



**INCOME TAX**

<b>Section</b>	<b>Subject</b>	<b>w.e.f.</b>	<b>Changes</b>
2(15)	Charitable purpose	01-04-2009 AY 2009-10	section 2(15) would now include preservation of environment (including watersheds, forests and wildlife) and preservation of monuments or places or objects of artistic or historic interest
2(22AAA)	Electoral trust	01-04-2010 AY 2010-11	Definition of an "electoral trust" to mean a trust so approved by the Board in accordance with the scheme made in this regard by the Central Government.
2(23)	The expressions "firm", "partner" and "partnership"	01-04-2010 AY 2010-11	It is proposed to substitute clause (23) of said section so as to define the words "firm", "partner" and "partnership" in the context of an entity registered under the Limited Liability Partnership Act, 2008 and also to retain the definitions of "firm", "partner" and "partnership" in the context of a partnership formed under the Indian Partnership Act, 1932.
2(24) (iia)	Voluntary contributions	01-04-2010 AY 2010-11	include therein the voluntary contribution received by electoral trusts within the definition of income. The proposed amendment is consequential in nature.
2(29BA)	Expression "manufacture".	01-04-2009 Ay 2009-10	The term "manufacture" with its gramatical variations would mean a change in a non-living physical object or article or thing resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use, or bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure.
2(48)	Zero coupon bond	01-04-2009	The proposed amendment seeks to include bonds issued by "scheduled bank". It is also proposed to insert an Explanation in the said clause so as to define the expression "scheduled bank"
10(10C)	Amount received or receivable on his voluntary retirement or termination of service or voluntary separation	01-04-2010 AY 2010-11	This new clause provides that where any relief has been allowed to an assessee under section 89 for any assessment year in respect of any amount received or receivable on his voluntary retirement or termination of service or voluntary separation, no exemption under this clause shall be allowed to him in relation to such, or any other, assessment year.
10(23C)	Application for grant of exemption or continuance thereof,	01-04-2009 Ay 2009-10	Hitherto an application on or after 1 <sup>st</sup> June, 2006 for the purposes of grant of exemption or continuance thereof, is to be made at any time during the financial year immediately preceding the assessment year from which the exemption is sought. Now It is proposed to allow the filing of the application on or before the 30th September of the relevant assessment year.
10(23D)	Public sector Bank	01-04-2010 AY 2010-11	A bank included in the category 'other public sector banks' by the Reserve Bank of India would also be covered under the scope of clause (23D).





10(44)	Income from New Pension System Trust	01-04-2009 Ay 2009-10	Any income received by any person for, or on behalf of, the New Pension System Trust established on 27th day of February, 2008 under the provisions of the Indian Trust Act, 1882 will also not be included in total income of such trust.
10A	newly established industrial undertakings in free trade zone, etc.	01-04-2009	Deduction extended for the previous year 2010-2011 relevant to assessment year 2011-2012.
10AA	Special provision in respect of newly established Units in Special Economic Zones	01-04-2010 AY 2010-11	It is proposed to amend the said sub-section so as to substitute the reference to "assessee" by the word "undertaking". After the proposed amendment deduction under aforesaid section shall be computed with reference to the total turnover of the undertaking.
10B	100% export oriented undertakings	01-04-2009	Deduction extended for the previous year 2010-2011 relevant to assessment year 2011-2012.
13B	Voluntary contributions received by electoral trusts	01-04-2010 AY 2010-11	any voluntary contribution received by an electoral trusts shall not be included in the total income of the previous year of such electoral trusts if (a) such electoral trust distributes to any political party registered under section 29 of the Representation of the People Act, 1951 (43 of 1951) during the said previous year ninety-five per cent. of the aggregate donations received by it during the said previous year along with the surplus, if any, brought forward from any earlier previous year; and (b) such electoral trust functions in accordance with the rules made in this regard by the Central Government.
17	Salary, perquisite and profits in lieu of salary	01-04-2010 AY 2010-11	Perquisite would include the value of any specified security or sweat equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the assessee.  Perquisite to include the amount of any contribution to an approved superannuation fund by the employer in respect of the assessee, to the extent it exceeds one lakh rupees.  Perquisite include the value of any other fringe benefit or amenity as may be prescribed.
28(vii)	Compensation for capital asset	01-04-2010 AY 2010-11	A new clause is inserted to provide that any sum, whether received or receivable, in cash or kind, by reason of any capital asset (other than land or goodwill or financial instrument) being demolished, destroyed, discarded or transferred, shall be chargeable to income-tax under the head "Profit and gains of business or profession, if the whole of the expenditure on such capital asset has been allowed as a deduction under section 35AD which contains provisions relating to deduction in respect of expenditure on specified business and proposed to be inserted as a new section in the Income-tax Act, 1961.





32	Depreciation	01-04-2010 AY 2010-11	Reference to "block of assets" from <i>Explanation 3</i> to sub-section (1) of section 32 has been omitted. Now "block of assets" shall have the same meaning as assigned to it in clause (11) of section 2 of the Act.
35	Expenditure on scientific research	01-04-2010 AY 2010-11	Now all businesses engaged in the manufacturing or production of article or thing except those specified in the Eleventh Schedule.
35AD	New Section – Expenditure on specified business.	01-04-2010 AY 2010-11	The clause provides for allowing 100% deduction for capital expenses incurred, wholly and exclusively, for specified business.  The specified business would mean the business of setting up and operating of cold chain facilities for storage or transportation of agricultural produce, dairy products and other related items. It would also include the business of warehousing for storing agricultural produce and the business of laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network.
36 (1) (iiia)	Other deductions: Discount on zero coupon bond	01-04-2009	In clause (i) of the Explanation to clause (iiia) of sub-section (1) of the section 36 which provides for the definition of the expression "discount" "scheduled bank" has been added after public sector company.
36 (1) (viii)	Other deductions: Special reserve	01-04-2010 AY 2010-11	In <i>Explanation</i> to clause (viii) words "housing development" is substituted in place of the words "construction or purchases of houses in India for residential purpose".
36(1)(xvi)	Other Deductions: Commodities transaction tax	01-04-2009	Removed. Consequential Change.
40(v)	Payments of salary, bonus, commission or remuneration to Partners:	01-04-2010 AY 2010-11	Limits Revised:  <b>on the first Rs.3,00,000 of the book-profit or in case of a loss;</b> = Rs. 1,50,000 or at the rate of 90 per cent  <b>on the balance;</b> = of the book-profit at the rate of 60 per cent
40A(3)	Expenses/payments not deductible	01-10-2009	Payments made for plying, hiring or leasing goods carriages, the ceiling of 20000/- shall be enhanced to thirty-five thousand rupees.
43(1)	Actual cost	01-04-2010 AY 2010-11	actual cost of any capital asset on which deduction has been allowed or is allowable to the assessee under section 35AD  Consequential in nature





43(6)	Partly agriculture and partly business income	01-04-2010 AY 2010-11	Where the income of an assessee is derived, in part from agriculture and in part from business of the assessee chargeable to income-tax under the head "Profits and gains of business and profession", for computing the wdv of assets acquired before the previous year, the total amount of depreciation shall be computed as if the entire income is derived from the business of the assessee under the head "Profits and gains of business or profession" and the depreciation so computed shall be deemed to be the depreciation actually allowed during the previous year.
44AA	Maintenance of accounts	01-04-2011 AY 2011-12	Assessee covered under the new proposed section 44AD <i>vide</i> clause 20, the maintenance of books of account is required if he claims that the profits and gains from the business are lower than the profits and gains computed in accordance with the provisions of sub-section (1) of section 44AD and if his income exceeds the maximum amount which is not chargeable to income-tax.
44AB	Tax Audit	01-04-2011 AY 2011-12	Assessee covered under the new proposed section 44AD <i>vide</i> clause 20, the audit of books of account is required if he claims that the profits and gains from the business are lower than the profits and gains computed in accordance with the provisions of sub-section (1) of section 44AD and if his income exceeds the maximum amount which is not chargeable to income-tax.
44AD	Presumptive profit	01-04-2011 AY 2011-12	<p>For estimating income of assessee who is engaged in any business except the business of plying, hiring or leasing goods carriages referred to in section 44AE, at a sum equal to eight per cent. of the total turnover or gross receipts in the previous year on account of such business, or, as the case may be, a sum higher than the aforesaid sum claimed to be earned by the assessee. The scheme will apply to such resident assessee who is an individual, Hindu undivided family and partnership firm but not limited liability partnership firm, whose total turnover does not exceed forty lakh rupees.</p> <p>The scheme shall not apply to an assessee, who has claimed deduction under any of the sections 10A, 10AA, 10B, 10BA or deduction under any provision of Chapter VIA under the heading "C.- Deductions in respect of certain incomes"</p> <p>Advance tax shall not apply to the assessee, who opts for the above scheme in respect of such business.</p> <p>Assessee will not be required to maintain books of and get the accounts audited u/s 44AB unless he/she claims that the profits and gains from the aforesaid business are lower.</p>





44AE	Business of plying, hiring or leasing goods carriages	01-04-2011 AY 2011-12	Amounts increased from (a) three thousand five hundred rupees to five thousand rupees per month or part of a month or the amount claimed to be actually earned by the assessee, whichever is higher in the case of heavy goods vehicles and (b) from three thousand one hundred and fifty rupees to four thousand five hundred rupees per month or part of a month or the amount claimed to be actually earned by the assessee, whichever is higher in the case of vehicles other than heavy goods vehicles.
44AF	Retail Business	01-04-2009	This section shall not apply to any assessment year beginning on or after 1st April, 2011, in view of the substitution of section 44AD <i>vide</i> clause 20 of the Bill.
49 (2AA)	Capital gain from shares/securities	01-04-2010 AY 2010-11	Where capital gain arises from the transfer of specified security or sweat equity shares, the cost of acquisition of such security or shares shall be the fair market value which has been taken into account for the purposes of the said sub-clause.
50B	Capital gains in case of slump sale	01-04-2010 AY 2010-11	Changes in computation of Net Worth.
50C	Special provision for full value of consideration in certain cases	01-10-2009	<p>The words "or assessed" wherever they occur in the said section be substituted by the words "or assessed or assessable".</p> <p>The expression "assessable" is as the price which the stamp valuation authority would have adopted or assessed, if it were referred to such authority for the payment of stamp duty notwithstanding anything to the contrary contained in any other law for the time being in force.</p>
56(2)(vi)	Income from other sources	01-10-2009	Specified properties including a sum of money, received without consideration or for inadequate consideration brought under the cover.
57	Deductions	01-04-2010 AY 2010-11	In the case of income of the nature referred to in clause (viii) of sub-section (2) of section 56, a deduction of a sum equal to fifty per cent. of such income and no deduction shall be allowed under any other clause of the said section.
73A	Carry forward and set off of losses by specified business.	01-04-2010 AY 2010-11	New section to provide that any loss, computed in respect of any specified business referred to in section 35AD.
80A	Deductions from the gross total income	01-04-2003 AY 2003-04	Deductions relating to assesses under section 10A, 10AA, 10B and 10BA





80CCD	contribution to pension scheme	01-04-2009 Ay 2009-10	Assessee other than employed by the Central Government or any other employer on or after the 1st day of January, 2004 also included.  Further, assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year.
80DD	Medical treatment of a dependant, who is a person with disability	01-04-2010 Ay 2010-11	Limit increased to 1 lacs from 75000/-
80E(3)(c)	Interest on loan taken for higher education	01-04-2010 Ay 2010-11	Higher education will mean any course of study pursued after passing the senior secondary examination or its equivalent from any school, board or university recognised by the Central Government or State Government or local authority or by any other authority authorized by the Central Government or State Government or local authority.
80G	Donations to certain funds, charitable institutions, etc.	01-10-2009          01-04-2009 Ay 2009-10	Under existing provisions the approval granted by the Commissioner to any institution or fund has the effect for such number of assessment year not exceeding five assessment years, as may be specified in the approval. The amendment seeks to omit the proviso to clause (vi) of sub-section (5) of section 80G so as to do away with the time limit specified in the aforesaid proviso.  if any institution or fund had been approved under clause (vi) of sub-section (5) of section 80G for the previous year beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2008, such institution or fund shall, for the purposes of aforesaid section and notwithstanding anything contained in the proviso to clause (15) of section 2, be deemed to have been (a) established for charitable purposes for the previous year beginning on the 1st day of April, 2008 and ending on the 31st day of March, 2009; (b) approved under said clause (vi) for the previous year beginning on the 1 <sup>st</sup> day of April, 2008 and ending on the 31st day of March, 2009.
80GGB	Contributions given by companies to political parties	01-04-2010 Ay 2010-11	Consequential for "electoral trust"
80GGC	Contributions given by any person to political parties.	01-04-2010 Ay 2010-11	Consequential for "electoral trust"
80-IA	Deductions in respect of profits and gains from industrial undertakings		Time limit extended





80IB(9)	Profits and gains from certain industrial undertakings	01-04-2000 AY 2000-01	<p>the amount of deduction to an undertaking shall be hundred per cent. of the profits for a period of seven consecutive assessment years, including the initial assessment year, if such undertaking fulfils specified conditions.</p> <p>Multiple amendments relating to undertaking is engaged in refining of mineral oil, undertaking is engaged in commercial production of natural gas in blocks, undertaking developing and building housing projects etc.</p>
89	Relief when salary, etc., is paid in arrears or in advance.	01-04-2010 AY 2010-11	No relief on voluntary retirement or termination of his service in accordance with any scheme.
90	Agreement with foreign countries	01-10-2009	It confers power upon the Central Government to enter into agreement with the Government of any specified territory outside India in addition to entering into agreement with foreign countries as provided in the said existing section 90.
92C	Computation of arm's length price	01-10-2009	<p>Where more than one price is determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices.</p> <p>The variation between the arm's length price so determined and price at which the international transaction has actually been undertaken does not exceed five per cent. of the latter, the price at which the international transaction has actually been undertaken shall be deemed to be the arm's length price.</p>
92CB	Safe harbour rules	01-04-2009	<p>The determination of arm's length price under section 92C or section 92CA shall be subject to safe harbour rules.</p> <p>'Safe harbour' means circumstances in which the income tax authorities shall accept the transfer price declared by the assessee.</p>
115BBC	Anonymous donations to be taxed in certain cases.	01-04-2010 AY 2010-11	Anonymous donations, to the extent the aggregate of anonymous donations exceeds five per cent. Of the total income of the assessee or an amount of rupees one lakh, whichever is higher, would be taken into account for the purposes of aforesaid section.
115JA	MAT	01-04-1998 AY 1998-99	Provision for diminution in the value of any asset will also be included in the computation of book profit under the said section.
115JJA	Tax credit	01-04-2010 AY 2010-11	C/f increased to 10 years from 7 years.











139A	PAN	01-10-2009	PAN to be quoted by deductors in all statements than quarterly statements.
140(cd)	Return by whom to be signed	01-04-2010 AY 2010-11	In the case of a limited liability partnership, the return shall be signed and verified by the designated partner and where for any unavoidable reason the designated partner is not able to sign the return or where there is no designated partner by any other partner.
144C	Dispute Resolution Panel	01-10-2009	To provide speedy disposal transfer pricing audit and the taxation of foreign companies, it is proposed to form an alternative dispute resolution mechanism within the income-tax department.
145A	Method of accounting in certain cases.	01-04-2010 AY 2010-11	Provided that the interest received by an assessee on compensation or on enhanced compensation, as the case may be, shall be deemed to be the income of the year in which it is received.
147	Income escaping assessment	01-04-1989 AY 1989-90	Assessing Officer may assess or reassess income in respect of any issue which has escaped assessment and such issue comes to his notice subsequently in the course of the proceedings under this section, notwithstanding that the reasons for such issue have not been included in the reasons recorded under sub-section (2) of section 148.
167C	Liability of partners of LLP in liquidation	01-04-2010 AY 2010-11	Where any tax is due from a limited liability partnership in respect of any income of any previous year or from any other person in respect of any income of any previous year during which such other person was a limited liability partnership cannot be recovered, then, every person who was a partner of the limited liability partnership at any time during the relevant previous year shall be jointly and severally liable for the payment of such tax unless he proves that the nonrecovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the limited liability partnership.
194A	Interest other than "interest on securities"	01-04-2009	It is proposed to amend the said clause (x) of sub-section (3) of section 194A so as to include "scheduled bank" after "public sector company". The proposed amendment is consequential in nature.





194C	Payment to contractors and sub-contractors.	01-10-2009	<p>Substitution of section 194C:</p> <p>Any person shall deduct tax at source at the rate of one per cent. if the payee is an individual or a Hindu undivided family or at the rate of two per cent. in the case of any other person, on payment to a resident contractor for carrying out any work.</p> <p>If the sum is credited to suspense account, etc., then also tax at source needs to be deducted.</p> <p>If the sum is paid or credited for carrying out any worktax shall be deducted at source on the invoice value excluding the value of material.</p> <p>No deduction in case of payment for plying, hiring or leasing goods carriages provided that the contractor provides his PAN.</p> <p>The work shall not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person other than such customer.</p>
194I	TDS on rent	01-10-2009	<p>Deduction shall be at the rate of:</p> <p>(a) two per cent. for the use of any machinery or plant or equipment; And</p> <p>(b) ten per cent. for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings.</p>
197A	No deduction to be made in certain cases	01-04-2009	No deduction shall be made from any payment to any person for, or on behalf of, the New Pension System Trust.
200	Person deducting tax.	01-10-2009	Submission of statements.
200A	Processing of statements of tax deducted at source	01-04-2010	New Section to define procedures.
201	Consequences of failure to deduct or pay	01-04-2010	Time limit for passing of order
203A	TAN and TCA.	01-10-2009	consequential amendment
206A	Furnishing of quarterly return in respect of payment of interest to residents without deduction of tax.	01-10-2009	consequential amendment





206AA	Requirement to furnish PAN	01-04-2010	New Section:  Failure to provide PAN shall attract TDS at the rate mentioned in the relevant provisions of the Act or at the rate in force or at the rate of twenty per cent., whichever is higher
206C	Profits and gains from the business of trading in alcoholic liquor, forest produce, scrap, etc.	01-10-2009	Furnishing of statements
208	Liability to pay advance tax.	01-04-2009	Limit extended to rs. 10000/- from rs. 5000/-
246A	Appeal filed before Commissioner (Appeals)	01-10-2009	The proposed amendment seeks to exclude any order passed under sub-section (3) of section 143 in pursuance of directions of the Dispute Resolution Panel as an appealable order before Commissioner (Appeals)
253	Appellate Tribunal	01-10-2009	The amendment is consequential in nature.
271	Penalties imposable for failure to furnish returns, comply with notices, concealment of income, etc.	01-06-2007	Where the return of income for such previous year has been furnished before the said date but such income has not been declared therein, in such case the assessee shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income.
272A	Penalty for failure to answer questions, sign statements, furnish information, returns or statements, allow inspections, etc.	01-10-2009	consequential amendment
281B	Provisional attachment to protect revenue	01-04-1988 AY 1988-89	That the period during which the proceedings for assessment or re-assessment are stayed by an order or injunction from any court shall be excluded from the period of operation of the provisional attachment order specified in the first proviso of the aforesaid sub-section.
282	Service of notice	01-10-2009	the service of notice or summon or requisition or order or any other communication may be made by delivering or transmitting a copy thereof by post or courier service or in such manner as provided in the Code of Civil Procedure, 1908 (5 of 1908) for the purposes of service of summons; or in the form of any electronic record as provided in Chapter IV of the Information Technology Act, 2000; or by any other means of transmissions as may be provided by rules made by the Board in this behalf.  It is also proposed that the Board may make rules providing for the addresses (including the address for electronic mail or electronic mail message) to which such communication may be delivered.





282B	Document Identification Number.	01-10-2010	<p>Every income tax authority shall allot a computer generated Document Identification Number in respect of every notice, order, letter or any correspondence issued by him.</p> <p>every document, letter or any correspondence, received by an income-tax authority or on behalf of such authority, shall be accepted only after allotting and quoting of a computer generated Document Identification Number.</p>
293C	Power to withdraw the approva	01-10-2009	<p>income-tax authority, who has been conferred upon the power under any provision of this Act to grant any approval to any assessee, may after giving an opportunity of being heard withdraw such approval at any time, although such provision to withdraw such approval has not been specifically, provided for in such provision.</p>
Rule 5 First Schedule of the Income-tax Act,	Computation of profits and gains of non-life insurance business.		<p>Profits and gains of any business of insurance other than life insurance shall be taken to be the profit before tax and appropriations as disclosed in the profit and loss account prepared in accordance with the provisions of the Insurance Act, 1938 or rules made thereunder or the Insurance Regulatory and Development Authority Act, 1999 or regulations made thereunder, subject to the adjustments mentioned in clause (a), clause (c) of aforesaid rule 5 and the newly inserted clause (b), which provides that adjustment shall be made by way of deduction in respect of any amount either written off or provided in the accounts to meet diminution in or loss on realization of investments in accordance with the regulations prescribed by Insurance Regulatory and Development Authority. Adjustment shall also be made by way of increase in respect of any amount taken credit for in the accounts on account of appreciation of or gains on realization of investments in accordance with the regulations prescribed by Insurance Regulatory and Development Authority.</p>

**WEALTH TAX**

3	Charge of wealth tax.	01-04-2010	<p>Wealth-tax will be charged in respect of the net wealth on the corresponding valuation date at the rate of one per cent of the amount by which the net wealth exceeds thirty lakh rupees.</p>
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44AA	Avoidance or relief of double taxation with respect to wealth-tax.	01-10-2009	<p>Under the existing provision, power has been conferred upon the Central Government to enter into an agreement with the Government of any reciprocating country outside India for granting of relief in respect of wealth-tax payable under the said Act and the corresponding law in force in that reciprocating foreign country.</p> <p>It is proposed to amend the <i>Explanation</i> to the said section so as to confer power upon the Central Government to enter into agreement with the Government of any territory outside India, which may be notified by the Central Government, in addition to entering into agreement with foreign countries as provided in the said existing section 44A.</p>
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