

These Amendments are for students who have watched lectures for November 2021.

I) Basic Concepts

1) Tax Rates

1. Tax rates are same for all. No change in Tax rates, Surcharge and HEC.
2. For Domestic Company the Tax rate is 25% if Turnover of PY 19-20 \leq 400 crores. Otherwise the Tax rate is 30%.

II) Income under the head Salaries

1) Interest on employee's Contribution to RPF

1. Interest on Employee's contribution to RPF is exempt upto 9.5%
However If employee deposits in RPF amount exceeding Rs 2.5 Lac in a financial year, then the interest earned on the contributions exceeding Rs 2.5 Lac will be taxable in the hands of an employee.
Further, in case there is no contribution by the employer to the EPF account (usually in case of government employees), then interest will be tax-exempt for the deposits up to Rs 5 Lac in a financial year.

III) Profit Gains of Business and Profession

1) Definition of Intangible Asset has been modified

Now definition of "assets" shall mean Tangible assets and Intangible assets being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature; **not being goodwill of a business/profession.**

Thus no more depreciation on Goodwill.

2) Employees contribution towards Staff Welfare Schemes:
(There is no Amendment , its only a clarification)

1. Employees contribution collected by employer is income u/s 2(24)
2. Deduction is allowed if amount is credited to the employees account in the relevant fund on or before the due date under the relevant act. If the payment is not made before the due date under respective Act, it shall never be allowed as deduction.
3. For Employees contribution due date shall mean due date of relevant fund under any Act, rule or order and for Employers contribution due date is due date of ITR (43B).
4. Also for removal of doubts **it is clarified that provisions of section 43B will not apply to this section for determining the due date.**
5. That is due date shall be the due date of the fund and not the due date of the ITR u/s 139(1). W. e. f. FA, 2021.

3) Section 43CA:

1. Generally we compare SDV with 110% of Sale Consideration
2. Only for residential units instead of 10% it will be 20%, If the following conditions are satisfied: (FA 2021),
 - a) If the transfer of such residential units takes place from 12th November 2020 to 30th June 2021 and
 - b) It's a first time allotment of the residential unit to any person and
 - c) The consideration received for such transfer is less than or equal to 2 crores.
"Residential Unit" means an independent housing unit with separate facilities for working and sanitary requirements.

4) Section 44AB: Tax Audit -The threshold limit for Tax Audit u/s 44AB now 10 Crores.

The Finance Act, 2021 has increased the threshold limit of turnover for tax audit u/s 44AB from Rs.5 crores to Rs.10 crores where cash transactions do not exceed 5% of total transactions.

5) Applicability of Presumptive Taxation u/s 44ADA

The presumptive taxation scheme under section 44ADA was previously applied to all the resident professionals referred to in section 44AA.

Now onwards, it applies only to the resident individual, Hindu Undivided Family (HUF) or a partnership firm, other than LLP.

IV)CapitalGains

1) Self Generated Asset

1. Now even **COA of Self generated Goodwill of Profession = Nil**
2. IF the **assets are purchased** then COA = Purchase price
3. In case of **purchased goodwill of business or profession** if depreciation has been claimed COA = Purchase Price (-) Total depreciation u/s 32. (Claimed till AY 2021-22).

2) Depreciable Asset

1. A new proviso has been added to section 50 so that CBDT can prescribe a manner to determine WDV of the block of the asset and STCG if goodwill of a business or profession is forming a part of the block of asset on AY 20-21 and depreciation has been claimed on it.

3) Slump Sale – 50B

1. Slump Sale means: Entire unit/ undertaking is transferred by any means. (FA 2021).
2. Sale consideration = FMV of the capital asset as on the date of transfer. (wef AY 22-23).
3. The gain can be short term/long term. Even if it is long term, benefit of indexation is not available.
4. COA/COI = Net Worth
5. While calculating Net Worth, Remember - (i) For Depreciable Asset consider WDV, (ii) Ignore Revaluation, (iii) Net Worth = Asset – Liabilities.
6. Cost of self generated goodwill will be Nil.

4) CBDT has notified that FMV for this section shall be,

FMV = FMV of Capital Asset transferred or FMV of Consideration (Monetary & Non Monetary) whichever is Higher. *(Statutory Update)

5) New provision relating to ULIP

1. **In Definition of Capital Asset, ULIP is added, Following ULIPs will be treated as a capital Asset**
 - i) ULIP issued on/after 1.2.2021,
 - ii) to which an exemption u/s 10(10D) does not apply

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- iii) Premium payable exceeding 2,50,000 for any of the PY's during term of such policy or the aggregate amount of premium exceeding 250000 in any of the PY's during the term of any such ULIPs (issued on/after 01/02/2021.)

2. Such ULIP will be treated Equity oriented mutual fund.

In case of equity oriented mutual funds 65 % of the proceeds should be invested in equity shares or 90 % of the proceeds can be invested in other fund which further invests 90 % proceeds in equity shares.

The criteria of 65%/90% will also be applicable to ULIP. Then such ULIPs will be treated as equity oriented mutual funds

3. Section 10(10D)

- i) Any sum received under life insurance policy including bonus shall be exempt u/s 10(10D) if
 - a) If the premium of the policy does not exceed 10% of the sum assured (if the policy is taken after 1-4-2012)
 - b) If the premium of the policy does not exceed 20% of the sum assured (if the policy is taken before 1-4-2012)
 - ii) However, any sum received Keyman Insurance Policy shall not be exempt.
 - iii) W.e.f. FA 2021 new provisos (fourth and fifth provisos) have been added to this section:-
 - a) In case of ULIP issued on/after 1-2-2021 and if the premium payable for any PY exceeds 2,50,000 shall not be exempt u/s 10(10D). (4th provisos)
 - b) In case of more than one ULIP policies, issued after 1-4-2021 exemption shall only be available for those ULIP where aggregate amount of premium does not exceed 2,50,000 (5th provision).
- However, the amount received from ULIP on death of the person shall be exempt u/s 10(10D).
Also, a ULIP Policy to which exemption u/s 10(10D) does not apply due to the applicability of provisos 4th and 5th thereof shall be treated as a Capital Asset u/s 2(14).

4. Section 45(1B) –New section inserted by FA 2021. AY 22-23 – Capital Gains for ULIP

- i) Any profits or gains arising on receipt of any amount including bonus from ULIP shall be taxed under Capital Gains.
- ii) It shall be taxed in the year in which such amount was received.
- iii) Sale consideration = Amount received including the amount of bonus.
- iv) Cost of acquisition = total premium/amount paid for the policy
- v) It is treated as equity oriented Mutual Fund.
- vi) Hence, if long term it will be taxed u/s 112A and if Short term it will be taxed u/s 111A.

V. Income From Other Sources

1) Gift/ Receipts without consideration/ Receipts for inadequate consideration Sec. 56(2)(x)

1. For Immovable property inadequate consideration difference up to 10% between actual consideration and stamp duty shall be ignored or 50,000 whichever is higher shall be ignored.

2. Instead of 10% it will be 20% if

- a) the immovable property is a residential unit which is held as stock in trade by the seller &
- b) the transfer is between 12th November 2020 and 30th June 2021 by way of 1st time allotment to the buyer
- c) and consideration for transfer is less than or equal to 2 crore. (w. e. f. AY 22-23, FA 2021).

VI. Provisions for filing Return of Income and Self Assessment

1) Exemption for Senior Citizens from filing of ITR.

Senior Citizen of 75 years and above being resident are exempt from filing income tax returns if certain conditions are satisfied- (w. e. f. AY 22-23, FA 2021)

- i) He has pension income and no other income. However, in addition to such pension income he may also have interest income from bank in which he is receiving his pension income.

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ii) This bank is specified bank. The Government will be notifying a few banks which are banking company to be the specified bank.

iii) The specified bank has deducted TDS u/s 194P.

If above all conditions are satisfied then provisions of Sec 139(1) are not applicable.

2) Due date for filing of returns u/s 139(1)

1) Due date for Assessee covered under Transfer pricing is 30th November.

Now w.e.f. AY 2022-2023, Due date for partner's of the firm covered under transfer pricing shall also be 30th November.

3) Time limit for filing of belated return & Revised Return has been reduced w e f AY 22-23.

139(4): Belated Return FA 2021: Time limit for filing = 3 months before the end of the relevant AY (31st December 2022) or completion of assessment whichever is Earlier

139(5): Revised Return: The time limit for revising the return is till 3 months before the end of the relevant AY or completion of assessment whichever is earlier. i.e., 31st December 2022 or completion of assessment ↓ (FA 2021).

4) Linking of Aadhar and PAN

The last date for intimating Aadhar Number to IT Act 1961 for the purpose of linking Aadhar Number to PAN is 31st March, 2022. (It has been extended to 31st March 2022. Earlier it was 30th June, 2021)

5) 234F: Fees changed w.e.f. AY 22-23:

Fees on late furnishing of return is 5000. In case where Net Total Income is less than Rs. 5 Lacs, Fees for belated return shall be Rs. 1,000.

6) 234H (New Section Introduced) Fees for non linking of PAN & AADHAR:

WEF 01.04.2021 (FA 2021,) New section introduced-If linking of Aadhar and PAN does not happen within the due date the assessee shall be liable to pay a fee of 1000 u/s 234H.

7) Verification of Returns:

In Case of LLP (Who should verify returns) – (i) Designated Partners.

(ii) If there is no designated partner then any partner or any person prescribed for this purpose.

***Note:** Any other person prescribed shall be a person appointed by National Company Law Tribunal as per Bankruptcy Code 2016.

VII. Deductions

1. 80EEA- Deduction is applicable to Individual

1) Interest on housing loan for purchase of residential house property.

2) Loan Sanctioned by the financial institution during 1st April 2019 to 31st March 2022.

(till as year the date was 31-3-2021. Finance Act 2021 has extended the date till 31-3-2022)

3) Stamp duty value of RHP does not exceed 45 Lacs. Assessee does not own any RHP on the date of Sanction of the loan.

4) Where Deduction is allowed for interest under this section no other Deduction will be allowed under any other provision of Income Tax Act.

5) Deduction upto 1,50,000 This deduction is in addition to the existing 2,00,000 Deduction u/s 24b

VIII. Advance Tax

1) Short payment of Advance Tax in case of Capital Gain/Casual Incomes [First Proviso to section 234C (1)]

- 1) No interest u/s 234C will be levied in respect of any shortfall in the payment of advance Tax due on the returned income if:
- The shortfall is on account of under estimate or failure to estimate the amount of capital Gains [short-term or long-term]
 - Income of the nature referred to in Section 2(24) (ix) i.e. winning from lotteries, Crossword puzzles, gambling etc. and Income under the head PGBP arises under the said head for the first time.
 - Amount of dividend income u/s 2(22)(a)/(b)/(c)/(d) excluding sec 2(22)(e) (w.e.f. AY 21-22).**

However, the assessee has paid the whole amount of tax payable in respect of such income as part of the remaining installments of advance tax which are immediately due, or if no installment is due, then such tax is paid before 31st March. (w.e.f. AY 21-22).

IX. TDS and TCS

1) Three new Sections introduced-

Nature of payment	Rate	Payment in excess of	Remarks
194O W. e. f. 1-10-2020 Payments made by ECO Finance Act, 2020 W. e. f. AY 21-22	1%	No threshold limit	<p>1) Every ECO shall deduct TDS on amounts paid to the e-commerce Participant.</p> <p>2) Rate of TDS shall be 5% if PAN or Aadhar is not furnished by the Participant</p> <p>3) No TDS shall be deducted in case the participant is Individual/HUF and the Amount paid/payable does not exceed 5 Lacs during the year. Also Ind/HUF Should furnish his PAN or Aadhar in such case.</p> <p>4) TDS shall be deducted on gross amount of such sales or services or both.</p> <p>5) Any payment made by purchaser of Good or Services directly to e-commerce participant shall be included in the gross amount of sales for The purpose of TDS.</p>
194P Specified bank should Deduct TDS of specified Senior citizen. W. e. f. AY 22-23 FA 2021 Wef 1-4-2021	Rates in Force	On such income* Compute tax on Rates in force.	<p>1) Specified bank means banking company notified by CG.</p> <p>2) Specified Senior citizen means</p> <p>a) a resident individual of age 75 yrs or more and</p> <p>b) having only pension & interest income. Such interest income must be from any account maintained by such individual in the Same specified bank in which he receives pension and</p> <p>3) He has given a declaration in prescribed form to the bank.</p> <p>**Banks should consider income after deductions under Chapter VI A & rebate 87A. Provisions of sections 139(1) shall not apply to such specified senior citizens whose Tax has been deducted u/s 194P.</p>

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194Q A buyer whose total Turnover exceeds 10 crore In the last FY.	0.01%	On sum exceeding 50Lacs.	<p>1) buyer pays any sum to any resident for purchase of any goods exceeding 50 Lacs in any PY.</p> <p>2) Deduct TDS @0.1% on sum exceeding 50 Lacs at credit/ payment.</p> <p>3) No TDS u/s 194Q is TDS is applicable under any other provisions of this Act.</p> <p>4) If PAN is not provided rate of TDS shall be 0.1%/5% whichever is higher i.e., 5% (6) 6) If deductee has filed ITR for past 2 years & total of TDS & TCS in each of the 2 years is equal to 50000 or more then TDS is deducted @5%.</p>
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Note for 194P: CBDT has clarified the following- The Specified senior Citizen should furnish declaration in prescribed form. Then the Bank has to compute the Total Income of such Specified senior Citizen. The tax should be calculated at the rates in force. Also, effect should be given to deduction under chapter VI-A and rebate u/s 87A. For deduction under VI-A Senior Citizen must submit evidence. The Bank must maintain the declaration form and evidence for verification which can be done by Chief Commissioner of Income-Tax. *(Statutory Update)

2) Now full rates of TDS will be applicable for May 2022 and November 2022 (No reduced rates – Covid)

Guidelines for 194Q

No	Particulars	Remarks
1	194 Q not applicable	<p>1) Transactions in securities and commodities which are traded through recognized stock exchanges.</p> <p>2) Transactions in electricity, renewable energy certificates and energy saving certificates traded through registered power exchanges.</p>
2	Calculation of threshold for the F.Y. 2021-22	<p>1) Section 194Q has come into effect from 1st July, 2021.</p> <p>2) It is clarified that the threshold of Rs. 50 Lacs shall be computed from 1st April, 2021.</p> <p>3) If credit or payment or both happens before 01/07/2021 then section 194Q will not apply.</p> <p>4) The provision of section 194Q will not apply to a buyer being NR who does not have permanent establishment in India. Permanent establishment means fixed place of business in India.</p>
3	Adjustment for GST, Purchase returns	<p>1) Generally TDS is not to be deducted on GST Component.</p> <p>2) Tax is to be deducted on payment or credit whichever is earlier.</p> <p>3) If credit is earlier – Deduct tax on payment excluding GST.</p> <p>4) If payment is earlier – Deduct tax on total payment as it may not be possible to identify GST component.</p>
4	Whether Non Resident can be buyer under section 194Q	1) The provisions of section 194Q would not apply to a buyer being a non-resident.
5	Whether Tax is to be deducted on	1) TDS needs to be deducted on advance payment also.

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	advance payment	
6	Whether provisions of section 194Q shall apply to buyer in the year of incorporation.	1)The provisions of section 194Q shall not apply in the year of incorporation.
7	Whether TDS is applicable when seller's income is exempt	NO TDS, If seller's income is exempt. e.g. Like section 10 however TDS is applicable only if part of the income is exempt.
8	Cross application of Section 194-O, Section 206 C(1H) and 194Q	
8 a)	If a transaction is covered within purview of section 194-O as well as 194-Q	Then TDS should be deducted under section 194-O
8 b)	If a transaction is covered under section 194-O and 206C(1H)	Then TDS should be deducted under section 194-O
8 c)	If a transaction is covered under section 194-Q and 206C(1H)	Then TDS should be deducted under section 194- Q