Significant Amendments made in Lok Sabha while Passing the Finance Bill, 2016

The Finance Bill, 2016 introduced in the Parliament on 28.2.2016 contained 112 clauses proposing changes/additions in the various sections of the Income-tax Act, 1961. The issues arising out of the proposals contained in the Finance Bill, 2016 were deliberated and many of the concerns were appropriately addressed while passing the same in the Lok Sabha. Accordingly, this year, 47 amendments were made in 19 clauses and 3 new clauses were inserted while passing the Finance Bill, 2016 in the Lok Sabha on 5th May, 2016. The Finance Bill, 2016, so amended, received the assent of the President on 14th May, 2016. The following table contains an overview of the said amendments:

S. No.	Clause of the Finance Bill, 2016	Section of the Income-tax Act, 1961	Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016	Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016
1.	3	2(42A)	As per para 127 of the Finance Minister's Budget Speech [Union Budget 2016-17], the period for getting benefit of long term capital gain regime in case of unlisted companies is to be reduced from three to two years. However, there was no proposal in the Finance Bill, 2016 introduced in the Parliament on 28.02.2016 to give effect to the reduction in the period of holding. The said issue has been also raised via the Post-Budget Memorandum of the ICAI.	**Reduction in the period of holding of unlisted shares from "more than 36 months" to "more than 24 months" for being treated as long term capital asset:** Third proviso has been inserted in section 2(42A) of the Income-tax Act, 1961, while passing the Finance Bill, 2016 in the Lok Sabha. Resultantly, the period of holding of unlisted shares for being treated as a long term capital asset has been reduced from "more 36 months" to "more than 24 months" from A.Y. 2017-18.
2.	7(A)(i)	10(12)	This section exempts the accumulated balance due and becoming payable to an employee participating in a recognised provident fund, subject to fulfilment of the conditions laid down in Rule 8 of Part A of the Fourth Schedule. A proviso was proposed to be inserted in section 10(12) to bring to tax withdrawals in respect of contributions made on or after 1st April, 2016 by an employee participating in a recognised provident fund, in excess of 40% of the accumulated balance attributable to such contributions.	**No tax on withdrawals from recognised provident fund:** This proviso has been omitted. Consequently, there would be no tax on withdrawals from recognised provident fund, if the conditions laid down in Rule 8 of Part A of the Fourth Schedule are fulfilled.

(Contributed by Direct Tax Committee of the ICAI. Comments can be sent to dtc@icai.in)

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3.	**7(A)(iii)**	**10(13)(ii)**	This section exempts any payment from an approved superannuation fund made to an employee in lieu of or in commutation of an annuity on his retirement at or after a specified age or on his becoming incapacitated prior to such retirement. A proviso was proposed to be inserted in section 10(13)(ii) to bring to tax any payment in lieu of or in commutation of an annuity purchased out of contributions made on or after 1st April, 2016, where it exceeds forty per cent of the annuity.	**No tax on payment in lieu of or in commutation of annuity purchased out of contributions from approved superannuation fund:** This proviso has been omitted. Consequently, there would be no tax on any payment from an approved superannuation fund in lieu of or in commutation of an annuity purchased out of such contributions.
4.	**16**	**35ABA**	New section 35ABA proposed to be inserted to provide for tax treatment of capital expenditure incurred for acquiring any right to use spectrum for telecommunication services, for which payment has actually been made to obtain such right.	**Consequences of failure to comply with the provisions of section 35ABA specified:** New sub-section (3) has been inserted in section 35ABA to provide that in case any deduction has been claimed and granted to the assessee under section 35ABA(1) and, subsequently, there is failure to comply with any of the provisions of section 35ABA, then,— (a) the deduction shall be deemed to have been wrongly allowed; (b) the Assessing Officer may re-compute the total income of the assessee for the said previous year and make the necessary rectification; (c) the provisions of section 154 shall apply and the period of four years specified in section 154(7) would be reckoned from the end of the previous year in which the failure to comply with the provisions of section 35ABA takes place.
5.	**19**	**35CCC**	The weighted deduction of 150% of expenditure incurred on notified agricultural extension project was proposed to be reduced to 100% of the expenditure incurred **with effect from assessment year 2018-19**. Section 35CCC(1) was to be amended to give effect to the proposal.	**Weighted deduction @ 150% to continue till assessment year 2020-21:** Weighted deduction@150% would continue to be applicable for 3 more years, i.e., A.Y.2018-19 to A.Y.2020-21. Accordingly, instead of amending section 35CCC(1), a proviso has been inserted thereto to provide that, with effect from A.Y.2021-22, deduction @ 100% of the expenditure incurred on notified agricultural extension project would be allowed.
6.	**29A**	**49(5)**	The Income Declaration Scheme, 2016, proposed to be introduced vide Chapter IX of the Finance Bill, 2016, provides an opportunity to persons who have paid not full taxes in the past to come forward and declare the undisclosed income and pay tax, surcharge and penalty totalling in all to 45% of such undisclosed income declared. A declaration under the aforesaid Scheme may be made in respect of any income or income in the form of investment in any asset located in India and acquired from income chargeable to tax under the Income-tax Act for any assessment year prior to the assessment year 2017-18 for which the declarant had failed to furnish a return under section 139; or failed to disclose such income in a return furnished before the date of commencement of the Scheme or such income had escaped assessment by reason of the omission or failure on the part of such person to make a return under the Income-tax Act or to disclose fully and truly all material facts necessary for the assessment or otherwise. Where the income chargeable to tax is declared in the form of investment in any asset, the fair market value of such asset as on 1st June, 2016 computed in accordance with Rule 3 of the Income Declaration Scheme Rules, 2016 shall be deemed to be the undisclosed income. However, there was no provision in the Finance Bill, 2016 introduced in the Parliament on 28.2.2016 providing for the cost of acquisition in case of subsequent transfer of such assets, whose fair market value has been declared under the Income Declaration Scheme.	**Cost of acquisition deemed to be the fair market value which has been taken into account for the Income Declaration Scheme, 2016:** Sub-section (5) has been inserted in section 49 (cost with reference to certain modes of acquisition) to provide that where the capital gain arises from the transfer of an asset declared under the Income Declaration Scheme, 2016, and the tax, surcharge and penalty have been paid in accordance with the provisions of the Scheme on the fair market value of the asset as on the date of commencement of the Scheme, the cost of acquisition of the asset shall be deemed to be the fair market value of the asset which has been taken into account for the purposes of the said Scheme.

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7.	41	80-IAC	New section 80-IAC proposed to be inserted to provide a deduction @ 100% of the profits and gains derived by an eligible start-up from a business involving innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property. The 'eligible start-up' included only a company fulfilling the prescribed conditions. The ICAI had, vide its Post-budget Memorandum - 2016, suggested extending the benefit of this deduction to limited liability partnerships as well.	**Extension of benefit of deduction to an eligible start-up, being a Limited Liability Partnership fulfilling prescribed conditions:** The definition of "eligible start up" in clause (i) of Explanation to section 80-IAC has been amended to include both a company as well as a limited liability partnership fulfilling the prescribed conditions set out thereunder.
8.	43	80-IBA	New section 80-IBA proposed to be inserted to incentivise affordable housing sector as a part of the larger objective of 'Housing for All'. Where the gross total income of an assessee includes any profits and gains derived from the business of developing and building housing projects, an amount equal to 100% of the profits and gains derived from such business proposed to be allowable as deduction, subject to fulfilment of certain conditions. The conditions relating to minimum size of plot of land on which the project is located, maximum size of the residential unit comprised in the housing project and minimum floor area ratio permitted to be utilised in respect of projects located within the cities of Chennai, Delhi, Kolkata or Mumbai or **within the area of 25 kms from the municipal limits of these cities** were more stringent *vis-a-vis* the conditions specified in respect of projects located in any other place.	**Distance from municipal limits to be measured aerially:** The distance of the place from the municipal limits of the cities of Chennai, Delhi, Kolkata or Mumbai has to be measured aerially. **Project to be the only housing project on the plot of land, which fulfils the measurement criterion:** Further, an additional condition has been laid down for claim of deduction, namely, that the project should be the only housing project on the plot of land which fulfils the measurement criterion of not less than 1000 sq.m or 2000 sq. m., as the case may be.
9.	47A	111A	In order to encourage the growth of International Financial Services Centres (IFSCs) into a world class financial services hub, a competitive tax regime is proposed. Accordingly, the following incentives were proposed to units set up in the IFSC under the Income-tax Act, 1961: (1) Exemption from levy of STT and CTT, in respect of taxable securities transactions or taxable commodities transactions entered into by any person on a recognised stock exchange or recognised association, as the case may be, located in unit of IFSC where the consideration for such transaction is paid or payable in foreign currency. (2) Section 10(38) to be amended to provide that the exemption from levy of tax on long-term capital gains in respect of income arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC would be available even when securities transaction tax is not paid in respect of such transaction. However, no consequential amendment was proposed in section 111A to extend the concessional taxation regime thereunder to short-term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC, even when STT is not paid, in respect of such transaction.	**Short-term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC to be taxable at a concessional rate of 15% even when STT is not paid in respect of such transaction:** Under section 111A, short term capital gains arising from transfer of listed equity shares or listed units of an equity oriented fund or business trust is taxable at a concessional rate of 15% provided securities transaction tax is paid. Second proviso has been inserted in section 111A(1) to provide that short term capital gains arising from transaction undertaken in foreign currency on a recognised stock exchange located in an IFSC would be taxable at a concessional rate of 15% **even when STT is not paid** in respect of such transaction.
10.	49	115BA	New section 115BA proposed to be inserted to provide an option to newly setup domestic companies registered on or after 01.03.2016 and **engaged in the business of manufacturing or production of any article or thing** to avail the benefit of concessional rate of taxation@25%, subject to fulfilment of prescribed conditions. Further, the domestic company was required to exercise the option for being taxed under this section in the prescribed manner **on or before the due date specified under section 139(1) for furnishing the return of income for the relevant previous year**.	**Extension of benefit of exercising option to be taxed under section 115BA to a domestic company engaged in research, in relation to, or distribution of, such article or thing manufactured or produced by it:** The benefit of exercise of option to be taxed under section 115BA would be available to a domestic company, which is not engaged in any business, other than the business of manufacture or production of any article or thing **and research, in relation to, or distribution of, such article or thing manufactured or produced by it.**

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				Option, once exercised, to be irreversible: The domestic company is required to exercise the option for being taxed under this section in the prescribed manner **on or before the due date specified under section 139(1) for furnishing the first of the returns of income** which the person is required to furnish under the provisions of the Income-tax Act, 1961. However, once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.
11.	**50**	**115BBDA**	New section 115BBDA proposed to be inserted to bring to tax any income by way of dividend received in excess of ₹ 10 lakhs in the case of an individual, Hindu undivided family (HUF) or a firm who is resident in India, at the rate of ten percent. However, the language of the section was not clear as to whether only the amount in excess of ₹ 10 lakhs would be subject to tax in the hands of the recipient or the entire dividend received would be subject to tax in the hands of the recipient, in a case where dividend in excess of ₹ 10 lakhs is received by a resident Individual, HUF or a firm.	**Tax@10% to be paid on aggregate dividend income in excess of ₹ 10 lakhs:** The section has been appropriately redrafted to clarify that aggregate dividend income in excess of ₹ 10 lakhs, would be subject to income-tax at the rate of 10% in the hands of the recipient, being a resident individual, HUF or a firm.
12.	**52**	**115BBF**	New section 115BBF proposed to be inserted to provide for a concessional taxation regime for income by way of royalty in respect of a patent developed and registered in India. The requirement contained in the section read with the definition of "developed" in *Explanation* to section 115BBF required that the eligible assessee should incur **the entire expenditure** (for any invention in respect of which patent is granted under the Patents Act, 1970) **in India**, to be eligible for the concessional taxation regime. ICAI, in its Post Budget Memorandum-2016, had suggested that in order to make the regime truly meaningful and comparable to the regimes which exist in other jurisdictions, its scope will need to be extended to cover or clarify that condition of "developed and registered in India" is fulfilled once the qualifying taxpayer gets the patent developed under his control and direction while some part of expenditure may be incurred outside India or some part of R&D activity (say, not more than a certain percentage, like 20%) may be outsourced to any other agency which works as per the direction and control of the taxpayer.	**Definition of "developed" modified:** The definition of "developed" has been modified to require the eligible assessee to incur **at least 75% of the expenditure** (for any invention in respect of which patent is granted under the Patents Act, 1970) **in India**, to be eligible for the concessional taxation regime. **Eligible assessee to exercise option for concessional tax regime under new section 115BBF on or before due date of filing return of income specified in section 139(1):** New sub-section (3) has been inserted in section 115BBF to require the eligible assessee to exercise the option for concessional tax regime thereunder in the prescribed manner, on or before the due date specified under section 139(1) for furnishing the return of income for the relevant previous year. **Consequence of not offering income as per section 115BBF, thereafter, in a succeeding previous year:** New sub-section (4) has been inserted in section 115BBF to provide that once the eligible assessee opts for the concessional tax regime under section 115BBF for any previous year and thereafter, in any of the five assessment years relevant to the previous year succeeding such previous year, he does not offer the income for taxation under this section, then, he would not be eligible to claim the benefit of the concessional tax regime under this section for five assessment years subsequent to the assessment year relevant to the previous year in which such income has not been offered to tax as per section 115BBF(1).
13.	**53(II)**	**115JB**	New sub-section (7) to be inserted in section 115JB to provide that in case of a company, being a unit established in International Financial Services Centre (IFSC) **on or after 1.4.2016** and deriving its income solely in convertible foreign exchange, the minimum alternate tax shall be chargeable at the rate of **9%** instead of 18.5%.	**Extension of benefit of concessional rate of MAT to existing units in IFSC:** The requirement that the unit should be established in an IFSC on or after 01.04.2016 has been removed, thereby extending the benefit of concessional rate of MAT to all units in IFSC, even if they have been established prior to that date.

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14.	60	115TD	In order to ensure that the benefit conferred over a period of time by way of exemption is not misused and to plug the gap in law that allows the charitable trusts having built up corpus/wealth through exemptions being converted into non-charitable organisation with no tax consequences, new Chapter XII-EB to be inserted for imposing tax on accreted income at the maximum marginal rate when the organization is converted into a non-charitable organization or gets merged with a non-charitable organization or does not transfer the assets to another charitable organisation. Accreted income to mean the amount by which the aggregate fair market value of the total assets of the trust or institution, as on the specified date, exceeds the total liability of such trust or institution computed in accordance with the prescribed method of valuation. The tax on accreted income was required to be paid within fourteen days from the following date : In case of cancellation of registration granted under section 12AA, the date of receipt by the trust or institution, of the order cancelling the registration. In case a trust or institution has adopted or undertaken modification of its objects which do not conform to the conditions of registration and it has filed application for fresh registration under section 12AA, but the said application has been rejected, the date on which the order rejecting application for fresh registration is received by the trust or institution. The ICAI had, vide its Post Budget Memorandum – 2016, suggested that the time limit of 14 days should be from the date when the order disposing the appeal is received by the assessee, in case where the relevant cancellation order is the subject matter of an appeal to the Appellate Tribunal under section 253.	**<u>Certain Assets, and related liability, excluded from computation of accreted income :</u>** A proviso has been inserted in section 115TD(2) to exclude the following assets and related liability for the purposes of calculation of accreted income: (a) any asset which is established to have been directly acquired by the trust or institution out of its agricultural income. (b) any asset acquired by the trust or institution during the period beginning from the date of its creation or establishment and ending on the date from which registration under section 12AA became effective, if the trust or institution has not been allowed any benefit of sections 11 and 12 during the said period It is also clarified that in case due to first proviso to section 12A(2), the benefits of section 11 and 12 have been allowed to the trust before the registration under section 12AA is effective, then, for the assets falling under (b) above, the registration shall be deemed to have become effective from the first day of the earliest previous year. For this purpose, clause (iii) has been inserted in the *Explanation* to section 115TD to clarify that registration under section 12AA shall include any registration obtained under section 12A, as it stood before its amendment by the Finance (No.2), 1996. **<u>Extension of time for payment of tax on accreted income :</u>** Now, it has been provided that tax shall be paid within 14 days from the following dates: In case of cancellation of registration granted under section 12AA, the date on which - (a) the period for filing appeal under section 253 against the order cancelling the registration expires and no appeal has been filed by the trust or the institution; or (b) the order in any appeal, confirming the cancellation of the registration, is received by the trust or institution . In case of rejection of application for fresh registration under section 12AA, the date on which – (a) the period for filing appeal under section 253 against the order rejecting the application expires and no appeal has been filed by the trust or the institution; or (b) the order in any appeal confirming the cancellation of the application, is received by the trust or institution.
15.	66(a) (II)	143(1D)	Section 143(1D) provides that processing of a return shall not be necessary, where a notice has been issued to the assessee under section 143(2). Proviso to be inserted in section 143(1D) to provide that such return shall be processed before the issuance of an order under section 143(3).	**<u>Time limit of one year (from end of financial year in which return is made) not to be applicable for processing of returns, where notice has been issued under section 143(2):</u>** Section 143(1D) has been substituted to provide that the processing of a return shall not be necessary before the expiry of the period specified in the second proviso to section 143(1) [i.e., one year from the end of the financial year in which return is made], where a notice has been issued to the assessee under section 143(2). However, such return shall be processed before the issuance of an order under section 143(3).

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16.	**81**	**194LBB**	Section 194LBB to be amended to require the person responsible for making the payment to the unit-holder of an investment fund to deduct income-tax at the rate of 10% where the payee is a resident and at the rates in force where the payee is a non-corporate non-resident or a foreign company.	**<u>No tax to be deducted in respect of any income not chargeable to tax of a payee, being a non-corporate non-resident or a foreign company:</u>** A proviso has been inserted in section 194LBB to provide that no tax will be deducted at source in case of a payee, being a non-corporate non-resident or a foreign company, in respect of any income that is not chargeable to tax under the provisions of the Income-tax Act, 1961.
17.	**86**	**206C**	Under section 206C(1), the seller is required to collect tax at source at specified rates from the buyer at the time of sale of specified goods such as alcoholic liquor for human consumption, tendu leaves, timber, other forest produce, scrap, mineral being coal or lignite or iron ore, at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the buyer, whichever is earlier. Scope of tax collection under section 206C(1) to be expanded to require the seller to collect from the buyer, tax@1% on sale of motor vehicle of the value exceeding ₹10 lakhs, **at the time of debiting of the amount payable by the buyer to the account of the buyer or at the time of receipt of such amount from the buyer, whichever is earlie**r.	**<u>Requirement to collect tax on sale of motor vehicle exceeding the value of Rs.10 lakhs, only at the time of receipt of sale consideration:</u>** Instead of amending section 206C(1), new sub-section (1F) has been inserted to provide that every person, being a seller, who receives any amount as consideration for sale of a motor vehicle of the value exceeding ₹10 lakhs, shall, **at the time of receipt of such amount**, collect from the buyer, a sum equal to 1% of the sale consideration as income-tax. Accordingly, the requirement to collect tax on sale of motor vehicle of the value exceeding ₹10 lakhs would arise only at the time of receipt of sale consideration.
18.	**86**	**206C**	Section 206C(1D) requires collection of tax at source on cash sale of bullion or jewellery@1% of sale consideration, if such consideration exceeds ₹2 lakh for bullion and ₹5 lakh for jewellery. The scope of tax collection at source under section 206C (1D) to be expanded to provide that every person, being the seller shall, at the time of receipt of consideration exceeding ₹2 lakh in cash, collect tax at the rate of 1% from the purchaser on sale of any goods (other than bullion and jewellery), or providing of any services (other than amounts on which tax is deducted at source by the payer under Chapter XVII-B).	**<u>Definition of seller amended:</u>** Consequent to expansion of scope of TCS to include transaction of provision of services, the definition of seller under clause (c) of *Explanation* to section 206C has been amended to include individuals/HUFs whose total gross receipts from business or profession exceed the monetary limits specified in section 44AB during the financial year immediately preceding the financial year **in which such services are provided**.
19.	**96**	**270A**	Section 271(1)(c) provides for penalty on account of concealment of particulars of income or furnishing inaccurate particulars of income. For the purpose of ensuring objectivity, certainty and clarity in the penalty provisions, new section 270A to be inserted with effect from A.Y.2017-18 providing for levy of penalty in cases of under reporting and misreporting of income. Consequently, the penal provisions under section 271 not to apply in relation to A.Y.2017-18 and onwards. **<u>Competent authorities for levy of penalty</u>** Sub-section (1) to provide that the Assessing Officer or the Commissioner (Appeals) or the Principal Commissioner or the Commissioner may direct that any person who has under-reported his income shall be liable to pay a penalty in addition to tax, if any, on the under-reported income. **<u>Under-reporting of income: Circumstances</u>** Section 270A(2) to provide six circumstances when a person shall be considered to have under-reported his income.	**<u>Direction for levy of penalty on under-reported income to be in the course of any proceeding under the Act:</u>** Sub-section (1) has been amended to provide that such direction for levy of penalty on under-reported income by the concerned authorities has to be during the course of any proceedings under the Act **<u>Inclusion of the seventh circumstance when a person shall be considered to have under-reported his income:</u>** A person shall be considered to have under-reported his income also in a case where the amount of deemed total income reassessed as per the provisions of section 115JB (Minimum Alternate Tax) or section 115JC (Alternate Minimum Tax), as the case may be, is greater than the deemed total income assessed or reassessed immediately before such reassessment.

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<tr><th>S. No.</th><th>Clause of the Finance Bill, 2016</th><th>Section of the Income-tax Act, 1961</th><th>Particulars including the proposal, if any, contained in the Finance Bill, 2016 as introduced in the Parliament on 28.2.2016</th><th>Amendment made while passing the Finance Bill, 2016 in the Lok Sabha on 5.5.2016</th></tr>
<tr><td></td><td></td><td></td><td><u>Manner of calculation of tax payable in respect of under-reported income modified:</u>
Section 270A(10) to provide that the tax payable on under-reported income shall be the amount of tax calculated –
(a) on such income as if it were the total income, in case of a company, firm or local authority.
(b) at the rate of 30%, of the amount of under-reported income, in any other case.</td><td><u>Manner of calculation of tax payable in respect of under-reported income modified:</u>
<table>
<tr><th></th><th>Case</th><th>Manner of computation of tax payable on under-reported income</th></tr>
<tr><td>(1)</td><td>Where no return of income has been furnished and the income has been assessed for the first time</td><td>The tax payable on under reported income shall be the amount of tax calculated on the under-reported income as increased by the basic exemption limit as if it were the total income.</td></tr>
<tr><td>(2)</td><td>Where the total income determined under section 143(1)(a) or assessed or reassessed or recomputed in a preceding order is a loss</td><td>The tax payable in respect of the under-reported income shall be the amount of tax calculated on the under-reported income as if it were the total income.</td></tr>
<tr><td>(3)</td><td>In any other case</td><td>The amount of tax calculated on the under-reported income as increased by the total income determined under section 143(1)(a) or total income assessed, reassessed or recomputed in a preceding order as if it were the total income
Minus
The amount of tax calculated on the total income determined under section 143(1)(a) or total income assessed, reassessed or recomputed in a preceding order.</td></tr>
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<tr><td>20.</td><td>97</td><td>270AA</td><td>New section 270AA(1) to be inserted to provide that an assessee may make an application to the Assessing Officer for grant of immunity from imposition of penalty under section 270A and initiation of proceedings under section 276C, provided he pays the tax and interest payable as per the order of assessment or reassessment within the period specified in such notice of demand and does not prefer an appeal against such assessment order.</td><td><u>Immunity from initiation of proceedings under 276CC also</u>
Section 270AA(1) to provide that an assessee may also make an application to the Assessing Officer for grant of immunity from initiation of proceedings under section 276CC (for wilful failure to furnish returns of income in due time) in addition to immunity from penalty under section 270A for under-reporting of income or mis-reporting of income and prosecution under section 276C for wilful attempt to evade tax, penalty or interest chargeable or imposable under the Act.</td></tr>
<tr><td>21.</td><td>106A</td><td>276C</td><td>Under section 276C(1), prosecution shall be instituted if a person willfully attempts in any manner to evade any tax, penalty or interest chargeable or imposable under the Income-tax Act, 1961. Rigorous imprisonment for a period of 6 months to 7 years and fine would be attracted in a case where the amount sought to be evaded exceeds ₹25 lakhs. However, no amendment was proposed in section 276C(1) consequent to proposed insertion of section 270A for levy of penalty for under-reporting of income.</td><td><u>Section 276C to provide for prosecution, in case of under-reporting of income:</u>
Prosecution under section 276C may also be instituted if a person under-reports his income under the Income-tax Act, 1961. Rigorous imprisonment for a period of 6 months to 7 years and fine would also be attracted in a case where the tax on under-reported income exceeds ₹25 lakhs.</td></tr>
<tr><td>22.</td><td>112</td><td>Part A of the Fourth Schedule</td><td>Rule 6 of Part A of Fourth Schedule to the Income-tax Act, 1961 provides that the portion of the annual accretion in any previous year to the balance at the credit of an employee participating in a recognised provident fund as consists of, inter alia, contributions made by the employer in excess of 12% of the salary of the employee, shall be included in the total income of the employee.
Rule 6 to be amended to include in the total income of the employee, contributions made by the employer in excess of 12% of the salary of the employee or ₹1,50,000, whichever is less.</td><td><u>Removal of monetary limit of ₹1,50,000</u>
The said monetary limit of ₹1,50,000 has been removed. Accordingly, only the contribution made by the employer in excess of 12% of salary shall be included in the total income of the employee.</td></tr>
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Don't limit a child to your own learning, for he was born in another time. - Rabindranath Tagore