

Dear Member,

Advance Tax & Amendments for Assessment Year 2017

List of Amendments for Assessment Year 2017-2018

Non – Corporate

1. *Rate of surcharge in case of individual, HUF, AOP, BOI or artificial jurisdictional person, increased from 12% to 15% if the total income exceeds Rs. 1 crores.*
2. *Increase in the rebate from tax u/s 87A from existing Rs.2,000/- to Rs.5,000/- from the amount of income tax payable by resident individual whose total income does not exceed Rs. 5 lacs.*
3. *115BBDA proposed to be inserted to provide that in addition to DDT paid by the companies, tax @10% of gross amount of dividend will be payable by the recipients, i.e. individuals, HUFs and firms receiving dividend from one or more companies in excess of Rs.10 lacs per annum.*

(Where the recipient is a company, section is not applicable. The effective rate of tax on dividend is thus 30.77% [i.e. 20.47% DDT u/s 115O inclusive of surcharge and cess + 10.3% inclusive of cess].

4. **Presumptive taxation for professionals**
 - *New sec. 44ADA proposed to be inserted to provide for estimating the income of an assessee (individual, HUF, partnership firm but not limited liability partnership firms) engaged in any profession referred in section 44AA(1) such as legal, medical, engineering or architectural, accountancy, technical consultancy, interior decoration or any other profession as is notified by the Board.*
 - *Total Gross receipts should not exceed Rs. 50 lacs.*
 - *Income shall be estimated @ 50% of the total gross receipts.*
 - *Deductions u/s 30 to 38 deemed to have been allowed (Including interest and remuneration to partners in case of partnership firm)*
 - *Assessee is not be required to maintain books of accounts u/s 44AA and gets the accounts audited u/s 44AB unless it claims that the profit and gains from the profession is lower than the deemed profit and gains and its income exceeds the maximum amount which is not chargeable to income tax.*
 - *Effective from 1st April, 2017 i.e. ASSESSMENT YEAR 2017-18 and subsequent years.*
 - *Thus every professional should need to get his accounts audited as Income@ 50% of the total gross receipts is very high.*

5. Presently, every person carrying on a profession is required to get its accounts audited u/s 44AB if the gross receipts in a previous year exceed Rs. 25 lacs. It is proposed to enhance this limit to Rs. 50 lacs.
6. Presumptive taxation for persons having income from business

Following amendments are proposed u/s 44AD i.e. presumptive taxation for retailers:

- Increase in the threshold limit from Rs.1 crores to Rs.2 crores
 - Expenditure in the nature of salary, remuneration, interest paid to partners shall no longer be allowed which was previously allowed. This will lead to higher tax in the hands of Partnership Firms
 - Where an eligible assessee declares profit for any previous year in accordance with provisions of this section and he declares profit for any of the 5 consecutive Assessment Years succeeding such Previous Year not in accordance with provisions of this section, he shall not be eligible to claim the benefit of provisions of this section for 5 A.Y.s subsequent to A.Y. in which profit has not been declared in accordance with provisions of this section. Hence this year will be very crucial for the Assessee's.
 - Eligible assessee shall be required to pay advance tax. He may pay advance tax by 15th march of the F.Y.
7. In case of shares of company (not being a share listed in a recognized stock exchange in India) the period of holding for it to qualify as Short Term Asset would be 24 months as compared to 12 months earlier.
 8. Now self-declaration in Form no 15G/15H for non-deduction of tax at source can be filed for rent income also which was previously allowed for Interest Income only.
 9. 50C proposed to be amended in line with section 43CA to provide that where the date of the agreement fixing the amount of consideration and the date of registration for the transfer of the capital asset are not the same, the value adopted or assessed or assessable by the stamp valuation authority on the date of agreement may be taken for the purposes of computing full value of consideration for such transfer.
 10. Persons whose income is exempt u/s 10(38) shall be liable to file return of income within the due date if income of such person without giving effect to this section exceeds maximum amount not chargeable to tax.
 11. **Belated Return u/s 139(4)**: Presently, any person who has not furnished a return within the time allowed u/s 139(1) or u/s 142(1) may furnish the return at any time

before the expiry of 1 year from the end of the relevant A.Y. or before the completion of the assessment, whichever is earlier. It is proposed to provide that any person who has not furnished a return within the time allowed u/s 139(1) may furnish the return at any time before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier. Therefore IT Returns for year ended 31.03.2017 can be filed on or before 31.03.2018

12. Presently, if any person having furnished the return u/s 139(1) or in pursuance of notice issued u/s 142(1) discovers any omission or any wrong statement therein, he may furnish a revised return at any time before 1 year from the end of the relevant A.Y. or before the completion of the assessment, whichever is earlier. It is proposed to provide that a return furnished u/s 139(4) can also be revised. Thus, now belated return can be revised. This is a welcome change.

13. A return of income is regarded as defective unless the self assessment tax together with interest, if any, payable in accordance with sec. 140A has been paid on or before the date of furnishing of return. It is proposed to provide that a return which is otherwise valid would not be treated defective merely because self assessment tax and interest payable in accordance with the provisions of section 140A, has not been paid on or before the date of furnishing of the return.

Corporate Taxation

- 1. Corporate tax rate in case of domestic company whose turnover or gross receipts in the previous year 14-15 does not exceed Rs.5 crores proposed to be reduced from 30% to 29%*
- 2. Annual Threshold limit for deduction of TDS u/s 194C for payment to contractors has been revised to Rs. 1,00,000/- from Rs. 75,000/*
- 3. Annual Threshold limit for deduction of TDS u/s 194H for payment to contractors has been revised to Rs. 15,000/- from Rs. 5,000/*

Advance Tax

- 1. Section 211(1) is amended to provide that advance tax will be paid in four installments of 15%, 45%, 75% and 100% of tax payable on the current income by 15th June, 15th September, 15th December and 15th March, respectively in case of all assesses.*
- 2. Now all the Assessee's (including Individual, HUF, Firms, LLP, Companies) will have to pay advance tax*

3. Assessee's covered u/s 44AD are to pay advance tax of the whole amount in one installment on or before the 15th March of the financial year consequent upon raising of the turnover limit from Rs.1 crore to Rs.2 crore.

Rationalisation of time limit for assessment, reassessment and recomputation and assessment in search cases

Section 153/ 153B is proposed to be substituted with the following changes in time limit from the existing time limits:-

Section reference	Old time limit	New time limit
Regular assessment u/s 143/ Best judgment assessment u/s 144	2 years from the end of the ASSESSMENT YEAR in which income was first assessable	21 months from the end of the ASSESSMENT YEAR in which income was first assessable
Reassessment u/s 147	1 year from the end of the financial year in which notice for reassessment is served	9 months from the end of the financial year in which notice for reassessment is served
An order of fresh assessment as a result of an order u/s 254 or 263 or 264 setting aside or cancelling an assessment	1 year from the end of the financial year in which such order is received by assessing officer	9 months from the end of the financial year in which such order is received by prescribed authorities
An order giving effect otherwise than making a fresh assessment or reassessment	No time limit was prescribed	3 months from the end of the month in which such order is received by prescribed authorities and additional period of six months, where it is not possible to pass such order by assessing officer for reasons beyond its control. For cases pending on 01.06.2016, time limit extended to 31.03.2017
Assessment, reassessment or recomputation to give effect to any finding or direction contained in the order of CIT, CIT(A), ITAT or any court	No time limit was prescribed	12 months from the end of the month in which such order is received. For cases pending on 01.06.2016, time limit extended to 31.03.2017 or 12 months from the end of the month in which the order is received, whichever is later

Assessment is made on partner on firm in consequence of assessment made on firm u/s 147	No time limit was prescribed	12 months from the end of month in which the assessment order in case of the firm is passed
Reference made to TPO u/s 92CA	36 months from the end of the relevant assessment year	33 months from the end of the relevant assessment year
Assessment u/s 153A	2 years from the end of the financial year in which the last of the authorisations for search u/s 132 or for requisition u/s 132A was executed	21 months from the end of the financial year in which the last of the authorisations for search u/s 132 or for requisition u/s 132A was executed
Assessment u/s 153C	2 years from the end of the financial year in which the last of the authorisation for search u/s 132 or requisition u/s 132A was executed	21 months from the end of the financial year in which the last of the authorisation for search u/s 132 or requisition u/s 132A was executed

Payment of interest on refund u/s 244A

- If the return is filed after due date, the period for grant of interest on refund begin from the date of filing of return as against 1st April of the ASSESSMENT YEAR at present.
- Interest would also be paid on refund of self-assessment tax for the period beginning from the date of payment of tax or filing of return, whichever is later, to the date on which the refund is granted.
- Where appeal effect is not given within 3 months from the end of the month in which such order is received u/s 153(5), additional interest @ 3% p.a. shall be allowed from the expiry of the 3 months to the date on which refund is granted.
- Amendment effective from 01.06.2016.

Rationalisation of Penalty provisions

- The existing provisions relating to levy of penalty u/s 271(1)(c) due to concealment of income or furnishing of inaccurate particulars of income by the taxpayer is to be replaced by a new section 270A categorising the defaults into two categories viz. under-reporting of income and misreporting of income.

- *Penalty @ 50% of tax payable would be levied in case of under-reporting of income and @ 200% in case of misreporting of income*

Immunity from penalty and prosecution by inserting new section 270AA

Assessee may make an application to the AO for grant of immunity from imposition of penalty u/s 270A and initiation of proceedings u/s 276C if:-

- *Tax and interest payable as per assessment or reassessment order paid within the period specified in such notice of demand*
- *No appeal preferred against assessment or reassessment order*
- *Application shall be made within one month from the end of the month in which the order is received in the form and manner as may be prescribed*
- *Order u/s 270AA shall be passed by AO after expiry of time allowed for filing of appeal before CIT(A)*
- *No immunity if penalty proceedings is initiated for misreporting of income*
- *Order accepting or rejecting application to be made within a period of one month from the end of the month in which such application is received. In case of rejection, an opportunity of being heard to assessee. Order of AO shall be final.*
- *No appeal shall lie against assessment or reassessment order where application u/s 270AA has been accepted*
- *In case if application is rejected, then the period beginning from the date on which such application is made to the date on which the order rejecting the application is served on the assessee shall be excluded for calculation of the time period available for filing appeal before CIT(A) against assessment or reassessment order*
- *Amendment effective from 01.04.2017*

Amendment of section 271AAB

- *Section 271AAB(1)(c) provides for minimum penalty of 30% and maximum penalty of 90% of the undisclosed income in case of search*
- *The proposed amendment provides for fixed penalty of 60% of the undisclosed income*
- *Amendment effective from 01.04.2017*

Amendment of section 272A

- Levy of penalty of Rs.10,000/- for each default or failure to comply with a notice issued u/s 142(1) or 143(2) or failure to comply with the direction issued u/s 142(2A). Penalty shall be levied by the income tax authority issuing such notice or direction. This amendment is in consequence of omission of section 271(1)(b).
- Amendment effective from 01.04.2017

Processing under section 143(1) be mandated before assessment

- Processing of return u/s 143(1) shall be mandatory before making assessment u/s 143(3)
- Amendment effective from 01.04.201

Team BMPA

Let's do more!

Disclaimer

The information contained in this email message may be confidential. "This information is being disseminated to our members based on information received and we request our members to please consult their respective CA's/Company Secretary/Tax consultants to further verify on this. IF you are not the intended recipient, any use, interference with, disclosure or copying of this material is unauthorized and prohibited. Although this message and any attachments are believed to be free virus, no responsibility is accepted by signatory for any loss or damage arising in any way from receipt or use thereof. Messages to and from the company are mentioned for operational reasons and in accordance with lawful business.

ENDS