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Secretary's Message

My dear CA community,

SICASA journey has been a roller coaster ride. I would probably never forget this chapter my whole life. The way I could enjoy and explore a totally different side of hectic CA life was definitely through sicasa. It changed me as a person. It opened to me a portal through which I could get to know the entire community and interact with them. Being secretary wasn't easy, but it wouldn't have come any better. Our entire term we've tried to come up with things which would benefit all of us. And I believe we tried our best. Of course, this has been possible only because of all of your support. I still remember how after every event people would come up to me to share their feedback's and give amazing inputs, it's this energy from your side that gave me the power to work harder. Even now when we are at the end to complete our tenure, would be always there around and do everything possible in my capability. Of course, this was possible because of our amazing team. My dear committee members - we would have had agreements, disagreements, fun, fights and above all we've got some true friends for life. This is the bond that am going to cherish for life.

CA as a course isn't easy or tough, it depends on how you take it. Always follow your dreams, but do not let them become your cage. And never question your ability. The course completion may take more time comparatively- it should always be your decision whether to continue or discontinue. And both of them isn't an easy decision. But always remember it should be your decision. Do not give that power to people. At the end they'll remember about you of what they want to, so do not follow the bandwagon. Your competition is with yourself and not anyone else. Embrace the glorious mess that you are.

With love,
Dhruvi Bhavana Shah
Secretary SICASA

Quote of the Month

You know what
I never thought I would say this
But yes!! You're from now indifferent to me
It's ok if you can't help me heal,
But please stop breaking me all the more!
I do not want this indifference to turn into hate !!

- Dhruvi C Shah
SRO0768313

KNOWLEDGE SECTION

HIGHLIGHTS OF FINANCE BILL, 2023

Source: Finance Bill, 2023

Note: The contents of this document are for information purposes only, to enable public to have a quick and an easy access to information, and do not purport to be legal documents. Viewers are advised to verify the content from original Finance Bill, 2023!
(Visit https://incometaxindia.gov.in/Pages/budget-and-bills/finance-bill.aspx for Finance Bill, 2023)

I. Proposed Changes in Tax Rates

- In the alternate tax regime under Section 115BAC, a revision to the basic exemption limit and the number of slabs has been proposed. The revised basic exemption limit shall be INR 3,00,000 and for every additional INR 3,00,000 of income, the next slab rate will be applicable. The highest slab rate of 30% shall continue to apply to income above INR 15,00,000.

- The threshold limit for total income eligible for rebate under Section 87A has been proposed to be increased from INR 5,00,000 to INR 7,00,000 for assessees opting for the new tax regime.

- Under the new tax regime, the highest surcharge rate of 37% on income above INR 5,00,00,000 has been proposed to be reduced to 25%.

- The alternate tax regime of Section 115BAC is proposed to be applicable to Association of Persons (AOP)[(other than a co-operative society], Body of Individuals (BOI), and Artificial Juridical Persons (AJP).

- Standard deduction from salary income and deduction from family pension is proposed to be extended to employees who opt for New Tax Regime.

- The new tax regime under Section 115BAC is proposed to serve as the default regime.

- A new section 115BAE is proposed to be inserted, which provides for reduced rate of tax of 15% (plus surcharge of 10% and cess) for Manufacturing co-operative societies established on or after April 1st, 2023, and commencing production on or before March 31st, 2024 [provided that specified incentives or deductions are not availed]. Further, income not derived or incidental to manufacturing or production of an article or thing shall be taxed at 22%.

- Section 115BBJ is proposed to be inserted which provides the tax rate of 30% on any winning from online gaming.

- Provisions of Alternate Minimum Tax (AMT) and credit thereof shall not apply to cooperative societies opting for an alternate tax regime under Section 115BAE.

II. Proposed amendments w.r.t.Deductions and Exemptions

- Receipts arising from life insurance policies issued on or after April 1st, 2023 shall be considered as income from other sources if the premium paid exceeds Rs. 5,00,000 in a given year. The exemption for receipts in the event of the insured person's death shall remain unchanged.

- To avail a deduction under Section 10AA, the assessee must submit a return of income on or before the due date specified under Section 139(1).

- Deduction under Section 10AA shall only be allowed if the proceeds from the sale of goods or provision of services are received within 6 months from the end of the previous year or within such further period as the competent authority may allow in this behalf.

- Income distributed from offshore derivative instruments (ODI) entered into with an offshore banking unit of an IFSC shall be exempt from tax under Section 10(4E).

- The exemption under Section 10(22B) for news agencies is proposed to be withdrawn.

- Tax exemption under Section 10(46A) is proposed to be extended to 'Non-corporate entities (Such as bodies, authorities, boards, trusts, or commissions), established by a Central or State Act for the purpose of providing housing, planning urban development, and regulating activities for the benefit of the public.

III. Proposed Tax Benefits to Agniveers

- Receipts from the 'Agniveer Corpus Fund' by a person enrolled under the 'Agnipath Scheme 2022' shall be exempt from tax under Section 10(12C).

- A new deduction under Section 80CCH is proposed, which provides for deductions to Individual enrolled in Agnipath Scheme on or after 01st November, 2022. The deduction shall be equal to the amount of contributions made to the Agniveer Corpus Fund. This deduction is available in old as well as new tax regime.

- The Central Government's contribution to the Agniveer Corpus Fund account of an individual enrolled in the Agnipath Scheme shall be considered as salary in accordance with the provisions of Section 17. A corresponding deduction shall be allowed under Section 80CCH for the same.

IV. Proposed amendments w.r.t. Income from Business or Profession

- Under Section 43B, deductions for sums payable to Micro, Small, and Medium Enterprises (MSMEs) proposed to be allowed on payment basis.

- It is proposed that for sugar co-operatives societies, for years prior to A.Y. 2016-17, if any deduction claimed for expenditure made on purchase of sugar has been disallowed, an application may be made to the Assessing Officer, who shall recompute the income of the relevant previous year after allowing such deduction up to the price fixed or approved by the Government for such previous year.

- Non-Banking Financial Companies (NBFCs) proposed to be notified for the purposes of Sections 43B and 43D.

- It is proposed to clarify that the benefit could also be in cash for taxability under section 28 of the Act and for tax deduction at source under section 194R of the Act.

- Restrictions is proposed for set off of losses and unabsorbed depreciation by the assessees who opt for presumptive tax schemes under Sections 44BB and 44BBB.

- The threshold limits for presumptive taxation schemes under Section 44AD and Section 44ADA have been proposed to be increased to INR 3 crores and INR 75 lakhs respectively,

provided at least 95% of receipts and payments are made through non-cash methods.

- Ω It is proposed to amend Section 35D to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Instead, the assessee shall be required to furnish a statement containing the particulars of this expenditure within prescribed period to the prescribed income-tax authority in the prescribed form and manner.

- Ω The threshold limit for opting for the presumptive taxation scheme under section 44AD and section 44ADA is proposed to be increased to Rs. 3 crores or Rs. 75 lakhs, respectively, where 95% of the transaction are made in non-cash mode. The consequential amendments have been made under section 44AB to remove the tax audit requirement for persons opting for such presumptive schemes.

V. Proposed amendments w.r.t. Capital Gains

- Ω The transformation of physical gold into Electronic Gold Receipts and vice versa by a Vault Manager registered with the Securities and Exchange Board of India (SEBI) shall not be considered as a transfer for purposes of capital gains taxation.

- Ω The cost of any intangible assets and rights shall be considered as nil for which no consideration has been paid for acquisition.

- Ω The gains derived from the transfer, redemption, or maturity of Market Linked Debentures shall be taxed at applicable rate as short-term capital gains under Section 50AA.

- Ω An individual or HUF can claim a maximum exemption of Rs. 10 crores under Sections 54 and 54F.

- Ω No tax shall be imposed on the transfer of capital assets in connection with the relocation of an offshore fund to an International Financial Services Centre (IFSC). The deadline for this relocation has been extended to 31-03-2025.

- Ω To align the provisions of Joint Development Agreement with the TDS provisions under section 194-IC, amendment is proposed in section 45 to provide that the full value of consideration shall be taken as the stamp duty value of the property received as increased by any consideration received in cash or by a cheque or draft or by any other mode

VI. Proposed amendments w.r.t. Charitable & Religious Trusts

- The utilization of corpus, loans or borrowings by a charitable or religious trust prior to 01-04-2021 will not be considered an application for charitable or religious purposes if the amount is subsequently deposited back into the corpus or the loan is repaid.

- The repayment of a loan or investment into the corpus will only be considered an application for charitable or religious purposes if it occurs within 5 years of the initial utilization.

- The donations made by one trust or institution to another trust or institution shall be deemed to be an application of up to 85% of the donated amount.

- The Jawaharlal Nehru Memorial Fund, Indira Gandhi Memorial Trust, and Rajiv Gandhi Foundation have been excluded from the list of eligible funds for deductions under Section 80G.

- Trusts and institutions that have initiated their activities must apply directly for regular registration, rather than provisional registration.

- The submission of an application for registration containing false, inaccurate, or incomplete information is considered a designated violation and may result in the revocation of the registration of trusts or institutions by the Principal Commissioner of Income Tax/Commissioner of Income Tax.

- The provisions for tax on accreted income as specified in Section 115TD have been extended to trusts or institutions, if they fail to apply for re-registration.

- In order to claim the accumulation of income, trusts or institutions must file Form 9A and Form 10 at least two months prior to the deadline for filing the return of income.

- Time provided for furnishing a return of income for claiming exemption by trusts or institutions under Section 10(23C) or Section 11 or Section 12 shall not include the time provided for furnishing an updated return. In other words, the exemption shall be allowed if the return of income is furnished within the time allowed under Section 139(1) or Section 139(4) and not Section 139(8A).

- The second, third and fourth proviso to Section 12A(2) allows trusts and institutions to claim an exemption under sections 11 and 12 for the previous year in which application for registration is made even though registration is granted in the subsequent year. However, under

the new registration rules proposed by the Finance Bill 2023, provisional registration must be applied before the commencement of the activities. So, these rollback provisions are removed.

VII. Proposed amendments w.r.t. Assessment & Appeals

- Assessee can file an appeal against the penalty orders imposed by the Commissioner (Appeals) under Sections 271AAB, 271AAC, and 271AAD and revision orders passed by the Principal Chief Commissioner or Chief Commissioner under Section 263. The amendment also allows for the filing of a memorandum of cross-objections in all cases that are appealable to the Appellate Tribunal.

- A new appellate authority, the Joint Commissioner (Appeal), has been introduced for specific categories of taxpayers, such as individuals and HUFs, to speed up the resolution process in appeal proceedings.

- Where any direction has been issued to give the effect to faceless schemes and e-proceedings before the expiry of the limitation period, the relevant provisions are proposed to be amended to empower Central Government to make amendments in such directions at any time by notification in the Official Gazette.

- Time limit for disposing of pending rectification applications by "Interim Board for Settlement" has been extended. If the time-limit for amending an order by it or for making an application to it expires on or after 01.02.2021 but before 01.02.2022, such time-limit shall stand extended to 30.09.2023.

- The deadline for completing the scrutiny and best judgment assessment has been extended from 9 months to 12 months, starting from Assessment Year 2022-23.

- A provision has been proposed to empower the Assessing Officer to require a cost audit for inventory valuation before assessment.

- Return in response to a notice under Section 148 shall be furnished within 3 months from the end of the month in which such notice is issued or within such further time as may be allowed by the Assessing Officer on a request made in this behalf by the assessee.

- Specified authority for granting approval for issuance of notice under Section 148 and Sec-

tion 148A shall be Principal Chief Commissioner or Principal Director General or Chief Commissioner or Director General, where more than three years have elapsed from the end of the relevant assessment year.

- Ω Where search related information is available after 15th March of any financial year, an additional period of fifteen days shall be allowed for the issuance of the notice, for assessment/ reassessments etc., under section 148 of the Act.

- Ω The time limit for completion of any pending assessment or reassessment is proposed to be extended by 12 months, where a search is initiated under Section 132 or requisition is made under Section 132A. The extension shall be applicable for the assessee being searched and to whom any seized or requisitioned items (money, bullion, jewellery, valuable articles, books of account, documents) belong or pertain.

- Ω The amendment proposed to Section 132 allows the authorized Officer to receive assistance from approved professionals, such as digital forensic experts and registered valuers, during the search and seizure process.

- Ω The timelines for completing assessment or reassessment in search cases are linked to the execution of the last of the authorizations during such procedure. It is proposed to provide the meaning of execution of the last authorization under section 132 itself.

VIII. Proposed amendments w.r.t. Set-off and Carry Forward of Losses

- Ω The definition of 'strategic disinvestment' in Section 72A has been proposed to be modified to include the sale of shares by the Central or State Governments, or by a public sector company in another public sector company resulting in a reduction of its shareholding below 51% and transfer of control to the buyer.

- Ω Section 72AA proposed to be amended to allow the carry forward of accumulated losses and unabsorbed depreciation in the case of the amalgamation of a banking company with another banking company within five years of the strategic disinvestment.

- Ω Eligible startups will be able to set off and carry forward losses incurred during their first ten years of incorporation, even if there has been a change in shareholding, as long as all shareholders continue during the relevant period. The previous time limit of seven years has been proposed to be increased to ten years.

IX. Proposed amendments w.r.t. TDS & TCS

- The threshold limit for TDS under Section 194N has been proposed to be raised from INR 1 crore toINR 3 crore for recipients who are cooperative societies.

- The rate of TCS for foreign remittances, for other purposes under LRS and purchase of over-seas tour program, is proposed to increased from 5 % to 20 %

- TDS on winning from online gaming is proposed without any threshold benefit. The tax will be deducted either upon withdrawal or at the end of financial year.

- The exemption from TDS available on interest payments on listed debenture is proposed to be removed.

- If the recipient of EPF withdrawal does not provide his PAN, TDS on the withdrawal will be 20%, instead of the maximum marginal rate.

- Section 197 is proposed to be amended to include section 194LBA in its scope. Thus, unit holders receiving income from business trusts can obtain lower or nil deduction certificates

- Sections 206AB and 206CCA have been amended to exclude certain persons from the scope who are not required to file a return of income and are notified by the government.

- For certain income paid to non-residents or foreign companies, TDS will be deducted at a rate of 20% or the rate specified in a tax treaty, whichever is lower. This relief will be available if the payee provides a tax residency certificate.

- Section 155 is amended to solve a TDS mismatch problem. When a taxpayer reports income using the accrual method, it may be taxed before the TDS is deducted. It causes a TDS mis-match and prevents the taxpayer from claiming TDS credit. The amendment in section 155 allows taxpayers to apply to the assessing Officer within two years of the financial year in which the tax was withheld. The Assessing Officer will then amend the assessment to allow the taxpayer to claim TDS credit. Section 244A is also amended to provide that the interest on refund arising out of the above rectification shall be for the period from the date of the application to the date on which the refund is granted.

X. Proposed amendments w.r.t. penalties and prosecutions

- A penalty of Rs. 5,000 will be imposed on financial establishments for submitting inaccurate SFTs as a result of incorrect information provided by account holders. The financial institution has the right to recover the fine from the account holder.

- It is proposed to amend section 271C and section 276B to provide for penalty and prosecution where deductor fails to ensure that tax has been paid under Section 194R, Section 194S and Section 194BA.

- It is proposed to decriminalize certain acts of omission of liquidators under section 276A of the Act with effect from 1st April, 2023.

XI. Other Proposed Amendments

- Central Govt. will prescribe a uniform method for the valuation of perquisites arising from rent- free or concessional accommodation provided by an employer to an employee.

- Distributions by business trusts to unit holders that are classified as debt repayment proposed to be taxed in the hands of unit holders.

- The authorities can adjust the Income tax refunds with any outstanding tax due after written intimation only. In the case of pending assessment/ reassessment, written reasons must also be provided for withholding the refund. In such cases, the additional interest on the refund will not be payable from the time of withholding until the assessment is made.

- Primary Agricultural Credit Societies (PACS) and Primary Co-Operative Agricultural and Rural Development Banks (PCARD) can now accept deposits or offer loans to their members in cash up to Rs. 2 lakhs. This increased limit of Rs. 2 lakh also applies to the repayment of these loans or deposits.

- The provisions for thin capitalization in Section 94B will not apply notified NBFCs.

- The interest calculation for updated tax returns will be based on the difference between the assessed tax and the advance tax claimed in the earlier returns.

- Double deductions by claiming interest on housing loan under Section 24 and including it

as part of the cost of acquisition shall not be allowed.

- The eligibility period for tax deductions for start-ups under Section 80-IAC is proposed to be increased by one year. The start-ups incorporated before 01-04-2024 shall be eligible for deduction.

- The proposed amendment to Section 92D shortens the deadline for submitting information or documents in tax proceedings related to international or domestic transactions from 30 days to 10 days, with an option to extend by another 30 days.

- Section 56(2)(viib) is amended to make it applicable to share application money/premium received from any person, regardless of their residential status. It means the angel tax may also be levied on receiving excess share application money or premium from non-resident investors.

- Section 92BA is amended to include the transaction between the cooperative society (opting for an alternate tax regime under section 115BAE) and the other person with a close connection within the purview of 'specified domestic transaction'.

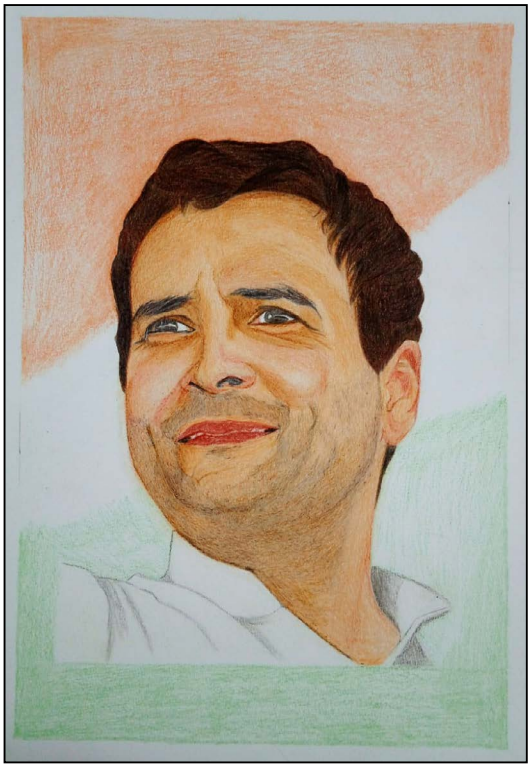
- Section 9 is amended to provide that gifts received by an RNOR shall also be deemed to accrue or arise in India.

- Section 88 is abolished to simplify the act and remove redundant provisions. Consequential amendments have been proposed to sections 80C, 80CCC, 80CCD, 54EA, 54EB, 54EC, 54ED, 111A and 112.

- The International Financial Services Centres Authority has made the International Financial Services Centres Authority (Fund Management) Regulations, 2022 to regulate fund management entities. A corresponding amendment is proposed in sections 115UB, 56(2)(viib), 47(viiad), 10(4D) to provide that the AIFs should be regulated under the said regulation.

Art Corner

Meera Mandhasan
SRO0648994



Rakesh O S
SRO0538438

JANUARY EVENTS

SICASA Premiere League

Workshop on Tally

SPECTRE - Ludo, Cartons, Table Tennis, etc...