

J.B.Nagar Study Circle

ISSUES ON AMENDMENTS IN INCOME TAX ACT, 1961 applicable for AY 2019-20

Meeting on 16th March, 2019

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1. Relevant Amendments in brief applicable generally

- i) Health and Education cess @ 4% in place of Primary Education cess @ 2% and for secondary and higher education cess @ 1%.
- ii) For domestic company applicability of 25% tax rate, turnover limit increased to 250 crores from 50 crores
- iii) Deemed dividend u/s 2(22)(e) taxable for company at effective rate of 34.944% and not taxable for recipient
- iv) Section 40(a)(ia) and 40A(3) applicable to Charitable trust
- v) Provisions of Sec 10 (38) replaced by Section 112A
- vi) Limit u/s 80D for senior citizen raised from Rs 30,000 to 50,000
- vii) For Senior citizens, Bank / Post Office interest limit for non deduction of TDS increased to Rs. 50,000 from Rs. 10,000/- (Sec 80TTB and Sec 194A)
- viii) Standard deduction Rs. 40,000/- from Salary income in place of conveyance and medical allowance
- ix) Lock in period for capital gain Bonds u/s Sec 54EC increased to 5 years from 3 years
- x) Sec 143(1)(a) (vi) – Assessee to be intimated for addition to income on the basis of Form 16, Form 16A or 26AS.

2. ISSUES IN RESPECT OF LONG TERM CAPITAL GAIN (LTCG) ON SALE OF SHARES / EQUITY ORIENTED MUTUAL FUND UNITS / UNITS OF BUSINESS TRUST U/S 112A.

- i. Sec 10(38) not applicable from AY 2019-20. New Section 112A applicable from AY 2019-20.
- ii. Long term capital gain (LTCG) exempt upto Rs. 100000/- and in excess of Rs. 100000/- taxable @ 10%.
- iii. **Eligibility for LTCG Exemption and 10% tax rate.**
 - a. Sale transaction is entered on recognized stock exchange and STT is paid.
 - b. For purchase of shares from 01.10.2004, transactions should be entered on recognized stock exchange and STT is paid.
 - c. **Determination of Cost of Acquisition (Sec 55 (2)(ac)) Shares / Equity Oriented MF acquired before 01/02/2018:**

Higher of 1 or 2 below

 - 1) Cost of Acquisition and
 - 2) lower of
 - (a) Fair Market Value (FMV) on 31/01/2018
 - (b) actual sale price (For unlisted units, NAV as on 31/01/2018).

3. CASE STUDIES FOR COMPUTING LTCG for Equity Shares and Equity Oriented Mutual Fund:

1. Normally books of accounts and accounting records are not maintained for 8 years and in such case how to prove the shares were purchased prior to 01/10/2004 and in respect of Shares / MF purchased from 01.10.2004 on which STT is paid since bills of share broker are not be available?
2. Whether the cost of acquisition will be inflation indexed for computation of LTCG u/s 112A ?
3. What is the date from which the holding period will be counted i.e actual date of acquisition or 31.01.2018 for shares acquired prior to 31.01.2018?
4. What will be the cost of acquisition in the case of bonus shares acquired before 1st February 2018?

5. What will be the cost of acquisition in the case of right share acquired before 1st February 2018?
6. Assessee a long term investor having portfolio of shares and MF purchased / acquired prior to 01.10.2004 and not maintaining books of account and therefore not having Balance Sheet. Determine the LTCG u/s 112A for the FY 2018-19 ?

Sr no	Name of Script	Qty Sold	Sale Rate	Total Sale Amount	FMV as on 31/01/2018	Cost per Share (Assume)	LTCG Per Share	LTCG Amount
1	HUL	100	1750	175000	1398	10		
2	Colgate	150	1275	191250	1140	10		
3	HDFC Bank	200	2020	404000	2011.9	10		
4	Asian Paint	100	1400	140000	1139.7	10		
	TOTAL			910250				

7. Assessee having inherited Shares/ MF from his deceased father who passed away in January 2004 and not maintaining books of accounts and therefore not having Balance Sheet. Determine LTCG/LTCL for AY 2019-20?

Sr no	Name of Script	Qty Sold	Sale Rate	Total Sale Amount	FMV on 31/01/2018	Cost per share (Assume)	LTCG per Share	LTCG/ LTCL
1	HDFC Ltd	200	1890	378000	2000	10		
2	Zee Ltd	1000	445	445000	500	10		
3	Essel Propack	1500	110	165000	200	10		
4	Reliance Capital	1000	160	160000	500	10		
	TOTAL			1148000				

8. Assessee maintains the books of accounts and hence cost of purchase / acquisition is available. Determine LTCG for AY 2019-20

Sr no	Name of Script	Qty Sold	Sale Rate	Total Sale Amount	FMV as on 31/01/2018	Cost of Acquisition as on 01.01.2016	LTCG (per Share)	LTCG/ LTCL
1	A Ltd	500	500	250000	200	340		
2	B Ltd	1000	200	200000	400	1000		
3	C Ltd	700	300	210000	600	500		
4	D Ltd	500	300	150000	2500	2000		
	TOTAL			810000				

9. Assessee maintains the books of accounts and hence cost of purchase / acquisition is available. Determine LTCG for AY 2019-20

Sr no	Name of Script	Qty Sold	Sale Rate	Total Sale Amount	FMV as on 31/01/2018	Cost of Acquisition 01.01.2017	LTCG (per Share)	LTCG/ LTCL
1	IDFC Ltd	500	250	125000	200	50		
2	TATA MOTORS	1000	300	300000	400	250		
3	ICICI PRUDENTIAL	700	300	210000	450	350		
4	SBI	500	300	150000	350	200		
	TOTAL			785000				

10. Whether Long Term Capital Loss if any incurred in AY 2019-20 on listed equity shares/equity oriented MF can be set off against other LTCG from any other Long term Assets? Whether same can be carry forward to set of against LTCG of Subsequent years?

11. What will be the treatment of long-term capital loss arising from transfer made between 1st February, 2018 and 31st March, 2018?

12. Whether tax will be deducted at source in case of payment of long-term capital gains by non-resident tax payer (other than a Foreign Institutional Investor)?

Income Tax Amendments as per Budget 2018 for AY 2019-20

<u>Sr No</u>	<u>Section</u>	<u>Amendment</u>	<u>Impact</u>
<u>Amendments having Financial Implication</u>			
1	1st Sch. of F.A.	◆ Health and Education Cess @ 4%	◆ Increase in cess by 1%
2	1st Sch. of F.A.	◆ Tax rate for domestic companies with turnover up to ₹250 crores in preceding year – 25%	◆ Reduced tax rate of 25% extended to domestic companies with turnover up to ₹250 crores from ₹50 crores.
3	2 (22)(d)	◆ Widens the scope of the term 'accumulated profits' so as to provide that in the case of an amalgamated company, accumulated profits, whether capitalised or not, or losses as the case may be, shall be increased by the accumulated profits of the amalgamating company, whether capitalized or not, on the date of amalgamation	◆ Prevents abuse of amalgamation route to circumvent rigours of s. 2(22)(d) on account of reduction of capital.
4	115O & 115Q	◆ Deemed dividend u/s 2(22)(e) now brought within the scope of s. 115O ◆ DDT at 30% without grossing up. ◆ No longer taxable in the hands of recipient.	◆ Would improve tax compliance of s. 2(22)(e) as company would now be liable to pay DDT ◆ Taxable at flat 30% ◆ Consequent amendment may also be made in Tax Audit Report to improve compliance
5	10(38), 112A & 115R	◆ Exemption removed from FY 18-19 ◆ LTCG now taxed at concessional rate of 10% (without indexation)	◆ LTCG on transfer of listed shares which was until now exempt, has now been made taxable

		<ul style="list-style-type: none"> ◆ Additional income tax on Mutual Funds at 10% on distribution to investors for equity oriented funds ◆ Gains accrued up to 31-01-2018 grandfathered by s. 112(6) which says that Cost of Capital Asset acquired before 31-01-2018 shall be higher of <ol style="list-style-type: none"> 1. Actual Cost, or 2. Lower of <ul style="list-style-type: none"> – Fair Market Value (FMV) as at 31-01-2018; or – Full Value of Consideration received on transfer 	
6	11 & 10(23C)	<ul style="list-style-type: none"> ◆ S. 40(a)(ia) and 40A(3) extended to institutions claiming exemption u/s 10(23C) and s. 11 	<ul style="list-style-type: none"> ◆ Would prevent fake accumulation by these organisations ◆ But, would adversely affect operation of genuine trusts
7	9	<ul style="list-style-type: none"> ◆ Amended clause (a) explanation 2 of s. 9(1)(a) provides that definition of “business connection” shall include any business activity carried out through a person who, acting on behalf of the non-resident has and habitually exercises in India, an authority to conclude contracts on behalf of the non-resident or <u>habitually concludes contracts or habitually plays the principal role leading to conclusion of contracts by that non-resident</u> and the contracts are— <ul style="list-style-type: none"> (i) in the name of the non-resident; or 	<ul style="list-style-type: none"> ◆ Aligns the definition of business connection in domestic law with BEPS Action Plan 7 which advocates to extend the concept of ‘Dependent Agency Permanent Establishment’ to include not only a person who habitually concludes contracts on behalf of the non-resident, but also a person who habitually plays a principal role leading to the conclusion of contracts. ◆ Further, Article 12 of Multi Lateral Instruments (MLI) also provides for similar provision for artificial avoidance of PE through commissionaire

		<p>(ii) for the transfer of the ownership of, or for the granting of the right to use, property owned by that non-resident or that non-resident has the right to use; or</p> <p>(iii) for the provision of services by the non-resident; or”;</p>	<p>arrangements.</p> <ul style="list-style-type: none"> ◆ Thus, change was brought to align liberal provision of domestic law with anti-abusive provision of MLI ◆ Would affect companies like Microsoft whose Indian entities merely play role in conclusion of contract without actually finalising. ◆ Ambiguous in so far as it uses the word PRINCIPAL role. Would be a matter of litigation on what constitutes principal. ◆ Immaterial in cases where Non Resident (NR) is governed by DTAA or after MLI comes in force, other country has not adopted Article 12 of MLI
8	9	<ul style="list-style-type: none"> ◆ Provides that <u>significant economic presence (SEP)</u> of NR shall constitutes a business connection. ◆ Significant economic presence shall mean– (a) transaction in respect of any <u>goods, services or property carried out</u> by a non-resident in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during 	<ul style="list-style-type: none"> ◆ Introduces the concept of Digital PE under domestic law by adopting BEPS action plan 1. ◆ Immaterial as NR would still get protection of DTAA. ◆ Would require amendment in all DTAA's signed by India as such concept is not in MLI

the previous year exceeds such amount as may be prescribed; or

(b) systematic and continuous soliciting of business activities or engaging in **interaction with such number of users** as may be prescribed, in India through digital means:

◆ Immaterial whether or not the non-resident has a residence or place of business in India or renders services in India (1st proviso)

◆ Only so much of income as is attributable to the transactions or activities referred above shall be deemed to accrue or arise in India. (2nd proviso)

◆ Language of the provision has been pathetically drafted –

a. Leaves a lot of room for confusion. Taxes transaction in Goods, services and property “carried out by NR” in India. Highly litigative as in cases where a NR opens a website from which a customer could order without NR’s assistance, technically it is customer who carried out transaction and not NR.

b. Further, transaction should be carried out in India. Again litigative, because if a NR has a website in USA which is logged onto by a resident to carry out transaction, can this be termed as transaction carried out in India ?

c. 1st proviso covers only SERVICES whereas clause (a) covers goods, services and property. Needs clarification by government

			<p>d. Clause (b) requires needs to be redrafted as it is ambiguous</p> <p><u>“systematic and continuous soliciting of business activities”</u></p> <ul style="list-style-type: none"> – No threshold for this part. – What constitutes systematic and continues ? – How to measure this ? – What is soliciting ? – Does this cover all business activity ? ♦ This provision would even make ordinary residents (non-business assessee) liable for deduction u/s 195 ?
9	28 & 56	<ul style="list-style-type: none"> ♦ Inserts clause (e) to s. 28 to tax any compensation, whether revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to business ♦ Further, inserts clause (xi) to s.56 to tax any compensation, whether revenue or capital, in connection with the termination or the modification of the terms and conditions of any contract relating to its employment. 	<ul style="list-style-type: none"> ♦ The capital receipts to the extent covered by these amendments shall be taxable.
10	44AE	<ul style="list-style-type: none"> ♦ S. 44AE(2) amended to provide that in cases of heavy goods vehicle shall be taxable at ₹1000 per ton of Gross Vehicle Weight or unladen weight per month 	<ul style="list-style-type: none"> ♦ Provides for taxation of heavy trucks at higher rate

		<ul style="list-style-type: none"> ◆ Heavy goods vehicle means any goods carriage, the gross vehicle weight of which exceeds 12000 kilograms;’. 	
11	80D	<ul style="list-style-type: none"> ◆ Raises the limit to ₹50,000/- for all senior citizens 	<ul style="list-style-type: none"> ◆ Beneficial for senior citizens
12	80DDB	<ul style="list-style-type: none"> ◆ Raises the limit to ₹1,00,000/- for all senior citizens 	<ul style="list-style-type: none"> ◆ Beneficial for senior citizens
13	80TTA, 80TTB & 194A	<ul style="list-style-type: none"> ◆ Senior citizens removed from the ambit of s. 80TTA ◆ New S. 80TTB inserted which provides deduction upto Rs 50,000/- in respect of interest income from deposits in banks, cooperative society & post office held by senior citizens. ◆ S. 194A amended to raise TDS limit to ₹50,000 for senior citizens 	<ul style="list-style-type: none"> ◆ Enhances the deduction amt. ◆ Wider in scope as now covers interest on FDs, post office & cooperative society, which was until now not covered.
14	16, 17	<ul style="list-style-type: none"> ◆ Removes deduction of transport allowance and medical expenses ◆ Instead, provides a standard deduction of ₹40,000 	<ul style="list-style-type: none"> ◆ Not much impact as exemption until now was for ₹34,200 which has been increased to ₹40,000
15	43(5)	<ul style="list-style-type: none"> ◆ 2nd proviso to s. 43(5) inserted which provides that a transaction in respect of trading of agricultural commodity derivatives, which is not chargeable to Commodity Transaction Tax (CTT), in a registered stock exchange or registered association, will be treated as non-speculative transaction. 	<ul style="list-style-type: none"> ◆ Since no CTT is paid on agricultural commodity derivative, the benefit of clause (e) of the proviso to s. 43(5) was not available to such transaction. ◆ The amendment has now been extended the benefit to trading of agricultural commodity derivatives and accordingly, such transactions are held to be speculative transactions.

16	115JB	<p>◆ A new clause (iih) to explanation 1 of section 115Jb inserted which provides that the aggregate amount of <u>unabsorbed depreciation and loss brought forward (excluding unabsorbed depreciation)</u> shall be allowed to be reduced from the book profit, if a company's application for corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 has been admitted by NCLT.</p> <p>◆ Loss shall not include depreciation for this purpose.</p>	<p>◆ A major relief for companies under restructuring under Insolvency and Bankruptcy Code (IBC).</p> <p>◆ Consequently, a company which is under Corporate Insolvency Resolution Process (CIRP) under IBC would henceforth be entitled to reduce the loss brought forward (excluding unabsorbed depreciation) and unabsorbed depreciation for the purposes of computing book profit under section 115JB.</p>
17	79	<p>◆ Proviso to s. 79 inserted w.e.f. AY 2018-19 which provides that the restriction of S. 79 shall not apply to a company where a change in the shareholding takes place pursuant to a resolution plan approved under the Insolvency and Bankruptcy Code, 2016, after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner</p>	<p>◆ Welcome change for companies under IBC whose ownership changes pursuant to resolution plan approved by NCLT.</p> <p>◆ However, a reasonable opportunity of being heard has to granted to jurisdictional commissioner.</p> <p>◆ Inserted retrospectively w.e.f. AY 2018-19.</p>

18	115JB	<p>◆ A new explanation 4A to s. 115JB inserted which provides that provisions of s. 115JB shall not be applicable and shall be deemed never to have been applicable to an assessee, being a foreign company, if its total income comprises solely of profits and gains from business referred to in s. 44B or s. 44BB or s. 44BBA or s. 44BBB and such income has been offered to tax at the rates specified in the said sections.</p>	<p>◆ clarificatory amendment to settle controversy around this issue. ◆ Inserted retrospectively w.e.f. 01-04-2001.</p>
19	10(12A)	<p>◆ Exemption granted to all assessee's eligible for contributing in NPS.</p>	<p>◆ Beneficial for non-salaried assessee's contributing in NPS.</p>
20	80AC	<p>◆ S. 80AC retrospectively amended w.e.f. AY 2018-19 to provide that the benefit of deduction under the entire class of deductions under the heading "C.—Deductions in respect of certain incomes" in Chapter VIA shall not be allowed unless the return of income is filed by the due date.</p>	<p>◆ Retrospective change from AY 2018-19. ◆ Chapter VIA, heading C contains section 80H to 80TT.</p>
21	43CA, 50C, 56(2)(x)	<p>◆ Amendment provides that no adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than <u>five percent</u> of the sale consideration.</p>	<p>◆ Would provide relief to assessee's where there is difference in price of a property in a locality on account of multiple reasons.</p>
22	2(42A), 28 & 49	<p>◆ Clause (via) inserted in s. 28 to provide that any profit or gains arising from conversion of inventory into capital asset shall be charged to tax as business income. FMV of inventory on date of conversion deemed to be the consideration for such purpose.</p>	<p>◆ Provides much needed clarity on an issue where there were divergent judicial views of different judicial authorities.</p>

		<ul style="list-style-type: none"> ◆ S. 49(9) inserted to provide that FMV on the date of conversion shall be deemed to be the Cost of Acquisition (COA) for the purposes of computation of capital gains arising on transfer of such capital assets. ◆ S. 2(42A) amended to provide that the period of holding of such capital asset shall be reckoned from the date of conversion. 	
23	54EC	<ul style="list-style-type: none"> ◆ Sub-section (1) of S. 54EC amended to restrict exemptions only in cases where transfer is of a long-term capital assets, being land or building or both. ◆ The period for investment into bonds has been raised to 5 years. 	<ul style="list-style-type: none"> ◆ Most needless investment which would restrict exemption on in case of transfer of long-term capital assets, being land and building. ◆ Increase of time from 3 to 5 years would make the investment in these bonds unpopular.
24	115BBE	<ul style="list-style-type: none"> ◆ Provision of 115BE(2) extended to cases where determination is by the AO of income referred to in s. 68, s. 69, s. 69A, s. 69B, s. 69C or s. 69D. 	<ul style="list-style-type: none"> ◆ Inserted retrospectively from AY 2017-18. ◆ Would result in hardships to assessee's whose income of the nature referred to in s. 68, s. 69, s. 69A, s. 69B, s. 69C or s. 69D is detected by the AO.
25	36(xviii), 40A(13), 43AA, 43CB, 145A, 145B	<ul style="list-style-type: none"> ◆ Inserted clause xviii to s. 36 which provides that Marked to Market (MTM) loss or other expected loss as computed in the manner provided in ICDS notified u/s 145(2) shall be allowed 	<ul style="list-style-type: none"> ◆ Inserted with retrospective effect from AY 2017-18 to overrule the decision of Delhi High Court in the case Chamber of Tax Consultants & Anr Vs. Union Of India & Ors which had held certain provision of ICDS to be ultra vires.

	<p>◆ Inserts clause 13 to S. 40A to provide that no deduction or allowance in respect of MTM loss or other expected loss shall be allowed except as allowable u/s 36(1)(xviii)</p> <p>◆ S. 43AA inserted to provide that, subject to s 43A, any gain or loss arising on account of effects of changes in foreign exchange rates in respect of specified foreign currency transactions shall be treated as income or loss, which shall be computed in the manner provided in ICDS as notified u/s 145(2).</p> <p>◆ S. 43CB inserted to provide that profits arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method except for certain service contracts, and that the contract revenue shall include retention money, and contract cost shall not be reduced by incidental interest, dividend and capital gains.</p> <p>◆ S. 145A substituted to provide that –</p> <p>a. Valuation of inventory at lower of cost or Net Realisable Value (NRV) computed as per ICDS u/s 145(2).</p> <p>b. Valuation of purchase and sale of goods or services and of inventory shall to include the amount of any tax, duty, cess or fee actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation.</p> <p>c. Valuation of inventory being unlisted securities at actual cost</p>	<p>◆ Changes the rules of accountancy in the garb of tax computation.</p>
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		<p>d. Valuation of inventory being listed securities at lower of actual cost or NRV and for this purpose the comparison of actual cost and net realisable value shall be done category-wise.</p> <p>◆ S. 145B inserted to provide that interest received by an assessee on compensation or on enhanced compensation, shall be deemed to be the income of the year in which it is received.</p>	
26	80IAC	<p>◆ The date 01-04-2019 substituted by 01-04-2021</p> <p>◆ Definition of eligible business substituted. "Eligible business" means a business carried out by an eligible start up engaged in innovation, development or improvement of products or processes or services or a scalable business model with a high potential of employment generation or wealth creation</p>	<p>◆ Scheme extended to start-ups incorporated post 01-04-2019</p> <p>◆ Definition of "eligible business" expanded</p>
27	80PA	<p>◆ Provides that 100% deduction of profits of eligible business of Farm Producer Companies having a total turnover upto ₹100 Crore shall be allowed</p> <p>◆ Eligible business means –</p> <p>(i) the marketing of agricultural produce grown by its members, or</p> <p>(ii) the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or</p> <p>(iii) the processing of the agricultural produce of its members</p>	<p>◆ Extends benefits to Farm Producer Companies in line with benefits provided to similar cooperative societies.</p>
28	80JJAA	<p>◆ Benefit of reduced period of 150 days extended to footwear and leather industry</p>	<p>◆ Major boost to leather and footwear industry which are seasonal in</p>

		<ul style="list-style-type: none"> ◆ Additional deduction of 30% allowed for a new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year. 	<p>nature</p> <ul style="list-style-type: none"> ◆ Relief also extended to cases if the condition is not satisfied in year 1, but is satisfied in year 2.
29	271FA	<ul style="list-style-type: none"> ◆ Penalty enhanced to ₹500 and ₹1000 respectively, 	<ul style="list-style-type: none"> ◆ Increased deterrence to enforce compliance of SFT provisions.
<u>Amendments making changes in compliance procedures</u>			
1	139A	<ul style="list-style-type: none"> ◆ Non individual entering into a financial transaction of an amount aggregating to ₹2,50,000 or more in a FY shall be required to apply for PAN. ◆ MD, director, partner, trustee, author, founder, karta, CEO, principal officer or office bearer or any person competent to act on behalf of such entities shall also apply for allotment of PAN 	<ul style="list-style-type: none"> ◆ Will heavily impact unregistered trusts and NGOs involved in religious and charitable work as they would be reqd. to take PAN ◆ Further, even office bearers of such organisations would be reqd. to take PAN ◆ Small HUFs having receipts exceeding ₹2.5 lakhs and their members also reqd. to take PAN.
2	140	<ul style="list-style-type: none"> ◆ Proviso to S. 140 provides that during the resolution process under the Insolvency and Bankruptcy Code, 2016, the return shall be verified by an insolvency professional appointed by the NCLT. 	<ul style="list-style-type: none"> ◆ Merely a clarificatory provision as upon appointment of IRP, management is vested with him and the power of board of directors is superseded.
3	143(1)(a)	<ul style="list-style-type: none"> ◆ New proviso inserted to the said clause to provide that no adjustment under sub-clause (vi) of the said clause shall be made in respect of any return furnished for or after the AY 2018-19. 	<ul style="list-style-type: none"> ◆ Retrospective insertion from AY 2018-19 would provide much needed relief to the genuine tax payers ◆ However, bogus claim made by assessee's would not be picked up for

			automatic scrutiny.
4	253	◆ Penalty u/s 271J imposed by CIT(A) appealable before ITAT	◆ Allows filing of appeal before ITAT in case of penalty imposed u/s 271J
5	276CC	◆ Benefit of this provision would not be available to companies.	◆ Change made to prevent abuse of the said proviso by shell companies or by companies holding Benami properties.
6	286	<p>◆ Amendments made so as to improve the effectiveness and reduce the compliance burden of such reporting:—</p> <p>(i) the time allowed for furnishing CbCR, in the case of parent entity or Alternative Reporting Entity (ARE), resident in India, is proposed to be extended to twelve months from the end of reporting accounting year;</p> <p>(ii) constituent entity resident in India, having a non-resident parent, shall also furnish CbCR in case its parent entity outside India has no obligation to file similar report in the latter's country or territory;</p> <p>(iii) the time allowed for furnishing the CbCR, in the case of constituent entity resident in India, having a non-resident parent, shall be twelve months from the end of reporting accounting year;</p> <p>(iv) the due date for furnishing of CbCR by the ARE of an international group, the parent entity of which is outside India, with the tax authority of the country or territory of which it is resident, will be the due date specified by that country or territory;</p>	<p>◆ Amendments are clarificatory in nature.</p> <p>◆ Would apply retrospectively from AY 2017-18.</p>

	(v) "reporting accounting year" has been defined to mean the accounting year in respect of which the financial and operational results are required to be reflected in the report referred to in sub-section (2) and sub-section (4).
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Amendments having making changes in departmental procedure

1	143(3B)	<ul style="list-style-type: none"> ◆ Sub-section 3A, 3B and 3C inserted to S. 143 ◆ Sub-section 3A grants power to Central Government (CG) to make new scheme of assessment to impart greater transparency and accountability, by eliminating the interface between the Assessing Officer and the assessee, optimal utilization of the resources and introduction of team-based assessment with dynamic jurisdiction. ◆ Sub-section (3B) enables the CG to direct, by notification in the Official Gazette, that any of the provisions of this Act relating to assessment shall not apply, or shall apply with such exceptions, modifications and adaptations as may be specified therein. However, no such direction shall be issued after the March 31, 2020. ◆ Sub-section (3C) to provide that every notification issued under the sub-section (3A) and sub-section (3B), shall be laid before each House of Parliament, as soon as may be. 	<ul style="list-style-type: none"> ◆ Would change the face of assessment ◆ Team based assessment with dynamic jurisdiction may be challenged on grounds of Principles of Natural Justice. ◆ The power to CG under sub-section 3B to modify the provisions of Act may also be challenged on grounds of excessive
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