                     | 0.1%                   | 1.10.2024        |  |
| Section 194F relating to payments on account of repurchase of units by Mutual Fund or Unit Trust of India | Proposed to be omitted |                        | 1.10.2024        |  |

20

## Claiming other TDS / TCS by salaried employees from employer (S 192)

| Effective Date: 01.10.2024 | Clause of FB: 50 |
|----------------------------|------------------|
|----------------------------|------------------|

### Existing provision

- Section 192 of the Act provides for deduction of tax at source on salary income.
- Section 192(2B) provides for consideration of income under any other head and tax, if any, deducted thereon to be taken into account for the purposes of making the deduction u/s 192(1) of the aforesaid section, subject to certain conditions.
- Representations have been received that credit of TCS paid should be allowed while computing the amount of tax to be deducted on salary income of the employees. Similarly, all TDS may be taken into account for the purpose of deduction of tax from the salary income of employees.

### Proposal

192(2B) may be amended to include any tax deducted or collected under the provisions of Chapter XVII-B or Chapter XVII-BB, as the case may be, to be taken into account for the purposes of making the deduction u/s 192(1).

## Alignment of interest rates for late payment to Government account of TCS (S 206C)

| Effective Date: 01.04.2025 | Clause of FB: 70 |
|----------------------------|------------------|
|----------------------------|------------------|

### Existing provision

- Section 206C(7) provides that persons who fail to collect tax or after collecting, fail to deposit the same to the credit of the Central Government shall be liable to pay simple interest at the rate of one percent for every month or part thereof on the amount of such tax from the date on which such tax was collectible to the date on which the tax was paid.
- A higher interest rate of 1.5% is applicable where tax has been deducted but not been deposited to Government

## Proposal

It is proposed to amend section 206C(7), to specify that simple interest for non-payment of tax collected at source to Government account, is to be increased from one per cent. to one and one-half per cent

### TDS on payment of salary, remuneration, interest, bonus or commission by partnership firm to partners (S 194 T)

Effective Date: 01.04.2025

Clause of FB: 62

#### Existing provision

Presently there is no provision for deduction of tax at source (TDS) on payment of salary, remuneration, interest, bonus, or commission to partners by the partnership firm.

#### Proposal

- New TDS section 194T may be inserted
- to bring payments such as salary, remuneration, commission, bonus and interest to any account (including capital account) of the partner of the firm under the purview of TDS
- for aggregate amounts more than Rs 20,000 in the financial year.
- Applicable TDS rate will be 10%.

### TCS on notified goods (S 206C)

Effective Date: 01.01.2025

Clause of FB: 70

#### Existing provision

Section 206C(1F) provides that every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ten lakh rupees, shall, at the time of receipt of such amount, collect from the buyer, a sum equal to one per cent of the sale consideration as income-tax

#### Proposal

For proper tracking of expenditure on luxury goods and in order to widen and deepen the tax net, it is proposed to amend section 206C(1F) to also levy TCS on any other goods (as notified by Central Government) of value exceeding ten lakh rupees

### TDS on sale of immovable property (S 194 IA)

Effective Date: 01.10.2024

Clause of FB: 58

#### Existing provision

Some taxpayers are interpreting that the consideration being paid or credited refers to each individual buyer's share in payment rather than the total consideration paid for the immovable property. Hence if each buyer is paying less than Rs. 50 lakh, no tax is being deducted, even if the value of the immovable property and stamp duty value exceeds Rs. 50 lakh. This is against the intention of legislature.

## Proposal

Section 194IA(2) be amended to clarify that where there is more than one transferor or transferee in respect of an immovable property, then such consideration shall be the aggregate of the amounts paid or payable by all the transferees to the transferor or all the transferors for transfer of such immovable property.

25

# AMENDMENTS RELATING TO ASSESSMENT / APPELATE PROCEEDINGS

## Re-Introduction of block assessment - search u/s 132 and requisition u/s 132A

Effective Date: 01.09.2024

Clause of FB: 32, 43, 49, 76 & 85

### • Existing provision

- *Vide* Finance Act, 2021, i.e., wef 01.04.2021, sections 153A and section 153C of the Act were amended so that the separate regime for search assessments was abolished and such assessments were subsumed into the reassessment provisions.
- Sections 147, 148, 149, 151 and 151A of the Act were also amended to provide that in such cases back assessments could be reopened up to 10 years and each assessment shall be completed separately after scrutiny. In some of these years there may not be any escaped income. Still this exercise has to be carried out. This is time-consuming process which escalates the litigation cost for the taxpayer as well as for the department.
- In order to make the procedure of assessment of search cases cost- effective, efficient and meaningful, it is proposed to re-introduce the scheme of block assessment for these cases.
- The main objectives for the introduction of this scheme are early finalization of search assessments, coordinated investigation during search assessments and reduction in multiplicity of proceedings.

27

### • **Proposal** - Chapter XIV-B of the Act shall be amended to provide the following:

- Applies where search is initiated or requisition is made on or after the 1st day of September, 2024.
- The 'block period' shall consist of the previous year in which search is initiated or requisition is made and preceding six assessment years.
- Regular assessments for the block period shall abate. There will be one consolidated assessment for the block period. Till block assessment is complete, no further assessment/reassessment proceeding shall take place in respect of the period covered in the block.
- The Assessing Officer shall assess the 'total income' of the assessee for the block period, including the undisclosed income / wealth / expense after making appropriate disallowance based on available evidences.

28

- **Proposal** - Chapter XIV-B of the Act shall be amended to provide the following:
  - The assessment in respect of any other person shall be governed by the provisions of section 158BD.
  - The tax shall be charged at sixty per cent for the block period, as per section 113 of the Act.
  - The tax chargeable here can be increased by a surcharge, if any. However, presently, no surcharge is proposed.
  - No interest under the provisions of section 234A, 234B or 234C or penalty under the provisions of section 270A shall be levied or imposed.
  - On additions made by AO in block assessment, penalty on such additions shall be levied at fifty per cent of the tax payable on additions.
- **Proposal** - Chapter XIV-B of the Act shall be amended to provide the following
  - The time-limit for completion of block assessment
    - **searched assessee** – twelve months from the end of the month in which the search was completed
    - **any other person** – twelve months from the end of the month in which the notice under section 158BC was issued.
    - *However, an exclusion of nearly six months shall be available in respect of period from date of search to the date of handing over of seized material to the Assessing Officer.*
  - The notice requiring the searched assessee to furnish his return as well as the order of assessment for the block period shall be issued or passed, as the case may be, with the previous approval of the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.
  - The provisions of section 144C (FACELESS) of the Act **shall not** apply to any proceeding under the said Chapter.

30

### Rationalization of Reassessment – S 147 to 151

|                            |                             |
|----------------------------|-----------------------------|
| Effective Date: 01.09.2024 | Clause of FB: 44, 45, 46,47 |
|----------------------------|-----------------------------|

#### Existing provision

- The Finance Act, 2021 modified sections 148 and 149 and also introduced section 148A.
- S 148 provides the procedure for issuance of notice to initiate assessment or reassessment or recomputation u/s 147.
- The provisions of S 148A of the Act provide the procedure to be followed by AO before issuance of notice u/s 148.
- S 149 provides the time limits for issuance of notice u/s 148 and computation of the period of limitation.
- S 151 mandates obtaining sanction from the specified authority, for issuance of notice u/s s 148 or 148A.
- Why this amendment:
  - considerable litigation at various fora arising from the multiple interpretations of the provisions of aforementioned sections.
  - representations have been received to reduce the time-limit for issuance of notice for the relevant assessment year in proceedings of assessment, reassessment or recomputation.

31

## Rationalization of Reassessment – S 147 to 151

Effective Date: 01.09.2024

Clause of FB: 44, 45, 46,47

- **Proposal** - The salient features of the proposed amendments are as follows:-
  - the Assessing Officer shall issue a notice to the assessee, along with a copy of the order passed under sub-section (3) of section 148A requiring him to furnish return of income within such period, not **exceeding three months** from the end of the month in which such notice is issued (**and not served**)
  - Any information in the case of the assessee emanating from survey conducted under section 133A, other than under sub-section (2A) of the said section, on or after the 1st day of September, 2024, is proposed to be added to the definition of 'information' with the Assessing Officer which suggests that the income chargeable to tax has escaped assessment.

| Effective Date: 01.09.2024 |   | Clause of FB: 44, 45, 46,47   |
|----------------------------|---|---|
| Type of case               | Time limit for S 148A notice  | Time limit for S 148 notice   |
| Normal cases               | Within 3 years from the end of the relevant assessment year   | Within 3 years and 3 months from the end of the relevant assessment year  |
| Specific cases             | Within 5 years (presently 10 years) from the end of the relevant assessment year if income escaping assessment amounts to or is likely to amount to fifty lakh rupees or more | Within 5 years and 3 months from the end of the relevant assessment year if income escaping assessment amounts to or is likely to amount to fifty lakh rupees or more |

- Specified authority for the purposes of sections 148 and 148A shall be the Additional Commissioner or the Additional Director or the Joint Commissioner or the Joint Director.
- The provisions of these sections prior to this amendment shall apply vis-à-vis search initiated under section 132 or requisition under section 132A or a survey conducted under section 133A on or after the 1st day of April, 2021 but before the 1st day of September, 2024,
- The provisions of these sections prior to this amendment shall apply vis-à-vis cases where a notice under section 148 has been issued or an order under clause (d) of section 148A has been passed, prior to the 1st day of September, 2024.

## Rationalisation of the time-limit for filing appeals to the ITAT Section 253(3)

Effective Date: 01.10.2024

Clause of FB: 78

- Presently appeals to the ITAT are to be filed 'within sixty days of the date on which the order sought to be appealed against is communicated to the assessee or to the PCIT/CIT, as the case may be'.
- It is proposed that the appeal before the ITAT may be filed within two months from the end of the month in which the order sought to be appealed against is communicated to the assessee or to the Principal Commissioner or Commissioner



## Powers of CIT(A) / JCIT (A) – S 251

Effective Date: 01.10.2024

Clause of FB: 77

- Under the existing provisions of section 251 they don't have the power to send the case back to the AO for fresh consideration. However S 250(4) gives them powers to seek remand report from AO before disposing of any appeal.
- It has been found that in the best judgement cases, taxpayers remain non-responsive to the letters or notices issued by the Faceless Assessing Officer. However, they directly file the appeal to Commissioner (Appeals) against the relevant assessment order.
- It is proposed that the cases where assessment order was passed as best judgement case under section 144 of the Act, they shall be empowered to set aside the assessment and refer the case back to the Assessing Officer for making a fresh assessment.
- Further, it is proposed to make consequential amendment in section 153(3) of the Act in order to provide the time limit for disposal of cases which are set aside by the Commissioner (Appeals).

## Miscellaneous Amendments

### Miscellaneous amendments

- On items falling u/s 194J, TDS should be done u/s 194J itself. Deducting TDS u/s 194C will not be valid compliance.
- Equalisation levy at 2% on certain e commerce transactions abolished
- Expenses incurred for settling certain notified disputes will not be allowable u/s 37
- New Vivad Se Viswas Scheme 2024 is proposed to settle pending appeals (CH IV of FB) – Appeal pending on 22.07.2024 – Cut of date 31.12.2024 / 31.01.2025 – start date to be notified.
- Black money Act – disclosure of foreign assets other than immovable property in Indian ITR – limit enhanced from Rs. 5 lakhs to Rs. 20 lakhs
- TDS / TCS on goods u/s 194Q / 206C(1H) – lower TDS / TCS permissible subject to S197.
- 6 years' time frame introduced for filing TDS / TCS correction returns
- Amendments rationalising the time limit for completion of certain proceedings are also proposed.

37

## AMENDMENTS IN TAX RATES

### Amendments in tax rates

- Tax rates under the old tax regime remain the same
- Tax rates u/s 115BAC for AY 2025-26 are as under

| PRESENT RATES                 |     | PROPOSED RATES                |     |
|-------------------------------|-----|-------------------------------|-----|
| Up to Rs. 3,00,000            | Nil | Up to Rs. 3,00,000            | Nil |
| Rs. 3,00,001 – Rs. 6,00,000   | 5%  | Rs. 3,00,001 – Rs. 7,00,000   | 5%  |
| Rs. 6,00,001 – Rs. 9,00,000   | 10% | Rs. 7,00,001 – Rs. 10,00,000  | 10% |
| Rs. 9,00,001 – Rs. 12,00,000  | 15% | Rs. 10,00,001 – Rs. 12,00,000 | 15% |
| Rs. 12,00,001 – Rs. 15,00,000 | 20% | Rs. 12,00,001 – Rs. 15,00,000 | 20% |
| Above Rs. 15,00,000           | 30% | Above Rs. 15,00,000           | 30% |

*For an income of Rs.15 lakhs present tax is Rs.1,50,000 whereas the proposed tax would be Rs. 1,40,000*

39

### Amendments in tax rates

- WEF AY: 2025 – 26, rates of tax for foreign companies is reduced to 35% from 40%.
- Tax rate in respect of certain capital gains vis-a-vis FY 2024-25

| Sl.No. | Income  | Transfers before 23.07.2024 | Transfers on or after 23.07.2024 |
|--------|---|-----------------------------|----------------------------------|
| (1)    | long-term capital gains referred to in section 115E (Ch XIA – Non residents)  | 10%                         | 12.5%                            |
| (2)    | long-term capital gains referred to in sub-clause (iii) of clause (c) of sub-section (1) of section 112 (unlisted shares in closely held companies) | 10%                         | Omitted                          |
| (3)    | long-term capital gains referred to in section 112A exceeding Rs. 1,25,000 (presently Rs. 1,00,000) (LTCG on listed securities)                     | 10%                         | 12.5%                            |
| (4)    | long-term capital gains [not being long-term capital gains referred to in clauses (33) and (36) of section 10] (Any other LTCG)                     | 20%                         | 12.5%                            |
| (5)    | short-term capital referred to in section 111A (STCG on listed securities)  | 15%                         | 20%                              |

40