Budget Connect 2015-16

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FOREWORD

Most eagerly awaited budget of the recent times was presented by the Hon'ble Finance Minister, **Shri Arun Jaitley**, on February 28, 2015 as his first full year budget.

On the direct tax front, there does not seem to be any major changes. Rates remain unchanged for all taxpayers with an increase in surcharge by two percentage points as a quid pro quo for abolishing the largely stagnant collection pool of Wealth tax: an Act which was more of a hassle to comply with for many. There is a proposal of reducing corporate tax rates from the existing 30 per cent to 25 per cent over four years starting 1 April 2016, however that will predictably be accompanied by the removal of many incentive provisions. There are welcome amendments on the deferral of GAAR provisions by two years and also protecting from GAAR, all investments made up to 31 March, 2017. Amendments in the manner of taxing indirect transfer of assets in India have brought in much needed clarity, however change in the residency criteria of foreign companies could become the next hot spot for tax disputes, especially for Indian corporates that have ventured overseas. There has been a rationalization of the capital gains tax regime for sponsors of REITs and a pass through status has been accorded to some AIFs. Some sops to individuals has been provided in the garb of higher deductions for medical insurance spends and investments in the National Pension Scheme.

The budget points towards transformation of India, giving people greater assurance at each stage of life, more opportunities and a better home for all. Budget 2015 takes India into the future – a future that creates a new competitive strength, promotes innovation, strengthen assurance and enhance support for common man.

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A SIMPLIFIED APPROACH TO AMENDMENTS IN DIRECT TAXES THROUGH FINANCE BILL, 2015

SECTION (A): PERSONAL TAXATION

1. No change in basic exemption limit.

2. Exemption for transport allowance is to be increased from INR 800/- per month to INR 1600/- per month.

3. Surcharge on income tax for individuals having total income of more than INR 1 crore to be increased to 12 per cent from 10 per cent.

4. Any payment (including interest) from an account opened in accordance with Sukanya Samriddhi Account Rules, 2014 will be exempt u/s 10(11A) of the Act. A corresponding amendment has been brought in Section 80C of the Act. Any contribution to such account will also be eligible for deduction. The amendment will be retrospective and will apply from Assessment Year (**"AY"**) 2015-16.

5. Deduction for health insurance premium under Section 80D of the IT Act:
    a. to be increased from INR 20,000/- to INR 30,000/- in case of senior citizens;
    b. to be increased from INR 15,000/- to INR 25,000/- in case of other individuals and HUF;
    c. Very senior citizens (i.e. 80 years and above) to be allowed to claim deduction up to INR 30,000/- for expenditure incurred by them on medical

expenses. Such deduction will be available only when no payments have been made to keep in force the health insurance of such person. This deduction can also be claimed by an individual incurring expenditure for his parent(s) being a very senior citizen.

6. Conditions for claiming deduction for expenditure incurred on medical treatment of certain chronic and protracted diseases under Section 80DDB of the Act to be relaxed by allowing use of prescription from any specialist doctor as against the current requirement of obtaining a certificate from a doctor working in government hospital. Further, deduction of up to INR 80,000 as against the existing limit of INR 60,000/- to be available for expenditure incurred on treatment of very senior citizens (i.e. 80 years or more).

7. Benefits in relation to persons with disability/ severe disability under Section 80DD and Section 80U of IT Act to be increased from INR 50,000/- to INR 75,000/- for persons with disability and from INR 1,00,000/- to INR 1,25,000/- for persons with severe disability.

8. Currently, contributions made to pension scheme are deductible under Section 80CCC subject to a limit of INR 1,00,000/- which is proposed to be increased to INR 1,50,000/-.

9. Under Section 80CCD of the IT Act a deduction of up to INR 50,000/- for contributions made by any individual under the National Pension Scheme will be available in addition to other deductions for contribution to pension scheme.

SECTION (B): CORPORATE TAXATION

1) No change proposed in base corporate tax rate. However, the Finance Minister in his speech highlighted his proposal to reduce the rate of tax in a phased manner from the existing 30 per cent to 25 per cent over the succeeding 4 years.

2) Surcharge on income tax increased to 7 per cent from 5 per cent in case of a domestic company having income exceeding INR 1 crores but not exceeding INR 10 crores. Surcharge to be increased to 12 per cent from 10 per cent if the total income of the domestic company exceeds INR 10 crores.

3) No change proposed in the rate of surcharge levied on foreign companies.

4) Surcharge at the rate of 12 per cent as against 10 per cent to be levied in case of dividend distribution tax, tax on buy back of shares, tax on income distributed by mutual funds, tax on income distributed by Securitization trust, etc.

5) Tax Incentives for states of Andhra Pradesh and Telangana: To encourage the setting up of industrial undertakings in the notified backward areas of the State of Andhra Pradesh and the State of Telangana, Finance Bill proposes the following incentives (with effect from AY 2016-17) under the IT Act:
   a) Insertion of new Section 32AD: In addition to the investment allowance presently available under Section 32AC of the IT Act, an additional investment allowance of an amount equal to 15 per cent of the cost of new assets acquired and installed will be provided, subject to prescribed conditions.

b) Currently, Section 32(1) (ii) of the IT Act provides for an additional depreciation of 20 per cent (over and above the general depreciation) on the cost of plant and machinery acquired and installed. Finance Bill proposes to provide a higher depreciation at the rate of 35 per cent (instead of 20 per cent) if the new plant and machinery (other than a ship and aircraft) is acquired and installed for setting up manufacturing units in the notified backward areas of the State of Andhra Pradesh and the State of Telangana, between April 1, 2015 and March 31, 2020.

6) Amendment in Section 32(1)(iia): Proposal to allow balance 50% depreciation

a) Currently, on the lines of allowability of general depreciation allowance, Section 32(1) of the IT Act, *inter alia,* provides that the additional depreciation would be restricted to 50 per cent when the new plant or machinery acquired and installed by the assessee, is put to use for the purposes of business or profession for a period of less than one hundred and eighty days in the previous year. Non-availability of full 100 per cent of additional depreciation for acquisition and installation of new plant or machinery in the second half of the year may motivate the assessee to defer such investment to the next year for availing full 100 per cent of additional depreciation in the next year. To remove the discrimination in the matter of allowing additional depreciation on plant or machinery used for less than 180 days and used for 180 days or more, under the proposed amendment, the balance 50 per cent of the additional depreciation on such new plant or machinery will be allowed in the immediately succeeding previous year. Such amendment is proposed to take effect from AY 2016-17.

7) **Deduction for In-house research:** Under Section 35(2AB) of the Act, weighted deduction of 200% is allowed to a company engaged in the business of Bio-technology or manufacturing of goods for expenditure incurred on approved in-house research

and development facility. Certain procedural amendments are being made to have a better and meaningful monitoring mechanism by the Department of Scientific and Industrial Research and the Income Tax Department over the companies claiming the weighted deduction.

8) **Amendment in Section 115JB : Minimum Alternative Tax**
   a) To rationalize the MAT provisions under Section 115JB of the IT Act, it has been proposed that:
      i) The share of the member of an Association of Persons ("**AOP**"), in the income of the AOP, on which no income tax is payable in accordance with the provisions of Section 86 of the IT Act, will be reduced from book profits while computing MAT liability of the member. However, the book profits will also correspondingly be increased by the expenditure relatable to such income.
      ii) MAT shall not be levied on net income of FIIs from transactions in securities (other than short term capital gains arising on transactions on which securities transaction tax is not chargeable).
   b) Such amendments are proposed to take effect from AY 2016-17.

SECTION (C): TAXATION OF CHARITABLE TRUSTS

1. Meaning of "charitable purpose" is proposed to be amended to incorporate "yoga" as a separate limb within the meaning of "charitable purpose."
2. Currently, the charitable activities falling under the head "advancement of any other object of general public utility" are not regarded as charitable if such activities involve carrying on of any activity in the nature of trade, commerce or business or services in relation thereof and the aggregate value of receipts from such activities exceed INR 25,00,000/-. The Finance Bill proposes to amend the said provision by replacing the standard monetary threshold of INR 25,00,000/- with a threshold equivalent to 20 per cent of the total receipts. It is further proposed that the above benefit will be available only in those cases where the business/ commercial activity is undertaken in the course of carrying out of the charitable activity.
3. Charitable entities currently have an option to accumulate funds falling short of the 85 per cent expense cap for up to five years. This option has to be exercised in writing by filing Form 10. Finance Bill proposes to clarify that filing of Form 10 is a mandatory requirement and should be filed on or before the due date for filing of return of income. It is also proposed that failure to file Form 10 and/ or return of income on or before the due date will lead to imposition of tax on the amount so accumulated.
4. Currently, certain universities, educational institutions, hospitals or other institutions which are wholly or substantially financed by the Government are not required to file income tax return. Finance Bill proposes to extend the return filing obligation to such entities covered under Section 10(23C)(iiiab) and Section 10(23C)(iiiac) of the Act and such entities are now required to file IT returns u/s 139(4C) of the Act.
5. The above amendments are proposed to take effect from April 01, 2016, i.e., from AY 2016-17.

SECTION (D): AMENDMENTS IN WITHHOLDING TAX PROVISIONS

1. Section 203A is proposed to be amended by inserting subsection (3) thereby exempting certain deductors as notified by the Central Government to obtain "tax deduction account number" or "tax deduction and collection account number."

2. Currently, Section 194LD of the IT Act provides a lower withholding tax rate of 5 per cent on interest payable to FIIs and QFIs in respect of investments in government securities and rupee denominated corporate bonds, if the interest is payable on or before June 1, 2015. Finance Bill proposes to extend such concessional withholding tax rate on interest payable up to June 30, 2017. Such amendment is proposed to take effect from April 1, 2015.

3. Exemption from tax withholding under Section 197A of the IT Act to be extended to recipients of payments under a life insurance policy if self-declaration in Form No. 15G/ 15H is furnished.

4. Presently, Section 194C of the IT Act exempts from TDS, payments made to contractors during the course of plying, hiring and leasing goods carriage, if the contractor furnishes his PAN. It is proposed to restrict such exemption only to cases where such contractor owns ten or less goods carriages at any time during the previous year and furnishes a declaration to such effect, alongside PAN. Such amendment is proposed to come in effect from June 1, 2015.

5. Finance Bill proposes to amend Section 192 of the IT Act to provide that for the purpose of estimating income of the employee for deduction of tax there under, the

employer will obtain from the employee evidence of the prescribed claims (including claim of set off loss) under the IT Act in the form and manner prescribed. Such amendment is proposed to take effect from June 1, 2015.

6. Currently, Section 195(6) of the IT Act provides that any person responsible for making payments to a non-resident of any sum chargeable under the IT Act will provide such information as may be prescribed. As per rule 37BB of the IT rules, 1962, payer is required to furnish form 15CA/15CB. Such reporting requirement is now proposed to be extended even in respect of payments, which in the opinion of the payer, are not chargeable to tax under the IT Act. Further, currently there is no penalty prescribed for non-furnishing of information or furnishing of incorrect information under Section 195(6) of the IT Act (i.e. form 15CA and form 15CB). It is now proposed to provide a penalty of INR 1,00,000/- in case of non- furnishing of information or furnishing of incorrect information under section 195(6) (i.e. form 15CA and form 15CB) of the IT Act. Such amendments are proposed to take effect from June 1, 2015.

7. **Introduction of new Section 192A:** A new provision in the IT Act has been inserted for deduction of tax at the rate of 10 per cent on pre-mature taxable withdrawal from Employees Provident Fund Scheme, 1952 ("**EPFS**"). Such provision casts an obligation on the trustee of the EPFS to deduct tax at source. However, to reduce the compliance burden on employees having taxable income below the taxable limit, a threshold limit of INR 30,000/- is provided for such provision to apply. It is also proposed that in case of non-furnishing of PAN by employees to the trustee of the EPFS, tax would be deductible at the maximum marginal rate. Such amendments are proposed to take effect from June 1, 2015.

SECTION (E): CERTAIN ACTIVITIES NOT TO CONSTITUTE BUSINESS CONNECTION IN INDIA: PERMANENT ESTABLISHMENT MEANING FOR OFFSHORE FUNDS

1. Insertion of new Section 9A:

   a. Under the existing provisions, the presence of a fund manager in India may create sufficient nexus of the off-shore fund with India and may constitute a business connection in India even though the fund manager may be an independent person. Further, presence of the fund manager may also lead to the off shore fund being held to be resident in India on the basis of its control and management being in India.

   b. It is proposed to insert a new Section 9A which shall provide that the fund management activity carried out through an eligible fund manager acting on behalf of an eligible investment fund shall not constitute business connection in India. For a fund to qualify as an eligible investment fund and for a fund manager to qualify as an eligible fund manager certain conditions are required to be fulfilled. Further, such fund is required to furnish within 90 days from the end of the financial year, a statement in the prescribed form, to the prescribed income tax authority containing information relating to the fulfillment of these conditions and also provide such other relevant information or documents as may be prescribed. On failure to submit the same, a penalty of INR 5,00,000/- shall be levied on the fund.

   c. Further, it is proposed that such fund shall not be said to be resident in India merely because the eligible fund manager undertaking fund management activities on its behalf is located in India. The section further provides for the definitions of “associate”, “corpus”, “connected person”, “entity” and “specified regulations” for the purposes of this section. These amendments are proposed to take effect from 1st April, 2016.

SECTION (F): CLARIFICATIONS ON PROVISIONS RELATING TO INDIRECT TRANSFERS [Section 9 of the Act]

1. The existing provisions of Section 9 deals with cases of income which are deemed to accrue or arise in India in case of non-residents. Retrospectively inserted Explanation 5 in Section 9(1)(I) by finance bill 2012 clarified that an asset or capital asset, being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be situated in India if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

2. It is proposed to insert two new explanations to Section 9 in order to bring more clarity. In the first explanation, it has been proposed that the share or interest of a foreign company or entity shall be deemed to derive its value substantially from the assets (whether tangible or intangible) located in India, if on the specified date, the value of Indian assets exceeds the amount of INR 10 crore rupees; and represents at least fifty percent of the value of all the assets owned by the company or entity.

3. The value of an asset shall mean the fair market value of such asset without reduction of liabilities, if any, in respect of the asset.

4. The specified date of valuation shall be the date on which the accounting period of the company or entity, as the case may be, ends preceding the date of transfer. However, if the book value of the assets of the company on the date of transfer exceeds by at least 15 per cent of the book value of the assets as on the last balance

sheet date preceding the date of transfer, then instead of the date mentioned above, the date of transfer shall be the specified date of valuation.

5. The manner of determination of fair market value of the Indian assets vis-a-vis global assets of the foreign company shall be prescribed in the rules.

6. The taxation of gains arising on transfer of a share or interest deriving, directly or indirectly, its value substantially from assets located in India will be on proportional basis. The method for determination of proportionality is proposed to be provided in the rules.

7. The Indian entity shall be obligated to furnish information related to the offshore transactions having the effect of directly or indirectly modifying the ownership structure or control of the Indian company or entity. In case of non-compliance penalty is also proposed.

8. The indirect transfer provisions shall not apply in a case where the transferor of share or interest in a foreign entity, along with his associated enterprises, neither holds the right of control or management nor holds voting power or share capital or interest exceeding five percent of the total voting power or total share capital in the foreign company or entity, directly or indirectly, holding the Indian assets.

9. The capital gains shall be exempt in respect of transfer of share of a foreign company deriving its value, directly or indirectly, substantially from the shares of an Indian company under the scheme of amalgamation or demerger.

10. Such amendments are proposed to take effect from AY 2016-17.

11. Explanation to be inserted after Section 9(1)(v)(c) of the IT Act : Finance Bill proposes to amend the source rules pertaining to taxation of interest income under the IT Act so as to provide that interest income paid by the Permanent Establishment ("PE") of a non-resident, who is engaged in the business of banking, to its head office or any PE or other part of such non-resident outside India will be deemed to accrue or arise in India and will be taxable in India. For such purpose, the PE will be deemed to be a person separate and independent of the non-resident person of which it is a PE. Accordingly, the PE in India will be obligated to deduct tax at source from any such payment made to its head office or any other branch or PE.

SECTION (G): AMENDMENTS RELATED TO PENALTIES AND PROCEDURES

1. **Amendment related to Penalties:**
   a. **Section 271**: **Amount of tax sought to be evaded for the purposes of penalty for concealment of income:** It is proposed to amend section 271 of the Act to provide that the amount of tax sought to be evaded shall be the summation of tax sought to be evaded under the general provisions and the tax sought to be evaded under the provisions of section 115JB or 115JC. However, if an amount of concealment of income on any issue is considered both under the general provisions and provisions of section 115JB or 115JC, then such amount shall not be considered in computing tax sought to be evaded under provisions of section 115JB or 115JC. Further, in a case where the provisions of section 115JB or 115JC are not applicable, the computation of tax sought to be evaded under the provisions of section 115JB or 115JC shall be ignored.
   b. **Section 271D & 271E: Penalty for dealing in cash in relation to transfer of immovable property:** It is proposed to bring transactions in the nature of advance or otherwise in relation to immovable property in cash under the ambit of Section 269SS and 269T and consequently to widen the scope of Section 271D and 271E to cover such transactions. Accordingly, assessee shall be liable to pay, by way of penalty, a sum equal to the amount of such cash transactions.
   c. **Section 271FAB: Penalty for failure to furnish statement or information or document by eligible offshore investment fund:** It is proposed to introduce to a penalty of rupees five lacs for non-furnishing of the prescribed information or document or statement by eligible investment fund in relation to fulfillment of condition as specified under sec. 9A.

d. **Section 271GA: Penalty for failure to furnish information or document:** It is proposed to introduce penalty on Indian concern failing to furnish information in respect of Indian assets held by the foreign company or the entity including information relating to the off-shore transaction having the effect of directly or indirectly modifying the ownership structure or control of the Indian company or entity. The penalty applicable shall be of a sum equal to two percent of the value of the transaction in respect of which such failure has taken place in case where such transaction had the effect of directly or indirectly transferring the right of management or control in relation to the Indian concern; and a sum of five hundred thousand Rupees in any other case.

e. **Section 271-I: Penalty for failure to furnish information or furnishing inaccurate information under section 195:** It is proposed to levy a penalty of one lakh Rupees for non-submission or inaccurate submission of the prescribed information in respect of remittance made to non-resident.

f. **Section 272A: Penalty for failure to furnish prescribed statement by Government deductor:** It is proposed to provide for a penalty of Rupees hundred for each day of default during which the default continues subject to the limit of the amount deductible or collectible in respect of which the statement is to be furnished of tax deducted/collected by them without production of challan i.e., through book entry.

2. Amendments related to certain procedures:

a. Certain procedural amendments are being made in provisions relating to Settlement Commission with a view to make the process more effective. Simple interest at the rate of 1 percent for default in payments of advance tax till filing of application before settlement commission or on determination of enhanced income by settlement commission from 1st April of the relevant assessment year.

b. In case of search, the Assessing Officer having jurisdiction over the person who has been searched, has the power to pass on the documents etc. belonging to any other assessee to the Assessing Officer having jurisdiction over such assessee. There has been controversy as regards to the meaning of the phrase "belonging to". It has been provided that if the Assessing Officer is satisfied that such documents etc. belong to another assessee, he would be empowered to pass on the documents etc. to other Assessing Officer to make an assessment on such person.

c. Section 151 of the Act provides for approval in case of different circumstances for reopening the assessment by Joint Commissioner or the Commissioner. With a view to simplify the requirement, it is being provided that in case reopening is within 4 years from end of the assessment year approval will be required of Joint Commissioner and in case of reopening beyond 4 years, approval will be required of the Principal Chief Commissioner or Commissioner.

d. Section 234B, which provides for chargeability of interest on short payment of advance tax till the date of regular assessment is being amended to provide for chargeability of interest till the date of order passed in case of Settlement Commission, search case etc.

e. Under Section 263 of the Act CIT has the power for to revise an assessment order if the order is erroneous and prejudicial to the Revenue. There has been lot of litigation in regard to the scope of above section. In order to mitigate the litigation an explanation has been inserted elucidating circumstances which will render to be the order to be erroneous and prejudicial to the interest of Revenue.

f. Under the provisions of the Act financial statements are required to be audited and certain certificates are required to be obtained from Chartered Accountants. By way of amendment in section 288 of the Act, it is proposed that no Chartered Accountant who is not eligible for appointment as auditor under section 141(3) of the Companies Act and who in any manner, as have been provided in the Section, is related to or is interested in the business of the assessee will not be eligible for audit / certification function of such assessee under the Act. Further, any Chartered Accountant who has been convicted by a Court for an offence involving fraud shall not be eligible to represent the assessee for a period of 10 years.

g. Section 158A of the Act provides that if in case of an assessee an identical question of law for another year is pending before High Court or Supreme Court, he may furnish a Declaration before the Assessing Officer or the Appellate Authority where the matter is pending to apply the final decision of HC/SC on such question of law. Now, with a view to make the corresponding provision to check the repetitive appeals, a new section 158 AA is proposed to be inserted providing that after the order of Commissioner (Appeals) the Department would not file an appeal before the Tribunal if similar question is pending before the Supreme Court for another assessment year, subject to assessee agreeing to the position.

h. Monetary limit for deciding the appeal by Single Member of Income Tax Appellate Tribunal is being increased from Rs. 5 lacs to Rs. 15 lacs of total income as computed by the Assessing Officer.

SECTION (H): TAXATION OF ALTERNATIVE INVESTMENT FUNDS

1. Presently, any income of a Venture Capital Company (**"VCC"**) or a Venture Capital Fund set up as trust (**"VCF"**) for investment in a Venture Capital Undertaking (**"VCU"**) is exempt from taxation. Further, income of a person from investment made in a VCC or VCF is taxable in the same manner as if the person had made direct investment in the VCU. Only VCF registered with SEBI under SEBI (Venture Capital Funds) Regulations, 1996, or registered as Category-I Investment Fund under SEBI (AIF) Regulations, 2012 with effect from 21 May, 2012 and deriving income form investment in VCU which satisfies conditions provided in such SEBI regulations are eligible for the pass through status.

2. It is proposed to continue the existing pass through tax treatment only in respect of VCC/VCF registered with SEBI under SEBI (Venture Capital Funds) Regulations, 1996

3. A new pass through mechanism is proposed to be put in place in respect of Category-I as well as Category- II Investment Fund registered under SEBI (AIF) Regulations, 2012 with effect from 21 May, 2012. In principle, income of a Unit holder from units held in the Investment fund shall be chargeable to income-tax in the same manner as if investments made by Investment fund were made directly by him.

SECTION (I): TAXATION OF BUSINESS TRUSTS AND REAL ESTATE INVESTMENT TRUST ("REIT")

1. Finance (No. 2) Act, 2014 proposed a comprehensive regime for taxation of REIT and Infrastructure Investment Trusts (**"INVIT"**) (hereinafter referred as „Business Trust(s).)
2. Taxation of gains arising on sale of the listed units of Business Trust on a recognized stock exchange was proposed on same lines as that of shares of a listed entity, i.e., long term capital gain was exempted from levy of tax while short term gain was made taxable at the rate of 15 per cent; subject to payment of Securities Transaction Tax (**"STT"**) on transfer of such units. However such benefits were not accorded to a sponsor who contributed shares of the Special Purpose Vehicle (**"SPV"**) in exchange of units of the Business Trust. Finance Bill 2015 seeks to remove this anomaly by providing that benefit of concessional tax regime of tax at the rate of 15 per cent on short term capital gains and exemption on long term capital gains shall be available to the sponsor on sale of units received in lieu of shares of SPV.
3. Hitherto, rental income of the REIT was taxable in its hands. Going forward it is proposed that rental income received by REIT shall not be taxed in its hands. Consequently, no tax shall be deducted at source on such income paid to a REIT. However when REIT distributes such income to its unit holders it would be treated as rental income earned by unit holders and REIT shall withhold tax at the time of payment to them as under:
    a. In case of resident unit holder - Tax shall be deducted at the rate of 10 per cent; and
    b. In case of distribution to non-resident unit holder, tax shall be deducted at the rate in force as applicable for deduction of tax on payment to the non-resident on any sum chargeable to tax.

SECTION (J): OTHER AMENDMENTS

1. Under Section 6 of the Income Tax Act a company is considered to be resident in India if it is an Indian company or during the year, the control and management of its affairs is situated wholly in India. Now, instead of the phrase "The control and management of its affairs is situated wholly in India" it is being provided that the company will be deemed to be resident in India if "its place of effective management", at any time in that year, is in India. The amendment will widen the scope for treating a foreign company as resident in India.

2. It is also proposed to insert a new clause 23EE to Section 10 to provide for exemption in respect of any specified income of such Core Settlement Guarantee Fund, set up by a recognized clearing corporation in accordance with the regulations, as the Central Government may, by notification in the official gazette, specify in this behalf.

3. As per Section 80 JJAA a deduction to the extent of 30% of additional wages paid to new workers is available for a period of 3 years if more than 100 regular workers, not less than 10% of the existing work force, are engaged during the previous year. The limit of 100 workers is now being reduced to 50 workers. This benefit was earlier available only to companies. Now it will be available to all assesses.

4. General Anti Avoidance Regulations ("GAAR") which earlier deferred have further been deferred by 2 more years and now will be applicable from F.Y. 2017-18.

5. Domestic Transfer Pricing Provisions: Threshold for applicability of domestic transfer pricing provisions is now proposed to be increased to twenty crore from existing threshold limit of Rupees five crore.

6. 100% deduction in respect of contributions made to National Fund for Control of Drug Abuse, Swachh Bharat Kosh and Clean Ganga Fund will be available under section 80G of the Act.

7. Against the order of Commissioner of Income Tax rejecting the application for approval or renewal under section 10(23C) of educational institution or hospital, so far there was no specific provision for appeal to Income Tax Appellate Tribunal and, therefore, only Writ petition could be filed in the High Court. Now the provision is being made for filing the appeal to Income Tax Appellate Tribunal.

8. Scope of Section 269SS/269T has been widened to include any amount received or repaid as advance or otherwise in relation to transfer of an immovable property other than by specified modes. Hence to curb black money generation, provisions relating to acceptance and repayment of cash exceeding INR 20,000/- or more are proposed to be extended to immovable property transactions.

9. Wealth tax to be abolished and the information regarding assets will be captured in the Income Tax Returns.

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THANK YOU