

CA FINAL

DIRECT TAX AMENDMENTS

(November 2024)



PREFACE

Dear CA buddy!

This is the Compilation of Direct Tax and International Taxation Amendments applicable for November 2024 Exams

This compilation is crafted with lot of efforts. Make use of this to the most and share it with your friends.

Prepare consistently with a proper schedule. Just focus on your Process and not on the output.

Give your best for the exam.

All the Best!!!

-ICAN CA

DIRECT TAX AMENDMENTS

❖ NEW SECTION 115BBJ -WINNINGS FROM ONLINE GAMES

Winnings from online games is **taxable @ 30%**

❖ TDS U/s 194BA: TDS ON ONLINE GAMES

As per this section, TDS on online winnings shall be deducted **@30% [without any threshold limit]**. Tax shall be deducted **at the end of the financial year**. However, if the winnings are withdrawn from the user account during the financial year, then TDS shall be deducted **at the time of such withdrawal**.

❖ TAXATION OF LIFE INS. POLICIES, IF PREMIUM > 5 L

Any sum received under a Life Insurance Policy, including bonus is **taxable**, If the LIP is issued **on or after 1.04.2023** and the amount of premium payable for any PY during the term of policy **exceeds 5 Lakhs**.

Provided, if premium is payable for more than one LIP, other than ULIP, issued on or after 1.04.2023, the exemption u/s 10(10D) shall apply only with respect to those LIP, where the aggregate amount of premium does not exceed 5 lakhs in any of the PY during the term of those policies.

Note: Exemption is available if the sum received **on the death of the person**

❖ AMENDMENTS IN CHARITABLE OR RELIGIOUS TRUSTS

(i) Earlier, all the trusts were supposed to take provisional registration first and then convert in to regular registration. Now, provisional registration is required only for a trust which has not yet commenced its activities. The trust which has **already commenced its activities** does **not require provisional registration**. It can **directly apply for regular registration**.

(ii) Earlier, donation (Not as corpus donation) given to other registered trust was fully treated as applied for charitable/religious purpose. Now, donation given to other registered trust is treated as income applied for charitable/religious purpose **only to the extent of 85% of amount donated**.

(iii) Earlier, income which could not be applied for charitable/religious purpose due to non-receipt or other genuine reason was deemed to be applied provided the trust

intimated the same to the A.O. in Form 9A upto the due date of filing return. Now, such **intimation to A.O. in Form 9A should be furnished atleast 2 months prior to the due date of filing return**.

Similarly, Form 10 for accumulation of income was supposed to be submitted upto the due date of filing return. Now, **Form 10 for accumulation of income is required to be submitted atleast 2 months prior to the due date of filing return**.

(iv) Loan taken for charitable/religious purpose

- i. When loan is taken - Ignore [it's not an income]
- ii. When loan is used - Ignore [it's not application of income]
- iii. When **loan is repaid** - **It's application of income** and it will be exempt if following 2 conditions are satisfied
 - a. Loan should be **used for ch./rel. purpose**
 - b. Loan should be **repaid within 5 years** from the end of the year in which loan were used.

(v) Corpus Donation

- i. When received - Exempt [if invested in modes u/s 11(5)]
- ii. When corpus is used - Ignore [it's not application of income]
- iii. When corpus is **rebuilt/ reinvested** - **It's application of income** and it will be exempt if following 2 conditions are satisfied:
 - a. Corpus donation should be used for **ch./rel. purpose**
 - b. Corpus should be **rebuilt/reinvested within 5 years** from the end of the year in which corpus was used.

(vi) New Circumstance of Cancellation of Registration

If the CIT discovers that the application for registration is **incomplete or it contains false information** then he can cancel the registration

(vii) New Circumstance for Exit Tax

If a trust **fails to convert** its provisional registration in to regular registration or if it **fails to renew** it's regular registration then the trust is **liable to pay Exit Tax**.

(viii) In order to claim exemption u/s 11 and 12, trust should file the return of income, whether **it can be timely or belated** but **not the updated return.**

❖ AMENDMENTS IN CAPITAL GAINS

i. Conversion of Gold in to EGR and vice versa

When physical gold is converted in to EGR, it amounts to “exchange” which falls in the definition of transfer but as per Sec. 47, this transfer is exempt

Further when EGR is transferred:

Cost of EGR = Cost of GOLD.

Period of EGR = Date of purchase of GOLD up to the date of transfer of EGR

Indexation of EGR = From the year when GOLD was purchased up to the year of transfer of EGR

Note: Same rule is applicable in case of reverse transfer i.e. when EGR is converted into Gold and when such Gold is subsequently sold

ii. Sec 50AA: Taxation of capital gains on transfer of Market Linked Debentures and units of Specified Mutual Funds

As per this section, such capital gains will be computed as follows and it will be **always taxed as STCG**

FVOC	XXX
Less : Transfer Expenses	(XXX)
Net Consideration	XXX
Less : Cost of Acquisition	(XXX)
Deemed as STCG	XXX

Note :

- **Market linked Debentures** are debentures whose returns are linked to underlying market index. The underlying market index can be Equity index, Gold index etc. Unlike regular debentures, here the returns are not fixed.
 - **Specified Mutual Fund** means a Mutual Fund where not more than 35% of its total proceeds is invested in the equity shares of domestic companies.
- iii. It is clarified by Finance Act, 2023 that Interest on housing loan which is claimed as deduction u/s 24 [IFHP] or u/s 80EE/80EEA shall not be treated as cost of acquisition for the purpose of capital gains [as it would amount to double deduction].
- iv. Earlier, there was only one restriction u/s 54 and 54F that the assessee cannot claim exemption for more than one house. Now, there is one more restriction that the cost of new house should not be more than Rs.10 crores.
- v. Under sec. 55, cost of some specified self-generated asset is treated as Nil. Now, this rule is generalized for all the intangible assets/rights. Accordingly, cost of any intangible assets/rights will be NIL [if it is self-generated].

❖ AMENDMENTS IN PGBP

- i. In case of amount payable to micro and small enterprises, sec.43B requires that the payment should be made within the time limit prescribed in sec.15 of MSMEDA, 2006 [Micro, Small and Medium Enterprises Development Act, 2006].
If payment is made **within the time limit u/s 15** of MSMEDA 2006 then **dedn is allowed on accrual basis** and if it is **paid after such time limit** then **dedn is allowed on payment basis**

As per sec. 15 of MSMEDA, 2006, any sum payable to micro and small enterprises should be paid **on or before the date agreed upon in writing** between the parties **[which shall not exceed 45 days]**. If there is **no such agreement** then it should be paid **within 15 days**.

Eg: Our Previous year is 2023-24. On 26th March 2024, Assessee purchased stationery from Mr. X [who is a micro and small enterprise]. The assessee **did not agree** as to when the amount will be paid by him to Mr. X.
Accordingly, the stationery bill should be paid **within 15 days** i.e. latest upto 10th April 2024.

In this case:

If the assessee pays the bill on or before 10th April 2024 then **dedn will be allowed in the PY 2023-24** itself **on accrual basis**.

If the assessee pays the bill after 10th April, 2024 then dedn will **not be allowed in PY 2023-24**. It will be allowed in the **year of actual payment**.

- ii. The threshold limit for claiming presumptive taxation u/s 44AD is increased from Rs.2 crores to **Rs.3 crores** for those assesseees in whose case **atleast 95% of the total receipts** is by way of A/c Payee Cheque/Draft/ECS/Other prescribed electronic modes.

Similarly, the threshold limit for claiming presumptive taxation u/s 44ADA is also increased from Rs.50 lakhs to **Rs.75 lakhs** for those assesseees in whose case **atleast 95% of the total receipts** is by way of A/c Payee Cheque/Draft/ECS/Other prescribed electronic modes.

❖ AMENDMENTS IN TDS/TCS

- i. Currently, **TDS u/s 194N** is applicable on cash withdrawal in excess of ₹1 crore. In case of **co-operative societies**, this threshold of Rs.1 crore is amended to **₹3 crores**.
- ii. Earlier, TDS u/s 193 was not applicable on Interest from listed Demat securities. Now, **TDS u/s 193 is applicable on Interest from listed Demat securities**.
- iii. **TCS u/s 206C(1G)** in respect of sale of foreign currency for remittance abroad and **sale of foreign tour package** is increased from 5% to **20%** without any threshold limit.

Now, **TCS of 5%** with a threshold limit of 7 lakhs is applicable only if the sale of forex is for a remittance for the **purpose of education/medical treatment**.

❖ AMENDMENTS IN Sec 115BAC

- i. Earlier this section was applicable to only Individuals and HUF. Now, this section is applicable to **other assessees also [who are subject to slab rates]**.
- ii. **Slab Rates** under concessional tax regime has been amended as follows

Net Taxable Income	Tax Rate
Up to 3 Lakhs	0
>3 lakhs upto 6 Lakhs	5%
>6 lakhs upto 9 Lakhs	10%
>9 lakhs upto 12 Lakhs	15%
>12 lakhs upto 15 Lakhs	20%
>15 Lakhs	30%

- iii. Surcharge of 37% is not applicable u/s 115BAC. Hence, **maximum surcharge u/s 115BAC is 25%**.
- iv. **Rebate u/s 87A** under concessional tax regime is allowed **upto Rs.25,000** if Net Taxable Income is **upto Rs.7,00,000**. Concept of Marginal Rebate is introduced if the NTI increases marginally above Rs.7,00,000.

Amt of marginal rebate = Extra Tax above Rs.7 lakhs - Extra income above Rs.7 lakhs

- v. Assessee is allowed to **standard dedn.** under the head "Salaries" and standard dedn. in respect of **Family Pension** under the head "IFOS". Even, the newly introduced deduction u/s **80CCH(2)** can be claimed by assessee.
 - vi. Now, **sec. 115BAC is the default tax regime.** By default, an assessee will be assessed as per the provisions of sec.115BAC. If assessee wants the normal slab rates [old tax regime] then he should inform the IncomeTax Dept.
- ❖ **NEW SECTION 115BAE IS INTRODUCED WHICH IS SAME AS SEC. 115BAB.** The only difference is that sec.115bab is for new Indian companies engaged in **manufacturing/power business** [registered on/after 1/10/2019] but sec.115BAE is for new resident co-operative societies engaged in mfg. or power business [regd on or after 1/4/2023]. **All the provisions u/s 115BAB are applicable u/s 115BAE also.**
 - ❖ **AMENDMENT IN Category III AIF in IFSC**
Certain incomes of Category III AIF located in IFSC are taxed at special rates u/s 115AD. As per Finance Act, 2023, these incomes [covered u/s 115AD] shall not be subject to Surcharge and HEC.
 - ❖ **AMENDMENT IN Sec.115A**
 - i. With effect from 1/7/2023, the tax rate of 5% u/s 115A on certain interest incomes of Foreign Co. or Non-Resident shall not be applicable. Accordingly, such **interest incomes shall be taxable @20% with effect from 1/7/2023.** However, interest income from **Infrastructure Debt Fund shall continue to be taxed @5%**

- ii. Dividend income of FC/NR is taxable @20%. Now, if the dividend income is received from a company located in IFSC then it will be taxable @10%
- iii. Earlier **Royalty/FTS income of FC/NR** was taxable @10%. Now, it will be taxable @20%.

❖ **AMENDMENT IN SEC 79**

Carry of forward of loss by closely held companies:

In case of a **closely held company**, losses can be carried forward **if at least 51%** shareholding remains with the same persons i.e. those holding at least 51% as on **31/3 of the year of loss** are still holding at least 51% as on **31/3 of the year of set-off**.

In case of **closely held start-up company**, rule of 51% shareholding is **not applicable** in respect of losses suffered in **first 10 years**.

However, **all the the shareholders** as on 31/3 of the year of loss should remain as the shareholders as on 31/3 of the year of set-off [with same number of shares]

Note:

The restriction on carry-forward of losses in case of change in shareholding of closely held companies is **not applicable if change in shareholding is due to following reasons:**

- a) Death
- b) Gift to Relative
- c) Corporate insolvency resolution plan [approved under Insolvency and Bankruptcy Code, 2016]
- d) Corporate mismanagement resolution plan [approved by NCLT]

❖ **AMENDMENT IN Sec.269SS/269T:**

As per **sec.269SS**, loan, deposit or advance of \geq ₹20,000 should be **taken** by way of account payee chq., draft or ECS.

Similarly, as per **sec.269T**, **repayment** of \geq ₹20,000 should be done by way of account payee chq., draft or ECS.

Finance Act, 2023 has increased the threshold of ₹20,000 to **₹2,00,000** in case of loan/deposit **transaction between PACS/PCARDB and its members.**

PACS = Primary Agricultural Credit Society and

PCARDB = Primary Co-operative Agricultural and Rural Development Bank

❖ **AMENDMENT IN BUSINESS TRUST:**

Interest/Dividend from SPV and Rental income of business trust is **exempt in the hands of business trust** but the same is **taxable in the hands of unitholders**. All other incomes are taxable in the hands of business trust but exempt for the unitholders.

As per the latest amendment, if business trust receives some amount other than the above income [i.e, repayment of debt] and distributes the same to the unitholders then such amount is not taxable for the business trust but **it will be taxable for the unitholders.**

Taxable Amt. for the U/H = Amt. distributed till date - Issue Price

❖ AMENDMENT IN TRANSFER PRICING:

- i. Earlier **section 94B** [in transfer pricing] was not applicable to Banking and Insurance companies.
Now, the **provisions of this section are not applicable to NBFC also.**
- ii. Earlier, **section 92D** required a transfer pricing assessee to furnish the information and documents **within 30 days** from the date of receipt of notice requiring information and documents.
Now, this time limit of 30 days is amended **to 10 days.**

❖ AMENDMENT IN Sec.271FAA:

Earlier, the **penalty for furnishing inaccurate SFT** [Statement of Financial Transactions] was **Rs. 50,000.**

Now, in addition to Rs. 50,000, a reporting entity is liable to pay an **additional penalty of Rs. 5,000:**

- a) If the reporting entity is banks/financial institution and
- b) If the inaccurate information in SFT is due to inaccurate information supplied by Account holder.

However, this additional penalty of Rs. 5,000 **can be recovered by the reporting entity from the Account holder**

❖ AMENDMENT IN APPEALS:

Earlier, first appeal in income tax was heard by CIT(A).

Now, the first appeal can be heard by either CIT(A) or Joint CIT(A). To reduce to workload of CIT(A), an additional authority is introduced i.e. Joint CIT(A).

❖ AMENDMENT IN APPEALS:

- i. Earlier, in search operations, authorized officer was allowed to take help of Police or any officer of Govt.

Now, the authorized officer can also take the help of Professionals [professionals approved by CCIT].

- ii. Earlier, the authorized officer was allowed to refer valuation of seized assets to valuation Officer

Now, he can refer the valuation of seized assets to either valuation office or a registered valuer [approved by CCIT].

❖ **AMENDMENT IN ASSESSMENT PROCEDURES :**

- i. Section 142(2A) empowers A.O. to issue direction to the assessee requiring him to get his **accounts audited by a CA** nominated by CIT/CCIT.

Now, as per section 142(2A), the A.O. can also issue a direction to the assessee requiring him to get his **stock valued by a Cost Accountant** nominated by CIT/CCIT.

- ii. Earlier, the return in response to notice u/s 148 was supposed to be filed **within the time prescribed in such notice.**

Now, return in response to notice u/s 148 **should be filed within 3 months from the end of the month in which such notice is issued** or such extended time as may be allowed by A.O.

- iii. As per sec. 149(1), notice u/s 148 should be issued within 3/10 years from the end of the relevant A.Y. However, if search is initiated or completed after 15th March of 3rd/10th year **then the time limit of 3/10 years shall be extended by 15 days.**

- iv. Earlier, the time limit from completion of regular/best judgment assessment **was 9 months from the end of A.Y.**

Now, this time limit **has been amended to 12 months from the end of A.Y.**

Also, the time limit for completing asst. after filing of **updated return** has been amended **from 9 months to 12 months** from the end of the year in which updated return is filed.

- v. When search is initiated, the time limit for completing all the pending assessments shall be extended by 12 months [Earlier, there was no such provision].
- vi. **New section 245 :**
As per section 245(1), the A.O., CIT or CCIT can set-off refund due to the assessee against the sum payable by the assessee [however, the assessee should be given a prior intimation for the same].
As per section 245(2), if the refund is not set-off or partly set-off and if any assessment is pending then the A.O. can withhold the refund due to the assessee if the grant of refund would adversely affect the revenue. This can be done by A.O. after recording the reasons in writing and after taking prior approval of CIT.
- vii. **Sec. 155:** If an assessee has declared some income on accrual basis in year 1 and paid the tax on the same and if, in subsequent year [say year 3], TDS on such income is deducted and deposited then the assessee can apply for rectification of the asst. order of year 1 so that he can claim the credit of such TDS in Year 1 and get the refund of tax paid in year 1. Such rectification application should be made within 2 years from the end of the year in which such TDS is deposited.

❖ AGNIVEER SCHEME

Under this scheme, an individual [between the age of 17.5 yrs. and 21 yrs.] is employed with Central Govt. in Indian Army for 4 years and gets Salary for 4 years. After 4 years, such individual has an option to apply for permanent position in Indian Army. During these 4 years, some amount is deducted from his salary and contributed to Agniveer Corpus Fund. A matching contribution is made by the employer [i.e. Govt. - Indian Army] to this fund.

→ Tax Treatment in the hands of Employee [Agniveer]:

1. Monthly Salary - Fully Taxable
2. His Contribution to Agniveer Corpus Fund - Entire amount is eligible for Deduction u/s 80CCH (1)
3. Employer's Contribution to Agniveer Corpus Fund - Taxable under the head Income from Salaries and Entire amount is eligible for Deduction u/s 80CCH (2) [i.e First include in Income from Salaries and then dedn under chapter VIA]
4. Lumpsum amount received from Agniveer Corpus Fund is fully exempt u/s 10(12C)

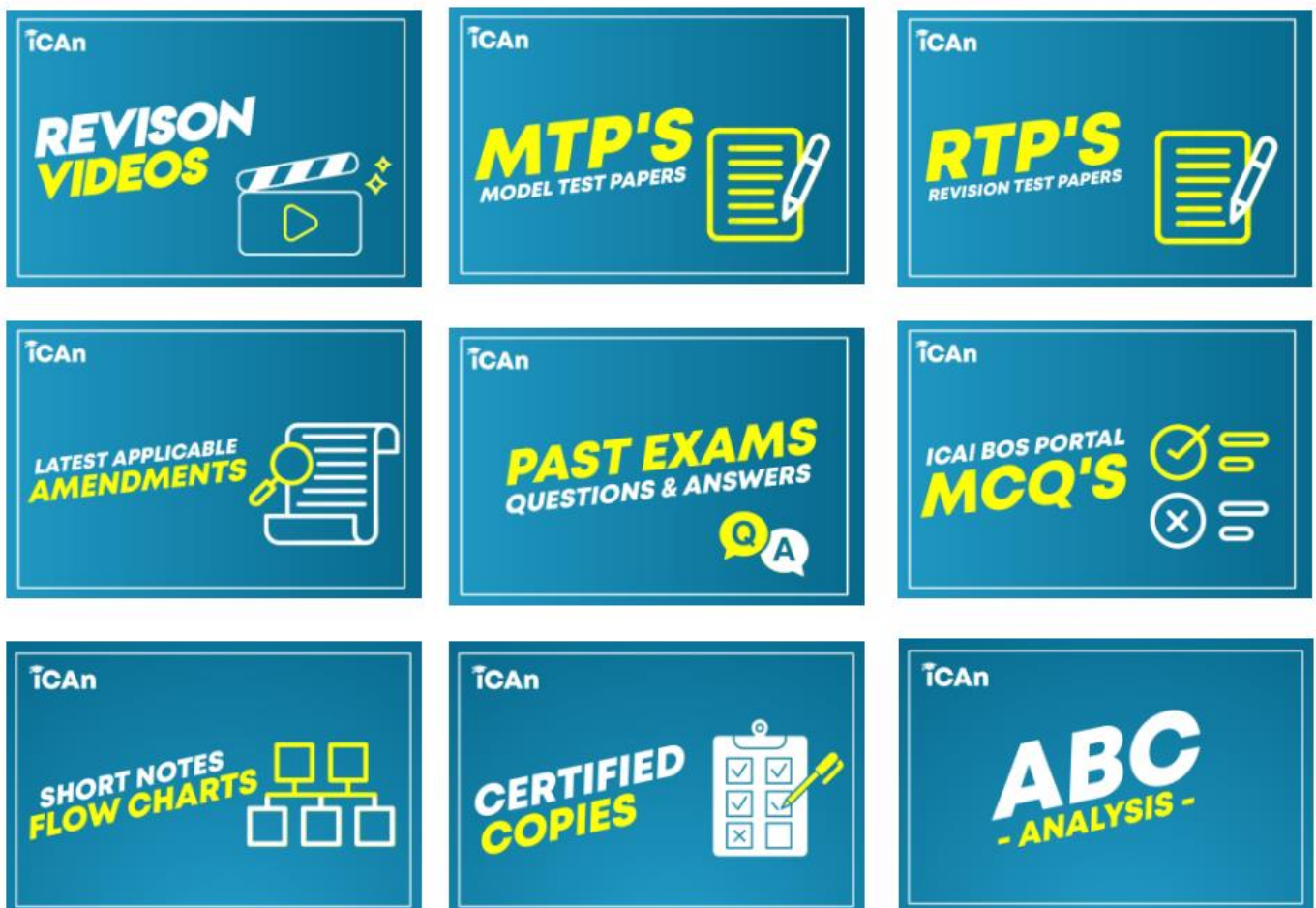


ICAN CA INDIA is a one stop destination for all the CA Aspirants, providing essential resources crucial for their preparation for the Exams, all are conveniently available in one location.

Simply visit <https://icancaindia.com/ca-final/> to access essential resources, including revision videos from various lecturers, Mock Test Papers (MTPs), Revision Test Papers (RTPs), past exam question papers with suggested answers, the latest applicable amendments, MCQs from the ICAI BOS portal, concise notes, certified copies, ABC analysis, and other study materials all conveniently available in one place.

“Save your precious time with just a single click”

Select the resource you require with a simple click  



ALL THE BEST FOR THE EXAMS !!!