

- # Sec. 115BAC : Tax on Income of Individual & HUF (Added by FA.- 20 w.e.f. AY 21-22)
1. In case of Individual & HUF following Tax rates are applicable from AY 21-22 :

Total income (NTI)	Rate of tax
Upto ₹2,50,000	Nil
From ₹2,50,001 to ₹5,00,000	5%
From ₹5,00,001 to ₹7,50,000	10%
From ₹7,50,001 to ₹10,00,000	15%
From ₹10,00,001 to ₹12,50,000	20%
From ₹12,50,001 to ₹15,00,000	25%
Above ₹15,00,000	30%

2. Above tax rates applicable only if Assessee satisfied following conditions;
- (i) Assessee should not claim any benefit of section 10(5) or 10(13A) or 10(14) (other than those as may be prescribed for this purpose) or 10(17) or 10(32) or 10AA or 16 or 24(b) (in respect of the SOP) or 32(1)(ia) or 32AD or 33AB or 33ABA or 35(1)(ii), 35(1)(ia), 35(1)(iii), 35(2AA) or 35AD or 35CCC or 57(ia) or under any of the provisions of Chapter VI-A other than the provisions of section 80CCD(2) or section 80JJAA;

Notes: Assessee not be entitled to the following exemptions/ deductions:

- Leave travel concession u/s 10(5);
- House rent allowance u/s 10(13A);
- Allowance exempt u/s 10(14) (other than transport, conveyance, allowance to meet cost of travel or daily allowance at place of duty);
- Allowances to MPs/MLAs u/s 10(17);
- Allowance for income of minor u/s 10(32);
- Deduction for SEZ unit u/s 10AA;
- Standard deduction of ₹50,000, deduction for entertainment allowance and employment / professional tax as contained in section 16;
- Interest under section 24 in respect of self-occupied or vacant property u/s 23(2). (Loss under the head income from house property for rented house shall not be allowed to be set off under any other head and would be allowed to be carried forward as per extant law);

- i. Additional depreciation u/s 32(1)(iia);
- j. Deductions under section 32AD, 33AB, 33ABA;
- k. Various deduction for donation for or expenditure on scientific research u/s 35(1)(ii)/(iia)/(iii) or 35(2AA)
- l. Deduction u/s 35AD or section 35CCC;
- m. Deduction from family pension u/s 57(iia);
- n. Any deduction under chapter VIA (like section 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, etc). However, deduction u/s 80CCD(2) (employer contribution on account of employee in notified pension scheme) and u/s 80JJAA (for new employment) can be claimed.

Following allowances notified u/s 10(14) of the Act to the Individual or HUF exercising option under the proposed section:

- (a) Transport Allowance granted to a divyang employee to meet expenditure for the purpose of commuting between place of residence and place of duty
- (b) Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office;
- (c) Any Allowance granted to meet the cost of travel on tour or on transfer;
- (d) Daily Allowance to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty.

- (ii) Further, such an Individual or HUF opting for the aforesaid concessional rate of tax would also be:
 - ◇ not allowed to set off any loss or depreciation attributable to any of the deductions referred above;
 - ◇ not allowed to set off of any loss from "income from house property" against any other head;
 - ◇ Depreciation u/s. 32 (except additional depreciation under section 32(1)(iia) would have to be claimed in such manner as may be prescribed); and
 - ◇ He shall not be allowed to claim any exemption or deduction for allowances or perquisite provided under any other law for the time being in force.

- (iii) where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the AY 21-22, corresponding adjustment shall be made to the WDV of such block of assets as on the 1.4.20 in the prescribed manner, if the option u/s 115BAC is exercised for a PY 20-21 relevant to the AY 21-22.
3. If subsequently, the individual or HUF not satisfied any of foregoing conditions, the option of concessional rate shall become invalid and other provision of the Act shall apply.
 4. An individual or HUF who **does not have** any business income would have an **option to choose** either of the two tax regimes each year depending upon their tax liability under each one of them.
 5. In respect of an individuals or HUFs having **business income**, the option once exercised **cannot be withdrawn**. In such a case, an option once exercised would be applicable for all subsequent assessment years and can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the individual or HUF shall never be eligible to exercise option under this section, except where such individual or HUF ceases to have any business income.
 6. Rebate u/s **87A is available** even if assessee opt section 115BAC.
 7. Tax on Special Rates Income (Like 112, 112A): **Taxable at special rates only**.
 8. Surcharge : Surcharge applicability is depends on Total income of assessee. **Surcharge @ 10%, 15%, 25%, 37% may apply depends on total income.**
 9. Health & Education cess : HEC @ 4% always apply.
 10. If assessee opt section 115BAC then **Alternate Minimum Tax (AMT) is not applicable**. B/F AMT credit cannot be set-off against income u/s 115BAC so if a assessee has b/f AMT credit, it can first exhaust the AMT credit, and thereafter opt for section 115BAC in a subsequent PY.
 11. CBDT clarifies that an employee intending to opt for the concessional rate u/s 115BAC, may intimate to his employer for each PY and upon such intimation, the employer shall deduct TDS as per section 115BAC. If such intimation is not made by the employee, the employer shall deduct TDS as per Normal Tax rates.
It is also clarified that the intimation so made to the deductor shall be only for the purposes of TDS during the PY and cannot be modified during that year. However, at the time of filing of return, employee may take different option.

Further, in case of a EE who has income under the head "PGBP" the intimation to the employer in his case for subsequent previous years must not deviate from the option u/s 115BAC of the Act once exercised in a previous year.

- # Sec. 115BAD: Tax on income of certain resident Co-operative Societies (Added by FA.- 20 w.e.f. AY 21-22)
1. Tax @ 22% (effective rate is 25.168% - 22% + 10% Surcharge + 4% HEC) applicable in case of resident co-operative society if following conditions are satisfied;
- Assessee should not claim benefit of section 10AA, 32AD, Additional depreciation, 33AB, 33ABA, 35(1)(ii)/(iia)/(iii)/, 35(2AA), 35AD, 35CCC & any deduction u/c VI-A except 80JJAA & 80LA.
 - The total income of co-operative society is calculated without adjusting b/f loss & depreciation from earlier year (if such loss & depreciation pertains to any deduction under the aforesaid sections).
 - Where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to A.Y.2021-22, corresponding adjustment shall be made to the WDV of such block of assets as on 1.4.2020 in the prescribed manner, if option for section 115BAD is exercised for P.Y.2020-21 relevant to A.Y.2021-22.
- Note : If above conditions not satisfy in any P.Y. then option exercised would be invalid for that PY and subsequent PY's and normal provisions of IT, Act shall apply.
2. The beneficial provisions of this section would apply if option is exercised in the prescribed manner on or before the due date u/s 139(1) for furnishing the return of income for any PY relevant to A.Y.2021-22 or any subsequent A.Y.. Such option, once exercised, would apply to subsequent assessment years. Further, once the option has been exercised for any previous year, it cannot be subsequently withdrawn for the same or any other previous year.
3. Tax on other special rates of tax incomes (like 112A, 112, 111A): Taxable at such special rates plus surcharge @10% & HEC @4%.
4. Co-operative society which opt for section 115BAD shall not be required to pay AMT. B/F AMT credit cannot be set-off against income u/s 115BAD so if assessee has b/f AMT credit, it can first exhaust the AMT credit, and thereafter opt for section 115BAD in a subsequent PY.

5. If Co-operative society opt section 115BAD then surcharge applicable @ 10% irrespective of Total income.

Notes.

1. If assessee opted section 115BAA, 115BAC or 115BAD & if any unabsorbed additional depreciation of earlier years then it will not be allowed to be set-off but shall be added to opening WDV of the block in the year in which assessee opted such section.
2. If assessee opted section 115BA, 115BAA, 115BAB, 115BAC, 115BAD then maximum depreciation allowed @ 40%.

Example:

Mr Devam (32 years) is a salaried employee, employed by BB Pvt Ltd. as tax advisor. His income and tax incentives for the previous year 2020-21 are as follows -

Particulars	₹
Basic Salary	40,00,000
House rent allowance [₹ 60,000 is exempted u/s 10(13A)]	90,000
Leave travel concession (LTC) [₹ 1,80,000 is exempt u/s 10(5)]	1,95,000
New Pension Scheme contribution(NPS) by BB Pvt. Ltd. (12% of basic salary)	4,80,000
Payment of professional tax by Devam	2,000
Income from Property A (self-occupied)	(-) 1,05,000
Income from Property B (let out)	60,000
Income from Property C (let out)	(-) 80,000
Savings bank A/c interest received by minor son of Devam	800
Savings bank A/c interest received by minor daughter of Devam	2,000
Interest on saving bank account of Devam	28,000
Interest on public provident fund credited on March 31, 2021	55,000
Deduction under section 80D, 80E, 80EEA and 80EEB and 80G	2,81,000
NPS contribution by Devam	4,00,000
PPF contribution by Devam	20,000

Devam wants to know whether he should opt for alternative tax regime from the AY 2021-22.

Solution :

Mr. Devam

PY 20-21 AY 21-22

Computation of Total Income & Tax Liability

Particular	Normal Provisions		Section 115BAC	
	₹	₹	₹	₹
Basic Salary				
HRA		40,00,000		40,00,000
Less: Exempt u/s 10(13A)	90,000		90,000	
LTC	60,000	30,000	N/A	90,000
Less: Exempt u/s 10(5)	1,95,000		1,95,000	
NPS contribution by BB Ltd.	1,80,000	15,000	N/A	1,95,000
Gross Salary		4,80,000		4,80,000
Deduction u/s 16		45,25,000		47,65,000
(i) Professional Tax		(2,000)		N/A
(ii) Standard Deduction		(50,000)		N/A
Net Salary		44,73,000		47,65,000
Income from House Property				
Self-Occupied Property - A		(1,05,000)		
Let-out Property- B	60,000			
Let-out Property- C	(80,000)	(20,000)	(20,000)	N/A
				Set-off not allowed so carry / forward
		43,48,000		47,65,000
Income from other sources				
SB Interest of Minor Son	800		800	
Less: Exempt u/s 10(32)	800	-	N/A	800
SB Interest of Minor Daughter	2000		2,000	
Less: Exempt u/s 10(32)	1500	500	N/A	2,000
SB Interest of Devam		28,000		28,000
Interest on PPF	55,000		55,000	
Less: Exempt u/s 10(11)	55,000	-	55,000	-

Gross Total Income		43,76,500		47,95,800
Less: Deductions u/c VI-A				
Sec. 80C : PPF	20,000		N/A	
Sec. 80CCD(1) EE cont. to NPS	3,50,000		N/A	
	3,70,000			
Sec. 80CCE Max. deduction u/s 80C+80CCC+80CCD(1) is 1,50,000	1,50,000	1,50,000		
Sec. 80CCD(1B) EE cont. to NPS		50,000		
Sec. 80CCD(2) ER cont. to NPS			N/A	
(i) ER Cont. 4,80,000				
(ii) 10% of Salary 4,00,000		4,00,000		4,00,000
Lower of above				
Sec. 80D, 80E, 80EEA, 80EEB, 80G		2,81,000		N/A
Sec. 80TTA Interest on SB A/c		10,000		N/A
Total Income/ Net Taxable Income		34,85,500		43,95,800

Computation of Tax Liability

Tax as per Normal Provisions			Tax as per Normal Provisions		
Particular	Rate	Tax Amount	Particular	Rate	Tax Amount
Upto 2,50,000	Nil	-	Upto 2,50,000	Nil	-
> 2,50,000 upto 5,00,000	5%	12,500	> 2,50,000 upto 5,00,000	5%	12,500
> 5,00,000 upto 10,00,000	20%	1,00,000	> 5,00,000 upto 7,50,000	10%	25,000
> 10,00,000 upto 34,85,500	30%	7,45,650	> 7,50,000 upto 10,00,000	15%	37,500
		8,58,150	> 10,00,000 upto 12,50,000	20%	50,000
Add: HEC @4%		34,326	> 12,50,000 upto 15,00,000	25%	62,500
Net Tax Payable		8,92,476	> 15,00,000 upto 43,95,800	30%	8,68,740
					10,56,240
			Add: HEC @ 4%		42,250
			Net Tax Payable		10,98,490

Conclusion : Since in the present question tax as per normal provision is lower so Mr. Devam should not opt 115BAC provisions for AY 21-22

Example : BB Ltd is incorporated on October 20, 2019 to commence manufacture of Bikes in Rajasthan. Manufacturing activity is started on December 10, 2019. For the year ending March 31, 2021, income of BB Ltd. is as follows -

Particulars	₹
Income from manufacturing of Bikes (computed as per provisions of section 115BAB)	60,45,000
Bank FD interest	3,00,000
Short-term capital gain on transfer of land (Computed)	18,00,000
Short-term capital gain on transfer of a Depreciable Assets (Computed)	2,00,000
Rental Income from Commercial Property	7,00,000

BB Ltd has donated ₹ 50,000 to a political party. BB Ltd. has opted for lower tax regime of section 115BAB. Necessary option was uploaded at the time of submission of first income-tax return of the assessment year 2020-21. Find out the tax liability of BB Ltd.

Solution :

Computation of Total Income

PY 20-21 AY 21-22

Particulars	₹	
	₹	₹
<u>Income from House Property</u>		
Rental Income from Commercial Property	7,00,000	
Deduction u/s 24	N/A	7,00,000
<u>Profit & Gain from Business or Profession</u>		
Income from Manufacturing Activities		60,45,000
<u>Capital Gain</u>		
STCG on Land		18,00,000
STCG on Depreciable Assets		2,00,000
<u>Income from other sources</u>		
Interest on Bank FD		3,00,000
		<u>90,45,000</u>
Gross Total Income		90,45,000
Deduction u/s 80GGB: Donation to Political Party		N/A
Total Income(NTI)		<u>90,45,000</u>

Computation of Tax Liability				
Particulars		Income	Tax Rate	₹
(i)	Tax on House Property Income	7,00,000	22%	1,54,000
(ii)	Tax on Interest on FD	3,00,000	22%	66,000
(iii)	STCG on Land	18,00,000	22%	3,96,000
(iv)	Tax on Balance Income	62,45,000	15%	9,36,750
Total		90,45,000		15,52,750
Add: Surcharge @ 10%				1,55,275
				17,08,025
Add: HEC @ 4%				68,321
Net Taxable Payable				17,76,346

Sec 115BB: Taxon winnings from lotteries, card game, horse race etc. (Refer sec 194B/BB)

- Tax Rate @ 30%

Sec 115BBE: Deemed Income u/s 68 to 69D

- Tax Rate @ 60% (surcharge 25% and HEC @ 4%) effective rate 78 %

Notes:

1. No basic exemption or allowance or expenditure shall be allowed to the assessee under any provision of the Income-tax Act 1961 in computing such deemed income.
2. Further, no set off of any loss shall be allowable against income brought to tax u/s 68 or 69 or 69A or 69B or 69C or 69D.

Sec 115BBF: Royalty income from Patent

Royalty income in respect of patent developed & registered in India shall be taxable @ 10%.

Notes:

1. Developed means 75% of expenditure should be incurred in India,
2. No deduction for any expenditure / Allowance in respect of royalty income shall be allowed under Act.

In case of immovable properties if SDV as on 01.04.2001 available then FVM as on 01.04.2001 should not be more than SDV as on 01.04.2001 (Added by FA 20, w.e.f. AY 21-22)

Example:1

Mr BB acquired a House property on 16.07.1992 for ₹ 2,00,000. FMV as on 01.04.2001 is ₹ 4,50,000 & SDV as on 01.04.2001 is ₹ 3,60,000.

In this case COA of property is ₹ 3,60,000.

Example:2

Mr BB acquired a House property on 16.07.1992 for ₹ 2,00,000. FMV as on 01.04.2001 is ₹ 4,50,000 & SDV as on 01.04.2001 is ₹ 7,60,000.

In this case COA of property is ₹ 4,50,000.

Example:3

Mr BB acquired a House property on 16.07.1992 for ₹ 2,00,000. FMV as on 01.04.2001 is ₹ 1,50,000 & SDV as on 01.04.2001 is ₹ 1,20,000.

In this case COA of property is ₹ 2,00,000.

Example:4

Mr BB acquired a House property on 16.07.1992 for ₹ 2,00,000. FMV as on 01.04.2001 is ₹ 4,50,000 & SDV as on 01.04.2001 Not available,

In this case COA of property is ₹ 4,50,000.

Segregated Portfolio or Side Pocketing

Create of a segregated portfolio or side-pocketing was introduced by SEBI to enable debt schemes of a mutual fund to allow investors to exit a debt scheme in distress. It is implemented by debt funds if their holdings are downgraded below investment grade or suffer from a default.

Side-pocketing facilitates the separation of units into a distinct portfolio, in which no fresh subscriptions are allowed. Investors can redeem these units once the money is recovered from the bad debt, while they can redeem other units at any point of time.

Segregation of portfolio or side-pocketing is actually to be seen as splitting the investments into two parts, one is called the 'main portfolio' and another part is called the 'segregated portfolio'

Taxation in case of side pocketing: Added by FA, 20

Section 49(2AG): COA of a units in the segregated portfolio :

COA of Units in Total Portfolio $\times \frac{\text{NAV of assets transferred in segregated portfolio}}{\text{NAV of Total Portfolio before segregation}}$

Section 49(2AH): COA of a units in the main portfolio :

The COA of the original units in main portfolio minus COA of segregated portfolio units

Section 2(42A)(hh) : POH of units in a segregated portfolio shall also include the period for which the original units in the main portfolio were held by the assessee.

Analysis

In the context of a 'segregated portfolio', it is important to know the following three concepts-

1. The term 'segregated portfolio' shall mean a portfolio, comprising of debt or money market instrument affected by a credit event, that has been segregated in a mutual fund scheme.
2. The term 'main portfolio' shall mean the scheme portfolio excluding the segregated portfolio.
3. The term 'total portfolio' shall mean the scheme portfolio including the securities affected by the credit event.

The total portfolio is the portfolio which is the original one and then is splitted into two portfolios-main portfolios and segregated portfolios.

The main portfolio is the portfolio which is separated from the 'total portfolio' with good debts and can be redeemed by the investor at any point of time.

The segregated portfolio is that part of the total portfolio which contains the bad, downgraded and illiquid debts.

These amendments are applicable from AY 2020-21.

Example:

Mr. BB invested in a scheme of a mutual fund on 14-02-2015 when the NAV was ₹10. On May 1, 2020, when NAV of the scheme was ₹50, segregation of portfolio was created due to a credit event.

Post creation of the segregated portfolio, the NAV of the main portfolio was ₹40 and the segregated portfolio was ₹10. Hence, the proportion is 80:20 of the total portfolio. According to the amendment, the cost of acquisition of the main portfolio and the segregated portfolio should be taken as ₹8 and ₹2 respectively.

Similarly, the period of holding the units of the main portfolio and the segregated portfolio should be reckoned from 14-02-2015.

Exemption available only to **Individual and /or HUF**

Provisions	Capital gain on sale of Residential property & used for Residential property [section 54]	Capital gains on sale of urban agricultural land & used for another agricultural land [Section 54B]
1. Assessee	Individual / HUF	Individual / HUF
2. Nature of asset	LTCA	LTCA /STCA Agricultural land use by
3. Assets transfer	Residential house property being building & land appurtenant there to	Individual or his parents for agri purpose during 2 yrs. before the transfer
4. New assets to be purchased or constructed	One Residential HP in India [Note - 5]	Agricultural land (in rural or urban area)
5. Time limit of purchased or constructed	Purchase: within 1 yr. before or 2 yrs after the date of transfer; and Construction : complete construction within 3 yrs after date of transfer	Purchase : within 2 yrs after the date of transfer
6. Deposit scheme	Applicable	Applicable
7. Amount of exemption	↓ (1) Capital gains ,or ↓ (2) CNA** / deposit amt	↓ (1) Capital gains ↓ (2) CNA/Deposit amt
8. Transfer of new assets	New Asset transferred within 3 yrs from date of purchase or construction, then cost of acquisition of new asset reduced by exempted capital gain	New Asset transferred within 3 yrs from the date of Purchase then cost of acquisition of new asset reduced by exempted capital gain
** CNA:	Cost of New Asset	

- # Sec. 57 : While calculating Income under IFOS following deductions allowed
- (i) In case of interest on securities, any reasonable sum paid by way of commission or remuneration to any person for the purpose of realising such interest on behalf of the assessee.
 - (ii) any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning such income.
 - (iii) In case of dividend or Income from UTI/MF only Interest Expenses allowed and that too upto 20% of such dividend or income from UTI/MF.

- # Sec. 58 : Expenses Not allowed as deductions under IFOS
1. any personal expenses of the assessee.
 2. any interest chargeable under this Act which is payable outside India on which TDS has not been paid or deducted.
 3. any payment which is chargeable under the head "Salaries", if it is payable outside India, unless TDS has been paid thereon or deducted.
 4. Cash Expenditure exceeding 10,000. Provisions of section 40A(3) shall apply.
 5. 30% of any sum payable to a resident on which TDS has not been paid or deducted at source. Provision of section 40(a)(ia) shall apply.

Sec 2(22)(d): Reduction of share Capital.

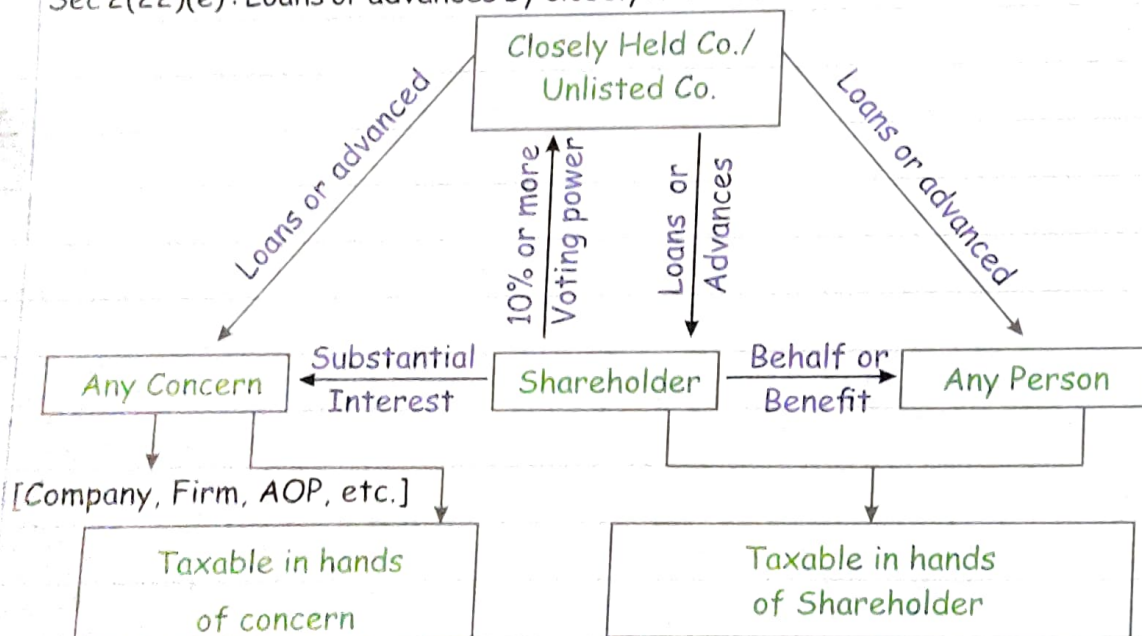
Any **distribution** to its shareholder by company on **reduction** of its capital to the extent to which company has **accumulated profit (Capitalised or not)**.

Some differences between 2(22)(a)/(b)/(c)/(d)&(e).

	Sec.2(22)(a)/(b)/(c)/(d)	Sec.2(22)(e)
1.	Treated as Deemed dividend to the extent accumulated Profit (capitalised or not).	Treated as deemed dividend to the extent accumulated profit .
2.	Applicable to all Companies	Applicable to only closely held Companies .

Note: From AY 21-22 DDT is not applicable and now dividend as well as deemed dividend taxable in hands of shareholder at normal tax rates.

Sec 2(22)(e) : Loans or advances by closely held Co.



Notes:

1. Loan or advances is treated as deemed dividend to the extent to which company possesses **accumulated profit**.
2. Concern means HUF, Firm, Company, AOP/BOI
3. Substantial interest means **20% or more voting power / share in profit** at any time during the P.Y.

4. Loan is repaid or Company charges market rate of interest **doesn't make any difference** in the applicability of sec 2(22)(e).
5. Accumulated profit means profit as per Company Act (means accounting profit) Not Assessable profit.
6. Section 2(22)(e) is **Not Applicable** in case of trade advances means advance which is in the nature of commercial transaction. [CBDT Circular 19/2017]
Example: advance made by company to sister concern for job work, Advance was made by a company to its shareholder to install plant and machinery at the shareholder's premises to enable him to do job work for the company so that the company could fulfil an export order etc.
7. If loan and advance given to concern then it is treated as deemed dividend in hands of concern but as per some court judgments its taxable in hands of shareholder.

Dividend **shall not** include -

1. Any Advance or Loans given by Company in the **ordinary course of its business of money lending, where money lending is substantial part of the business**
2. Any dividend paid by a company, which is set off by Company against the loan which has been deemed as dividend us 2(22)(e).
3. Buy back of shares.
4. Shares allotted to shareholder of demerged Company by resulting Company under scheme of Demerger.
5. Any distribution made us 2(22)(c) / 2(22)(d) is respect of preference shares.

Sec 80M: Deduction in Respect of Certain Inter Corporate Dividend

If gross total income of domestic company include dividend from another domestic company or foreign company or business trust following amount shall be deducted:

- | | | |
|------|--|------|
| (i) | Aggregate Dividend Income received (include deemed dividend) | xxxx |
| (ii) | Dividend distributed to shareholders upto due date | xxxx |

Whichever is lower

Note: Due date means one month before due date of ROI u/s 139(1)

Example:1

From followings particular calculate total income of BB Ltd. (Domestic company) for AY 21-22

PGBP 10,00,000

LTCG on Land 2,00,000

Dividend from RIL (Dom. Co) 12,00,000

(Interest paid on money borrowed for investment in RIL 3,00,000 & dividend collection charges 7,000)

Income from Axis equity oriented Mutual Fund 3,00,000

(Interest paid on money borrowed for investment in MF 16,000 & others charges 4,000)

BB Ltd distributed following dividend to shareholders:

Interim dividend for FY 20-21 on 15.07.2020 : 80,000

Final dividend for FY 20-21 on 12.04.2021 : 70,000

Interim dividend for FY 21-22 on 22.07.2021 : 2,50,000

Interim dividend for FY 21-22 on 28.11.2021 : 90,000

Solution: BB Ltd.

PY 20-21 AY 21-22

Computation of Total Income

Particular	Amount	Amount
PGBP		10,00,000
LTCG on Land		2,00,000
IFOS	12,00,000	
Dividend from RIL	2,40,000	
Less: Interest u/s 57 (upto 20% of Income)	3,00,000	9,60,000
Income from Axis MF	16,000	
Less: Interest u/s 57 (upto 20% of Income)		2,84,000
Gross Total Income		24,44,000
Less: Deduction under chapter VI-A		
Deduction u/s 80M		
(i) Dividend income received	9,60,000	
(ii) Dividend distributed upto 30.09.2021	4,00,000	(4,00,000)
Whichever is Lower		
Total Income		20,44,000

Notes :

1. Dividend collection charges and other charges not allowed as deduction.
2. U/s 80M deduction allowed only for dividend distributed upto due date i.e. 1 month before the due date of ROI.

Example: 2

BB Virtuals Ltd is a manufacturing company located in Mumbai (since 2015). Business income of the company for the previous year 2020-21 is ₹3.20 crore. Turnover of the company of the preceding year is always less than ₹400 crore. BB Virtuals Ltd., has opted for the lower tax regime under section 115BAA. It holds shares in a few companies given below-

Investee Company	Country of Incorporation	Shareholding of X Ltd., in investee company	Dividend received during P.Y. 2020-21	Interest on amount borrowed for investment in shares of companies
A Ltd.	Indian	5 per cent	₹ 10 lakh	₹ 1 lakh
B Ltd.	Country D	26 per cent	₹ 8 lakh	₹ 7.5 lakh
C Ltd.	Country D	25 per cent	₹ 14 lakh	₹ 2 lakh

Dividend distributed by BB Virtuals Ltd. during April 1, 2020 to September 30, 2021 to its own shareholders in ₹27 lakh (due date of submitting return of income for the previous year 2020-21 is October 31, 2021). India has DTAA with Country D. As per article 10 of DTAA, dividend from the country D to a resident of India, is taxable in India BB Virtuals Ltd., wants to know deduction available under section 80M and total income of the previous year 2020-21.

BB Virtuals Ltd.

PY 20-21 AY 21-22

Computation of Total Income

Particular	Amount	Amount
PGBP		3,20,00,000
IFOS		
Dividend from B Ltd (Specified Foreign Company)(Exps Not allowed)		8,00,000
Dividend from A Ltd & C Ltd.	24,00,000	
Less: Interest u/s 57 (upto 20% of Income)	3,00,000	21,00,000
Gross Total Income		3,49,00,000
Less: Deduction under chapter VI-A		
Deduction u/s 80M		
(i) Dividend income received	29,00,000	
(ii) Dividend distributed upto 30.09.2021	27,00,000	27,00,000
Whichever is Lower		
Total Income		3,22,00,000

Taxability of Dividend upto 31.03.2020

Till 31.03.20 Domestic Company was required to pay DDT u/s 115-O @ 15% and Dividend was exempt in hands of shareholder u/s 10(34) subject to section 115BBDA. As per section 115BBDA if any resident person (other than domestic company and Trust) received dividend from domestic company or companies more than ₹10 lakhs then it was taxable @10% in excess of ₹10 lakhs.

Keep in Mind : Suppose any domestic company declared dividend before 01.04.20 but distributed to shareholder on or after 01.04.21 then company required to pay DDT u/s 115-O and its exempt in hands of shareholder subject to section 115BBDA.

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Perquisite Taxable

As per section 17(2) ESOPs or sweat equity shares are taxable as perquisite in hands of employee in the year in which shares allotted to employee.

Taxable Amount =	FMV of shares on the date on which option Exercised	Minus	Amount paid by Employee for ESOP's
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Calculation of FMV as per Rule 3(8)

(i) In a case where, on the date of the exercising of the option, the share in the company is listed on a recognized stock exchange, the FMV shall be the **average of the opening price and closing price** of the share on that date on the said stock exchange.

Provided that where, on the date of exercising of the option, the share is listed on more than one recognized stock exchanges, the FMV shall be the **avg. of opening price and closing price of the share on the recognised stock exchange which records the highest volume of trading in the share.**

Provided further that where, on the date of exercising of the option, there is no trading in the share on any recognized stock exchange, the fair market value shall be—

- (a) the **closing price** of the share on any recognised stock exchange on a date closest to the date of exercising of the option and immediately preceding such date; or
- (b) the **closing price** of the share on a recognised stock exchange, which records the highest volume of trading in such share, if the closing price, as on the date closest to the date of exercising of the option and immediately preceding such date, is recorded on more than one recognized stock exchange.

(ii) In a case where, on the date of exercising of the option, the share in the company is **not listed** on a recognised stock exchange, the **FMV** shall be such value of the share in the company as determined by a **merchant banker** on the specified date.

Sale of Shares by Employee

At the time of sale of shares capital gain applicable in hands of employee as follows

Computation of Capital Gain

Full Value of Consideration	Sale Value
Less: Cost of Acquisition	FMV of shares as per rule 3(8)
LTCG / STCG	xxxx

In this case POH shall be consider from the date of Allotment of ESOPS till the date of Transfer of shares by Employee.

Taxability of ESOPS in case of Start-ups referred u/s 80-IAC

Amendment in section 192 : TDS on Salary (w.e.f. AY 21-22)

Eligible Start-up require to deduct TDS in case of ESOPS within 14 days from:

- (i) after the expiry of 48 months from the end of the relevant AY; or
- (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or
- (iii) from the date of the assessee ceasing to be the employee of the start-up, whichever is the earliest, on the basis of rates in force for the financial year in which the said specified security or sweat equity share is allotted to employee.

Similar amendments also made in following sections:

191: Assessee paid tax directly (If TDS not deducted)

156: Demand Notice by Department

140A: Reduction of Tax paid u/s 191 for calculation of self-assessment tax

Example:1

Mr. Sudeep (age 34 years) is an employee of Gupme Foods Pvt. Ltd. (eligible start-up as per section 80-IAC).

Salary income of Mr. Sudeep as follows for PY 20-21

Basic Salary	₹50,00,000
DA	₹5,00,000
Leave Travel Concession	₹3,00,000 (assume Fully Exempt)

Company allotted 5,000 shares @10 per share as ESOPS to Mr. Sudeep in the month of Dec. 20. FMV on the date on which option exercised is 6500 per share. Calculate TDS to be deducted for AY 21-22 assume employee not opted section 115BAC.

Solutions:

Computation of Total Income & Tax Liability

PY 20-21 AY 21-22

Particular	Amount
Basic Salary	50,00,000
DA	5,00,000
LTC [Exempt u/s 10(5)]	-
ESOP Perquisite [5000 x 6490(6500-10)]	3,24,50,000
Gross Salary	3,79,50,000
Less: Standard deduction u/s 16	50,000
Net Taxable Salary (Total Income)	3,79,00,000
Tax on Total Income	Nil
Upto 2,50,000	
>2,50,000 upto 5,00,000	12,500
>5,00,000 upto 10,00,000	1,00,000
>10,00,000 upto 3,79,00,000	1,10,70,000
	1,11,82,500
Add.: Surcharge @ 25%	27,95,625
	1,39,78,125
Add.: Health & Education Cess	5,59,125
Net Tax Payable	1,45,37,250
Average Tax Rate for AY 21-22 (1,45,37,250/3,79,00,000)	38.357%
Tax to be deferred as per section 192(1C) [38.357% of 3,24,50,000]	1,24,46,800
Tax to be deducted as per section 192 in PY 20-21 (AY 21-22)	20,90,450

Example: 2

Suppose in above example Mr. Sudeep transfer 2,000 shares for 9,000 each on 20/07/2022. What will be tax treatment?

Solution:

Computation of capital gain in hands of Sudeep

PY 22-23 AY 23-24

Particular [POH : Dec. 20 to 19/07/22]	Amount
Full Value of Consideration (2,000 x 9000)	1,80,00,000
Less: Cost of Acquisition (2,000 x 6500)	1,30,00,000
STCG	50,00,000

TDS on perquisite to be deducted by Gupme Foods Pvt Ltd upto 03/08/22 (20/07/22 + 14 days) as follows

$$1,24,46,800 \times 2000 \text{ Shares} / 5000 \text{ Shares} = 49,78,720$$

Note : Remaining amount (1,24,46,800-49,78,720) i.e. 74,68,080 (3000 shares) deducted as TDS within 14 days from

- (i) after the expiry of 48 months from the end of the relevant AY (i.e. 14.04.26); or
- (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or
- (iii) from the date of the assessee ceasing to be the employee of the start-up, whichever is the earlier.

BB's Comment : In simple words we can say that in case of ESOPS of eligible start-up perquisite is Taxable in the year in which shares allotted to employee but Tax on such perquisite shall be paid to government within 14 days of ;

- (i) after the expiry of 48 months from the end of the relevant AY; or
- (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or
- (iii) from the date of the assessee ceasing to be the employee of the start-up, whichever is the earlier.

SECTION	NATURE OF PAYMENT	PAYER	PAYEE	RATE	ADDITIONAL NOTE
194	TDS on Dividend	Domestic Company	Resident Person	10%	No TDS if payment made to Individual by any mode other than Cash and payment is upto 5,000 in a PY.
194A	TDS on interest (other than securities)	Any person other than individual / HUF [In case of Ind/HUF TDS Required to be Deduct Only if last year T/o > 1 Cr in Case of Business or G/R > 50 Lacs in case of Profession]	Resident person	10% ↓ (7.5% from 14/5/20 till 31/3/21)	<ol style="list-style-type: none"> 1. No TDS if a) Int paid by Banks / Co-op Bank / Post office upto ₹40,000 w.e.f. 01/04/19 (the limit is ₹50,000 in case of payee, being a resident senior citizen) b) In other cases its upto ₹5,000. c) Int paid by firm to partners. d) Int on Income tax. e) Int on Bank Saving A/c. f) Int paid to any Bank / LIC / UTI / Any Insurer. <p>Note : Bank opting core banking solutions (CBS) then, the limit of ₹40,000 will not be per Branch but will be per Bank / Co-op society</p> <p>g) Interest paid by Co-op society (other than Co-op Bank) to its members or to any other Co-op society.</p> <p>Note : If last year T/o or G/R of Co. op. society is more than ₹50 Crores & interest paid to senior citizen is more than ₹50,000 or any other person more than ₹40,000 then TDS applicable.</p>

						h) Int paid in respect of certain scheme of post office, Kisan vikas patra, India vikas patra, National saving certificate, P.O monthly income A/c, P.O. Recurring deposits.
194B	Winning from lotteries, cross-word, puzzles, card games etc	Any person	Any person	30%	No TDS if winning is upto ₹ 10,000. If winning in kind then organizer will release winning only after ensuring that Tax on winning paid to Govt. NO TDS if winning is upto ₹ 10,000	
194BB	Winning from Horse Race	Any person	Any person	30%		
194C	TDS on Contract other than Ind, HUF, AOP, BOI	Any person, other than contractor	Any Resident person	If individual: / HUF-1% other-2% (0.75% / 1.5% from 14/5/20 till 31/3/21)	1) No TDS if - a) Single contract upto ₹ 30000 OR b) Aggregate of contract in P.Y. upto ₹ 1,00,000 2) NO TDS if contract is for personal purpose of individual / HUF 3) For the purpose of contract, work includes - ▶ Advertisement, Broadcast, Telecast ▶ Catering ▶ Carriage of goods, Passenger other than Railway. ▶ Manufacturing / Supplying of any product as per specification of customer out of material purchased / supplied by such customer or associate of customer (Job work) [Associate	

SECTION	NATURE OF PAYMENT	PAYER	PAYEE	RATE	ADDITIONAL NOTE
		[In case of Ind., HUF, AOP, BOI TDS required to be deducted only if last year T/O > 1 Cr in case of business or G/R > 50 Lakhs in case of profession]			
					4. No TDS if payment made to transporter & he does not own more than 10 vehicles at any time during the P.Y. & he furnishes a declarations. 5. In case of Job work, the TDS shall be deducted - <ul style="list-style-type: none"> ▶ On the invoice value excluding the value of material, if material value mentioned separately in invoice ▶ On the whole of the invoice value, if value of material is not mentioned Separately in the invoice.
					6. Contract also includes sub contract. 7. Some issues related to Advt [CBDT circular] Payment by client to Advt agency it is work contract TDS u/s 194C applicable. Payment by Advt agency to TV channel/ Newspaper Company - No TDS u/s 194C.

SECTION	NATURE OF PAYMENT	PAYER	PAYEE	RATE	ADDITIONAL NOTE
194K (added by FA 20)	TDS on Income in respect of Units	Any Person (UTI/MF)	Resident Person	10%	No TDS u/s 194J by an Individual/ HUF, if the payment for Professional Services (only Professional Service) is made or credited for their Personal purposes No TDS if payment is upto ₹ 5,000 in a PY.
194LA	TDS on compensation for compulsory acquisition of immovable property	Any Person	Any Resident Person	10% ↓ (7.5% from 14/5/20 till 31/3/21)	- No TDS if consideration is upto ₹ 2,50,000 p.a. NO TDS if compulsory acquisition of rural agricultural land.
194LB	TDS on interest on Infrastructure debt fund	Infrastructure debt fund	NR or foreign co.	5%	Infrastructure debt fund referred in Sec 10(47)
194M (Added by FA 19 w.e.f. 1/9/19)	TDS on Contract, Commission or Brokerage or Fess for Professional Service	Individual or HUF (other than covered u/s 194C, 194H, 194J)	Any Resident Person	5% (3.75% from 14/5/20 till 31/3/21)	NO TDS under this section if sum or aggregate of sum paid/credited is upto ₹ 50,00,000

SECTION	NATURE OF PAYMENT	PAYER	PAYEE	RATE	ADDITIONAL NOTE
194N (Amended by FA 20 w.e.f. 1/7/20)	TDS on Cash withdrawal in excess of 1 Crore	Banks, Co. op Bank or post office	Any Person	2%	<p>1. TDS applicable only if payer paying sum or aggregate of sum in CASH in excess of one crore in PY from one or more accounts maintain by payee.</p> <p>2. If payee has not filed the returns of income for all of the 3 AY's relevant to the 3 PY's, for which the time limit of file return of income u/s 139(1) has expired, immediately preceding the PY in which the payment of the sum is made to him, the TDS deducted as follows:</p> <p>(i) amount withdrawn more than ₹ 20 lakhs but upto ₹ 1 Crore : 2%</p> <p>(ii) amount withdrawn more than ₹ 1 Crore : 5%</p>

Example

In case of an individual, say, the relevant PY is 20-21. In respect of AY's 17-18, 18-19 & 19-20 (relevant to the FY's 16-17, 17-18 and 18-19), he has not furnished the ROI and the time limit for filing the return u/s 139(1) has expired, during the FY 20-21, the Bank has paid ₹ 50 lakhs in cash; in case of his HUF similar position prevails and during the financial year 20-21 the amount paid in cash to it by the Bank is ₹ 120 lakhs

In the above cases, the modified threshold limit of ₹ 20 lakhs would apply.

The Bank have to deduct TDS 2% of ₹ 30 lakhs in case of the individual i.e. ₹ 60,000

In case of HUF TDS @ 2% of 80 Lakhs and 5% of 20 lakhs i.e. ₹ 2,60,000

ADDITIONAL NOTE

3. Under this section TDS applicable on excess amount of ₹ 20 lakhs or ₹1 crore as the case may be.

4. TDS under this section not applicable if Payee is:

- (i) Govt.
- (ii) Bank, Co. Op. Bank or Post Office
- (iii) Business Correspondents of Bank or Co. Op Bank
- (iv) White Label ATM operator
- (v) Any other notified person

Notified Person

1. The authorised dealer and its agent and sub-agent and Full-Fledged Money Changer (FFMC) licensed by RBI, maintaining a separate bank a/c from which withdrawal is made only for the purposes of:

- (i) purchase of foreign currency from foreign tourists or non-residents visiting India or from resident Indians on their return to India, in cash as per the directions or guidelines issued by Reserve Bank of India; or
- (ii) disbursement of inward remittances to the recipient beneficiaries in India in cash under Money Transfer Service Scheme (MTSS) of the Reserve Bank of India

2. Commission agent or trader, operating under Agriculture Produce Market Committee (APMC), and registered under any Law relating to Agriculture Produce Market of the concerned State.

3. Cash Replenishment Agencies (CRA's) and franchise agents of White Label Automated Teller Machine Operators (WLATMO's).

SECTION	NATURE OF PAYMENT	PAYER	PAYEE	RATE	ADDITIONAL NOTE
194-O (added by FA 20 w.e.f. 1/10/20)	TDS on payment by E-Commerce (sale of goods/ services)	Any Person (E-Commerce operator)	Resident Person (E-commerce participant)	1% (of gross amount) (0.75% from 14/5/20 till 31/3/21)	No TDS if ALL the following conditions are satisfied: (a) The e-commerce participant is an Ind or HUF. (b) The gross amount of such sale or services or both during the PY upto ₹ 5 lakh. (c) The e-commerce participant has furnished his PAN or Aadhaar number to the e-commerce operator.

Notes:

- Under this section TDS deductible on gross amount of such sale of goods/services. For this purpose, any payment made by a purchaser of goods or services directly to an e-commerce participant, facilitated by e-commerce operator, shall deemed to be the amount paid/credited by e-commerce operator to e-commerce participant and shall be included in gross amount for the purpose of TDS.
- "electronic commerce" means the supply of goods or services or both, including digital products, over digital or electronic network;
- "e-commerce operator" means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce, Ex. Amazon, Flipkart etc.
- "e-commerce participant" means a person resident in India selling goods or providing services or both, including digital products, through digital or electronic facility or platform for electronic commerce.

4. Whether TCS @ 1% on sale of motor vehicle is applicable in case of an individual?
 Ans. The definition of "Seller" as given in section 206C shall be applicable in the case of sale of motor vehicles also.

Accordingly, an individual who is liable to audit as per the provisions of section 44AB during the financial year immediately preceding the financial year in which the motor vehicle is sold shall be liable for collection of tax at source on sale of motor vehicle by him.

5. Whether TCS @ 1% on sale of motor vehicle is applicable only to luxury cars?

Ans. No, as per section 206C(1F), the seller shall collect tax @ 1% from the purchaser on sale of any motor vehicle of the value exceeding ₹ 10 lakhs.

Sec 206C(1G): TCS on remittance outside India or sale of Tour package (Added by FA 20 w.e.f. 01/10/20)

(i) In case of authorised dealer, who receives an amount of more than ₹7,00,000 in PY from a buyer who remitting such amount out of India under the Liberalised Remittance Scheme (LRS) of the RBI then he required to collect TCS @ 5% in excess of ₹7,00,000.

Note : If remitted amount is out of Educational Loan taken from Financial Institution then TCS rate shall be 0.5% instead of 5%.

(ii) In case of sale of an overseas tour program package (OTPP), seller receives any amount from a buyer required to collect TCS @ 5%.

Notes:

1. "OTPP" means any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expenditure of similar nature or in relation thereto.

2. Above section not applicable if buyer is

(a) Liable to deduct TDS under IT Act and deducted the same;

(b) CG, SG, an embassy, High Commission, legation, commission, consulate, the trade representation of a foreign State, a local authority or any notified person.

Sec 206C(1H): TCS on Sale of Goods (Added by FA 20 w.e.f. 01/10/20) : In case of sale of any goods of the value or aggregate of such value more than ₹50 lakhs in any PY, [other than the goods being exported out of India or goods covered in 206C(1) or 206C(1F) or 206C(1G)] seller shall collect TCS from the buyer @ 0.1% of the sale consideration in excess of ₹ 50 Lakhs. (0.075% from 01/10/20 till 31/03/21)

Notes:

1. "seller" means a person whose T/O or G/R from the business carried on by him more than 10 crore in last PY.

2. "buyer" means a person who purchases any goods, but does not include,—

(a) CG, SG, an embassy, High Commission, legation, commission, consulate, the trade representation of a foreign State, a local authority or

(b) a person importing goods into India or any other notified person.

3. Section 206C(1H) not applicable in case of sale of service as this section mention only sale of Goods.

4. If buyer not submit PAN or Aadhar then TCS rate is 1% instead of 5% in this section.

5. If buyer liable to deduct TDS under IT Act and deducted the same then TCS not apply.

Example : 1- Case: 1- On 10/12/2020 Mr. BB wants to transfer ₹10 lakhs to USA through AB Ltd. (an authorized dealer) under LRS scheme of RBI.

Sol.: In this case AB Ltd require to collect TCS from Mr. BB at the rate of 5% of ₹ 3,00,000 i.e. ₹ 15,000 on 10/12/2020.

Case : 2 Suppose in Case-1, Mr. BB wants to transfer only ₹5 lakhs instead of ₹10 lakhs.

Sol.: In this case TCS NOT applicable as it applies only if amount is more than ₹7 lakhs.

Case: 3 Suppose in Case-1, Mr. BB wants to transfer ₹10 lakhs on 16/07/20 instead of 10/12/20.

Sol.: In this case TCS not applicable as this section applicable only w.e.f. 01/10/2020.

Case: 4 Suppose in Case-1, Mr. BB not submitted PAN/Aadhar to AB Ltd.

Sol.: In this case TCS applicable at the rate of 10% of ₹3,00,000 i.e. ₹30,000

Case: 5 Suppose in Case-1, Mr. BB takes an Education loan from IDFC First Bank for his son's higher education outside India, ₹10 lakhs remitted through AB Ltd. on 10/12/20.

Sol.: In this case TCS applicable at the rate of 0.5% of ₹3,00,000 i.e. ₹15,000

Case: 6 Suppose in Case-1 Mr. BB remitted ₹ 5 lakhs through A (dealer) and ₹5 lakhs through JJ Ltd (dealer).

Sol.: In this case TCS not applicable as dealer not received amount of more than ₹7 lakhs.

Example : 2 - Mr. Devam purchased Singapore tour package from Thomas Cook for ₹2,50,000 on 16/01/21.

Sol.: In this case Thomas cook required to collect TCS @ 5% of ₹2,50,000 i.e. ₹12,500.

Example : 3 Suppose in example 2 Devam deducted TDS of Thomas Cook u/s 194C.

Sol.: If TDS deducted under any provisions of IT then TCS not apply u/s 206C(1G).

Example : 4 Check TCS implication in following cases for PY 20-21

Seller	T/O for PY 19-20 ₹	Buyer	Sale of Goods upto 30/09/20	Sale between 01/10/20 to 31/03/21	TCS Liability
Mr. BB	10 Crore	KK Ltd.	₹30 Lakhs	₹40 Lakhs	NO TCS
Mr. BB	12 Crore	KK Ltd.	₹40 Lakhs	₹12 Lakhs	TCS @0.1% / 0.075% of 2 lakhs
Mr. BB	12 Crore	Maha. Govt.	₹40 Lakhs	₹12 Lakhs	NO TCS
D Ltd.	15 Crore	Mr. Jethalal	₹150 Lakhs	₹20 Lakhs	TCS @0.1% / 0.075% of 20 lakhs
Local Authority	20 Crore	Mr. Popat	₹10 Lakhs	₹150 Lakhs	TCS @0.1% / 0.075% of 110 lakhs

Sec 231: Faceless collection and recovery of tax

(1) The CG may make a scheme, by notification in the Official Gazette, for the purposes of issuance of certificate for deduction of TDS at any lower rates or no deduction of TDS u/s 197, or deeming a person to be an assessee in default u/s 201(1) or u/s 206C(6A), issuance of certificate for lower collection of TCS u/s 206C(9) or passing of order or amended order u/s 210 or reduction or waiver of the amount of interest paid or payable by an assessee or extending the time for payment or allowing payment by instalment, or treating the assessee as not being in default u/s 220 or levy of penalty u/s 221, or drawing of certificate by the TRO u/s 222, or jurisdiction of TRO u/s 223, or stay of proceedings in pursuance of certificate and amendment or cancellation thereof by the TRO u/s 225, or other modes of recovery u/s 226 or issuance of tax clearance certificate u/s 230 so as to impart greater efficiency, transparency and accountability by—

- eliminating the interface between the income-tax authority and the assessee or any other person to the extent technologically feasible,
- optimising utilisation of the resources through economies of scale and functional specialisation,
- introducing a team-based issuance of certificate for deduction or collection of income-tax at lower rate, or for no deduction, or for deeming a person to be an assessee in default, or for passing of an order or amended order, or extending the time for payment, or allowing payment by instalment or reduction or waiver of interest, or for treating the assessee as not being in default, or for levy of penalty or for drawing of certificate or stay of proceedings in pursuance of certificate and amendment or cancellation thereof, by, or jurisdiction of, Tax Recovery Officer or other modes of recovery or issuance of tax clearance certificate, with dynamic jurisdiction.

(2) The CG may, for the purpose of giving effect to the scheme made under sub-section (1), by notification in the Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification. Provided that no direction shall be issued after the 31/03/22.

(3) Every notification issued under sub-section (1) and sub-section (2) shall, as soon as may be after the notification is issued, be laid before each House of Parliament.

(Added by The Taxation and Other Laws (Relaxation & Amendment of certain provisions) Act 2020 w.e.f. 01/11/20)