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**RELEVANT AMENDMENTS
TO INCOME TAX ACT, 1961
FOR A.Y 2023-24**

CHANGES UNDER INCOME TAX LAW- UNION BUDGET 2022

- Amendments have been proposed under Income Tax Laws in the Finance Bill, 2022 vide Clause 2 to 84 which shall be effective from April 01, 2022 as per Clause 1(2)(a) of the Finance Bill, 2022. So, Cheers to A.Y 2023-24!



TAX DEDUCTION LIMIT INCREASED TO 14% ON EMPLOYERS CONTRIBUTION TO NPS ACCOUNT OF STATE GOVT. EMPLOYEES:

- In Section 80CCD of the Income tax Act, in sub-section (2), for the words “Central Government” wherever they occur, the words “Central Government or the State Government” shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 2020. So, by virtue of this amendment, *Deduction for National Pension Scheme for State Government employees under Section 80CCC made at par with Central Government.*
- Where the Central Government [or the State Government] or any other employer makes any contribution to his account referred to in that sub-section, the assessee shall be allowed a deduction in the computation of his total income, of the whole of the amount contributed by the Central Government [or the State Government] or any other employer as does not exceed—
 - (a) **14%**, where such contribution is made by the Central Government [or the State Government];
 - (b) **10%**, where such contribution is made by any other employer,



SET OFF OF LOSSES AGAINST UNDISCLOSED INCOME



- The proposed new Section 79A seeks to provide that no set off of losses brought forward, or otherwise, or unabsorbed depreciation under sub-section (2) of Section 32 shall be allowed to an assessee while computing his total income in any previous year which includes undisclosed income –
 - That is found in the course of a search or a survey
 - That is represented, either wholly or partly, by any entry in the books of account in respect of an expense or other documents maintained in the normal course relating to the previous year which is found to be false and would not have been found to be so, had the search not been initiated or the survey not been conducted or the requisition not been made.






Section 115BBH

Tax on Crypto Currency

NEWLY INSERTED SECTION 115BBH

- As per the newly inserted Section 115BBH of the Income tax Act:
 - (1) Where the total income of an assessee includes any income from the transfer of any virtual digital asset, the income tax payable shall be the aggregate of the amount of income tax calculated on the income from transfer of such virtual digital asset at the rate of **30%**
 - (2) No deduction in respect of any expenditure (other than cost of acquisition) or allowance or set off of any loss shall be allowed to the assessee under any provision of this Act
 - (3) No set off of loss from transfer of the virtual digital asset shall be allowed against income computed under any other provision of this Act to the assessee
 - (4) Such loss shall not be allowed to be carried forward to succeeding assessment years.
- 

POINTS TO BE NOTED

- VDA Definition- Section 2(47A) of Income Tax Act, 1961 means-
 - any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;
 - a non-fungible token or any other token of similar nature, by whatever name called;
 - any other digital asset, as the Central Government may, by notification in the Official Gazette specify;
- Individuals who receive digital assets as gifts would also be taxed under the section 56(2)(x).



TDS ON VIRTUAL DIGITAL ASSETS- 194S OF THE INCOME TAX ACT, 1961

- A new section, Section 194S has been inserted, which states that any person responsible for paying to a resident any sum by way of consideration for transfer of a virtual digital asset, shall, at the time of credit of such sum to the account of the resident or at the time of payment of such sum by any mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income tax thereon.
- Threshold limit- Rs. 50,000 in case of specified persons and Rs. 10,000 in case of others.
- Specified Persons- Individual or HUF with no business or profession income OR Business Income not exceeding 1 crore or income from profession not exceeding 50 lakhs.



REDUCTION IN RATES OF ALTERNATE MINIMUM TAX FOR CO-OPERATIVE SOCIETIES

- For co-operative societies, the rate of alternate minimum tax has been reduced from 18.5% to 15% u/s 115JC of Income Tax Act, 1961.

**Co-Operative
Society**



A person in a white shirt is sitting at a desk, working on a laptop. Their left hand is on the keyboard, and their right hand is holding a pen over a document. The desk is cluttered with papers and a keyboard. The background is slightly blurred, showing a window and some office equipment.

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An updated Income Tax Return
FORM ITR U

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FILING OF UPDATED RETURN (ITR-U)

- Any person, whether or not he has furnished a return u/s 139(1), 139(4) & 139(5), for an assessment year, may furnish an updated return of his income, at any time within 24 months from the end of the relevant assessment year.



WHO IS NOT ELIGIBLE TO FILE ITR-U?

- Updated return is already filed
- For filing nil return/ loss return
- For claiming/enhancing the refund amount
- When updated return results in lower tax liability
- Search proceeding u/s 132 has been initiated against you
- A survey is conducted u/s 133A
- Books, documents or assets are seized or called for by the Income Tax authorities u/s 132A.
- If assessment/reassessment/revision/re-computation is pending or completed.
- If there is no additional tax outgo



ADDITIONAL TAX- ITR-U



ITR-U filed within	Additional Tax
12 months from the end of relevant AY	25% of additional tax + interest
24 months from the end of relevant AY	50% of additional tax + interest



NEWLY INCORPORATED MANUFACTURING ENTITIES INCENTIVIZED UNDER CONCESSIONAL TAX REGIME (115BAB)

- Section 115BAB requires that the domestic company should be set-up and registered on or after the 1st day of October, 2019, and should have commenced manufacturing or production of an article or thing on or before the 31st day of March, 2023 for availing the benefit of concessional rate. (Tax Rate of 15%)
- It is proposed to amend the said clause so as to extend the date of commencement of manufacturing or production of an article or thing from 31st March, 2023 to **31st March, 2024**



TDS ON BENEFIT OR PERQUISITE IN RESPECT OF BUSINESS OR PROFESSION- 194R OF INCOME TAX ACT, 1961

- Section 194R- any person responsible for providing to a resident, any benefit or perquisite, whether convertible into money or not, arising from business or the exercise of a profession, by such resident, shall, before providing such benefit or perquisite, as the case may be, to such resident, ensure that tax has been deducted in respect of such benefit or perquisite at the rate of **10%** of the value or aggregate of value of such benefit or perquisite
- Further, no deduction shall be made if the value of benefits passed on does not exceed Rs. 20,000.



SECTION 194IA TDS ON PROPERTY SALE



TDS ON SALE OF IMMOVABLE PROPERTY- 194-IA OF INCOME TAX ACT, 1961

CURRENT SCENARIO

- Sub-section (1) provides for deduction of tax by any person responsible for paying to a resident any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall at the time of credit or payment of such sum to the resident at the rate of 1% of such sum
- Sub-section (2) provides that no deduction of tax shall be made where the consideration for the transfer of an immovable property is less than 50 lakh rupees



TDS ON SALE OF IMMOVABLE PROPERTY

- **AMENDMENT-** The person responsible for paying to a resident any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall at the time of credit or payment of such sum to the resident deduct tax at the rate of **1% of such sum or the stamp duty value of such property, whichever is higher**



SUMMARY OF TOPICS COVERED

- Tax deduction limit increased to 14% on employers contribution to NPS account of State Govt. employees
- Set off of losses against undisclosed income
- VDAs u/s 115BBH & TDS u/s 194S
- Reduction in AMT for Co-Operative Societies u/s 115JC
- ITR-U
- Extension of Concessional Tax Rate u/s 115BAB
- TDS u/s 194R
- TDS u/s 194-IA



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**RELEVANT CHANGES IN ITR
FORMS AND DISCLOSURES
FOR A.Y 2023-24**

WHAT DOES CBDT SAY?

- The CBDT has released new Income Tax Return (ITR) Forms for A.Y 2023-24 vide. Notification No. 04/2023 dt. 10.02.2023 Notification No. 05/2022, dt. 14.02.2023.
- The CBDT has said that to facilitate the taxpayers and ease of filing, no significant changes have been made to the ITR forms compared to last year. Only bare minimum changes necessitated due to amendments in the Income Tax Act, 1961 have been made.



RETURN CANNOT BE FILED IN ITR-1 IF IT IS BEING FILED DUE TO THE REASON OF DEPOSITING MORE THAN RS. 1 CRORE IN THE CURRENT ACCOUNT {ITR-1}

- The *seventh proviso* to Section 139 provides that any person, who is otherwise not required to file the return, shall file the return of income if during the previous year:
 - He has deposited more than Rs. 1 crore in one or more current accounts maintained with a bank or a cooperative bank;
 - He has incurred more than Rs. 2 lakhs for himself or any other person for travel to a foreign country;
 - He has incurred more than Rs. 1 lakh towards payment of electricity bill; or
 - He fulfils such other conditions as may be prescribed.
- However, the option to file a return in ITR-1 by an individual, who has deposited more than Rs. 1 crore in one or more current accounts, has been removed for the Assessment Year 2023-24.



CHECK-BOX FOR "SELF-OCCUPIED" OMITTED UNDER SCHEDULE HP FOR COMPANIES {ITR-6}

- A company cannot claim a house property as self-occupied because the term "self-occupied" refers to a property owned and occupied by an individual, not a company.
- **The** Schedule HP available under ITR-6 has a check-box to declare a house property as '**self-occupied**', which wasn't logical.
- Accordingly, the reference of self-occupied property from Schedule HP has been removed from the new ITR-6 notified for Assessment Year 2023-24.



NEW SCHEDULE FOR INCOME FROM TRANSFER OF VIRTUAL DIGITAL ASSETS {ITR-2, 3, 5, 6 & 7}

- The Schedule asks for details like the **date of acquisition, date of transfer, head under which income is to be taxed, cost of acquisition in case of gift and consideration received.**
- Taxable income will be recorded in Schedule CG (Capital Gains) or Schedule BP (Business Income) based upon the classification of income under the head of capital gains or business income.



TURNOVER FROM INTRADAY TRADING IS TO BE REPORTED SEPARATELY UNDER PART A-TRADING ACCOUNT {ITR-3 & 5}

The new ITR forms have been amended to seek separate disclosure related to intraday trading under Part A — Trading Account. The ITR forms seek the following two additional details from the assessee engaged in intraday trading:

- Turnover from Intraday Trading; and
- Income from Intraday Trading - transferred to Profit and Loss account.



FII/FPI ARE REQUIRED TO MENTION THE SEBI REGISTRATION NUMBER {ITR-2, 3 & 5}

The new ITR forms seek the SEBI registration number allotted to the FIIs and FPIs. Part A- General Information has been modified to include a clause for furnishing such information.



ARN TO BE MENTIONED IF THE DONATION IS ELIGIBLE FOR SECTION 80G DEDUCTION {ITR-2, 3, 5 & 6}

In the new **ITR** forms, a new column has been inserted to disclose ARN (Donation Reference Number) in case the donation is made to entities wherein a 50% deduction is allowed subject to the qualifying limit.



TRANSFER OF TCS CREDIT TO ANOTHER PERSON {ITR-2, 3, 5, 6 & 7}

- Currently, Income-tax Dept. matches the TCS disclosed in ITR with the amount of TCS as shown in Form 26AS and in case of a mismatch, the Dept. asks the assessee to reconcile the mismatch. Therefore, in the situations mentioned above, the taxpayers were facing difficulties in claiming the TCS credit.
- To overcome this problem, the ITR forms introduce new columns in the TCS Schedule, allowing CPC. to correlate the PAN, amount of income, and TCS thereon as disclosed by both parties in their respective return of income. It would be more convenient for the assessee to claim the credit of tax deducted in the name of another person.



DISCLOSURE OF INCOME ON WHICH SECTION 89A RELIEF WAS CLAIMED IN THE PRIOR YEAR(S) {ITR-2, 3 & 4}

- The new ITR forms added a new row to disclose income taxable during the previous year on which relief under Section 89A was claimed in any earlier previous year.
- A similar disclosure has to be made in the Schedule OS (Income from Other Sources) in respect of the family pension.



ADDITIONAL DISCLOSURE REQUIREMENT BY A FIRM IN CASE OF CHANGE IN PARTNERSHIP [ITR 5]

- The partnership firm /AOP/B01 is required to disclose information in the ITR-5 in case there is any change during the previous year in the partners or members. The societies and cooperative banks are required give details of the Managing Committee. The following disclosures are required to be made in this regard:
 - Name of partner / member
 - Admitted / retired
 - Date of admission / retirement
 - Percentage of shares
- New ITR-5 Form seeks the following **two additional details**:
 - PAN
 - Remuneration paid / payable in case of retiring partner (in the case of a firm)



DISCLOSURE OF INFORMATION IF THE ASSESSEE OPTED OUT FROM THE ALTERNATIVE TAX REGIME UNDER SECTION 115BAC {ITR-3 & 4}

The new ITR forms seek details if the assessee has ever opted out of Section 115BAC in earlier years. If the taxpayer has opted out, he is required to give details of the following

- Assessment Year in which said option is opted out;
- Date of filing; and
- Acknowledgement number **of Form 10-1E.**



DISCLOSURE OF 'ADVANCES' IN THE BALANCE SHEET

- The Balance Sheet Schedule of ITR-3 has been amended to incorporate disclosures related to 'Advances'. It seeks the following two details:
 - Advances from persons specified in Section 40A(2)(b):
and
 - Advances from others.



