

## AMENDMENTS FOR A.Y. 20-21

Points to be noted before studying these amendments:

1. These amendments are introduced by the Finance Act, 2019 [Interim, Final and Ordinance all are covered].
2. Amendments have been summarized in the order of chapters in the main book drafted for AY 20-21.
3. These amendments are relevant for students appearing in May 2020 and Nov 2020 attempts.
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## **1) INTRODUCTION**

- Slab Rates and HEC remain unchanged.
- Rebate u/s 87A for **RESIDENT + INDIVIDUALS** with **Net Taxable Total Income** not exceeding Rs. **5,00,000 (w.e.f. A.Y. 20-21)** – Tax liability or Rs. **12,500 (w.e.f. A.Y. 20-21)** whichever is less.  
Thus, the Income Limit for Rebate eligibility is enhanced to Rs. 5,00,000 and the quantum of maximum rebate is enhanced to Rs. 12,500
- Surcharge: (**subject to marginal relief**) – For Individual/HUF/AOP-BOI/AJP  
Surcharge @ 10% of Basic Tax Liability if NTTI exceeds Rs. 50 LAKHS, but does not exceed Rs. 1 CRORE  
Surcharge @ 15% of Basic Tax Liability if NTTI exceeds Rs. 1 CRORE, but does not exceed Rs. 2 CRORES  
**However, w.e.f. A.Y. 20-21**  
**Surcharge @ 25% of Basic Tax Liability if NTTI exceeds Rs. 2 CRORES, but does not exceed Rs. 5 CRORES**  
**Surcharge @ 37% of Basic Tax Liability if NTTI exceeds Rs. 5 CRORES**

**[However, the Taxation Laws (Amendment) Ordinance, 2019 has clarified that the increased Surcharge rates i.e 25% and 37% shall not be applicable if the income is exceeding 2 crore only because of incomes referred to u/s 111A or 112A or 115AD (if FII is registered as AOP) and surcharge will continue at 15% of ENTIRE Basic Tax Liability in such a case. However, if the total income has already exceeded 2 crore or 5 crore, as the case may be, even before adding the incomes u/s 111A or 112A or 115AD (if FII is registered as AOP), the enhanced Surcharge rates shall apply only on the Basic Tax calculated on the incomes other than the incomes u/s 111A, 112A and 115AD (if FII is registered as AOP). The tax calculated on incomes u/s 111A, 112A or 115AD (if FII is registered as AOP) shall continue to be enhanced by a surcharge of 15%]**  
**[Also in NRI Taxation, Special Rates of Tax and Capital Gains]**

## **2) DOUBLE TAXATION AVOIDANCE AGREEMENTS**

- No amendments

## **3) MODE OF ACCEPTANCE AND REPAYMENT OF LOANS**

- For both Sec 269SS as well as Sec 269T other than electronic modes through a bank account, *w.e.f. 01/09/2019* **such other prescribed electronic modes** shall be considered as eligible modes. This amendment has taken place in all Sections of Income Tax where there is a restriction on transacting through A/c Payee Cheque, A/c Payee Draft or Electronic Clearing System through a bank account.

## **4) NRI TAXATION**

### **1. Also in Introduction and Capital Gains:**

The Taxation Laws (Amendment) Ordinance, 2019 has clarified that the increased Surcharge rates i.e 25% and 37% shall not be applicable if the income is exceeding 2 crore only because of incomes referred to u/s 111A or 112A and surcharge will continue at 15% of ENTIRE Basic Tax Liability in such a case. However, if the total income has already exceeded 2 crore or 5 crore, as the case may be, even before adding the incomes u/s 111A or 112A, the enhanced Surcharge rates shall apply only on the Basic Tax calculated on the incomes other than the incomes u/s 111A and 112A. The tax calculated on incomes u/s 111A and 112A shall continue to be enhanced by a surcharge of 15%.

### **2. Tax Benefits available to units located in International Financial Services Centre:**

- Any interest payable to a non resident by a unit located in IFSC in respect of monies borrowed on/after 01/09/2019, shall be exempt. [Also in Special Rates]
- In respect of Mutual Fund located in IFSC no IDT shall be payable in respect of income distributed on/after 01/09/2019 if all unit holders are non residents. [Also in DDT/IDT/BBT]

- c) w.e.f. A.Y 20-21, IFSC can claim 100% deduction of profits u/s 80LA in respect of any ten consecutive years out of fifteen years beginning from the year in which necessary permission was obtained. The restriction of No VIA deduction against special rates income shall not be applicable [Also in VI-A]

## **5) SPECIAL RATES OF TAX**

### **1. Also in Introduction:**

The Taxation Laws (Amendment) Ordinance, 2019 has clarified that in case of an AOP/BOI deriving incomes in the nature of capital gains u/s 115AD the increased Surcharge rates i.e 25% and 37% shall not be applicable if the income is exceeding 2 crore only because of capital gains referred to u/s 115AD and surcharge will continue at 15% of ENTIRE Basic Tax Liability in such a case. However, if the total income has already exceeded 2 crore or 5 crore, as the case may be, even before adding the capital gains referred to u/s 115AD, the enhanced Surcharge rates shall apply only on the Basic Tax calculated on the incomes other than the capital gains referred to u/s 115AD. The tax calculated on capital gains referred to u/s 115AD shall continue to be enhanced by a surcharge of 15%

2. Any interest payable to a non resident by a unit located in IFSC in respect of monies borrowed on/after 01/09/2019, shall be exempt. [Also in NRI Taxation]
3. Further, any interest payable in respect of monies borrowed during the period 17/09/2018 to 31/03/2019 in rupee denominated bonds shall be exempt for Non Residents.

## **6) DIVIDEND DISTRIBUTION TAX / BUYBACK TAX / INCOME DISTRIBUTION TAX**

1. For IFSC the benefit of no DDT shall be available if the dividend is distributed out of its current income or income accumulated as IFSC after 01/04/2017.
2. **W.e.f. 05<sup>th</sup> July, 2019** Buy Back Tax shall be applicable on Buy Back of **Listed Shares** also. However, the Taxation Laws (Amendment) Ordinance, 2019 has clarified that in cases where public announcement of Buy Back of Listed shares was made before 5<sup>th</sup> July, 2019, BBT shall not be applicable.
3. In respect of Mutual Fund located in IFSC no IDT shall be payable in respect of income distributed on/after 01/09/2019 if all unit holders are non residents.

## **7) SPECIAL PROVISIONS FOR TAX CONCESSION IN SPECIAL ECONOMIC ZONE (SEZ)**

1. No amendments

## **8) TAXATION OF BUSINESS TRUSTS**

1. No amendments.

## **9) TAXATION OF INVESTMENT FUNDS**

1. **W.e.f. A.Y. 20-21** the provisions of Investment Funds with respect to losses shall undergo changes as follows:
  - a) Any loss incurred in the current year shall be first set off against other incomes earned by the Investment Fund.
  - b) Out of the loss which could not be set off, business loss shall be carried forward by the Investment Fund according to Chapter VI and other losses shall be given the effect of pass through i.e. carry forward will be done by the unitholders in proportion of holding. However, if the unitholder has held the unit for a period of less than 12 months, then the loss in his proportion of holding shall lapse.

- c) Out of the accumulated losses on 31/3/2019, business loss shall be continued as carry forward by the Investment Fund, however, other losses shall be given passthrough and the unitholders will be allowed to carry forward such loss for the balance period left for such losses according to Chapter VI. Obviously, the Investment Fund shall not be allowed to continue carry forward of such losses.

### **10) DIVIDEND AND BONUS STRIPPING**

1. No amendments.

### **11) ASSESSMENT OF PARTNERSHIP FIRMS**

1. No amendments.

### **12) ASSESSMENT OF RELIGIOUS & CHARITABLE TRUSTS**

1. **W.e.f. 01/09/2019**, the PCIT/CIT shall also satisfy himself about the compliance of the trust to requirements of any other law which is material for the purpose of achieving its objects before granting registration to a charitable trust and if it is noticed that the trust has violated requirements of any other law which is material for the purpose of achieving its objects and the order passed under that law has not been disputed by the trust the registration can be cancelled by the PCIT/CIT.

### **13) ASSESSMENT OF POLITICAL PARTIES**

1. For receiving voluntary contributions / donations, other than electronic modes through a bank account, **w.e.f. 01/09/2019** **such other prescribed electronic modes** shall be considered as eligible modes.

### **14) ASSESSMENT OF ELECTORAL TRUSTS**

1. No amendments.

### **15) MINIMUM ALTERNATE TAX(MAT)**

1. **W.E.F. A.Y. 20-21**, MAT Shall not be applicable to any assessee who has exercised the option to pay tax at concessional rates stipulated u/s 115BAA or 115BAB which were introduced by the Ordinance, 2019.
2. The rate of MAT shall be reduced from 18.5 to 15%
3. The normal rate of tax for Domestic Companies is 30%. However, **w.e.f. A.Y. 20-21**, if the turnover of a domestic company does not exceed **400 crore** in **P.Y. 17-18**, rate of tax shall be 25%. Further, **w.e.f. A.Y. 17-18** following section 115BA was introduced in the Act, wherein assessee company has an **OPTION** to pay tax @ 25% if the following conditions are satisfied:
- The Company is a domestic company,
  - It has been set up and registered on or after 1<sup>st</sup> March, 2016,
  - It is engaged in the business of manufacture or production of any article or thing and not engaged in any other business,
  - In its total income the company has not claimed any benefit of SEZ deduction u/s 10AA, accelerated or additional depreciation, investment allowance, expenditure for scientific research or any income related deduction other than Section 80JJAA

The option is furnished in the prescribed manner before the due date of filing return of income. However, once the option is exercised it cannot be changed or withdrawn for any year in future. Further, other income of the company for which special rates of tax have been prescribed, shall continue to be taxed at such prescribed special rates.

**However, w.e.f. A.Y. 20-21, a company exercising the option u/s 115BAA shall be allowed to withdraw this option.**

4. **W.e.f. A.Y. 20-21** a company, its subsidiary and the subsidiary of such subsidiary, where the NCLT on an application by the Central Government u/s 241 of the Cos Act, 2013 has suspended the BOD and has appointed new directors nominated by the Central Government u/s 242 of that Act **BOTH** the brought

forward loss as well as the unabsorbed depreciation as per Books of Accounts shall be adjusted on the less side in the calculation of Book Profit u/s 115JB.

5. **Following sections 115BAA and 115BAB shall be inserted by the Taxation Laws (Amendment) Ordinance, 2019.**

**115BAA: W.e.f. A.Y. 20-21,** The assessee company has an **OPTION** to pay tax @ 22% if the following conditions are satisfied. [Surcharge shall be always 10%]

- i) The Company is a domestic company,
- ii) In its total income the company has not claimed any benefit of SEZ deduction u/s 10AA, additional depreciation, investment allowance u/s 32AD, 33AB, 33ABA, 35(1) (ii)/(iia)/(iii), 35(2AA), 35(2AB), 35AD, 35CCC, 35CCD, or any income related deduction other than Section 80JJAA. Also, b/f losses with respect to above deductions, if any, shall lapse. (However, normal depreciation may be claimed) **(Further, CBDT has released a circular clarifying that as there is no time limit to start opting for 115BAA, the company may exercise this option after setting off its accumulated brought forward losses)**

iii) The option is furnished in the prescribed manner before the due date of filing return of income. However, once the option is exercised it cannot be changed or withdrawn for any year in future. Further, income of the company for which special rates of tax have been prescribed, shall continue to be taxed at such prescribed special rates.

**115BAB: W.e.f. A.Y. 20-21,** The assessee company has an **OPTION** to pay tax @ 15% if the following conditions are satisfied. [Surcharge shall be always 10%]

- i) The Company is a domestic company,
- ii) It has been set up and registered on/after 01/10/2019 and has commenced manufacturing on/before 31/03/2023,
- iii) It should not be formed by splitting up or reconstruction of a business already in existence (except in circumstances referred to in section 33B) or formed by transfer to a new business, of plant and machinery previously used for any purpose exceeding 20% of the total value of machinery and plant used in the business.

Note: Circumstances referred to in section 33B

The undertaking, being the unit, is formed as re-establishment, reconstruction or revival by the assessee of the business of such undertaking which is discontinued by reason of extensive damage to or destruction of, any building, machinery, plant or furniture owned by the assessee and used for the purpose of such business.

Such damage or destruction should be affected as a direct result of flood, typhoon, hurricane, cyclone, earthquake or other convulsion of nature or riot or civil disturbance or accidental fire or explosion or action by an enemy or action taken in combating an enemy.

For this purpose, any machinery or plant which was used outside India by any person other than the assessee shall not be regarded as machinery or plant previously used for any purpose if the following conditions are fulfilled:

- such machinery or plant was not at any time used in India;
- such machinery or plant is imported into India from any country outside India; and
- no deduction on account of depreciation has been allowed or allowable under this Act in respect of such machinery or plant to any person earlier for any prior period.

- iv) It should not use any building previously used as a hotel or a convention Centre.
- v) It is engaged in the business of manufacture or production of any article or thing and not engaged in any other business,
- vi) In its total income the company has not claimed any benefit of SEZ deduction u/s 10AA, additional depreciation, investment allowance u/s 32AD, 33AB, 33ABA, 35(1) (ii)/(iia)/(iii), 35(2AA), 35(2AB), 35AD,

35CCC, 35CCD, or any income related deduction other than Section 80JJAA. Also, b/f losses with respect to above deductions, if any, shall lapse. (However, normal depreciation may be claimed)

vii) The option is furnished in the prescribed manner before the due date of filing return of income. However, once the option is exercised it cannot be changed or withdrawn for any year in future. Further, income of the company for which special rates of tax have been prescribed, shall continue to be taxed at such prescribed special rates.

Where it appears to the AO that, owing to the close connection between the company and any other person, or for any other reason, the course of business between them is so arranged that the business transacted between them produces to the company more than the ordinary profits which might be expected to arise, the Assessing Officer shall, in computing the profits and gains of such company for the purposes of this section, take the amount of profits as may be reasonably deemed to have been derived therefrom:

Provided that in case the aforesaid arrangement involves a specified domestic transaction referred to in section 92BA, the amount of profits from such transaction shall be determined having regard to arm's length price as defined u/s 92F.

6. **W.e.f. A.Y. 20-21** if a company opts for paying tax u/s 115BAA, MAT shall not be applicable and thus, accumulated MAT credit, if any, shall lapse. However, CBDT has released a circular clarifying that as there is no time limit to start opting for 115BAA, the company may exercise this option after utilising its accumulated MAT Credit.

## **16) ALTERNATE MINIMUM TAX (AMT)**

1. No amendments.

## **17) INCOME TAX AUTHORITIES, THEIR POWERS**

1. No amendments.

## **18) SEARCH, SEIZURE & SURVEY**

1. No amendments.

## **19) ASSESSMENT PROCEDURE**

1. **W.e.f. A.Y. 20-21**, U/s 139(1) Filing of ROI shall be mandatory for the following assesses:

a) Every Individual/HUF/AOP-BOI/AJP whose Income before the exemptions u/s 54/54B/54D/54EC/54F/54G/54GA/54GB exceeds the Basic Exemption Limit. **(surprisingly all exemptions for investing capital gains are mentioned in the amendment but 54EE is not)**

b) any person who has during the Previous Year:

- i) deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a cooperative bank or
- ii) incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country or
- iii) incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees for consumption of electricity or
- iv) fulfilled such other conditions as may be prescribed.

2. **W.e.f. 01/09/2019**, Every person, who intends to enter into such transaction as may be prescribed by the board in the interest of revenue shall be mandatorily required to acquire PAN u/s 139A.

3. **W.e.f. 01/09/2019**, any person who is required to furnish or intimate or quote his PAN under the Act and who:

- a. has not been allotted PAN but possesses Aadhaar number, may furnish or intimate or quote his Aadhaar number instead of PAN and such person shall be allotted PAN in such manner as may be prescribed
- b. has been allotted a PAN, and who has intimated his Aadhaar number in a prescribed manner, may furnish or intimate or quote his Aadhaar number instead of PAN.

Further, w.e.f. 01/09/2019 every person entering into prescribed transactions, shall quote his PAN or Aadhaar number in the documents pertaining to such transaction and every person receiving such documents shall ensure that PAN or Aadhaar number has been duly quoted in such document and also ensure that such PAN or Aadhaar number is authenticated.

4. **W.e.f. 01/09/2019**, U/s 139AA, instead of becoming invalid the PAN shall be made inoperative from a date notified if not linked with Aadhaar in the prescribed manner

## **20) APPEALS**

1. No amendments.

## **21) REVISION**

1. No amendments.

## **22) INCOME TAX SETTLEMENT COMMISSION**

1. No amendments.

## **23) AUTHORITY FOR ADVANCE RULINGS**

1. No amendments.

## **24) TONNAGE TAX SCHEME**

1. No amendments.

## **25) PENALTIES**

1. **Section 271DB (w.e.f. 01/11/2019)**: If a person who is required to provide facility for accepting payments through the prescribed electronic modes of payment referred to in section 269SU, fails to provide such facility, penalty will be a sum of Rs. 5,000 per day during which the default continues. No penalty shall be imposed if such person proves that there were good and sufficient reasons for such contravention. Penalty shall be imposed by the JCIT

## **26) MISCELLANEOUS PROVISIONS**

1. **SECTION 269SU (w.e.f. 01/11/2019): Providing Facility of payment through prescribed electronic modes:**

Every person, carrying on business, shall provide facility for accepting payment through prescribed electronic modes, in addition to the facility for other electronic modes, of payment, if any, being provided by such person, if his total sales, turnover or gross receipts, as the case may be, in business exceeds fifty crore rupees during the immediately preceding previous year.

Failure shall attract penalty of Rs. 5,000 per day u/s 271DB

## **27) TDS / TCS**

1. **W.e.f. A.Y. 20-21**, U/s 194A in respect of TDS on Bank Interest for Non Senior Citizen Payees, the monetary threshold for TDS shall be **>40,000/- p.a. per Branch, per payee**

2. **W.e.f. 01/09/2019**, U/s 194DA - TDS shall be 5% on the amount of income comprised therein.

3. **W.e.f. A.Y. 20-21**, U/s 194I in respect of TDS on Rent, the monetary threshold for TDS shall be **>240,000/-**

4. **New Section 194M (w.e.f. 01/09/2019): TDS on Contractor, Commission or Fees for Professional Services by Individual/HUF not covered under Tax Audit:**

**Payer**- Any Person being Individual or HUF other than an Individual or HUF required to deduct TDS u/s 194C, 194H, 194J

**Payee**- Any Person Resident.

**Amount**: > 50,00,000/- p.a.

**Rate**: - 5%.

**Nature of Payment**: (a.) Payment for Work Done (including labour supply),  
(b.) Commission/Brokerage (excluding Insurance Commission),  
(c.) Fees for Professional Services

Points to be noted:-

- (1.) The terms Contract, Commission/Brokerage, Professional Services, work shall have the same meanings as given in the sections 194C, 194H, 194J.
- (2.) The Payer shall not be required to acquire TAN

**5. W.e.f. 01/09/2019, U/s 194IA:** A clarification has been inserted that consideration for transfer of immovable property shall include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.

**6. New Section 194N (w.e.f. 01/09/2019): T.D.S. on cash withdrawal exceeding Rs. one crore:**

**Payer:** Any person being a banking company/ a cooperative society engaged in business of banking/ a post office

**Payee:** Any Person

**Amount:** > one crore

**Rate:** @ 2% on the amount exceeding Rs. one crore

Points to be noted:-

1. TDS shall be deducted at the time of payment.
2. The monetary limit shall apply on the aggregate withdrawals from one or more accounts maintained by the payee.
3. The provisions of this Section shall not apply if the Payee is:
  - a. Government
  - b. a banking company/ a cooperative society engaged in business of banking/ a post office or their business correspondent or their white label automated teller machine
  - c. any other notified person

## 28) ADVANCE TAX

1. No amendments

## 29) REFUND

1. **W.e.f. 01/09/2019:** Only filing of ROI u/s 139 will entitle the assessee for refund.

## 30) INTEREST U/S 234 A / B / C

1. No amendments

## 31) RECOVERY PROCEEDINGS

1. No amendments.

## 32) TRANSFER PRICING

1. The definition of Specified Domestic Transaction shall include any transaction referred to u/s 115BAB (4)
2. **W.e.f. 01/09/2019,** U/s 92CE, In case where the excess money has not been repatriated within the time, the assessee will have an option to pay income tax at a rate of 18% on such excess money not repatriated + 12% surcharge + 4% HEC. However, interest till the date of such payment shall be calculated as prescribed. This tax is in addition of the normal income tax payable and no credit or deduction shall be available to any assessee under any provision. Upon payment of this tax assessee will not be required to make secondary adjustment or compute or pay interest from the date of payment of such tax.

## 33) SALARY

1. **W.e.f. A.Y. 20-21:** U/s 16(ia) Standard Deduction from Salary will be increased to a maximum of Rs. Fifty thousand rupees. (From the existing Rs. 40,000 limit)

## 34) HOUSE PROPERTY

1. **W.e.f. A.Y. 20-21,** Where property consisting of any building or land appurtenant thereto is held as stock in trade and the property or any part of the property is not let out during the whole or any part of the



previous year, the annual value of such property or part of the property, for the period upto **TWO** (amended from one year to two years) years from the end of the financial year in which the certificate of completion of construction of the property is obtained from the competent authority, shall be taken to be NIL.

**2. W.e.f. A.Y. 20-21**, Assessee shall be eligible to claim TWO PROPERTIES as SOP, however, the aggregate interest deduction for both shall be restricted to Rs. 2,00,000.

### **35) PROFITS AND GAINS OF BUSINESS OR PROFESSION (PGBP)**

1. **W.e.f. A.Y. 20-21**, such other prescribed electronic modes shall be allowed as mode of transaction u/s 32 /35AD /40A(3)/43CA/44AD

### **36) CAPITAL GAINS**

1. **W.e.f. A.Y. 20-21**– Transfer of such other notified bonds made by a Non Resident on a recognized stock exchange located in any International Financial Services Centre (IFSC), where consideration is paid or payable in foreign currency is excluded from the definition of transfer.

2. **W.e.f. A.Y. 20-21**, U/s 50C - Such other prescribed electronic modes shall be allowed as mode of transaction.

3. Cost Inflation Index for the Financial Year 2019-20 will be **289**.

4. **W.e.f. A.Y. 20-21**, u/s 50CA there shall be notified exceptions on which the provision shall not be applicable.

5. **W.e.f. A.Y. 20-21**, u/s 54, If the C.G. is  $\leq$  2 crores, assessee may, at his option, invest in two houses and claim exemption for both. All rules applicable for the new house shall be applicable on both houses. This option of taking exemption of two houses shall be once in a lifetime.

6. **W.e.f. A.Y. 20-21**, u/s 54GB, the Lock In period for computer or computer software shall be three years and the share capital / voting rights of the assessee in the new company should exceed **25%**.

### **37) INCOME FROM OTHER SOURCES**

1. **W.e.f. A.Y. 20-21**, u/s 56(2)(x) there shall be notified exceptions on which the provision shall not be applicable.

2. **W.e.f. A.Y. 20-21**, for the facility of agreement date SDV instead of possession date such other prescribed electronic modes shall be allowed as mode of transaction.

### **38) CLUBBING OF INCOME**

1. No amendments.

### **39) SET OFF & C/F OF LOSSES**

1. **W.e.f. A.Y. 20-21**:

**Section 79** shall not be applicable to a company and its subsidiary and the subsidiary of such subsidiary, where,—

(i) the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013, has suspended the Board of Directors of such company and has appointed new directors nominated by the Central Government, under section 242 of the said Act; and

(ii) a change in shareholding of such company, and its subsidiary and the subsidiary of such subsidiary, has taken place in a previous year pursuant to a resolution plan approved by the Tribunal under section 242 of the Companies Act, 2013 after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

Explanation.—For the purposes of this section,—

(i) a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company;

(ii) "Tribunal" shall have the meaning assigned to it in clause (90) of section 2 of the Companies Act, 2013.'.

## **40) DEDUCTIONS UNDER CHAPTER VI-A**

1. **W.e.f. A.Y. 20-21**: U/s 80JJAA: Such other prescribed electronic modes shall be allowed as mode of transaction.

2. **W.e.f. A.Y. 20-21**, Contribution to NPS referred to in Section 80CCD by an employee of Central Government with a lock in period of three years and according to a notified scheme shall be allowed as a deduction u/s 80C.

3. **W.e.f. A.Y. 20-21**, U/s 80CCD (2) for **EMPLOYER** Contribution to NPS, If the **Employer is Central Government** – Actual Contribution or Max 14% of Salary.

4. **W.e.f. A.Y 20-21, New Section 80EEA - Deduction in respect of interest on loan taken for certain house property**

**ALLOWED TO**: Individual (not eligible for deduction u/s 80EE)

**DEDUCTION**: Maximum 1,50,000

**CONDITIONS**:

(1) Loan must taken from any financial institution for the purpose of acquisition of a residential house property.

(2) The deduction under sub-section shall not exceed 1,50,000 rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and in and subsequent assessment years till repayment continues.

(3) The loan must be sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2020

(4) The value of house property should not exceed forty five lakh rupees

(5) The assessee should not own any residential house property on the date of sanction of the loan.

**REMARKS**:

1. Where a deduction under this section is allowed for any interest, deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

2. For the purposes of this section, —

(A) "financial institution" means same as under Section 80EE

(B) "stamp duty value" means value adopted or assessed or assessable by any authority of the Central Government or a State Government for the purpose of payment of stamp duty in respect of an immovable property.

5. **W.e.f A.Y. 20-21 New Section 80EEB: Deduction in respect of interest on loan taken for purchase of electric vehicle**

**ALLOWED TO**: Individual

**DEDUCTION**: Maximum 1,50,000

**CONDITIONS**:

(1) Loan must taken from any financial institution for the purpose of acquisition of an electric vehicle.

(2) The deduction under sub-section shall not exceed 1,50,000 rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2020 and in and subsequent assessment years till repayment continues.

(3) The loan must be sanctioned by the financial institution during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2023

**REMARKS**:

1. Where a deduction under this section is allowed for any interest, deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

2. For the purposes of this section, —

(A) "electric vehicle" means a vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system, which during braking provides for the conversion of vehicle kinetic energy into electrical energy;

(B) "financial institution" means a banking company to which the Banking Regulation Act, 1949 (10 of 1949) applies, or any bank or banking institution referred to in section 51 of that Act and includes any deposit taking non-banking financial company or a systemically important non-deposit taking non-banking financial company as defined in clauses (e) and (g) of Explanation 4 to section 43B.

6. Certain conditions u/s 80IBA shall change for projects approved **on/after 01/09/2019** as follows:

	Location of the housing project	Size of plot of land on which the project is located	Carpet area of the residential unit comprised in the housing project	Percentage of floor area ratio to be utilised by the project
(1)	(2)	(3)	(4)	(5)
(i)	Within the cities of Bengaluru Chennai, Delhi NCR (ie Delhi, Noida, Greater Noida, Gurugram, Ghaziabad, Faridaabd), Hyderabad, Kolkata and Mumbai (whole of Mumbai Metropolitan region)	Not less than 1,000 sq. m.	Not more than 60 sq.m.	Not less than 90% of the floor area ratio permissible in respect of the plot of land under the rules to be made by the Central Government or the State Government or the local authority as the case may be
(ii)	In any other place	Not less than 2,000 sq.m.	Not more than 90 sq.m.	not less than 80% of such floor area ratio

**Further, for the projects approved on/after 01/09/2019 the SDV should not exceed forty five lakh rupees.**

## **EXTRA CHAPTERS APPLICABLE ONLY FOR NEW COURSE**

### **41) OVERVIEW OF MODEL TAX CONVENTIONS**

### **42) TAX TREATIES: APPLICATION AND INTERPRETATION**

### **43) FUNDAMENTALS OF BASE EROSION AND PROFIT SHIFTING (BEPS)**

1. No amendments in all three chapters.