Amendments brought in by the Finance Act, 2012

(A) Amendments made in Income-tax Act

Amendments made in Income-Tax Act

Rates of Income-tax for Assessment Year 2013-14

(A) **I**. In the case of every Individual (other than those mentioned in Part II & III below) or Hindu undivided family or **AOP/BOI** (other than a co-operative society) whether incorporated or not, or every artificial judicial person

Up to ₹2,00,000	Nil
₹2,00,001 to ₹5,00,000	10%
₹5,00,001 to ₹10,00,000	20%
Above ₹10,00,000	30%

II. In the case of every **individual**, being a **resident in India**, who is of the **age of 60 years or more but less than 80 years** at any time during the previous year.

Up to ₹2,50,000	Nil
₹2,50,001 to ₹5,00,000	10%
₹5,00,001 to ₹10,00,000	20%
Above ₹10,00,000	30%

III. In the case of every **individual,** being a **resident in India**, who is of the **age of 80 years or more** at any time during the previous year.

Up to ₹5,00,000	Nil
₹5,00,001 to ₹10,00,000	20%
Above ₹10,00,000	30%

Note. No surcharge is payable
'Education Cess' @2% and SHEC@1% on income tax shall be chargeable.

(B) **In the case of every co-operative society**

(1) Up to ₹10,000	10%
(2) ₹10,001 to ₹20,000	20%
(3) Above ₹20,000	30%

No surcharge shall be levied in the case of a co-operative society.
'Education Cess' @2% and SHEC@1% on income tax shall be chargeable

(C) **In the case of any firm (including limited liability partnership) ---- 30%**

No surcharge shall be levied in the case of a firm. 'Education Cess' @2% and SHEC@1% on income tax shall be chargeable.

(D) **In the case of every local authority ---- 30%**

No surcharge shall levied in the case of a local authority. 'Education Cess' @ 2% and SHEC @1% on income tax shall be chargeable.

(E) **In the case of a company**

(i) For domestic companies: 30%, surcharge **@5%** on tax payable shall be levied where total income of the company exceeds ₹1crore.

(ii) For foreign company: 40%, surcharge **@2%** on tax payable shall be levied where total income of the foreign company exceeds ₹1crore.

'Education Cess' @2%, and 'Secondary and Higher Education Cess' @1% on income tax (inclusive of surcharge if applicable) shall be chargeable.

Amendments in definitions	
Section 2(14)	**Explanation inserted to section 2(14) to clarify the meaning of capital asset [Explanation to w.r.e.f A.Y. 1962-63]**
Section 2(16)	**Definition of Commissioner to include Director [W.r.e.f A.Y. 1988-89]** Section 2(16) has been amended to included a Director of Income-tax appointed under section 117(1) within the definition of a Commissioner.
Section 2(19AA)	**Definition of "demerger" amended [Section2(19AA) [W.e.f A.Y.2013-14]**
Section	**Definition of "income" amended [Sub-clause (xvi) to section 2(24)] [W. e.f. A.Y. 3012-14]**

2(24)	Due to insertion of section 56(2) (vii b) relating to share premium in excess of fair market value to be treated as income of the closely held company, the following sub-clause (xvi) has been inserted to include such excess in the meaning of income given in clause (24) to section 2 of the Act: (xvi) any consideration received for issue of shares as exceeds the fair market value of the shares referred to in section 56(2) (vii b) shall be included in income.
Section 2(47)	**Explanation inserted in section 2(47) to clarify the meaning of transfer [Explanation to section 2(47)] [W.r.e.f. A.Y. 1962-63]**
Rationalization of Provisions relating to income deemed to accrue or arise in India	
Section 9 and 195	Certain judicial pronouncements including the Supreme Court judgment in the case of *Vodafone International Holdings* have created doubts about the scope and purpose of sections 9 and 195. Further, there are certain issues in respect of income deemed to accrue or arise where there are also conflicting decisions of various judicial authorities. Therefore, there is a need to provide clarificatory retrospective amendment to restate the legislative intent in respect of scope and applicability of section 9 and 195 and also to make other clarificatory amendments for providing certainty in law. Hence, the following clarifications have been inserted in various sections:- **Clarification regarding section 9(1) (i)** (i) *Explanation* 4 has been inserted in section 9(1) (i), w.e.f. A.Y. 1962-63 to clarify that the expression *'through'* (used in section 9(1) (i) in relation to any asset or source of *income* in India) shall mean and include and shall be deemed to have always meant and included *"by means of"*, "*in consequence of*" or "*by reason of*". (ii) *Explanation* 5 has been inserted in section 9(1) *(i)*, w.r.e.f. A. Y. 1962-63 to clarify that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India if the share or interest *derives, directly or indirectly,* its *value substantially from the assets located in India.* ***Consequential provisions*** Consequent to insertion of above explanations, the following explanations have also been added to clarify the meaning of (a) "capital asset" given in section 2(14), (b) "transfer" given in section 2(47) and (c) to widen the scope of section 195(1). (a) An *Explanation* has been inserted in section 2(14), w.r.e.f. A.Y. 1962-63 to clarify that 'property' includes and shall be deemed to have always included any rights in or in relation to an Indian company, *including rights of management or control or any other rights whatsoever* (b) *Explanation* 2 has been inserted in section 2(47), w.r.e.f. A.Y.1962-63 to clarify that 'transfer' includes and shall be deemed to have always included disposing of or parting with an asset or any interest therein, or creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely or conditionally, voluntarily or involuntarily by way of an agreement (whether entered into in India or outside India) or otherwise, *notwithstanding that such transfer of rights has been characterized as being effected or dependent upon or flowing from the transfer of a share or shares of a company registered or incorporated outside India.* (c) *Explanation* 2 has been inserted in section 195(1), w.r.e.f A.Y. 1962-63 to clarify that obligation to comply with section 195(1) and to make deduction there under applies and shall be deemed to have always applied and extends and shall be deemed to have always extended to all persons, *resident or non-resident,* whether or not the *non-resident* has:— (i) a residence or place of business or business connection in India; or (ii) any other presence in any manner whatsoever in India.

Section 9(1) (vi)	**Clarification regarding meaning of royalty [Section 9(1) (vi) [W.e.f. 1.6.1976]** Considering the conflicting decisions of various courts in respect of income in nature of royalty and to restate the legislative intent, following clarifications have been inserted in section 9(vi), w.e.f. 1.6.1976 (i) Explanation 4 has been inserted in section 9(1) (vi) to clarify that the consideration for use or right to use of computer software is royalty by clarifying that transfer of all or any rights in respect of any right, property by clarifying that transfer of all or any rights in respect of any right, property or information as mentioned in Explanation 2, includes and has always included transfer of all or any right for use or right to use a computer software (including granting of a licence) irrespective of the medium through which such right is transferred. (ii) Explanation 5 has been inserted in section 9(1) (vi) to clarify that royalty includes and has always included consideration in respect of any right, property or information, whether or not: (a) the possession or control of such right, property or information is with the payer; (b) such right, property or information is used directly by the payer; (c) the location of such right, property or information is in India. (iii) To nullify the judicial decisions, Explanation 6 has been inserted in section 9(1) (vi) to clarify that the term "process" (mentioned in the meaning of royalty in Explanation 2) includes and shall be deemed to have always included transmission by satellite (including up-linking, amplification, conversion for down-linking of any signal), cable, optic fibre or by any other similar technology, whether or not such process is secret.
Amendments relating to Income Exempt from Tax	
Section 10(10D)	**Eligibility conditions for exempt life insurance policies Section 10(10D) [W.e.f. A.Y. 2013-14].** Clause (d) has been inserted in section 10(10D) so as to provide that the exemption for insurance policies issued on or after 1.4.2012 would only be available for policies where the premium payable for any of the years during the term of the policy does not exceed 10% of the actual capital sum assured (as against existing 20%) In other words, if the premium payable during any previous year for a policy issued on or after 1.4.2012 exceeds 10% of the actual capital sum assured, the entire amount received under such policy shall be taxable. However, the above provision shall not apply to any sum received on the death of a person. Further, in order to ensure that the life insurance products are not designed to circumvent the prescribed limits by varying the capital sum assured from year to year, Explanation 2 has been inserted to provide that expression "actual capital sum assured" shall have a meaning assigned to in the Explanation to section 80C(3A). This Explanation will apply to insurance policies issued on or after 1.4.2012
Section 10	**Income of Prasar (Broadcasting Corporation of India) exempt [Clause (23BBH) to section 10] [W.e.f A.Y. 2013-14]** Any income of the Prasar Bharati (Broadcasting Corporation of India) established under sub-section (1) of section 3 of the Prasar Bharati (Broadcasting Corporation of India) Act, 1990 shall be exempt.
Section 10(23C)(iv) & (v)	**Assessment of charitable organization in case commercial receipts exceed the specified threshold of ₹25,00,000 [Section 10(23C) (iv) & (v)] [W.r.e.f. A.Y. 2009-10]**
Section 10(23FB)	**Meaning of "Venture Capital Undertaking" changed [Clause (c) of Explanation 1 to section 10(23FB)]. [W.e.f. A.Y. 2013-2014.** According to section 10(23FB), any income of a Venture Capital Company or Venture Capital Fund from investment in a Venture Capital Undertaking is exempt. The Finance Act, 2012 has changed the definition of Venture Capital Undertaking, given in section 10(23FB), as under: "Venture Capital Undertaking" means a Venture Capital Undertaking referred to in the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992".
Section 10(48)	**Exemption in respect of income received by certain foreign companies [Section 10(48)] [W.e.f. 1.4.2012]** A new clause (48) has been inserted in section 10 of the Income-tax Act to provide for exemption in respect of any income of a foreign company received in India in Indian currency on account of sale of crude oil to any person in India subject to the following conditions being satisfied: (i) The receipt of money is under an agreement or an arrangement which is either entered into by the Central Government or approved by it. (ii) The foreign company, and the arrangement or agreement has been notified by the Central Government having regard to the national interest in this behalf. (iii) The receipt of the money is the only activity carried out by the foreign company in India.
Amendments relating to Charitable Trust	
Section 10(23C) (iv) and (v) and	**Assessment of charitable organization in case commercial receipts exceed the specified threshold of ₹25,00,000 [Section 10(23C) (iv) and (v) and Section 13] [W.r.e.f. A.Y. 2009-10]** The second proviso to section 2(15) provides that in case where the activity of any trust or institution is the nature

Section 13	of advancement of any other object of general public utility, and it involves carrying on of any activity in the nature of trade, commerce or business; but the aggregate value of receipts from the commercial activities does not exceed ₹25,00,000 in the previous year, then the purpose of such institution shall be considered as charitable, and accordingly, the benefits of exemption shall be available to it. Thus, a charitable trust or institution pursuing advancement of object of general public utility may be charitable trust in one year and not a charitable trust in another year depending on whether its aggregate commercial receipts exceed ₹25,00,000 or not. There is need to ensure that if the purpose of a trust or institution does not remain charitable due to application of first proviso on account of commercial receipts exceeding ₹25,00,000 in a previous year, then, such trust or institution would not be entitled to get benefit of exemption in respect of its income for that previous year for which such proviso is applicable. Such denial of exemption shall be mandatory by operation of law and would not be dependent on any withdrawal of approval or cancellation of registration or a notification being rescinded. Hence, the following amendments have been made by the Finance Act. Seventeenth proviso has been inserted to section 10(23C) to provide that exemption shall not be allowed for the previous year in which commercial receipts of charitable trust or institution referred to section 10(23C) (iv) or (v) exceed ₹25,00,000 whether or not approval has been withdrawn or rescinded in respect of such trust. Similarly, sub-section (8) has been inserted in section 13 to provide that exemption under section 11 & 12 shall not be allowed for the previous year in which commercial receipts of such trust exceed ₹25,00,000 whether or not registration is cancelled in respect of that trust. Further, 3rd proviso has been inserted in section 143(3) to provide that first and second proviso to section 143(3) shall not be applicable where in any previous year commercial receipt of such trust exceed ₹25,00,000. In other words, Assessing Officer shall not give exemption to such trust covered under section 10(23C) (iv) or (v) even if approval has not been withdrawn or rescinded.
Amendments relating to Income from Business and Profession	
Section 32(1) (iia)	**Extending benefit of initial/additional depreciation to the power sector [Section 32(1) (iia)] [W.e.f. A.Y.2013-14]** In order to encourage new investment by the assessees engaged in the business of generation or generation and distribution of power, section 32(1)(iia) relating to additional depreciation has been amended to provide that like an assesses who is engaged in the business or manufacture of any article or thing, an assessee engaged in the business of generation or generation and distribution of power shall also be allowed additional depreciation at the rate of 20% of actual cost of eligible new machinery or plant (other than ships and aircraft) acquired and installed in a previous year.
Section 35(2AB)	**Weighted deduction for in-house scientific research and development [Section 35(2AB) [W.e.f. A.Y. 2013-14]** In order to incentivise the companies to continue to spend on in-house research, section 35(2AB) has been amended to extend the benefit of the weighted deduction of 200% of revenue and capital expenditure (not being in the nature of cost of any land or building) for a further period of 5 years i.e. up to 31.3.2017.
Section 35AD	**Deduction in respect of capital expenditure on specified business [Section 35AD [W.e.f. A.Y. 2013-14]** Three new businesses have been added to the list of "specified business" for the purposes of the investment-linked deduction of 100% of the capital expenditure under section 35AD, namely:- (a) setting up and operating an inland container depot or a container freight station notified or approved under the Customs Act, 1962; (b) bee-keeping and production of honey and beeswax; and (c) setting up and operating a warehousing facility for storage of sugar. The date of commencement of operations for availing investment linked deduction in respect of the above three new specified businesses shall be on or after 1.4.2012 Further, the following specified businesses commencing operations on or after 1.4.2012 shall be allowed a weighted deduction of 150% of the capital expenditure under section 35/AD(1A) of the Income-tax Act, namely:- (i) setting up and operating a cold chain facility; (ii) setting up and operating a warehousing facility for storage of agricultural produce; (iii) building and operating, anywhere in India, a hospital with at least one hundred beds for patients; (iv) developing and building a housing project under a scheme for affordable housing framed by the Central Government or a State Government, as the case may be, and notified by the Board in this behalf in accordance with the guidelines as may be prescribed; and (v) production of fertilizer in India. A new sub-section (6A) has also been inserted in section 35AD, w.r.e.f. A.Y. 2011-12 to provide that where the assessee builds a hotelor two-star or above category as classified by the Central Government and subsequently, while continuing to own the hotel, transfers the operation thereof to another person, the assessee shall be deemed to be carrying on the specified business of building and operating hotel and shall continue to be eligible for the

	deduction under section 35AD.
Section 35CCC	**Weighted deduction of 150% for expenditure incurred on agricultural extension project [Section 35CCC] [W.e.f. A.Y. 2013-14]** Agricultural extension services play a critical role in enhancing the productivity in the agricultural sector. In order to incentivise the business entities to provide better and effective agriculture extensive services, new section 35CCC has been inserted in the Income-tax Act to allow weighted deduction of 150% of the expenditure incurred on agricultural extension project. Where a deduction claimed and allowed for any assessment year in respect of any expenditure referred to in section 35CCC (1), deduction shall not be allowed in respect of such expenditure under any other provisions of the Income-tax Act for the same or any other assessment year.
Section 35CCD	**Weighted deduction of 150% for expenditure incurred by a company on skill development project [Section 35CCD] [W.e.f. A.Y. 2013-14]** In order to incentivise companies to invest on skill development projects in the manufacturing sector, new section 35CCD has been inserted in the Income-tax Act to provide weighted deduction of 150% of expenses (not being expenditure in the nature of cost of any land or building) incurred on skill development project. The skill development project eligible for this weighted deduction shall be notified by the Board in accordance with the prescribed guidelines. Where a deduction claimed and allowed for any assessment year in respect of any expenditure referred to in section 35CCD (1), deduction shall not be allowed in respect of such expenditure under any other provisions of the Income-tax Act for the same or any other assessment year.
Section 40(a) (ia)	**Rationalizing of provisions of disallowance of business expenditure on account of non-deduction of tax on payment to resident payee [Section 40(a) (ia)] [W.e.f. A.Y. 2013-14]** In order to rationalise the provisions of disallowance on account of non-deduction of tax from the payments made to a resident payee, section 40(a) (ia) has been amended to provide that where an assessee makes payment of the nature specified in the said section to a resident payee without deduction of tax and is not deemed to be an assessee in default under the amended section 201(1) as the tax has been paid by the payee on such income and the payee has furnished the return of income, then, for the purpose of allowing deduction of such sum, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the resident payee. These beneficial provisions are made to be applicable only in the case of resident payee. In other words, if the deductor is able to establish that the payee has furnished the return of income by including such income in his return and has paid tax due on income declared by him in such return of income, it shall be deemed that the assessee has deducted and paid tax on such income on the date of furnishing return of income by the resident payee.
Proviso to section 40A(2)(a)	**Payment to relative and close associates to be treated as specified domestic transaction and should be done at arm's length price [Proviso to section 40A(2)(a)**
Section 40A(2) (b)	**Meaning of related person amended [Section 40A (2) (b) [W.e.f. A.Y.2013-14]** Scope of section 40A (2) (b) has been enlarged to include "any other company carrying on business or profession in which the first mentioned company has substantial interest" in the meaning or related person.
Section 44AB	**Turnover or gross receipts for audit of accounts [Section 44AB] [W.e.f. A.Y. 2013-14]** In order to reduce the compliance burden on small businesses and on professionals, amendment has been made in section 44AB to increase the threshold limit of total sales, turnover or gross receipts, for getting accounts audited, from ₹60,00,000 to ₹1crore in the case of persons carrying on business and from ₹15,00,000 to ₹25,00,000 in the case of persons carrying on profession.
Explanation to section 44AB	**Due date of furnishing audit report in case of international transactions/specified domestic transactions [Explanation to section 44AB] [W.r.e.f. A.Y. 2012-13]** As per the existing provisions of the Income-tax Act, the report of audit under section 44AB is required to be furnished by 30th September of the assessment year. Explanation 2 to section 139 was amended vide Finance Act, 2011 to extend the due date of furnishing of return by the corporate assesses, who have undertaken international transactions, from 30th September to 30th November of the assessment year. In order to align the due date for furnishing tax audit report under section 44AB of the Act and due date specified for furnishing or return under section 139 of the Act of the assessee carrying on international transaction/specified domestic transaction, clause (ii) of Explanation to section 44AB has been amended to provide that the due date for furnishing tax audit report under section 44AB would be the same as the amended due date specified for furnishing or return under section 139. In other words, it shall be: (i) 30th November of the relevant assessment year in case the assessee has undertaken any international transaction as per section 92B or specified domestic transaction as per newly inserted section 92BA, and

	(ii) 30th September of the relevant assessment year in case of any other assessee.
Section 44AD	**Presumptive taxation not to apply to professions etc. [Section 44AD] [W.r.e.f. A.Y. 2011-12]** Sub-section (6) has been inserted in section 44AD to provide that presumptive scheme is not applicable to: (i) a person carrying on profession as referred to in section 44AA(1); (ii) a person earning income in the nature of commission or brokerage income; or (iii) a person carrying on any agency business. Further, in line with section 44AB, for the purposes of presumptive taxation under section 44AD, the threshold limit of total turnover or gross receipts has been increased from ₹60,00,000 to ₹1crore.
Amendments relating to Capital Gains	
Section 47 & Section 2(19AA)(iv)	**Capital gains in cases of amalgamation and demerger [Section 47 & Section 2(19AA) (iv)] [W.e.f. A.Y. 2013-14]** (i) Under the provisions of section 47(vii), any transfer by a shareholder, in a scheme of amalgamation of a capital asset being a share or shares held by him in the amalgamating company is not regarded as a transfer if,- (a) any transfer is made in consideration of allotment to him of any share or shares in the amalgamated company, and (b) the amalgamated company is an Indian company. In a case where s subsidiary company amalgamates into the holding company, it is not possible to satisfy the condition at (a) above, i.e that the amalgamated company (the holding company) issues shares to the shareholders of the amalgamating company (subsidiary company, since the holding company is itself the shareholder of the subsidiary company and cannot issue shares to itself. Hence, section 47(vii) has been amended so as to exclude the requirement of issue of shares to the shareholder where such shareholder itself is the amalgamated company. However, the amalgamated company will continue to be required to issue shares to the other shareholders of the amalgamating company. (ii) Similarly, in the case of a demerger, there is a requirement under section 2(19AA) (iv) that the resulting company has to issue its shares to the shareholders of the demerged company on proportionate basis. However, it is not possible to satisfy this condition where the demerged company is a subsidiary company and the resulting company is the holding company. Hence, section 2(19AA) has been amended so as to exclude the requirement of issue of shares where resulting company itself is a shareholder of the d emerged company. The requirement of issuing shares would still have to be met by the resulting company in case of other shareholders of the demerged company.
Section 49(1)	**Cost of acquisition in case of certain transfers [Section 49(1)] [W.r.e.f. A.Y. 1999-2000]** Section 49(1) has been amended to provide that in case of conversion of firm or LLP or sole proprietorship into a company which is not regarded as a transfer as per section 47(xiii) or 47(xiiib) or 47(xiv) respectively, the cost of acquisition of asset in the hands of the company would be the same as that in the hands of the firm or LLP or the sole proprietary concern, as the case may be.
Section 50D	**Fair Market Value to be full value of consideration in certain cases [Section 50D] [W.e.f. A.Y. 2013-14]** Capital gains are calculated on transfer of a capital asset, as sale consideration minus cost of acquisition. In some recent rulings, it has been held that where the consideration in respect of transfer of an asset is not determinable under the existing provisions of the Income-tax Act, then, as the machinery provision fails, the gains arising from the transfer of such assets is not taxable. Accordingly, a new section 50D has been inserted to provide as under: "Where the consideration received or accruing as a result of the transfer of a capital asset by an assesse is not ascertainable or cannot be determined, then, for the purpose of computing income chargeable to tax as capital gains, the fair market value of the said asset on the date of transfer shall be deemed to be the full value of the consideration received or accruing as a result of such transfer."
Section 54B	**Exemption of capital gains on transfer or agricultural land extended to Hindu Undivided Family (HUF) also [Section 54B] [W.e.f. A.Y. 2013-14]** Capital gains on transfer of land which, in the two years preceding the year in which it has been transferred, has been used for agricultural purposes by assessee or his parent, is exempt to the extent such capital gains is reinvested in the purchase of agricultural land in the next two years. This benefit is now being extended to HUF also. Accordingly, section 54B has been amended to provide to provide that exemption shall also be available to the HUF, if the land is used for agricultural purposes by a HUF for at least a period of 2 year immediately preceding the date of its transfer.
Section 54GB	**Relief from long-term capital gains tax on transfer of residential property if invested in a new manufacturing SME company [Section 54GB] [W.e.f. A.Y. 2013-14]** A new section 54GB has been inserted so as to provide rollover from long term capital gains tax to an individual or an HUF on sale of a residential property (house or plot of land) Proportionate to the net consideration so invested in the equity of a new start-up SME company in the manufacturing sector which is utilized by the company for the purchase of new plant and machinery.

	As per section 54GB, any capital gain arising to an individual or HUF from the transfer of a long-term capital asset being a residential property (a house or plot of land) shall be exempt proportionate to the net consideration price so invested in the subscription of equity shares of a eligible company before the due date of furnishing the return of income under section 139(1). **Essential conditions to be satisfied:** The above exemption shall be allowed if the following conditions are satisfied: (1) There should be a long-term gain from the transfer of a residential property (i.e. a house or plot of land). (2) Such long-term capital gain should arise to an individual or HUF. (3) The amount of net consideration should be utilized by the individual or HUF before the due date of furnishing of return of income under section 139(1), for subscription in equity shares of a eligible company (hereinafter referred to as company). If the full amount of net consideration is not utilized for subscription in equity shares, the exemption shall be allowed proportionate to the amount so invested. (4) The amount of subscription as share capital is to be utilized by the company for the purchase of new asset (eligible plant and machinery) within a period of one year from the date of subscription in the equity shares. (5) The equity shares of the company or the new asset acquired by the company should not be sold or otherwise transferred by the individual/HUF or the company as the case may be within a period of 5 years from the date of their acquisition. (6) The exemption will be available in case of any transfer of residential property made on or before 31.03.2017 **Consequence if equity shares or new asset is transferred within a period of 5 years from the date of its acquisition:** (a) If the equity shares acquired by the individual or HUF are sold or otherwise transferred within a period of 5 years from the date of its acquisition, the capital gain shall arise as under: (i) the capital gain arising from the transfer or equity shares shall be taxable in the previous year in which such shares are transferred, which can be short term or long-term depending upon the period of holding. And (ii)the amount of capital gain arising from the transfer of residential property not charged under section 45(1) earlier shall be deemed to be the long-term capital gain of the previous year in which such shares are sold or otherwise transferred and hence taxable. (b) Similarly, if the new asset (eligible plant and machinery) is sold or otherwise transferred by the company within a period of 5 years from the date of its acquisition, the capital gain shall arise as under: (i) the capital gain, if any arising from the transfer of such asset will be taxable in the hands of company, which will be short-term as asset is a depreciable asset forming part of block of asset. And (ii)the amount of capital gain which was exempt under section 45(1) earlier shall be taxable as long-term capital gain in the hands of such individual or HUF in the previous year in which such asset (eligible plant and machinery) is sold or otherwise transferred. **Capital gain scheme also applicable:** If the amount of net consideration which has been received by the company for the issue of equity shares by the individual or HUF is not utilized by the company for the purchase of a new asset (eligible plant and machinery) before the due date of furnishing the return of income under section 139, The unutilized amount should be deposited before the said due date under a deposit scheme, notified by the Central Government in this behalf and the return furnished by the assessee shall be accompanied by proof of such deposit having been made. The amount so utilized and the amount so deposited in the deposit scheme shall be deemed to be the cost of a new asset (eligible plant and machinery). **Consequences if the amount deposited in deposit scheme is not utilized for purchase of new asset:** Where the amount so deposited in deposit scheme is not utilized, wholly or partly for the purchase of new asset within a period of one year from the date of subscription in equity shares by the individual or HUF, then the difference between: (a) the exemption allowed under section 54GB earlier; And (b) the exemption that should have been allowed based on the amount actually utilized, in the purchase of new asset (eligible planting and machinery) shall be taxable as long-term capital gain in the hands of individual or HUF in which the period of one year from the date of subscription in equity share by the assessee expires and the company shall be entitled to withdraw such amount in accordance with the scheme
Section 55A	**Reference to a Valuation Officer [Section 55A] [W.e.f. 1.7.2012]** Section 55A of the Income-tax Act has been amended to enable the Assessing Officer to make a reference to the Valuation Officer where in his opinion the value declared by the assessee is at variance from the fair market value. Therefore, in case where the Assessing Officer is of the opinion that the value taken by the assessee as on 1.4.1981 is higher than the fair market value of the asset as on that date, the Assessing Officer would be enabled to make a reference to the Valuation Officer for determining the fair market value of the property.

Section 112(1)	**Long –term capital gain from the transfer of capital asset being unlisted securities [Sub-clause (iii) to clause (c) of Section 112(1)] [W.e.f. A.Y. 2013-14]:**
Amendments relating to Income from Other Sources	
Explanation to section 56(2) (vii)	**Exemption of any sum or property received by a HUF from its members [Explanation to section 56(2) (vii) [W.r.e.f. 1.10.2009]** The definition of relative as given in Explanation to section 56(2) (vii) is only in relation to an individual and not in relation to a HUF. The above Explanation has been amended so as to provide that any sum or property received without consideration or inadequate consideration by an HUF from its members would also be excluded from taxation. It may, however, be noted here that as per section 64(2), if a member of the HUF converts, etc. His separate property into the property belonging to the family otherwise than for adequate consideration, the income derived from the converted property shall be deemed to arise to the individual and not the family.
Section 56(2)(viib)	**Share premium in excess of the fair market value to be treated as income [Section 56(2) (viib)] [W.e.f. A.Y. 2013-14]** Section 56(2) provides for the specific category of incomes that shall be chargeable to income-tax under the head "Income from other sources". A new clause (viib) has been inserted to section 56(2) to provide that where a company, not being a company in which the public are substantially interested, receives, in any previous year, from any person being a resident, any consideration for issue of shares and if the consideration received for issue of shares exceeds the face value of such shares, the aggregate consideration received for such shares as exceeds the fair market value of the shares shall be chargeable to income-tax under the head. "Income from other sources". However, the above provision shall not apply where the consideration for issue of shares is received (i) by a venture capital undertaking from a venture capital company or a venture capital fund; or (ii) by a company from a class or classes of persons as may be notified by the Central Government in this behalf. Further, an opportunity has been provided to the company to substantiate its claim regarding the fair market value. Accordingly, an Explanation has been inserted to the above sub-clause to provide that for the purpose of this clause the fair market value of the shares shall be the value- (i) as may be determined in accordance with such method as may be prescribed; or (ii) as may be substantiated by the company to the satisfaction of the Assessing Officer, based on the value, on the date of issue of shares, of its assets, including intangible assets, being goodwill, know-how, patents, copyrights, trademarks, licences, franchises or any other business or commercial rights of similar nature (i.e. the value shall be determined as per the net asset method including the value of intangible assets which are specified) whichever is higher.
Measure to prevent generation and circulation of unaccounted money	
Section 68	**Cash credits under section 68 of the Act [First and second proviso to section 68][W.e.f. A.Y. 2013-14]** Judicial pronouncements, while recognizing that the pernicious practice of conversion of unaccounted money through masquerade of investment in the share capital of a company needs to be prevented, have advised a balance to be maintained regarding onus of proof to be placed on the company. The Courts have drawn a distinction and emphasized that in case of private placement of shares the legal regime should be different from that which is followed in case of a company seeking share capital from the public at large. In the case of closely held companies, investments are made by known persons. Therefore, a higher onus is required to be placed on such companies besides the general onus to establish identity and credit worthiness of creditor and genuineness of transaction. This additional onus, needs to be placed on such companies to also prove the source of money in the hands of such shareholder or persons making payment towards issue of shares before such sum is accepted as genuine credit. If the company fails to discharge the additional onus, the sum shall be treated as income of the company and added to its income. Section 68 of the Act has been amended by inserting two provisos so as to provide that the nature and source of any sum credited, as share application money, share capital, share premium etc., in the books of a closely held company shall be treated as explained only if the source of funds is also explained by the assessee company in the hands of the resident shareholder and such explanation in the opinion of the Assessing Officer is found to be satisfactory. However, even in the case of closely held companies, this additional onus of satisfactorily explaining the source in the hands of the shareholder, would not apply if the shareholder is a well regulated entity, i.e. a Venture Capital Fund, Venture Capital Company registered with the Securities Exchange Board of India (SEBI).

Amendments relating to Deductions from Gross Total Income	
Section 80A(6)	**Deduction under section 10AA or section 80-IA to 80-RRB shall be subject to provisions of newly inserted section 92BA [Section 80A(6)] [W.e.f. A.Y. 2013-14]**
Section 80C(3A)	**Eligibility condition for deduction in respect of life insurance policies [Section 80C(3A)] [W.e.f. A.Y. 2013-14]** Section 80C has been amended by inserting sub-section (3A) to provide that the deduction for life insurance premium as regards insurance policies other than a contract for deferred annuity issued on or after 1.4.2012 shall be allowed for only so much of the premium or other payment made as does not exceed 10% of the actual capital sum assured. Explanation-"Actual capital sum assured" in relation to a life insurance policy shall mean the minimum amount assured under the policy on happening of the insured event at any time during the term of the policy, not taking into account- (i) the value of any premiums agreed to be returned, or (ii) any benefit by way of bonus or otherwise over and above the sum actually assured, which is to be or may be received under the policy by any person. This Explanation has been inserted to ensure that the life insurance products are not designed to circumvent the prescribed limits by varying the capital sum assured from year to year. The above definition is also referred to in Explanation 2 in section 10 (10D).
Section 80CCG	**Deduction in respect of investment made under an equity savings scheme [Section 80CCG] [W.e.f. A.Y. 2013-14]** **(1) To whom the deduction is allowed:** The deduction under the section is allowed to an individual who is resident in India **(2) Purpose for which deduction is allowed:** Deduction is allowed to such assessee who has- (a) in a previous year, acquired listed equity shares in accordance with a scheme, as may be notified by the Central Government in this behalf, and (b) satisfied the prescribed conditions. **(3) Quantum of deduction:** The assessee shall be allowed a deduction, in the computation of his total income of the assessment year relevant to such previous year to the extent of - (a) 50% of the amount invested in such equity shares (b) ₹25,000 whichever is less. **(4) Conditions to the satisfied [Section 80CCG(3)]:** (i) The gross total income of the assessee for the relevant assessment year should not exceed ₹10,00,000 (ii) The assessee is a new retail investor as may be specified under the scheme notified in this behalf; (iii) The investment is made in such listed equity shares as may be specified under the notified scheme; (iv) The investment is locked-in for a period of three years from the date of acquisition in accordance with the notified scheme; and (v) Such other condition as may be prescribed. **(5) Consequences if the above conditions are not satisfied [Section 80CCCG (4)]:** If the assessee, in any previous year, fails to comply with any condition specified above, the deduction originally allowed shall be deemed to be the income of the assessee of such previous year and shall be liable to tax for the assessment year relevant to such previous year.
Section 80D	**Deduction for expenditure on preventive health check-up [Section 80D] [W.e.f A.Y. 2013-14]** Section 80D has been amended so also to include any payment made by an individual on account of preventive health check-up of self, spouse, dependant children or parent(s) during the previous year s eligible for deduction within the overall limits prescribed in the section. However, the deduction on account of expenditure on preventive health check-up (for self, spouse, dependant children and parents) shall not exceed in the aggregate ₹5,000. It is further provided that for the purpose of the deduction under section 80D, payment can be made- (i) by any mode, including cash, in respect of any sum paid on account of preventive health check-up; (ii) by any mode other than cash, in all other cases.
Section 80D, 80DDB and Section 197A(1C)	**Reduction of the eligible age for senior citizens for certain tax reliefs [Section 80D, 80DDB and Section 197A(1C)] [W.e.f. A.Y. 2013-14]** Sections 80D, 80DDB and 197A, the effective age for a 'senior citizen' who can avail of the benefit is mentioned as 65 years or more at any time during the relevant previous year. In order to make the effective age of senior citizens uniform across all the provisions of the Income Tax Act, the age for availing of the benefits by a senior citizen under the aforesaid sections viz. sections Section 80D, 80DDB and Section 197A has been reduced from 65 years to 60 years. The amendment to section 80D and 80DDB will take effect from A.Y. 2013-14 and amendment to section 197A will take effect from 1.7.2012.

Section 80G and 80GGA	**Prohibition of cash donations in excess of ₹10,000 [Section 80G and 80GGA] [W.e.f. A.Y.2013-14]** Currently, there is no provision in either of the aforesaid sections specifying the mode of payment of money. Therefore, sections 80G(5D) and 80GGA(2A) have been inserted to provide as under: 80G (5D): No deduction shall be allowed under section 80G in respect of donation of any sum exceeding ₹10,000 unless such sum is paid by any mode other than cash. 80GGA(2A): No deduction shall be allowed under section 80GGA in respect of any sum exceeding ₹10,000 unless such sum is paid by any mode other than cash.
Section 80-IA(4)(iv)	**Extension of sunset date for tax holiday for power sector [Section 80-IA(4)(iv)] [W.e.f. A.Y.2013-14]** Section 80-IA (4)(iv) (a), (b) and (c) have been amended to extend the terminal date for a further period of one year, i.e., up to 31.3.2013 in case of electricity undertakings.
Section 80-IA(8) and section 80-IA(10)	**Transactions under section 80-IA(8) and section 80-IA(10) to be treated as specified domestic transactions and should be done at arm's length price**
Section 80TTA	**Deduction in respect of interest on deposits in savings accounts to the maximum extent of ₹10,000 [Section 80TTA] [W.e.f. A.Y. 2013-14]** Where the gross total income of an assessee, being an individual or a Hindu undivided family, includes any income by way of interest on deposits (not being time deposits) in a saving account with- (a) a banking company to which the Banking Regulation Act, 1949, applies (including any bank of banking institution referred to in section 51 of that Act); (b) a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank); or (c) a Post Office as defined in clause (k) of section 2 of the Indian Post Office Act, 1898 A deduction of such interest shall be allowed to the maximum extent of ₹10,000. However, where the income referred to in this section is derived from any deposit in a savings account held by, or on behalf of, a firm, an association of persons or a body of individuals, no deduction shall be allowed under this section in respect of such income in computing the total income of any partner of the firm or any member of the association or any individual of the body.
For the purposes of this section, "time deposits" means the deposits repayable on expiry of fixed periods.	
Amendments in the provisions of Double Taxation Relief	
Section 90(2) or 90A(2)	**Beneficial provisions of section 90(2) or 90A(2) not to apply in certain cases [Sub-section (2A) to section 90 and 90A]** Sub-section (2A) has been inserted to section 90 as well as 90A to provide notwithstanding anything contained in section 90(2) or 90A(2), the provisions of Chapter X-A of the Act [i.e General Anti Avoidance Rule (GAAR)] shall apply to the assessee even if such provisions are not beneficial to him.
Section 90(4) & 90A(4)	**Tax Residency Certificate (TRC) for claiming relief under DTAA [Section 90(4) & 90A(4)] [W.e.f. A.Y. 2013-14]** It is noticed that in many instances the taxpayers who are not tax resident of a contracting country do claim benefit under the DTAA entered into by the Government with that country. Thereby, even third party residents claim unintended treaty benefits. Therefore, the following sub-section 4 has been inserted in section 90 as well as section 90A of the Act to make submission of Tax Residency Certificate containing prescribed particulars, as a necessary but not sufficient condition for availing benefits of the agreements referred to in these sections. "An assessee, not being a resident, to whom an agreement referred to section 90(1) or 90A(1) applies, shall not be entitled to claim any relief under such agreement unless a certificate, containing such particulars as may be prescribed, of his being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory".
Section 90 and 90A	**Meaning assigned through notification to a term used in Double Taxation Avoidance Agreement (DTAA) to be effective from the date of coming into force of the agreement [Explanation 3 section 90 and 90A] [W.e.f. 1.10.2009]** Explanation 3 has been inserted in section 90 as well as section 90A w.r.e.f. 1.10.2009 which states as under: "For the removal of doubts, it is hereby declared that where any term is used in any agreement entered into under section 90(1) or section 90A(1) and not defined under the said agreement or the Act, but is assigned a meaning to it in the notification issued Under section 90(3) or 90A(3) and the notification issued there under being in force, then, the meaning assigned to such term shall be deemed to have effect from the date on which the said agreement came into force."
Rationalization of Transfer Pricing Provisions AND Applicability of Transfer Pricing Provisions to specified domestic transactions	
Section 92B	**Meaning and scope of international transaction widened [Explanation to section 92B] [W.r.e.f. A.Y. 2002-03]** An Explanation has been inserted in section 92B to clarify the expression "international transaction" and "intangible property". The expression "international transaction" shall include- (a) the purchase, sale, transfer, lease or use of tangible property including building, transportation vehicle,

	machinery, equipment, tools, plant, furniture, commodity or any other article, product or thing; (b) the purchase, sale, transfer, lease or use of intangible property, including the transfer of ownership or the provision of use of rights regarding land use, copyrights, patents trademarks, licences, franchises, customer list, marketing channel, brand, commercial secret, know-how, industrial property right, exterior design or practical and new design or any other business or commercial rights of similar nature; (c) capital financing, including any type of long-term or short-term borrowing, lending or guarantee, purchase or sale of marketable securities or any type of advance, payments or deferred payment or receivable or any other debt arising during the course of business; (d) provision of services, including provision of market research, market development, marketing management, administration, technical service, repairs, design, consultation, agency, scientific research, legal or accounting service; (e) a transaction of business restructuring or reorganisation, entered into by an enterprise with an associated enterprise, irrespective of the f act that it has bearing on the profit, income, losses or assets of such enterprises at the time of the transaction or at any future date; The expression "intangible property" shall include- (a) marketing related intangible assets, such as, trademarks, trade names, brand names, logos; (b) technology related intangible assets, such as, process patents, patent applications, technical documentation such as laboratory notebooks, technical know-how; (c) artistic related intangible assets, such as, literary works and copyrights, musical compositions, copyrights, maps, engravings; (d) data processing related intangible assets, such as, proprietary computer software, software copyrights, automated databases, and integrated circuit masks and masters; (e) engineering related intangible assets, such as, industrial design, product patents, trade secrets, engineering drawing and schematics, blueprints, proprietary documentation; (f) customer related intangible assets, such as, customer lists, customer contracts, customer relationship, open purchase orders; (g) contract related intangible assets, such as, favourable supplier, contracts, licence agreements, franchise agreements, non-compete agreements: (h) human capital related intangible assets, such as, trained and organised work force, employment agreements, union contracts; (i) location related intangible assets, such as, leasehold interest, mineral exploitation rights, easements, air rights, water rights; (j) goodwill related intangible assets, such as, institutional goodwill, professional practice goodwill, personal goodwill or professional, celebrity goodwill, general business going concern value; (k) methods, programmes, systems, procedures, campaigns, surveys, studies, forecasts, estimates, customer lists, or technical data; (l) any other similar item that derives its value from its intellectual content rather than its physical attributes
Section 92BA read with sections 40A, 10AA & Chapter VI-A	**Transfer Pricing Regulations to apply to certain domestic transactions [Section 92BA read with sections 40A, 10AA & Chapter VI-A] [W.e.f. A.Y. 2013-14]** Section 92BA has been inserted in the Act to provide applicability of transfer pricing regulations to transactions between related resident parties for the purposes of computation of income, disallowance of expenses etc. These related resident parties transactions shall be known as specified domestic transactions. Meaning of specified domestic transaction: For the purposes of this section and sections 92, 92C, 92D and 92E, "specified domestic transaction" in case of an assessee means any of the following transactions, not being an international transaction, namely: (i) any expenditure in respect of which payment has been made or is to be made to a person referred to in section 40A(2)(b); (ii) any transaction referred to in section 80A; (iii) any transfer of goods or services referred to section 80-IA(8); (iv) any business transacted between the assessee and other person as referred to in section 80-IA(10); (v) any transaction, referred to in any other section under Chapter VI-A or section 10AA, to which provisions of section 80-IA(8) and (10) are applicable; or (vi) any other transaction as may be prescribed, Section 92BA shall apply where the aggregate of above transactions entered into by the assessee in the previous year exceeds a sum of ₹ 5 crore. With the insertion of section 92BA for such specified domestic transactions, the following sections, which are applicable to international transactions, have also been made applicable to such specified domestic transaction.

Section 92C(2)	**Prescribing upper ceiling of 3% s tolerance range for determination of Arm's Length Price [Section 92C(2)] [W.e.f. A.Y. 2013-14]** Section 92C (1) prescribes the methods of computation of Arm's Length Price (ALP). Section 92C(2) provides that if the appropriate method results in more than one price then the arithmetic mean of these prices would be the ALP. The proviso to section 92C(2) which was amended by Finance Act, 2011 provides that the Central Government may notify a percentage and if variation between the ALP so determined and the transaction price is within the notified percentage (of transaction price), no adjustment shall be made to the transaction price. Therefore, second proviso to section 92C(2) of the Act has been amended, so as to provide an upper ceiling of 3% in respect of power of Central Government to notify the tolerance range for determination of arms length price. Further Explanation to section 92C(2) provides that the second proviso to section 92C relating to variation between the arm's length price so determined by the arithmetical mean and price at which the international transaction has actually been undertaken shall also be applicable to all proceedings which were pending as on 01.10.2009. [The date of coming in force of second proviso inserted by Finance (No. 2) Act, 2009].
Section 92C(2A) and 2(B)	**Tolerant variation between the arithmetic mean of ALP and actual transaction price [Section 92C(2A) and 2(B)] [W.r.e.f. A.Y. 2002-03]** Sub-section (2A) and (2B) have been inserted in section 92C to provide clarity with retrospective effect in respect of first proviso to section 92C(2) as it stood before its substitution by Finance Act (No.2), 2009. As per section 92C(2A) where the first proviso to section 92C(2) as it stood before its amendment by the Finance 50 (No. 2) Act, 2009, is applicable in respect of an international transaction for an assessment year and the variation between the arithmetical mean referred to in the said proviso and the price at which such transaction has actually been undertaken exceeds 5% of the arithmetical mean, then, the assessee shall not be entitled to exercise the option as referred to in the said proviso. As per section 92C(2B) nothing contained in section 92C(2A) shall empower the Assessing Officer either to assess or reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154 for any assessment year the proceedings of which have been completed before 1.10.2009.
Section 92CA(2B) and (2C)	**Examination by the Transfer Pricing Officer of international transactions not reported by the Assessee [Section 92CA(2B) and (2C)] [W.r.e.f. 1.6.2002]** Sub-section (2B) to section 92CA of the Act has been inserted retrospectively to empower Transfer Pricing Officer (TPL) to determine Arm's Length Price of an international transaction noticed by him in the course of proceedings before him, even if the said transaction was not referred to him by the Assessing Officer, provided that such international transaction was not reported by the taxpayer as per the requirement cast upon him under section 92E of the Act. Further the following sub-section (2C) to section 92CA has been inserted: "Nothing contained in section 92CA(2B) shall empower the Assessing Officer either to assess or reassess under section 147 or pass an order enhancing the assessment or reducing a refund already made or otherwise increasing the liability of the assessee under section 154, for any assessment year, proceedings for which have been completed before 1.7.2012."
Section 92CC & 92CD	**Advance Pricing Agreement (APA) [Section 92CC & 92CD] [W.e.f. 1.7.2012]** Advance Pricing Agreement is an agreement between a taxpayer and a taxing authority on an appropriate transfer pricing methodology for a set of transactions over a fixed period of time in future. The APAs offer better assurance on transfer pricing methods and are conducive in providing certainty and unanimity of approach. New sections 92CC and 92CD have been inserted in the Act to provide a framework for advance pricing agreement under the Act.
Section 92CC	**Advance pricing agreement (APA) [Section 92CC]** Section 92CC (1): It empowers Board, to enter into an advance pricing agreement with any person undertaking an international transaction. Such Advance Pricing Agreements (APAs) shall include determination of the arm's length price or specify the manner in which arm's length price shall be determined, in relation to an international transaction to be entered into by that person. Section 92CC (2): The manner of determination of arm's length price in such cases shall be any method including those provided in section 92C (1), with such adjustments or variations as may be necessary or expenditure so to do. Section 92CC (3): The arm's length price of any international transaction, which is covered under such APA, shall be determined in accordance with the APA so entered and the provisions of section 92C or section 92CA which normally apply for determination of arm's length price would be modified to this extent and arm's length price shall be determined in accordance with APA. Section 92CC(4): The APA shall be valid for such previous year as specified in the agreement which in no case shall

	exceed five consecutive previous years. Section 92CC(5): The APA shall be binding only: (a) on the person in whose case, and in respect of the transaction in relation to which, the agreement has been entered into; and (b) on the Commissioner, and the income-tax authorities subordinate to him, in respect of the said person and the said transaction. Section 92CC (6): The APA shall not be binding if there is any change in law or facts having bearing on such APA. Section 92CC(7): The Board is empowered to declare, with the approval of Central Government, any such agreement to be void ab initio, if it finds that the agreement has been obtained by the person by fraud or misrepresentation of facts. Section 92CC(8): (a) Once an agreement is declared void ab initio, all the provisions of the Act shall apply to the person as if such APA had never been entered into, and (b) For the purpose of computing any period of limitation under the Act, the period beginning with the date of such APA and ending on the date of order declaring the agreement void ab initio shall be excluded. However if after the exclusion of the aforesaid period, the period of limitation referred to in any provision of the Act is less than sixty days, such remaining period shall be extended to sixty days. Section 92CC(9): The Board is empowered to prescribe a Scheme providing for the manner, form, procedure and any other matter generally in respect of the advance pricing agreement. Section 92CC(10): Where an application is made by a person for entering into such an APA, proceedings shall be deemed to be pending in the case of the person for the purposes of the Act like for making enquiries under section 133(6) of the Act.
Section 92CD	**Effect to Advance Pricing Agreement [Section 92CD]** Section 92CD(1): The person entering in to such APA shall necessarily have to furnish a modified return within a period of three months from the end of the month in which the said APA was entered in respect of the return of income already filed for a previous year to which the APA applies. The modified return has to reflect modification to the income only in respect of the issues arising from the APA and in accordance with it. Section 92CD (2): Except as otherwise provided in this section. All the other provisions of this Act shall apply accordingly as if the modified return is a return furnished under section 139. Section 92CD(3): If the assessment or reassessment proceedings for an assessment year relevant to a previous year to which the agreement applies has been completed before the expiry of period allowed for furnishing of modified return, the Assessing Officer shall, in a case where modified return is filed, proceed to assess or reassess or recomputed the total income of the relevant assessment year having regard to and in accordance with the APA and to such assessment, all the provisions relating to assessment shall apply as if the modified return is a return furnished under section 139 of the Act. In this case, notwithstanding anything contained in section 153 or section 153B or section 144C, the order of assessment, reassessment or recomputation of total income under section 92CD(3) shall be passed within a period of one year from the end of the financial year in which the modified return under section 92CD(1) is furnished [Section 92CD(5) (a)]. Section 92CD(4): Where the assessment or reassessment proceedings for an assessment year relevant to the previous year to which the agreement applies are pending on the date of filing of modified return, the Assessing Officer shall proceed to complete the assessment or reassessment proceedings in accordance with the agreement taking into consideration the modified return so filed. In this case, notwithstanding anything contained in section 153 or section 153B or section 144C, the period of limitation as provided in section 153 or section 153B or section 144C for completion of pending assessment or reassessment proceedings referred to in section 92CD(4) shall be extended by a period of twelve months. [Section 92CD(5)(b)].
For the purposes of this section:- (i) "agreement" means an agreement referred to in section 92CC(1); (ii) the assessment or reassessment proceedings for an assessment year shall be deemed to have been completed where- (a) an assessment or reassessment order has been passed; or (b) no notice has been issued under section 143(2) till the expiry of the limitation period provided under the said section.	

	General Anti-Avoidance Rule (GAAR) **Chapter X-A**
Section 95 to 102	General Anti Avoidance Rule has been inserted in the Income Tax Act to deal with aggressive tax planning. (A) The main feature of such a regime are-- (i) An arrangement whose main purpose or one of the main purposes is to obtain a tax benefit and which also satisfies at least one of the four tests, can be declared as an "impermissible avoidance arrangements". Meaning or arrangement. "Arrangement" means any step in, or apart or whole of, any transaction, operation, scheme, agreement or understanding, whether enforceable or not, and includes the alienation of any property in such transaction, operation, scheme, agreement or understanding. (ii) The four tests referred to in (i) are--------- (a) The arrangement creates rights and obligations, which are not normally created between parties dealing at arm's length. (b) It results in misuse or abuse of provisions of tax laws. (c) It lacks commercial substance or is deemed to lack commercial substance. (d) Is carried out in a manner, which is normally not employed for bona fide purpose. (iii) an arrangement shall be presumed to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit. (iv) An arrangement will be deemed to lack commercial substance if---- (a) the substance or effect of the agreement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or (b) it involves or includes------ (i) round trip financing; (ii) an accommodating party; (iii) elements that have effect of offsetting or cancelling each other; or (iv) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of fund which is subject matter of such transaction; or (c) it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining tax benefit for a party. (v) It is also provided that certain circumstances like period of existence of arrangement, taxes arising from arrangement, exit route, shall not be taken into account while determining 'lack of commercial substance' test for an arrangement. (vi) Once the arrangement is held to be an impermissible avoidance arrangement then the consequences of the arrangement in relation to tax or benefit under a tax treaty can be determined by keeping in view the circumstances of the case, however, some of the illustrative steps are:------- (a) disregarding or combining any step of the arrangement. (b) ignoring the arrangement for the purpose of taxation law. (c) disregarding or combining any party to the arrangement. (d) reallocating expenses and income between the parties to the arrangement. (e) relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement. (f) considering or looking through the arrangement by disregarding any corporate structure. (g) re-characterizing equity into debt, capital into revenue etc. (vii) These provisions can be used in addition to or in conjunction with other anti avoidance provisions or provisions for determination of tax liability, which are provided in the taxation law. (viii) For effective application in cross border transaction and to prevent treaty abuse a limited treaty override is also provided. (ix) Any taxpayer (resident or non-resident) can approach the Authority for Advance Ruling (AAR) for a ruling as to whether an arrangement to be undertaken by him is permissible or not under the GAAR provisions.

	(B) The procedure for invoking GAAR is given in section 144BA which will be effective from A.Y. 2014-15, which is as under: (i) The Assessing Officer shall make a reference to the Commissioner for invoking GAAR and on receipt of reference the Commissioner shall hear the tax payer and if he is not satisfied by the reply of taxpayer and is of the opinion that GAAR provisions are to be invoked, he shall refer the matter to an Approving Panel. In case the assessee does not object or reply, the Commissioner shall make determination as to whether the arrangement is an impermissible avoidance arrangement or not. (ii) The Approving Panel has to dispose of the reference within a period of six months from the end of the month in which the reference was received from the Commissioner. (iii) The Approving Panel shall either declare an arrangement to be impermissible or declare it not to be so after examining material and getting further inquiry to be made. (iv) The Assessing Officer (AO) will determine consequences of such a positive declaration of arrangement as impermissible avoidance arrangement. (v) The final order in case any consequence of GAAR is determined shall be passed by AO only after approval by Commissioner and, thereafter, first appeal against such order shall lie to the Appellate Tribunal. (vi) The period taken by the proceedings before Commissioner and Approving Panel shall be excluded from time limitation for completion of assessment. vii) The Board shall, for the purposes of this section constitute an Approving Panel consisting of not less than three members, being- (a) income tax authorities not below the rank of Commissioner; and (b) an officer of the Indian Legal Service not below the rank of Joint Secretary to the Government of India. In addition to the above, it is provided that the Board shall prescribe a scheme for regulating the condition and manner of application of these provisions.
	Special rate of Tax **Chapter XII**
Section 111A	**Rate of tax for short term capital gain under section 111A [Section 111A] [W.r.e.f. A.Y. 2009-10]** Under the provisions of section 111A tax on short-term capital gains, in the case of equity shares in a company or units of an equity oriented fund on which Securities Transaction Tax (STT) has been paid, is levied at the rate of 15%. This rate was increased from 10% to 15% vide Finance Act, 2008 with effect from 1.1.2009. However, in the proviso to this section while providing relief, the rate of short-term capital gains tax is s till referred to as 10% which needs to be corrected to 15%. Proviso to section 111A of the Income Tax Act has been accordingly amended.
Section 112(1)	**Long-term capital gain from the transfer of capital asset being unlisted securities [Sub-clause (iii) to clause (c) of section 112(1)] [W.e.f. A.Y. 2013-14]** Currently, long-term capital gain arising from sale of unlisted securities in the case of Foreign Institutional Investors is taxed at the r at e of 10% while other non-resident investors, including Private Equity investors are taxed at the rate of 20%. In order to give parity to such investors, the Finance Act, 2012 has reduced the rate in their case from 20% to 10% on the same lines as applicable to FIIs. Accordingly, sub-clause (iii) has been inserted in clause (c) of section 112(1) which provides as under: The amount of income-tax on long term capital gains arising from the transfer of a capital asset, being unlisted securities shall be calculated at the rate of 10%, on the capital gains in respect of such asset as computed without giving effect to the first and second proviso to section 48.
Section 115A and Section 194LC	**Tax incentive to non-residents for funding of certain Infrastructure Sectors [Section 115A and Section 194LC] [W.e.f. 1.7.2012]** Amended section 115A read with newly inserted section 194LC of the Income Tax Act provide as under: Any interest paid by a specified company to a non-resident in respect of borrowing made in foreign currency from sources outside India, shall be taxable at the rate of 5% (plus applicable surcharge and cess). The interest referred to above shall be the income by way of interest payable by the specified company, ---------- (i) in respect of monies borrowed by it at any time on or after 1.7.2012 but before 1.7.2015 in foreign currency, from a source outside India---- (a) under a loan agreement; or (b) by way of issue of long-term infrastructure bonds. As approved by the Central Government in this behalf; and (ii) to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by

	the Central Government in this behalf, having regard to the terms of the loan or the bond and its repayment.
Section 115BBA and Section 194E	**Taxation of a non-resident entertainer, sports person etc. [Section 115BBA and Section 194E] [W.e.f. A.Y. 2013-14]** Section 115BBA has been amended to provide that income arising to a non-citizen, non-resident entertainer (such as theatre, radio or television artists and musicians) from performance in India shall be taxable at the rate of 20% of gross receipts. Further, the taxation rate, in case of non-citizen, non-resident sportsmen and non-resident sports association, has also been increased from 10% to 20% of the gross receipts. Consequential amendment has also been made in section 194E to provide for withholding of tax at the rate of 20% (plus cess as applicable) from income payable to non-resident, non-citizen, entertainer, or sportsmen or sports association or institution. This amendment will take effect from 1.7.2012.
Section 115BBD	**Lower rate of tax on dividends received from foreign companies [Section 115BBD] [W.e.f. A.Y. 2013-14]** Section 115BBD of Income Tax Act provides for taxation of gross dividends received by an Indian company from a specified foreign company (in which it has shareholding of 26% or more) at the rate of 15% if such dividend is included in the total income for the Financial Year 2011-12 i.e. Assessment Year 2012-13. In order to continue these provisions for one more year, section 115BBD has been amended to extend the applicability of this section in respect of income by way of certain foreign dividends received in Financial Year 2012-13 also, subject to the same conditions.
Section 115BBE	**Taxation of cash credits, unexplained money, unexplained investments etc. Covered under section 68,69, 69A, 69B, 69C & 69D [Section 115BBE] [W.e.f. A.Y. 2013-14]** In order to curb the practice of laundering of unaccounted money by taking advantage of basic exemption limit and/or a lower slab rate, a new section 115BBE has been inserted to tax the unexplained credits, money, investment, expenditure, etc, which has been deemed as income under section 68, section 69, section 69A, section 69B, section 69C or section 69D, at the special rate of 30% (plus surcharge and cess as applicable). It is also provided that no deduction in respect of any expenditure or allowance shall be allowed to the assessee under any provision of the Act in computing deemed income under the said sections.
Special Provisions relating to Companies (MAT) and other persons (AMT)	
Section 115JB	**Minimum Alternate Tax (MAT) [Section 115JB] [W.e.f. A.Y. 2013-14]** As per section 115JB, every company is required to prepare its accounts as per Schedule VI of the Companies Act, 1956. However, as per the provisions of the Companies Act, 1956,, certain companies, e.g. insurance , banking or electricity company, are allowed to prepare their profit and loss account in accordance with the provisions specified in their regulatory Acts. I. In order to align the provisions of Income-tax Act with the Companies Act, 1956, section 115JB has been amended to provide that the companies which are not required under section 211 of the Companies Act to prepare their profit and loss account in accordance with The Schedule VI of the Companies Act, 1956, profit and loss account prepared in accordance with the provisions of their regulatory Acts shall be taken as a basis for computing the book profit under section 115JB. For the removal of doubts, it is hereby clarified that for the purposes of this section, the assessee, being a company to which the proviso to sub-section (2) of section 211 of the Companies Act, 1956 is applicable, has, for an assessment year commencing on or before 1.4.2012, an option to prepare its profit and loss account for the relevant previous year wither in accordance with the provisions of Part II and Part III of Schedule VI to the Companies Act, 1956 or in accordance with the provisions of the Act governing such company. [Explanation 3]. II. It is noted that in certain cases, the amount standing in the revaluation reserve is taken directly to general reserve on disposal of a revalued asset. Thus, the gains attributable to revaluation of the asset is not subject to MAT liability. Therefore, section 115JB has been amended to provide that the book profit for the purpose of section 115JB shall be increase by the amount standing in the revaluation reserve relating to the revalued asset which has been retired or disposed of the same is not credited to the profit and loss account. III. The reference of Part III of the Schedule VI of the Companies Act, 1956 from section 115JB has been omitted in view of omission of Part III in the revised Schedule VI under the Companies Act, 1956. IV. MAT not applicable in case of income from life insurance business [Sub-section (5A) to section 115JB]: Sub-section (5A) has been inserted in section 115JB, w.r.e.f. A.Y. 2001-02 to provide that MAT provisions shall not apply to any income accruing or arising to a company from life insurance business referred to in section 115B.
Section 115JC to 115JF Chapter XII-BA	**Alternate Minimum Tax (AMT) on all persons other than companies [Section 115JC to 115JF Chapter XII-BA] [W.e.f. A.Y. 2013-14]** AMT, which was hitherto applicable to LLP only, has been made applicable to all assesses other than a company. Where the regular income- tax payable for a previous year by a person (other than a company) is less than the alternate minimum tax payable for such previous year, the adjusted total income shall be deemed to be the total income of such person and he shall be liable to pay income-tax on such total income at the rate of 18.5% [Section

	115JC(1)] Report from an accountant [Section 115JC)3)]: Every person to whom this section applies shall obtain a report, in such form as may prescribed, from an accountant, certifying that the adjusted total income and the alternate minimum tax have been computed in accordance with the provisions of this Chapter and furnish such report on or before the due date of furnishing of return of income under section 139(1).
Section 115JEE(1)	**To whom AMT shall be applicable [Section 115JEE(1)]** The provisions of AMT shall apply to a person who has claimed any deduction under: (a) under sections 80-IA to 80RRB other than section 80P; or (b) section 10AA.
Section 115JEE(2)	**To whom AMT shall not be applicable [Section 115JEE(2)]** The provisions of AMT under Chapter XII-BA shall not apply to- (a) an individual or (b) a Hindu undivided family or (c) an association of persons or a body of individuals (whether incorporated or not) or (d) an artificial juridical person referred to in section 2(31) (vii), if the adjusted total income of such person does not exceed ₹20,00,000 Tax credit for AMT: Section 115JD provides the credit for tax (tax credit) paid by a person on account of AMT under Chapter XII-BA shall be allowed to the extent of the excess of the AMT paid over the regular income-tax. This tax credit shall be allowed to be carried forward up to the tenth assessment year immediately succeeding the assessment year for which such credit becomes allowable. It shall be allowed to be set off for an assessment year in which the regular income-tax exceeds the AMT to the extent of the excess of the regular income-tax over the AMT. No interest shall be payable on tax credit allowed under section 115JD. Consequential amendments have also been made to the following provisions to allow benefit of such tax credit: (1) Section 140A relating to self-assessment, (2) Section 234a relating to interest for defaults in furnishing return of income, (3) Section 234B relating to interest for defaults in payment of advance tax. (4) Section 234C relating to interest for deferment of advance tax.
Section 115JG	**Special provisions relating to conversion of Indian branch of a foreign bank into a subsidiary company** **Conversion of an Indian branch of Foreign Company into subsidiary Indian company [Section 115JG] [W.e.f. A.Y. 2013-14]** Where a foreign company is engaged in the business of banking in India through its branch situate in India and such branch is converted into a subsidiary company thereof, being an Indian company (hereafter referred to as an Indian subsidiary company) in accordance with the scheme framed by the Reserve Bank of India, then following benefit, exemption, relief shall be allowed, ------ (i) the capital gains arising from such conversion shall not be chargeable to tax in the assessment year relevant to the previous year in which such conversion takes place; (ii) the provisions of this Act relating to------ (a) treatment of unabsorbed depreciation, (b) set off or carry forward and set off of losses, (c) tax credit in respect of tax paid on deemed income relating to certain companies, and (d) the computation of income in the case of the foreign company and the Indian subsidiary company shall apply with such exceptions, modifications and applications as may be specified in that notification. However, the above provisions shall be applicable provided the conditions as notified by the Central Government in this behalf are satisfied. **Consequences if the above conditions are not satisfied** In case of failure to comply with any of the conditions specified in the scheme or in the notification issued in this behalf, all the provisions of this Act shall apply to the foreign company and the said Indian subsidiary company without any benefit, exemption or relief mentioned above. Where, in a previous year, any benefit, exemption or relief has been claimed and granted to the foreign company or the Indian subsidiary company in accordance with the provisions above and, subsequently, there is failure to comply with any of the conditions specified in the scheme or in the notification issued in this behalf, then, ------- (i) such benefit, exemption or relief shall be deemed to have been wrongly allowed; (ii) the Assessing Officer may, notwithstanding anything contained in this Act, re-compute the total income of the assessee for the said previous year and make the necessary amendment; and (iv) the provisions of section 154 shall, so far as may be, apply thereto and the period of four years specified in sub-section (7) of that section being reckoned from the end of the previous year in which the failure to comply with the condition referred to in sub-section (1) takes place

Section 115-O	**Removal of the cascading effect of Dividend Distribution Tax (DDT0 [Section 115-O] [W.e.f. 1.7.2012]** Section 115-O of the Act provides that dividend liable for DDT in case of a company is to be reduced by an amount of dividend received from its subsidiary after payment of DDT if the company is not a subsidiary of any other company. This removes the cascading effect of DDT only in a two-tier corporate structure. With a view to remove the cascading effect of DDT in multi-tier corporate structure , section 115-O(1A) of the Act has been amended to provide that in case any company receives, during the year, any dividend from any subsidiary and such subsidiary has paid DDT as payable on such dividend, then, dividend distributed by the holding company in the same year, to that extent, shall not be subject to Dividend Distribution Tax under section 115-O of the Act.
Section 10(23FB) & Section 115U	**Provisions relating to Venture Capital Fund (VCF) or Venture Capital Company (VCC) [Section 10(23FB) & Section 115U] [W.e.f. A.Y. 2013-14]** The provisions of section 115U currently allow an opportunity of indefinite deferral of taxation in the hands of investor as such income is taxable in the hands of investor only in the previous in which such income is received by VCF/VCC. With a view to rationalize the above position and to align it with the true intent of a pass-through status, section 10(23FB) and section 115U have been amended to provide that---------- (i) The venture Capital undertaking shall have same meaning as provided in relevant SEBI regulations and there would be no sectoral restriction. (ii) Income accruing to VCF/VCC shall be taxable in the hands of investor directly on accrual basis instead of receipt basis. (iii) Sub-section (5) has been inserted in section 115V to provide that the income accruing or arising to or received by the venture capital company or venture capital fund, during a previous year, from investments made in venture capital undertaking if not paid or credited to the person referred to section 115V(1), shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year. (iv) An Explanation 2 has been also inserted to clarify that for the removal of doubts, it is hereby declared that any income which has been included in total income of the person referred to in section 115U (1) in a previous year, on account of it having accrued or arisen in the said previous year, shall not be included in the total income of such person in the previous year in which such income is actually paid to him by the venture capital company or the venture capital fund.
Special Provisions relating to income of Shipping Companies	
Section 115VG	**Daily tonnage income of shipping company [Section 115VG] [W.e.f. A.Y. 2013-14]** Section 115VG(3) has been amended to revise the rate of daily tonnage income under this presumptive income scheme as under:

Qualifying ship having net tonnage	Existing amount of daily tonnage income	Amount of daily tonnage income applicable w.e.f. A.Y. 2013-14
(1)	(2)	(3)
Up to 1,000	₹46 for each 100 tons	₹70 for each 100 tons
exceeding 1,000 but not more than 10,000	₹460 plus ₹35 for each 100 tons exceeding 1,000 tons	₹700 plus ₹53 for each 100 tons exceeding 1,000 tons
Exceeding 10,000 but not more than 25,000	₹3,610 plus ₹28 for each 100 tons exceeding 10,000 tons	₹5,470 plus ₹42 for each 100 tons exceeding 10,000 tons
(1)	(2)	(3)
exceeding 25,000	₹7,810 plus ₹19 for each 100 tons exceeding 25,000 tons	₹11,770 plus ₹29 for each 100 tons exceeding 25,000 tons

Return of Income and Assessment Procedure	
Section 139(1)	**Compulsory filing of income tax return in relation to assets located outside India [Fourth proviso to section 139(1)] [W.r.e.f A.Y. 2012-13]** Fourth proviso has been inserted to section 139(1) to provide that a person, being a resident other than not ordinarily resident in India, who is not required to furnish a return under section 139(1) and who during the previous year has: (a) any asset (including any financial interest in any entity) located outside India or (b) signing authority in any account located outside India, shall furnish, on or before the due date, a return in respect of his income or loss for the previous year in such form and verified in such manner and setting forth such other particulars as may be prescribed.
Section 139(1)	**Due date of furnishing return of income in case an assessee has undertaken any international or specified domestic transaction [Explanation 2 to section 139(1)] [W.r.e.f. A.Y. 2012-13]** Explanation 2 to section 139(1) of the Act, has been amended to provide that in case of all assesses who are

	required to obtain and file Transfer Pricing report (both for international and specified domestic transaction) as per section 92E of the Act, the due date for furnishing the return of income would be 30th November of the assessment year.
Section 140A	**Self assessment tax to be paid after giving tax credit both for MAT & AMT [Section 140A] [W.e.f. A.Y. 2013-14]** Tax payable on the basis of return of income required to be furnished shall be determined after taking into account any tax credit claimed to be set off in accordance with the provisions of section 115JAA(MAT) or section 115JD(AMT).
Section 143(1D)	**Processing of return of income where scrutiny notice issued [Section 143(1D)] [W.e.f. 1.7.2012]** Sub-section (1D) has been inserted to section 143(1) to provide that processing of return under section 143(1) will not be necessary in a case where notice under section 143(2) has already been issued for scrutiny of the return.
Section 143(3)	**Benefit of tax exemption not allowed to charitable organization in case commercial receipts exceed ₹25,000. [Third proviso to section 143(3)]** Third proviso has been inserted in section 143(3) to provide that first and second proviso to section 143(3) shall not be applicable where in any previous year commercial receipt of such trust exceed ₹25,00,000. In other words, Assessing Officer shall not give exemption to such trust covered under section 10(23C) (iv) or (v) even if approval has not been withdrawn or rescinded.
Section 144BA	**Reference to Commissioner in certain cases of impermissible avoidance arrangement [Section 144BA] [W.e.f. A.Y. 2014-15]**
Section 144C(8)	**Power of the DRP to enhance variations [Exemption to section 144C(8)] [W.r.e.f. A.Y. 2009-10]** In a recent judgment, it was held that the power of DRP is restricted only to the issues raised in the draft assessment order and therefore it cannot enhance the variation proposed in the order as a result of any new issue which comes to the notice of the panel during the course of proceedings before it. This is not in accordance with the legislative intent. An Explanation has been inserted to section 144C(8) to clarify that the power of the DRP to enhance the variation shall include and shall always be deemed to have included the power to consider any matter arising out of the assessment proceedings relating to the draft assessment order. This power to consider any issue would be irrespective of the fact whether such matter was raised by the eligible assessee or not.
Section 144C & 153B	**Completion of assessment in search cases referred to DRP [Section 144C & 153B] [W.r.e.f. 1.10.2009]** Under the provisions of section 144C of the Income-tax Act where an eligible assessee files an objection against the draft assessment order before the Dispute Resolution Panel (DRP), then, notwithstanding anything in section 153, the time limit for completion of assessments by Assessing Officer is one month from the end of the month in which direction is received from DRP which is provided in section 144C (13). Scope of sub-section (13) to section 144C has been widened to provide that where assessments are framed as a result of search and seizure then for such assessments, time limit specified in section 144C(13) will apply, notwithstanding anything in section 153B. Similar changes have been made in section 144C (4). It has also provided for exclusion of such orders passed under section 153A or 153C by the Assessing Officer in pursuance of the directions of the DRP, from the appellate jurisdiction of the Commissioner (Appeals) and to provide for filing of appeals directly to ITAT against such orders. Accordingly, consequential amendments have made in the provisions of section 246A and 253 of the Income-tax Act. Sub-section (14A) has been inserted in section 144C to provided that section 144C shall not be applicable in case any assessment or reassessment order is passed by Assessing Officer with the prior approval of Commissioner under section 144BA(12). The Assessing Officer may now file an appeal to ITAT against the order passed by him in pursuance of directions of the DRP.
Section 147	**Certain cases to be included in deemed case of escapement [Explanation 2 to section 147] [W.e.f. 1.7.2012]** Amendment has been made in section 147 of the Income-tax Act by inserting clauses (ba) and (d) to Explanation 2 to section 147 relating to deemed case of escapement of income. Income shall be deemed to have escaped assessment-- (1) where the assessee has failed to furnish a report in respect of any international transaction which he was so required under section 92E. (2) where a person is found to have any asset (including financial interest in any entity) located outside India.
Section 149 and section 147	**Reassessment of income in relation to any asset located outside India [Section 149 and section 147] [W.e.f. 1.7.2012]** Under the provisions of section 149 of the Income-tax Act, the time limit for issue of notice for reopening an assessment on account of income escaping assessment is 6 years. The time limit of 6 years is not sufficient in cases where assets are located outside India because gathering information regarding such assets takes much more time on account of additional procedures and laws of foreign jurisdictions. Accordingly, clause (c) to section 149(1) has been inserted so as to increase the time limit for issue of notice for reopening an assessment to 16 years, where the income in relation to any asset (including financial interest in any entity located outside India, chargeable to tax, has escaped assessment. It is also clarified by inserting Explanation 4 that these provisions being of procedural nature shall also be applicable for any assessment year beginning on or before 1.4.2012. Further, a new second proviso has been inserted in section 147 to provide that nothing contained in the first proviso

	(relating to reopening of assessment up to 4 years) shall apply in a case where any income in relation to any asset (including financial interest in any entity) located outside India, chargeable to tax, has escaped assessment for any assessment year.
Section 149	**Agent of non-resident [Section 149] [W.e.f. 1.7.2012]** Section 149 has been amended, to extend time limit for issue of notice in case of a person who is treated as agent of a non-resident, from two years to six years. It is also clarified that these provisions being of procedural nature shall also be applicable for any assessment year beginning on or before 1.4.2012.
Section 153 and 153B	**Extension of time for completion of assessment and reassessments [Section 153 and 153B] [W.e.f. 1.7.2012]** Sections 153 and 153B have been amended so as to provide that the time limits for completion of assessments and reassessments shall respectively be increased by three months. The existing period and the new extended period for completion of pending proceedings and subsequent proceedings under these provisions is given below:

Limitation of time

Proceedings under section	Current time allowed	Proposed Period
143	21 months from the end of the A.Y.	24 months
143 and 92CA	33 months from the end of the A.Y.	36 months
148	9 months from the end of the F.Y. in which notice issued	12 months
148 and 92CA	21 months from the end of the F.Y. in which notice issued	24 months
250 or 254 or 263	9 months from the end of the F.Y. in which order received	12 months
250 or 254 or 263, and 92CA	21 months from the end of the F.Y. in which order received	24 months

Explanation 1 to section 153 and Explanation to section 153B	Extension of time for completion of assessment or reassessment [Explanation 1 to section 153 and Explanation to section 153B] [W.e.f. 1.7.2012] **(A) Where information is sought under a DTAA** The time limit for completion of an assessment of reassessment has been provided in the provisions of section 153 and 153B of the Income-tax Act. These provisions were amended vide Finance Act, 2011 to exclude the time taken in obtaining information (form foreign tax authorities) from the time prescribed for completion of assessment or reassessment in the case of an assessee. This time period to be excluded would start from the date on which the process of getting information is initiated by making a reference by the competent authority in India to the foreign tax authorities and end with the date on which information is received by the Commissioner. Currently, this period of exclusion is limited to six months. Foreign inquiries generally by nature take longer time for obtaining information. Hence, this time limit under clause (viii) to above explanation has been extended from six months to one year. **(B) Where reference is made to Commissioner under section 144BA** Clause (ix) has been inserted to above explanation to provide that the period, commencing from the date on which a reference for declaration of an arrangement to be impermissible avoidance arrangement is received by the Commissioner under section 144BA(1) and ending on the date on which a direction under section 144BA(3) or section 144BA (6) or an order under section 144BA (5) is received by the Assessing Officer, shall be excluded.
Section 153A & 153C	**Notification of a class/classes of search cases where compulsory reopening of past six years not required [Section 153A & 153C] [W.e.f. 1.7.2012]** Under the existing provisions of section 153A of the Income-tax Act, it is mandatory to issue a notice for filing of tax returns for 6 assessment years immediately preceding the assessment year relevant to the previous year in which search is conducted under section 132 or requisition is made under section 132A. The provisions of section 153A and 153C have been amended by inserting third proviso to section 153A second proviso to section 153C so as to empower the Central Government to notify cases or class of cases in which the Assessing Officer shall not issue notice for initiation of proceedings for preceding 6 assessment years. However, action for completion of assessment proceedings for the assessment year relevant to the previous year in such class of cases in which search or requisition has been made would be taken. This would result in initiating assessment proceedings only for the assessment year relevant to the previous year in which search or requisition has been made. Consequential amendments have also been made to be made to the provisions of section 293 of the Act.
Section 154	**Rectification of mistake [Section 154] [W.e.f. 1.7.2012]** Section 154 has been amended to provide that intimation generated after processing of TDS statement under section 200A(1) shall also be subject to rectification under section 154 and procedure prescribed under section 154 which is applicable for an assessee shall also be applicable for the deductor.
Proviso to section 156	**Notice of demand [Proviso to section 156] [W.e.f. 1.7.2012]** Proviso to section 156 has amended to provide that intimation generated after processing of TDS statement under section 200A (1) shall also be deemed to be a notice of demand for the purpose of this section. Hence, the amount specified as payable in such intimation should be paid within 30 days of the service of such intimation as per section 220.

Amendments relating to TDS/TCS	
Section 154, 156 and 246A	**Intimation after processing of TDS statement [Section 154, 156 and 246A] [W.e.f. 1.7.2012]** In order to reduce the compliance burden of the deductor and also to rationalise the provisions of processing of TDS statement, amendments have been made in the following provisions to provide that the intimation generated after processing of TDS statement as per section 200A shall be-- (i) subject to rectification under section 154; (ii) deemed as notice of demand under section 156; and (iii) appealable under section 246A
Section 193	**Threshold for TDS on payment of interest on debentures [Section 193] [W.e.f. 1.7.2012]** In order to reduce the compliance burden on small assesses and companies, clause (v) to the proviso to section 193 has been substituted to provide that no deduction of tax should be made from payment of interest on any debenture, (whether listed or not) issued by accompany, in which the public are substantially interested, to a resident individual or Hindu undivided family, if the aggregate amount of interest on such debenture paid or likely to be paid during the financial year does not exceed ₹5,000 and the payment is made by account payee cheque.
Section 194 E	**TDS on amount paid/payable to non-resident sports person and an entertainer [Section 194 E] [W.e.f. 1.7.2012]** The rate of TDS in this case has been raised from 10% to 20% (plus cess as applicable).
Section 194J	**TDS on remuneration other than salary to a director [Section 194J] [W.e.f. 1.7.2012]** Section 194J has been amended to provide that tax is required to be deducted on the remuneration or fee or commission by whatever name called paid to a director, which is not in the nature of salary, at the rate of 10% of such remuneration.
Section 194LA	**Threshold for TDS on compensation or consideration for compulsory acquisition [Section 194LA] [W.e.f. 1.7.2012]** In order to reduce the compliance burden of small assesses, the threshold limit for non-deduction of tax at source in case of compulsory acquisition of a immovable property has been increased from ₹1,00,000 to ₹2,00,000.
Section 194LC	**TDC on interest payable to a non-resident in respect of borrowing made in foreign currency by a specified company [Section 194LC] [W.e.f. 1.7.2012]**
Section 195	**TDS on any interest payable to non-resident [Section 195] [W.e.f. 1.4.2012]** Since there are separate provisions for deduction of tax at source in case of interest referred to in section 194LB (relating to interest on infrastructure debt fund) and section 194 LC (relating to interest paid by a specified company, section 195 shall not be applicable to such interest.
Section 195(7)	**Assessing Officer to determine the appropriate proportion of sun chargeable for deduction of tax on payments to non-residents [Section 195(7)] [W.e.f. 1.7.2012]** Sub-section (7) has been inserted in section 195 w.e.f. 1.7.2012 which provides as under: Notwithstanding anything contained in section 195(1) and (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of sum chargeable, and upon determination, tax shall be deducted under section 195(1) on that proportion of the sum which is so chargeable.
Section 197A	**Amendment in section 197A** (1) Age of senior citizen reduced from 65 years to 60 years: As per section 197A (1C) declaration in Form 15H for nil rate of deduction of tax is allowed to be furnished by a senior citizen if certain condition is satisfied. The age of senior citizen in this case has been reduced from 65 years to 60 years w.e.f. 1.7.2012. (2) No deduction of tax from specified payment to notified institutions, association or body, etc. [Sub-section (1F) to section 197A]: No deduction of tax shall be made from such specified payment to such institution, association or body or class of institutions, associations or bodies as may be notified by the Central Government in the Official Gazette, in this behalf.
Proviso to section 201(1)	**Payer not to be deemed to be an assessee in default [Proviso to section 201(1)] [W.e.f. 1.7.2012]** In order to provide clarity regarding discharge of tax liability by the resident payee on payment of any sum received by him without deduction of tax, a new proviso has been inserted in section 201(1) to provide that the payer who fails to deduct the whole or any part of the tax on the payment made to a resident payee shall not be deemed to be an assessee in default in respect of such tax if such resident payee----- (i) has furnished his return of income under section 139; (ii) has taken into account such sum for computing income in such return of income; and (iii) has paid the tax due on the income declared by him in such return of income, and the payer furnishes a certificate to this effect from a chartered accountant in such form as may be prescribed. The date of payment of taxes by the resident payee shall be deemed to be the date on which return has been furnished by the payer. As per newly inserted proviso to section 40(a) (ia) where an assessee fails to deduct the whole or any part of the tax in accordance with the provisions of Chapter XVII-B on any such sum but is not deemed to be an assessee in default under the first proviso to section 201(1), then, for the purpose of this sub-clause, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the resident payee referred to in the said proviso.

Section 201	**Extension of time for passing an order under section 201 in certain cases [Section 201] [W.r.e.f. 1.4.2010]** Under the existing provisions section 201(3) of the Income-tax Act, a person can be deemed to be an assessee in default, by an order, in respect of non-deduction/short deduction of tax. Such order can be passed within a period of four years from end of financial year in a case where no statement as referred to in section 200 has been field. Section 201(3) has been amended, so as to extend the time limit from four years to six years.
Proviso to section 201(1A)	**Interest payable when payer is not an assessee deemed to be in default [Proviso to section 201(1A)]** A proviso has been inserted to section 201(1A) to provide that where the payer fails to deduct the whole or any part of the tax on the payment made to a resident and is not deemed to be an assessee in default under section 201(1) on account of payment of taxes by the such resident, the interest under section 201(1A)(i) shall be payable from the date on which such tax w as deductible to the date of furnishing of return of income by such resident payee. Amendments on similar lines have been made in the provisions of section 206C relating to TCS for clarifying the deemed date of discharge of tax liability by the buyer or licensee or lessee.
Section 204	**"Person responsible for paying" in case of payment by Central Government or Government of a State [Section 204] [W.e.f. 1.7.2012]** In order to provide clarity to the meaning of "person responsible for paying" in case of payment by Central Government or a State Government, clause (iv) has been inserted to section 204 to provide that in the case of payment by Central Government or a State Government, the Drawing and Disbursing Officer or any other person (by whatever name called) responsible for making payment shall be the "person responsible for paying" within the meaning of section 204.
Section 206C (1D)	**Tax Collection at Source (TCS) on cash sale of bullion and jewellery [Section 206C(1D)] [W.e.f. 1.7.2012]** In order to reduce the quantum of cash transaction in bullion and jewellery sector and for curbing the flow of unaccounted money in the trading system of bullion and jewellery, section 206C(1D) has been inserted to provide that every person, being a seller, who receives any amount in cash as consideration for sale of bullion (excluding any coin or any other article weighing 10 grams or less) or jewellery, shall, at the time of receipt of such amount in cash, collect from the buyer, a sum equal to 1%, of sale consideration as income-tax, if such consideration,- (i) for bullion, exceeds ₹2,00,000; or (ii) for jewellery, exceeds ₹5, 00,000.
Section 206C(1)	**TCS on sale of certain minerals [Section 206C(1) [W.e.f. 1.7.2012]** In order to collect tax at the earliest point of time and also to improve reporting mechanism of transactions in mining sector, section 206C(1) has been amended to provide that tax at the rate of 1% shall also be collected by the seller from the buyer of the following minerals: (a) Coal; (b) Lignite; and (c) Iron ore. However, the seller shall also not collect tax on sale of the said minerals if the same are purchased by the buyer for personal consumption. Further, the seller of these minerals shall not collect tax if the buyer declares that these minerals are to be utilized for the purposes of manufacturing, processing or producing articles or things. TCS not to be collected if the specified goods are utilized for the purpose of generation of power [Sub-section (1A) to section 206C]: No tax is required to be collected in case the buyer submits a declaration in Form No. 27C that the specified goods are to be utilized for the purpose of manufacturing, processing or producing any articles or thin and not for trading purpose. This benefit has been extended in case the buyer utilizes the same in the generation of power as well.
Proviso to section 206C(6A)	**Collector not to be deemed to be an assessee in default [Proviso to section 206C(6A)]** A new proviso has been inserted in section 206C(6A) to provide that any person, other than a person referred to in section 206C(1D) [see para 90 above], responsible for collecting tax in accordance with the provisions of this section, who fails to collect the whole or any part of the tax on the amount of the buyer or licensee or lessee shall not be deemed to be an assessee in default in respect of such tax if such buyer or licensee or lessee----- (i) has furnished his return of income under section 139; (ii) has taken into account such amount for computing income in such return of income; and (iii) has paid the tax due on the income declared by him in such return of income, and the per son furnishes a certificate to this effect from an accountant in such form as may be prescribed.
Proviso to section 206C(7)	**Interest payable when collector is not an assessee deemed to be in default [Proviso to section 206C(7)]** A proviso has been inserted section 206C(2) to provide that case any person, other than a person referred to in sub-section (1D) [see para 90 above], responsible for collecting tax in accordance with the provisions of this section, fails to collect the whole or any part of the tax on the amount received from a buyer or licensee or lessee or on the amount debited to the account of the buyer or licensee or lessee but is not deemed to be an assessee in default under the first proviso of sub-section (6A), the interest shall be payable from the date on which such tax was collectible to the date of furnishing of return of income by such buyer or licensee or lessee.

Amendments relating to Payment of Advance Tax	
Section 207	**Exemption for Senior Citizens from payment of advance tax [Section 207] (W.e.f. F.Y. 2012-13)** In order to reduce the compliance burden of such senior citizens, sub-section(2) has been inserted to section 207 to provide that an individual resident in India who: (a) does not have not having any income chargeable under the head "Profits and gains of business or profession", and (b) is of the age of 60 years or more at any time during the previous year shall not be liable to pay advance tax. Such senior citizen shall be allowed to discharge his tax liability (other than TDS) by payment of self assessment tax.
Section 209	**Liability to pay advance tax in case of non-deduction of tax [Section 209] [W.ef. F.Y. 2012-13]** In order to make an assessee liable for payment of advance tax in respect of income which has been received or paid without deduction or collection of tax, a proviso has been inserted to section 209 to provide that for computing liability for advance tax, income-tax calculated under clause (a) or clause (b) or clause (c) shall not, in each case, be reduced by the aforesaid amount of income-tax which would be deductible or collectible at source during the said financial year under any provision of this Act from any income, if the person responsible for deducting tax has paid or credited such income without deduction of tax or it has been received or debited by the person responsible for collecting tax without collection of such tax. In other words, where a person has received any income without deduction or collection of tax, he shall be liable to pay advance tax in respect of such income.
Amendments relating to Interest Payable	
Section 201(1A)	**No interest chargeable under section 220 if already charge under section 201(1A) [W.e.f 1.7.2012]** Notwithstanding anything contained in section 220(2), where interest is charged under sub-section (1A) of section 201 on the amount of tax specified in the intimation issued under sub-section (1) of section 200A for any period, then, no interest shall be charged under section 220(2) on the same amount for the same period.
Sections 234A, 234B and 234C	**Amendments in Sections 234A, 234B and 234C [W.e.f. A.Y. 2013-14]** For computing assessed tax under section 234A or 234B or 234C, tax credit of AMT shall also be deducted.
Section 234D	**Charging of interest on recovery of refund granted earlier [Section 234D] [W.r.e.f. 1.6.2003]** Explanation 2 to has been inserted to clarify that the provisions of section 234D would be applicable to any proceeding which is completed on or after 1.6.2003, although such proceedings is in respect of any assessment year prior to 1.6.2003
Section 234E, 271H, 273B & 272A	**Fee and penalty for delay in furnishing of TDS/TCS Statement and penalty for incorrect information in TDS/TCS Statement [Section 234E, 271H, 273B & 272A] [W.e.f. 1.7.2012]** In order to provide effective deterrence against delay in furnishing of TDS/TCS statement, the following amendments have been made-------- (i) A new section 234E has been inserted to provide for levy of fee of ₹200 per day for late furnishing of TDS/TCS statement from the due date of furnishing of TDS/TCS statement to the date of furnishing TDS/TCS statement. However, the total amount of fee shall not exceed the total amount of tax deductible during the period for which the TDS/TCS statement is delayed, and (ii) A new section 271H has been inserted to provide that in addition to said fee, a penalty ranging from ₹ 10,000 to ₹ 1,00,000 shall also be levied for not furnishing TDS/TCS statement if the TDS/TCS statement is furnished within one year of the prescribed due date after payment of tax deducted/collected along with applicable interest and fee. In order to discourage the deductors/collectors to furnish incorrect information in TDS/TCS statement, it is also provided that a penalty ranging from ₹ 10,000 to ₹ 1,00,000 shall be levied for furnishing incorrect information in the TDS/TCS statement. Consequential amendment has been made in section 273B so that no penalty shall be levied if the deductor/collector proves that there was a reasonable cause for the failure. Consequential amendment is also made in section 272A to provide that no penalty under this section shall be levied for late filing TDS/TCS statement in respect of tax deducted/collected on or after 1.7.2012.
Changes in provisions of Settlement Commission and Advance Rulings	
Section 245C	**Related person for the purpose of making an application before Settlement Commission [Section 245C] [W.e.f. 1.7.2012]** Explanation to section 245C of the Income-tax Act has been amended so as to provide that a person shall be deemed to have a substantial interest in a business or profession if such person is a beneficial owner of not less than 20% of shares or of 20% share in profits on the date of search instead of at any time during the previous year.
Section 245N and 245R	**Advance ruling can be obtained for any arrangement proposed to be undertaken [Section 245N and 245R] [W.e.f. A.Y. 2013-14]** Any person, whether resident or non-resident in India, can make an application to the authority for advance ruling for determination or decision by the Authority whether an arrangement, which is proposed to be under taken by any person is an impermissible avoidance arrangement as referred to in Chapter X-A or not.
Section 245Q	**Fee for filing of applications before Authority for Advance Rulings (AAR) [Section 245Q] [W.e.f. 1.7.2012]** Section 245Q(2) has been amended so as to provide for increase in the fee for filing an application for advance ruling from ₹ 2500 to ₹ 10,000 or such fee as may be prescribed in this behalf, whichever is higher.

Amendments relating to Appeal, Penalty and Prosecution	
Section 246A	**Intimation after processing of TDS statement appealable [Section 246A] [W.e.f. 1.7.2012]** In order to reduce the compliance burden of the deductor and also to rationalise the provisions of processing of TDS statement, amendment has been made to provide that the intimation generated after processing of TDS statement as per section 200A(1) shall be appealable under section 246A.
Section 253 and 254	**Assessing Officer may file an appeal against the order passed by him in pursuance of the directions of the Dispute Resolution Panel (DRP) [Section 253 and 254] [W.e.f. 1.7.2012]** Although directions given by the DRP are binding on the Assessing Officer, it has been provided that the Assessing Officer may also file an appeal before the ITAT against an order passed in pursuance of directions of the DRP. Accordingly, the provisions of section 253 and section 254 of the Income-tax Act have been amended to provide for filing of appeal by the Assessing Officer against an order passed in pursuance of directions of the DRP in respect of an objection filed on or after 1.7.2012.
Section 246A	**Order passed under section 92CD(3) appealable to Commissioner (Appeal) [Section 246A] [W.e.f. 1.7.2012]** Clause (bb) has been inserted in section 246A to provide that an order of assessment or reassessment under section 92CD (3) shall be appealable to Commissioner (Appeal) under section 246A.
Section 246A and section 253	**Appeal against order passed by Assessing Officer with prior approval of Commissioner as referred to in section 144BA(12) [Section 246A and section 253] [W.e.f. 1.4.2013]** Order passed by Assessing Officer with prior approval of Commissioner as referred to in section 144BA shall not be appealable to Commissioner (Appeal) under section 246A but the same shall be appealable to ITAT under section 253.
Section 271AA	**Scope of penalty under section 271AA widened [Section 271AA] [W.e.f. 1.7.2012]** Existing penalty provisions covered under section 271BA and 271G allow for misuse of provisions due to lack of effective deterrent. In order to suppress information about international transactions, some taxpayers may not furnish the report or get the Transfer Pricing audit done. The meagre penalty of ₹ 1,00,000 as compared to the quantum of international transactions is not an effective deterrent. There is presently to penalty for non-reporting of an international transaction in report filed under section 92E or maintenance or furnishing of incorrect information or documents. Therefore, there is need to provide effective deterrent based on transaction value to enforce compliance with Transfer Pricing regulations. Accordingly, section 271AA has been amended to provide levy of a penalty at the rate of 2% of the value of the international transaction, if the taxpayer:--------- (i) fails to maintain prescribed documents or information or; (ii) fails to report any international transaction which is required to be reported , or; (iii) maintains or furnishes any incorrect information or documents. This penalty would be in addition to penalties in section 271BA and 271G. In section 271AA of the Income-tax Act, as so substituted by section 93, for the words "international transaction", the words "international transaction or specified domestic transaction" shall be substituted with effect from 1.4.2013.
Section 271AAA & 271 AAB	**Penalty on undisclosed income found during the course of search [Section 271AAA & 271 AAB] [W.e.f. 1.7.2012]** In order to strengthen the penal provisions, it has been provided that the provisions of section 271AAA will not be applicable for searches conducted on or after 1.7.2012. In lieu of this a new section 271AAB has been inserted for levy of penalty in a case where search has been initiated on or after 1.7.2012. The new section provides that,------- (i) if undisclosed income is admitted during the course of search, the taxpayer will be liable for penalty at the rate of 10% of undisclosed income if such assessee. (a) in the course of the search, in a statement under section 132(4), admits the undisclosed income and specifies the manner in which such income has been derived; (b) substantiates the manner in which the undisclosed income was derived; and (c) on or before the specified date------ (A) pays the tax, together with interest, if any, in respect of the undisclosed income; and (B) furnishes the return of income for the specified previous year declaring such undisclosed income therein. (ii) If undisclosed income is not admitted during the course of search but disclosed in the return of income filed after the search, the taxpayer will be liable for penalty at the rate of 20% of undisclosed income subject to the fulfilment of certain conditions. (iii) In a case not covered under (i) and (ii) above, the taxpayer will be liable for penalty at the rate ranging from 30% to 90% of undisclosed income. Penalty order passed under section 271AAB shall also be appealable to Commissioner (Appeal) under section 246A
Section 271H	**Penalty for failure to furnish statement/incorrect statement of TDS/TCS [Section 271H] [W.e.f. 1.7.2012]** Without prejudice to the provisions of the Act, a person shall be liable to pay penalty, if he- (a) fails to deliver or cause to be delivered a statement within the time prescribed in section 200(3) or the proviso to section 206C(3); or (b) furnishes incorrect information in the statement which is required to be delivered or cause to be delivered under section 200(3) or the proviso to section 206C(3) The penalty shall be a sum which shall not be less than ₹10,000 but which may extend to ₹ 1,00,000. **No penalty in certain cases:** Notwithstanding anything contained in the foregoing provisions of this section, no

	penalty shall be levied for the failure referred to section 271H(1)(a), if the person proves that after paying tax deducted or collected along with the fee and interest, if any, to the credit of the Central Government, he had delivered or cause to be delivered the statement referred to in section 200(3) or the proviso to section 206C(3) before the expiry of a period of one year from the time prescribed for delivering or causing to be delivered such statement. The provisions of this section shall apply to a statement referred to in section 200(3) or the proviso to section 206C(3) which is to be delivered or caused to be delivered for tax deducted at source or tax collected at source, as the case may be, on or after 1.7.2012. **Amendment of section 272A:** Due to insertion of section 234E (relating to payment lf late fee) and section 271H the following provisions been inserted in section 272(2), w.e.f. 1.7.2012. "No penalty shall be levied under this section for the failure referred to in clause (k), if such failure relates to a statement referred to in section 200(3) or the proviso to section 206C (3) which is to be delivered or caused to be delivered for tax deducted ate source or tax collected at source, as the case may be, on or after 1.7.2012."
Section 280A to 280D	**Expediting prosecution proceedings under the Act [Section 280A to 280D] [W.e.f. 1.7.2012]** Prosecution mechanism has been strengthened by inserting the following provisions: **Special Court [Section 280A]**- (1) The Central Government, in consultation with the Chief Justice of the High Court, may, for trial of offences punishable under this Chapter, by notification, designate one or more courts of Magistrates of the first class as Special Court for such area or areas or for such cases or class or group of cases as may be specified in the notification. Explanation--In this sub-section, "High Court" means the High Court of the State in which a Magistrate of first class designated as Special Court was functioning immediately before such designation. (2) While trying an offence under this Act, a Special Court shall also try an offence, other than an offence referred to in sub-section (1), with which the accused may, under the Code of Criminal Procedure, 1973, be charged at the same trial. **Offences triable by Special Court [Section 280B]--** Notwithstanding anything contained in the Code of Criminal Procedure, 1973,--- (a) the offences punishable under this Chapter shall be triable only by the Special Court, if so designated, for the area or areas or for cases or class or group of cases, as the case may be, in which the offence has been committed: Provided that a court competent to try offences under section 292,--- (i) which has been designated as a Special Court under this section, shall continue to try the offences before it or offences arising under this Act after such designation; (ii) which has not been designated as a Special Court may continue to try such offence pending before it till its disposal; (b) a Special Court may, upon a complaint made by an authority authorised in this behalf under this Act take cognizance of the offence for which the accused is committed for trail. **Trial of offences as summons case [Section 280C]—**Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the Special the Special 30 Court, shall try, an offence under this Chapter punishable with imprisonment not exceeding two years or with fine or with both, as a summons case, and the provisions of the Code of Criminal Procedure, 1973 as applicable in the case of trial of summons case, shall apply accordingly. **Application of Code of Criminal Procedure, 1973 to proceedings before Special Court [Section 280D]----** (1) Save as otherwise provided in this Act, the provisions of the Code of Criminal Procedure, 1973 (including the provisions As to bails or bonds), shall apply to the proceedings before a Special Court and the person conducting the prosecution before the Special Court, shall be deemed to be a Public Prosecutor: Provided that the Central Government may also appoint for any case or class or group of cases a Special Public Prosecutor. (2) A person shall not be qualified to be appointed as a Public Prosecutor or a Special Public Prosecutor under this section unless he has been in practice as an advocate for not less than seven years, requiring special knowledge of law. (3) Every person appointed as a Public Prosecutor or a Special Public Prosecutor under this section shall be deemed to be a Public Prosecutor within the meaning of clause (u) of section 2 of the Code of Criminal Procedure, 1973 and the provisions of that Code shall have effect accordingly. The existing provisions of section 276C, 276CC, 277, 277A and section 278 of the Income-tax Act provide that in a case where the amount of tax, penalty or interest which would have been evaded by a person exceeds ₹ 1,00,000 he Shall be punishable with rigorous imprisonment for a term which shall not be less than six months but which may extend to seven years and with fine. In case the amount which would have been evaded by a person does not exceed ₹ 1,00,000, he shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to three years and with fine. The above threshold limit has been increased in all the above sections from ₹ 1lakh to ₹ 25lakhs. Summons trials apply to offences where the maximum term of imprisonment does not exceed two years. Therefore, above sections have also been amended to provide that where the amount which would have been evaded does not exceed ₹25,00,000, the person shall be punishable with rigorous imprisonment for a term which shall not be less than three months but which may extend to two years and with fine.

Section 292CC	**Authorisation or requisition and subsequent assessment in search cases [Section 292CC] [W.r.e.f. 1976-77]** In a recent Court decision, it has been held that in search cases arising on the basis of warrant of authorisation under section 132 of the Act, warrant of authorisation must be issued individually and if it is not issued individually, assessment cannot be made in an individual capacity. It was also held that if the authorization was issued jointly, the assessment will have to be made collectively in the name of all the persons in the status of association of persons/body of individuals. This decision is not in accordance with the legislative intent. Accordingly a new section 292CC has been inserted in the Income-tax Act w.r.e.f A.Y. 1976-77 to provide that-- (i) it shall not be necessary to issue an authorisation under section 132 or make a requisition under section 132A separately in the name of each person; (ii) where an authorisation under section 132 has been issued or a requisition under section 132A has been made mentioning therein the name of more than one person, the mention of such names of more than one person on such authorisation or requisition shall not be deemed to construe that it was issued in the name of an association of persons or body of individuals consisting of such persons; (iii) notwithstanding that an authorisation under section 132 has been issued or requisition under section 132A has been made mentioning therein the name of more than one person, the assessment or reassessment shall be made separately in the name of each of the persons mentioned in such authorisation or requisition.
Amendments relating to Wealth Tax	
Section 2	**Wealth Tax – Exemption of residential house allotted to employee etc. Of a company [Section 2] [W.e.f A.Y. 2013-14]** Under the existing provisions of section 2 of the Wealth-tax Act, the specified assets for the purpose of levy of wealth tax do not include a residential house allotted by a company to an employee or officer, etc. is less than ₹5,00,000. This amount of less than ₹ 5,00,000 has been increased to less than ₹ 10,00,000.
Section 17 and 17A	**Amendment in section 17 and 17A relating to assessment or reassessment [Section 17 and 17A] [W.e.f. 1.7.2012]**
Section 45	**Exemption from Wealth Tax – Reserve Bank of India [Section 45] [W.r.e.f. 1957-58]** In order to provide that the **RBI** is not liable to pay wealth-tax, section 45 of the Act has been amended to provide that wealth-tax shall not be levied on the net wealth of **RBI**.