

AMENDMENTS FOR MAY 2021/NOV 2021

INCOME TAX

Computation of Total Income and Tax Liability

1.No change in slab rate and surcharge and HEC. However option has been given under section 115BAC to compute income tax at the rates given below:

If total Income upto c2,50,000	Nil
On next c2,50,000	5%
On next c2,50,000	10%
On next c2,50,000	15%
On next c2,50,000	20%
On next c2,50,000	25%
On Balance amount	30%

Option has been given only to individual and HUF to compute tax at the above rates but it is subject to many conditions given under section 115BAC i.e. the assessee has to forgo many of the exemptions and deductions.

In brief as per section 115BAC, the assessee has to forgo the following exemptions and deductions.

- (i) Section 10(5) – Leave travel concession (LTC)
- (ii) Section 10(13A) – House Rent allowance (HRA)
- (iii) Section 10(14) – Special allowances.
- (iv) Section 10(32) – Exemption of 1,500 in case of minor children.
- (v) Section 10 AA
- (vi) Section 16 (ia),16(ii),16(iii)
- (vii) Section 10 (17) – Allowances to MPs and MLAs (Not Covered in syllabus)
- (viii) Section 24 (b) in case of property under section 23(2)
- (ix) Section 32(1) (iia) – Additional depreciation.
- (x) Section 32AD – Investment allowance in case of notified backward areas.
- (xi) Section 33AB – Tea Development account/coffee development account (Not covered in syllabus)
- (xii) Section 33ABA – Site restoration fund (Not covered in syllabus)
- (xiii) Section 35 (1) (ii) – Donation to Notified scientific research association (150%)
- (xiv) Section 35 (1) (iia) – Donation to Indian companies for scientific research (100%)
- (xv) Section 35 (1) (iii) – Donation for social science or statistical research (100%)
- (xvi) Section 35 (2AA) – Donation to National laboratory or Indian Institute of Technology or other notified Institution (150%)
- (xvii) Section 35AD – Specified business
- (xviii) Section 35CCC – Agricultural extension project
- (xix) Section 57(iia) – Deductions of Family Pension
- (xx) Deductions under chapter VIA i.e. 80C to 80U. However Deduction shall be allowed u/s 80CCD (2) & 80JJAA
- (xxi) Carried forward loss or depreciation relating to the above shall not be allowed and shall lapse.
- (xxii) Current year loss of house property shall not be setoff from any other income and shall lapse.
- (xxiii) Current year depreciation except additional depreciation shall be allowed.

As per section 115BAC (5). An individual and HUF shall exercise their option at the time of filing of return of income but a person having income under business/profession who has opted for this scheme shall be allowed to come out only once and after that he can never opt for this scheme. If subsequently such person donot have income under the head business/profession, again such person can exercise such option on year to year basis.

Original section 115BAC

115BAC. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely:—

TABLE

Sl. No.	Total income	Rate of tax
(1)	(2)	(3)
1.	Upto Rs. 2,50,000	Nil
2.	From Rs. 2,50,001 to Rs. 5,00,000	5 per cent
3.	From Rs. 5,00,001 to Rs. 7,50,000	10 per cent
4.	From Rs. 7,50,001 to Rs. 10,00,000	15 per cent
5.	From Rs. 10,00,001 to Rs. 12,50,000	20 per cent
6.	From Rs. 12,50,001 to Rs. 15,00,000	25 per cent
7.	Above Rs. 15,00,000	30 per cent:

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of this Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Provided further that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of this Act shall apply for those years accordingly.

(2) For the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,—

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head "Income from house property" with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfilment of the conditions contained in the said section.

Explanation.—For the purposes of this sub-section, the term "Unit" shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

(5) Nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,—

(i) having income from business or profession, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years;

(ii) having income other than the income referred to in clause (i), alongwith the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year:

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any income from business or profession in which case, option under clause (ii) shall be available.

Compute tax liability under general provision and as per section 115BAC

- (i) Mr. X has total income of c6,00,000
- (ii) Mr. X has total income of c8,00,000
- (iii) Mr. X has total income of c10,00,000
- (iv) Mr. X has total income of c12,00,000
- (v) Mr. X has total income of c20,00,000

Example 1

Mr. X has total income of c6,00,000

Solution:

(i) Total income	6,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On balance c1,00,000 @ 20%	20,000
Tax before health and education cess	32,500
Add: health & education cess @ 4%	1,300
Tax Liability	33,800

Tax liability as per section 115BAC

Total income	6,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On balance c1,00,000 @ 10%	10,000

Tax before health and education cess	22,500
Add: health & education cess @ 4%	900
Tax Liability	23,400

Example 2

Mr. X has total income of c8,00,000

Solution:

(ii) Total income	8,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On balance c3,00,000 @ 20%	60,000
Tax before health and education cess	72,500
Add: health & education cess @ 4%	2,900
Tax Liability	75,400

Tax liability as per section 115BAC

Total income	8,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On next c2,50,000 @ 10%	25,000
On balance c50,000 @ 15%	7,500
Tax before health and education cess	45,000
Add: health & education cess @ 4%	1,800
Tax Liability	46,800

Example 3

Mr. X has total income of c10,00,000

Solution:

Total income	10,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On balance c5,00,000 @ 20%	1,00,000
Tax before health and education cess	1,12,500
Add: health & education cess @ 4%	4,500
Tax Liability	1,17,000

Tax liability as per section 115BAC

Total income	10,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On next c2,50,000 @ 10%	25,000
On balance c2,50,000 @ 15%	37,500
Tax before health and education cess	75,000
Add: health & education cess @ 4%	3,000
Tax Liability	78,000

Example 4

Mr. X has total income of c12,00,000

Solution:

Total income	12,00,000
On first c2,50,000	Nil
On next c2,50,000 @ 5%	12,500
On balance c5,00,000 @ 20%	1,00,000

On balance ₹2,00,000 @ 30%	60,000
Tax before health and education cess	1,72,500
Add: health & education cess @ 4%	6,900
Tax Liability	1,79,400

Tax liability as per section 115BAC

Total income	12,00,000
On first ₹2,50,000	Nil
On next ₹2,50,000 @ 5%	12,500
On next ₹2,50,000 @ 10%	25,000
On next ₹2,50,000 @ 15%	37,500
On balance ₹2,00,000 @ 20%	40,000
Tax before health and education cess	1,15,000
Add: health & education cess @ 4%	4,600
Tax Liability	1,19,600

Example 5

Mr. X has total income of ₹20,00,000

Solution:

Total income	20,00,000
On first ₹2,50,000	Nil
On next ₹2,50,000 @ 5%	12,500
On balance ₹5,00,000 @ 20%	1,00,000
On balance ₹10,00,000 @ 30%	3,00,000
Tax before health and education cess	4,12,500
Add: health & education cess @ 4%	16,500
Tax Liability	4,29,000

(b) Tax liability as per section 115BAC

Total income	20,00,000
On first ₹2,50,000	Nil
On next ₹2,50,000 @ 5%	12,500
On next ₹2,50,000 @ 10%	25,000
On next ₹2,50,000 @ 15%	37,500
On next ₹2,50,000 @ 20%	50,000
On next ₹2,50,000 @ 25%	62,500
On balance ₹5,00,000 @ 30%	1,50,000
Tax before health and education cess	3,37,500
Add: health & education cess @ 4%	13,500
Tax Liability	3,51,000

Illustration 1: Mr. X is employed in Central Government.

Basic Pay	₹1,00,000 p.m.
House Rent allowance	₹20,000 p.m.
Rent Paid	₹10,000 p.m.
Entertainment allowance received	₹1,000 p.m.

Employer allowed him leave travel concession from Delhi to Goa and paid ₹7,000 per ticket for 4 members of family including Mr. X but economy class fare is ₹3,000 per ticket.

He has one house which is self-occupied. He has taken loan of ₹35,00,000 @ 12% p.a. from State Bank on 01-05-2020 for purchase of this house. He has deposited the certificate of interest.

He invested ₹1,00,000 in NSC and paid ₹20,000 medi-claim premium by cheque. Donated ₹40,000 to PMCARES Funds by cheque.

Compute his tax liability in the following situations

- (i) Not opted for section 115BAC
- (ii) Opted for section 115BAC

Solution:

(i) Not opted for section 115BAC

Computation of Tax Liability of Mr. X

Income under the head salary

Basic Salary (1,00,000 x 12)	12,00,000.00
House Rent allowance (fully taxable since he owns his own house) (20,000 x 12)	2,40,000.00
Leave Travel allowance (4,000 x 4)	16,000.00
Entertainment allowance (1,000 x 12)	12,000.00
Gross salary	14,68,000.00
Less: Deduction u/s 16(ia)	(50,000.00)
Less: Deduction u/s 16(ii)	(5,000.00)
Least of the followings:	
(i) 20% of basic salary i.e. 12,00,000 x 20% = 2,40,000	
(ii) 5,000	
(iii) The actual allowance received = 12,000	
Income under the head salary	14,13,000.00

Income under the head house property (Self occupied house)

Gross Annual Value	Nil
Less: Municipal Taxes paid	Nil
Net Annual Value	Nil
Less: Standard deduction	Nil
Less: Interest on capital borrowed (35,00,000 x 12% x 11/12) = 3,85,000 but restricted to 2,00,000	(2,00,000.00)
Loss under the head house property	(2,00,000.00)

Gross Total Income (14,13,000 -2,00,000)	12,13,000.00
Less: Deductions u/s 80C	(1,00,000.00)
Less: Deductions u/s 80D	(20,000.00)
Less: Deductions u/s 80EEA (3,85,000-2,00,000=1,85,000 but restricted to	(1,50,000.00)
Less: Deductions u/s 80G (100%)	(40,000.00)
Total Income	9,03,000.00

Calculation of Tax Liability

Tax on 9,03,000 at slab rate	93,100.00
Add: HEC @ 4%	3,724.00
Tax Liability	96,824.00
Rounded off u/s 288B	96,820.00

(ii) Opted for section 115BAC

Computation of Tax Liability of Mr. X

Income under the head salary

Basic Salary (1,00,000 x 12)	12,00,000.00
House Rent allowance (fully taxable since he owns his own house) (20,000 x 12)	2,40,000.00
Leave Travel allowance (7,000 x 4)	28,000.00
Entertainment allowance (1,000 x 12)	12,000.00
Gross salary	14,80,000.00
Income under the head salary	14,80,000.00

Income under the head house property (Self occupied house)

Gross Annual Value	Nil
Less: Municipal Taxes paid	Nil
Net Annual Value	Nil
Less: Standard deduction	Nil
Less: Interest on capital borrowed	(2,00,000.00)
(35,00,000 x 12% x 11/12) = 3,85,000 but restricted to 2,00,000	
Loss under the head house property	(2,00,000.00)
As per section 115BAC Loss from house property cannot be setoff from other head income.	
Gross Total Income	14,80,000.00
Less: Deductions u/s 80C to 80U	Nil
Total Income	14,80,000.00

Calculation of Tax Liability as per section 115BAC

Tax on ₹14,80,000 as per section 115BAC	1,82,500.00
Add: HEC @ 4%	7,300.00
Tax Liability	1,89,800.00

Illustration 2: Mr. X has income under the business profession 20,00,000 but no adjustment has been made for the followings:

1. Donation given ₹2,00,000 to approved scientific research association.
2. Unabsorbed depreciation of earlier years ₹1,75,000
3. Unabsorbed depreciation relating to additional depreciation of earlier year ₹1,40,000
4. Brought Forward loss of house property ₹3,00,000 of A.Y. 2019-20

His minor son has interest income ₹1,00,000

He has invested ₹40,000 in PPF.

Compute his tax liability in the following situations

- (i) Not opted for section 115BAC
- (ii) Opted for section 115BAC

Solution: (i) Not opted for section 115BAC**Computation of Tax Liability of Mr. X****Income under the head Business/Profession**

Business Income	20,00,000.00
Less: Donation for approved scientific research association (150%)	(3,00,000.00)
Less: unabsorbed depreciation	(1,75,000.00)
Less: unabsorbed depreciation relating to additional depreciation	(1,40,000.00)
Income under the head business profession	13,85,000.00

Income under the head other sources

Interest Income of minor son	1,00,000.00
Less: exemption u/s 10(32)	(1,500.00)
Income under the head other sources	98,500.00
Gross Total Income (13,85,000 +98,500)	14,83,500.00
Less: Deductions u/s 80C	(40,000.00)
Total Income	14,43,500.00

Calculation of Tax Liability

Tax on 14,43,500 at slab rate	2,45,550.00
Add: HEC @ 4%	9,822.00
Tax Liability	2,55,372.00
Rounded off u/s 288B	2,55,370.00

(ii) Opted for section 115BAC**Computation of Tax Liability of Mr. X****Income under the head Business/Profession**

Business Income	20,00,000.00
Less: Donation for approved scientific research association (150%)	Nil
Less: unabsorbed depreciation	Nil
Less: unabsorbed depreciation relating to additional depreciation	Nil
Income under the head business profession	20,00,000.00
Income under the head other sources	
Interest Income of minor son	1,00,000.00
Less: exemption u/s 10(32)	Nil
Income under the head other sources	1,00,000.00
Gross Total Income (20,00,000 +1,00,000)	21,00,000.00
Less: Deductions u/s 80C	Nil
Total Income	21,00,000.00

Calculation of Tax Liability as per section 115BAC

Tax on 21,00,000 as per section 115BAC	3,80,000.00
Add: HEC @ 4%	15,200.00
Tax Liability	3,95,200.00

2. Earlier surcharge was applicable maximum @ 15% on short term 111A and Long term 112A but now dividend income has also been included and surcharge applicable shall be maximum @ 15%.

Dividend Income

Further section 10(34),10(35),115O and 115R have been deleted and now dividend and interest income shall be taxable in the hands of recipient. Also section 115BBDA has been deleted.

As per section 57, if any person has incurred any expense in earning dividend or income from a mutual fund specified u/s 10(23D) or units of UTI, such expenses shall not be allowed while computing income however any interest paid shall be allowed to be deducted maximum upto 20% of such income.

E.g. Mr. X has taken a loan of c10,00,000 and paid interest 1,00,000 and invested the amount in shares and received dividend of c2,00,000, in this case interest allowed to be deducted shall be c40,000 and balance c1,60,000 shall be taxable.

Dividend received u/s 22(a)/22 (b)/22 (c)/22 (d)/22 (e) shall now be taxable in the hands of recipient.

Original Text Section 57

Provided that no deduction shall be allowed from the dividend income, or income in respect of units of a Mutual Fund specified under clause (23D) of section 10 or income in respect of units from a specified company defined in the Explanation to clause (35) of section 10, other than deduction on account of interest expense, and in any previous year such deduction shall not exceed twenty per cent of the dividend income, or income in respect of such units, included in the total income for that year, without deduction under this section.

The calculations shall be done in the manner given below:

Example 1: Mr. X has income as given below:

Income under the head PGBP	c300,00,000
LTCG 112A	c51,00,000
STCG 111A	c50,00,000
Dividend from domestic company	c100,00,000

Compute his tax liability for A.Y. 2021-22.

(b) Suppose income under the head PGBP ₹600,00,000

(c) Suppose income under the head PGBP ₹90,00,000

Solution:

Computation of Total Income and Tax Liability of Mr. X

Income under the head PGBP	₹ 300,00,000
LTCG 112A	51,00,000
STCG 111A	50,00,000
Dividend from domestic company	100,00,000
Gross Total Income	501,00,000
Less: Deductions u/s 80C to 80U	Nil
Total Income	501,00,000

Option 1: Taking Dividend tax at slab rate for surcharge

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 4,00,00,000 at slab rate	118,12,500.00
Tax Before Surcharge	1,30,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (slab basis) (28,12,500) X 15%	4,21,875.00
Add: Surcharge on PGBP Income (3,00,00,000 x 30% = 90,00,000) X 25%	22,50,000.00
Tax Before cess	159,21,875.00
Add: Health and education cess @ 4%	6,36,875.00
Tax Liability	165,58,750.00

Option 2: Taking Dividend tax @ 30% for surcharge and PGBP income on slab rate

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 4,00,00,000 at slab rate	118,12,500.00
Tax Before Surcharge	1,30,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (100,00,000 x 30% = 30,00,000) X 15%	4,50,000.00
Add: Surcharge on PGBP Income at slab (88,12,500) X 25%	22,03,125.00
Tax Before cess	159,03,125.00
Add: Health and education cess @ 4%	6,36,125.00
Tax Liability	165,39,250.00

Option 3: Taking Dividend tax on average basis for surcharge

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 4,00,00,000 at slab rate	118,12,500.00
Tax Before Surcharge	1,30,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (1,18,12,500/4,00,00,000 x 1,00,00,000 = 29,53,125) X 15%	4,42,968.75
Add: Surcharge on PGBP Income (1,18,12,500/4,00,00,000 x 3,00,00,000 = 88,59,375) X 25%	22,14,843.75
Tax Before cess	159,07,812.50
Add: Health and education cess @ 4%	6,36,312.50

Tax Liability	165,44,125.00
Rounded off u/s 288B	165,44,130.00

Note: Calculation for surcharge on tax on Dividend is not discussed in the act when it includes other income also. As per our view we have discussed 3 methods above. Student can solve the solution by taking any of the above methods.

(b)

Solution:

Computation of Total Income and Tax Liability of Mr. X

Income under the head PGBP	600,00,000	c
LTCG 112A	51,00,000	
STCG 111A	50,00,000	
Dividend from domestic company	100,00,000	
Gross Total Income	801,00,000	
Less: Deductions u/s 80C to 80U	Nil	
Total Income	801,00,000	

Option 1: Taking Dividend tax at slab rate for surcharge

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 7,00,00,000 at slab rate	208,12,500.00
Tax Before Surcharge	220,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (slab basis) (28,12,500) X 15%	4,21,875.00
Add: Surcharge on PGBP Income (6,00,00,000 x 30%= 180,00,000) X 37%	66,60,000.00
Tax Before cess	293,31,875.00
Add: Health and education cess @ 4%	11,73,275.00
Tax Liability	305,05,150.00

Option 2: Taking Dividend tax @ 30% for surcharge and PGBP income on slab rate

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 7,00,00,000 at slab rate	208,12,500.00
Tax Before Surcharge	220,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (100,00,000 x 30% = 30,00,000) X 15%	4,50,000.00
Add: Surcharge on PGBP Income at slab (178,12,500) X 37%	65,90,625.00
Tax Before cess	292,92,625.00
Add: Health and education cess @ 4%	11,71,625.00
Tax Liability	304,64,250.00

Option 3: Taking Dividend tax on average basis for surcharge

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 7,00,00,000 at slab rate	208,12,500.00
Tax Before Surcharge	220,62,500.00
Add: Surcharge @ 15% on 12,50,000	1,87,500.00
Add: Surcharge on Dividend Income (208,12,500/7,00,00,000 x 1,00,00,000=29,73,214.29) X 15%	4,45,982.14
Add: Surcharge on PGBP Income	

(208,12,500/7,00,00,000 x 6,00,00,000 = 178,39,285.71) X 37%	66,00,535.71
Tax Before cess	292,96,517.85
Add: Health and education cess @ 4%	11,71,860.71
Tax Liability	304,68,378.56
Rounded off u/s 288B	304,68,380.00

(c)

Solution:**Computation of Total Income and Tax Liability of Mr. X**

Income under the head PGBP	₹ 90,00,000
LTCG 112A	51,00,000
STCG 111A	50,00,000
Dividend from domestic company	100,00,000
Gross Total Income	201,00,000
Less: Deductions u/s 80C to 80U	Nil
Total Income	201,00,000

Computation of Tax Liability

Tax on LTCG 50,00,000 (51,00,000-1,00,000) @ 10% u/s 112A	5,00,000.00
Tax on STCG 50,00,000 @15% u/s 111A	7,50,000.00
Tax on 1,90,00,000 at slab rate	55,12,500.00
Tax Before Surcharge	67,62,500.00
Add: Surcharge @ 15%	10,14,375.00
Tax Before cess	77,76,875.00
Add: Health and education cess @ 4%	3,11,075.00
Tax Liability	80,87,950.00

Example 2: Mr. X has income as given below:

Income under the head Salary	₹ 150,00,000
LTCG 112A	₹ 21,00,000
STCG 111A	₹ 10,00,000
Dividend from domestic company	₹ 30,00,000

Compute his tax liability for A. Y. 2021-22.

(b) Suppose income under the head Salary ₹ 300,00,000

(c) Suppose income under the head Salary ₹ 500,00,000

Solution:**Computation of Total Income and Tax Liability of Mr. X**

Income under the head Salary	₹ 150,00,000
LTCG 112A	21,00,000
STCG 111A	10,00,000
Dividend from domestic company	30,00,000
Gross Total Income	211,00,000
Less: Deductions u/s 80C to 80U	Nil
Total Income	211,00,000

Computation of Tax Liability

Tax on LTCG 20,00,000 (21,00,000-1,00,000) @ 10% u/s 112A	2,00,000.00
Tax on STCG 10,00,000 @15% u/s 111A	1,50,000.00
Tax on 1,80,00,000 at slab rate	52,12,500.00
Tax Before Surcharge	55,62,500.00
Add: Surcharge @ 15%	8,34,375.00
Tax Before cess	63,96,875.00
Add: Health and education cess @ 4%	2,55,875.00
Tax Liability	66,52,750.00

(b) Computation of Total Income and Tax Liability of Mr. X

Income under the head Salary	300,00,000
LTCG 112A	21,00,000
STCG 111A	10,00,000
Dividend from domestic company	30,00,000
Gross Total Income	361,00,000
Less: Deductions u/s 80C to 80U	Nil
Total Income	361,00,000

Taking Dividend tax on average basis for surcharge**Computation of Tax Liability**

Tax on LTCG 20,00,000 (21,00,000-1,00,000) @ 10% u/s 112A	2,00,000.00
Tax on STCG 10,00,000 @15% u/s 111A	1,50,000.00
Tax on 3,30,00,000 at slab rate	97,12,500.00
Tax Before Surcharge	100,62,500.00
Add: Surcharge @ 15% on 3,50,000	52,500.00
Add: Surcharge on Dividend Income (97,12,500/3,30,00,000 x 30,00,000 = 8,82,954.55) X 15%	1,32,443.18
Add: Surcharge on salary Income (97,12,500/330,00,000 x 300,00,000 = 88,29,545.45) X 25%	22,07,386.36
Tax Before cess	124,54,829.54
Add: Health and education cess @ 4%	4,98,193.18
Tax Liability	129,53,022.72
Rounded off u/s 288B	129,53,020.00

(c) Computation of Total Income and Tax Liability of Mr. X

Income under the head Salary	500,00,000
LTCG 112A	21,00,000
STCG 111A	10,00,000
Dividend from domestic company	30,00,000
Gross Total Income	561,00,000
Less: Deductions u/s 80C to 80U	Nil
Total Income	561,00,000

Taking Dividend tax on average basis for surcharge**Computation of Tax Liability**

Tax on LTCG 20,00,000 (21,00,000-1,00,000) @ 10% u/s 112A	2,00,000.00
Tax on STCG 10,00,000 @15% u/s 111A	1,50,000.00
Tax on 5,30,00,000 at slab rate	157,12,500.00
Tax Before Surcharge	160,62,500.00
Add: Surcharge @ 15% on 3,50,000	52,500.00
Add: Surcharge on Dividend Income (157,12,500/5,30,00,000 x 30,00,000 = 8,89,386.79) X 15%	1,33,408.02
Add: Surcharge on Salary Income (157,12,500/530,00,000 x 500,00,000 = 148,23,113.21) X 37%	54,84,551.89
Tax Before cess	217,32,959.91
Add: Health and education cess @ 4%	8,69,318.40
Tax Liability	226,02,278.31
Rounded off u/s 288B	226,02,280.00

Note: The above solution is calculated on following average basis. Students can solve through other methods also

Taxability of Gift

3. If Stamp duty value is exceeding actual sales consideration upto 5% of actual sales consideration, actual sales consideration was considered but now 5% has been amended as 10% and same amendment has been done in section 50C and section 43CA. Eg. If land and building sold for 100,00,000 but stamp duty value is 110,00,000, there is no gift.

Residential status

4. A new section 6(1A) has been inserted. If any person is non - resident as per section 6(1), in that case 6(1A) shall be applied on such person to check whether he is resident. The new provision is as given below:

As per section 6(1A) Notwithstanding anything contained in clause (1), an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.

Explanation.—For the removal of doubts, it is hereby declared that this clause shall not apply in case of an individual who is said to be resident in India in the previous year under clause (1).

Special category

If any person is covered in special category and is settled outside India and comes to India on a visit for maximum 181 days, he will be non-resident. Now some more part has been added as given below:

In case of the citizen or person of Indian origin having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, he will be considered to be resident if his stay during the year is 120 days or more but maximum 181 days and also his stay during 4 years preceding the relevant previous year is 365 days or more. Further as per section 6(6)(c) he will be considered to be NOR. If stay is 182 days or more in the current year, he is resident and ROR/NOR shall be decided as per section 6(6)(a).

"income from foreign sources" means income which accrues or arises outside India except income derived from a business controlled in or a profession set up in India and which is not deemed to accrue or arise in India.

Original Text

Residence in India.

6. For the purposes of this Act,—

(1) An individual is said to be resident in India in any previous year, if he—

- (a) is in India in that year for a period or periods amounting in all to one hundred and eighty-two days or more ; or
- (c) having within the four years preceding that year been in India for a period or periods amounting in all to three hundred and sixty-five days or more, is in India for a period or periods amounting in all to sixty days or more in that year.

Explanation 1 (Special Category).—In the case of an individual,—

- (a) being a citizen of India, who leaves India in any previous year as a member of the crew of an Indian ship or for the purposes of employment outside India, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted ;
- (b) being a citizen of India, or a person of Indian origin within the meaning of *Explanation* to clause (e) of section 115C, who, being outside India, comes on a visit to India in any previous year, the provisions of sub-clause (c) shall apply in relation to that year as if for the words "sixty days", occurring therein, the words "one hundred and eighty-two days" had been substituted [*and in case of such person, having total income, other than the income from*

foreign sources, exceeding fifteen lakh rupees during the previous year, for the words "sixty days" occurring therein, the words "one hundred and twenty days" had been substituted].

Explanation 2.—For the purposes of this clause, in the case of an individual, being a citizen of India and a member of the crew of a foreign bound ship leaving India, the period or periods of stay in India shall, in respect of such voyage, be determined in the manner and subject to such conditions as may be prescribed.

New Provision w.e.f. A.Y. 2021-22

(1A) *Notwithstanding anything contained in clause (1), an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.*

Explanation.—For the removal of doubts, it is hereby declared that this clause shall not apply in case of an individual who is said to be resident in India in the previous year under clause (1).

(2) A Hindu undivided family, firm or other association of persons is said to be resident in India in any previous year in every case except where during that year the control and management of its affairs is situated wholly outside India.

(3) A company is said to be a resident in India in any previous year, if—
 (i) it is an Indian company; or
 (ii) its place of effective management, in that year, is in India.

Explanation.—For the purposes of this clause "place of effective management" means a place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made.

(4) Every other person is said to be resident in India in any previous year in every case, except where during that year the control and management of his affairs is situated wholly outside India.

(5) If a person is resident in India in a previous year relevant to an assessment year in respect of any source of income, he shall be deemed to be resident in India in the previous year relevant to the assessment year in respect of each of his other sources of income.

(6) A person is said to be "not ordinarily resident" in India in any previous year if such person is—
 (a) an individual who has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or
 (b) a Hindu undivided family whose manager has been a non-resident in India in nine out of the ten previous years preceding that year, or has during the seven previous years preceding that year been in India for a period of, or periods amounting in all to, seven hundred and twenty-nine days or less; or
 (c) a citizen of India, or a person of Indian origin, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, as referred to in clause (b) of Explanation 1 to clause (1), who has been in India for a period or periods amounting in all to one hundred and twenty days or more but less than one hundred and eighty-two days; or
 (d) a citizen of India who is deemed to be resident in India under clause (1A).

Explanation.—For the purposes of this section, the expression "income from foreign sources" means income which accrues or arises outside India except income derived from a business controlled in or a profession set up in India and which is not deemed to accrue or arise in India.

Business Connection

There will be a business connection in the following cases also:

Explanation 3A. Business connection shall include income from—

- (i) such advertisement which targets a customer who resides in India or a customer who accesses the advertisement through internet protocol address located in India;
- (ii) sale of data collected from a person who resides in India or from a person who uses internet protocol address located in India; and
- (iii) sale of goods or services using data collected from a person who resides in India or from a person who uses internet protocol address located in India.

Concept of Significant economic presence shall not be applicable in the P.Y. 2020-21 rather it will be applicable from P.Y. 2021-22.

Deduction from Gross Total Income

5. Section 80EEA, Earlier loan was required to be sanctioned from 01.04.19 to 31.03.2020 but now it has been extended upto 31.03.2021.

6. Section 80G, Deduction shall be allowed upto 100% of donation given to PM CARES Fund.

The trust or institution approved under section 80G are required to file statement of donation received and also to issue the certificate to the donor. Deduction on account of donation under section 80G shall be allowed to the donor only on the basis of the statement filed by the donee trust or institution. The statement has to be filed in the prescribed form and within such time as may be prescribed by the Rules.

7. Section 80GGA, Donation in excess of ₹10,000 should be given otherwise than in cash but now ₹10,000 has been changed to ₹2,000.

Tax Deducted at Source

8. TDS Rate shall be 75% of existing rate from 14.05.2020 to 31.03.2021 in the following sections: 193, 194, 194A, 194C, 194D, 194DA, 194EE, 194G, 194H, 194I, 194IA, 194IB, 194IC, 194J, 194K, 194LA, 194M, 194-O,

TCS rate u/s 206C shall also be 75% of existing rate but not in case of alcoholic liquor and also not in case of remittance out of India and overseas tour programme package

9. Earlier in some of the sections it was mentioned that in case of individual and HUF if audit was required in the earlier year, tax was to be deducted but now instead of audit, turnover has been mentioned 100 lakhs in case of business and 50 lakhs in case of profession.

10. Section 194 (Reintroduced)

Dividends.

The principal officer of an Indian company or a company which has made the prescribed arrangements for the declaration and payment of dividends (including dividends on preference shares) within India, shall, before making any payment [by any mode] in respect of any dividend or before making any distribution or payment to a shareholder, [who is resident in India,] of any dividend within the meaning of sub-clause (a) or sub-clause (b) or sub-clause (c) or sub-clause (d) or sub-clause (e) of clause (22) of section 2, deduct from the amount of such dividend, income-tax [at the rate of ten per cent] :

[Provided that no such deduction shall be made in the case of a shareholder, being an individual, if—

(a) the dividend is paid by the company by [any mode other than cash]; and

(b) the amount of such dividend or, as the case may be, the aggregate of the amounts of such dividend distributed or paid or likely to be distributed or paid during the financial year by the company to the shareholder, does not exceed [five thousand] rupees:

Provided further that the provisions of this section shall not apply to such income credited or paid to—

(a) the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, in respect of any shares owned by it or in which it has full beneficial interest;

(b) the General Insurance Corporation of India (hereafter in this proviso referred to as the Corporation) or to any of the four companies (hereafter in this proviso referred to as such company), formed by virtue of the schemes framed under sub-section (1) of section 16 of the General Insurance Business (Nationalisation) Act, 1972, in respect of any shares owned by the Corporation or such company or in which the Corporation or such company has full beneficial interest;

(c) any other insurer in respect of any shares owned by it or in which it has full beneficial interest.]

11. Section 194C

If any person making payment for purchase of goods, no tax shall be deducted at source **but TDS shall be applicable in case of manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, i.e. a person covered u/s 40A(2)(b), but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer or associate of such customer**

Example

ABC Ltd. has given orders to Mr. X to stitch uniform for their employees and Mr. X purchased material from the market and has stitched uniform for ABC Ltd. and has charged ₹7,00,000, in this case amount of TDS shall be nil but if material is supplied by ABC Ltd. and Mr. X has charged ₹1,10,000 as labour charge, tax shall be deducted at source @ 1% i.e. ₹1,100. If value of material and amount for labour is not shown separately, tax shall be deducted at source on the entire amount.

12. Section 194J- Earlier TDS rate was 10% but now it is 2% in the following cases:

(i) in case of Fees for Technical Services.

(ii) royalty where such royalty is in the nature of consideration for sale, distribution or exhibition of cinematographic films.

13. Section 194K (Reintroduced)

Any mutual fund or other specified companies responsible for paying income in connection with units shall deduct tax at source @ 10% provided the amount paid or payable to a particular person during a particular year is exceeding **5,000.**

Income in respect of units.

Any person responsible for paying to a resident any income in respect of—

(a) *units of a Mutual Fund specified under clause (23D) of section 10; or*

(b) *units from the Administrator of the specified undertaking; or*

(c) *units from the specified company,*

shall, at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent:

Provided that the provisions of this section shall not apply—

(i) where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees; or

(ii) if the income is of the nature of capital gains.

Explanation 1.—For the purposes of this section,—

(a) "Administrator" means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002)

(b) "specified company" means a company as referred to in clause (h) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002);

(c) "specified undertaking" shall have the meaning assigned to it in clause (i) of section 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (58 of 2002)

Explanation 2.—For the removal of doubts, it is hereby clarified that where any income referred to in this section is credited to any account, whether called "suspense account" or by any other name, in the books of account of the person liable to pay such income, such crediting shall be deemed to be the credit of such income to the account of the payee and the provisions of this section shall apply accordingly.]

14. Section 194N (Substitution of Section)

TDS in case of Payment of certain amounts in cash Section 194N (w.e.f. 01/07/2020)

Every person, being,—

- (i) a banking company to which the Banking Regulation Act, 1949 applies
- (ii) a co-operative society engaged in carrying on the business of banking; or
- (iii) a post office,

who is responsible for paying any sum, being the amount or the aggregate of amounts, as the case may be, in cash exceeding **one crore** rupees during the previous year, to any person (herein referred to as the recipient) from one or more accounts maintained by the recipient with it shall, at the time of payment of such sum, deduct an amount **equal to two per cent** of such sum, as income-tax:

Provided that in case of a recipient who has not filed the returns of income for all of the three assessment years relevant to the three previous years, for which the time limit of file return of income under sub-section (1) of section 139 has expired, immediately preceding the previous year in which the payment of the sum is made to him, the provision of this section shall apply with the modification that-

- (i) the sum shall be the amount or the aggregate of amounts, as the case may be, in cash exceeding twenty lakh rupees during the previous year; and
- (ii) the deduction shall be—
 - (a) an amount equal to two per cent. of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash exceeds twenty lakh rupees during the previous year but does not exceed one crore rupees; or
 - (b) an amount equal to five per cent. of the sum where the amount or aggregate of amounts, as the case may be, being paid in cash exceeds one crore rupees during the previous year:

Provided also that nothing contained in this section shall apply to any payment made to,—

- (i) the Government;
- (ii) any banking company or co-operative society engaged in carrying on the business of banking or a post office;
- (iii) any business correspondent of a banking company or co-operative society engaged in carrying on the business of banking.
- (iv) any white label automated teller machine operator of a banking company, including Cash Replenishment Agencies (CRA's) and franchise agents of White Label Automated Teller Machine Operators (WLATMO's)

maintaining a separate bank account from which withdrawal is made only for the purposes of replenishing cash in the Automated Teller Machines (ATM's) operated by such WLATMO.

(v) 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.

(vi) The authorised dealer and its franchise agent and sub-agent; and Full-Fledged Money Changer (FFMC) licensed by the RBI and its franchise agent;

Section 194N has been revised w.e.f 01/07/2020. Earlier TDS was only if cash withdrawal has exceeded ₹100 lakh and tax was to be deducted at a rate of 2% only on the amount exceeding ₹ 100 lakh but now there are two categories:

1. General Category: TDS will be 2% if cash withdrawal has exceeded ₹ 100 lakh and TDS shall be on entire amount e.g. if cash withdrawal is ₹ 150 lakh, TDS shall be ₹ 3 lakh.
2. Special Category : The persons who have not filed return of income for 3 previous years and time limit under section 139(1) has expired in the immediately preceding year, e.g. Mr. X has not filed his return of income for previous year 2016-17, 2017-18, 2018-19 and time period for filing return has expired in previous year 2019-20. In this case if cash withdrawal is exceeding ₹ 20 lakh, TDS shall be 2% on the entire amount and if it is exceeding ₹ 100 lakh, TDS shall be 5% on the amount exceeding ₹ 100 lakh.

Example 1: Mr. X withdrawn ₹ 60 lakh before 01/07/20 and ₹ 50 lakh after 01/07/20, in this case TDS shall be ₹ 50 lakh X 2% = ₹ 1 lakh because no TDS on withdrawal before 01/07/20 under new provision however the amount so withdrawn shall be added for the purpose of computing limit. If Mr. X has not filed return for 3 years, TDS shall be ₹ 40 lakh X 2% = ₹ 80,000 and ₹ 10 lakh X 5% = ₹ 50,000.

Example 2 : Mr. X withdrawn ₹ 160 lakh before 01/07/20 and ₹ 50 lakh after 01/07/20, in this case TDS shall be ₹ 60 lakh X 2% = ₹ 1,20,000 under old provision and ₹ 50 lakh X 2% = ₹ 1 lakh under new provision. If Mr. X has not filed return for 3 years, TDS shall be ₹ 60 lakh X 2% = ₹ 1,20,000 and ₹ 50 lakh X 5% = ₹ 2,50,000 under new provision.

Example 3: Mr. X has withdrawn ₹ 150 lakhs after 01/07/2020, in this case TDS shall be ₹ 150 lakhs X 2% = ₹ 3 lakh but if he has not filed his return for 3 years, TDS shall be ₹ 100 lakh X 2% = ₹ 2 lakh and ₹ 50 lakh X 5% = ₹ 2,50,000.

RTP NOV -2020 (Modified)

Mr. Nihar maintains a Savings A/c and a Current A/c in Mera Bank Ltd. The details of withdrawals on various dates during the previous year 2020-21 are as follows:

Date of Cash withdrawal	Saving Account	Current account
05.04.2020	15,00,000	-
10.05.2020	-	22,00,000
25.06.2020	20,00,000	-
17.07.2020	-	5,00,000
28.10.2020	35,00,000	-
10.11.2020	-	38,00,000
12.12.2020	25,00,000	-

Is Mera Bank Limited required to deduct tax at source on the withdrawals made by Mr. Nihar during the previous year 2020-21? If yes, what would the amount of tax deducted at source? If Mr. Nihar is in normal category and special category.

Solution: In this case withdrawal upto 30/06/2020 are ₹ 57 lakh, hence no TDS under old provisions. Total withdrawal upto 31/03/2021 are ₹ 160 lakhs hence TDS shall be at a rate of 2% on the entire amount but only for withdrawal from 01/07/2020 onwards that is ₹ 160 lakhs – ₹ 57 lakhs = ₹ 103 lakhs. Amount of TDS shall be ₹ 103 lakhs X 2% = ₹ 2,06,000.

If he is covered in the special category i.e. return has not been filed upto 3 years, TDS shall be on ₹ 43 lakhs at a rate of 2% = ₹ 86,000 and on ₹ 60 lakhs at a rate of 5% = ₹ 3 lakhs.

15. Section 194-O (New Section introduced)

Every e-commerce operator while making payment to any e-commerce participants shall deduct tax at source @ 1% of the gross amount of sales or services. Further no tax shall be deducted at source if the amount credited or paid or likely to be credited or paid during the previous year to any e-commerce participants do not exceed 5,00,000 provided such e-commerce participants is individual or HUF.

Payment of certain sums by e-commerce operator to e-commerce participant. 194-O.

(1) Notwithstanding anything to the contrary contained in any of the provisions of Part B of this Chapter, where sale of goods or provision of services of an e-commerce participant is facilitated by an e-commerce operator through its digital or electronic facility or platform (by whatever name called), such e-commerce operator shall, at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct income-tax at the rate of one per cent of the gross amount of such sales or services or both.

Explanation.—For the purposes of this sub-section, any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this sub-section.

(2) No deduction under sub-section (1) shall be made from any sum credited or paid or likely to be credited or paid during the previous year to the account of an e-commerce participant, being an individual or Hindu undivided family, where the gross amount of such sale or services or both during the previous year does not exceed five lakh rupees and such e-commerce participant has furnished his Permanent Account Number or Aadhaar number to the e-commerce operator.

(3) Notwithstanding anything contained in Part B of this Chapter, a transaction in respect of which tax has been deducted by the e-commerce operator under sub-section (1), or which is not liable to deduction under sub-section (2), shall not be liable to tax deduction at source under any other provision of this Chapter:

Provided that the provisions of this sub-section shall not apply to any amount or aggregate of amounts received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale or services referred to in sub-section (1).

(4) If any difficulty arises in giving effect to the provisions of this section, the Board may, with the approval of the Central Government, issue guidelines for the purpose of removing the difficulty.

(5) Every guideline issued by the Board under sub-section (4) shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the e-commerce operator.

(6) For the purposes of this section, e-commerce operator shall be deemed to be the person responsible for paying to e-commerce participant.

Explanation.—For the purposes of this section,—

(a) "electronic commerce" means the supply of goods or services or both, including digital products, over digital or electronic network;

(b) "e-commerce operator" means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce;

(c) "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;

(d) "services" includes "fees for technical services" and fees for "professional services", as defined in the Explanation to section 194J.]

16. Section 206AA

Where TDS is required to be deducted u/s 194O and PAN has not been provided then TDS @ 5% shall be required to be deducted (instead of 20%)

17. TAX COLLECTION AT SOURCE 206C

Existing provisions

As per section 206C(1), every seller shall collect tax in the following cases:

1. Alcoholic Liquor for human consumption	1%
2. Tendu leaves	5%
3. Timber obtained under a forest lease	2.5%
4. Timber obtained by any mode other than under a forest lease	2.5%
5. Any other forest produce not being timber or tendu leaves	2.5%
6. Scrap	1%
7. Minerals, being coal or lignite or iron ore	1%

"Buyer" means a person who obtains in any sale, by way of auction, tender or any other mode, or the right to receive any such goods but does not include,— a public sector company, the Central Government, a State Government, and an embassy, a High Commission, and a club. It will also not include a buyer in the retail sale of such goods purchased by him for personal consumption;

"seller" means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed *one crore rupees in case of business or fifty lakh rupees in case of profession* during the financial year immediately preceding the financial year in which the goods as specified above are sold

As per section 206C(1C), every person giving license shall collect tax in the following cases:

1. Parking lot	2%
2. Toll plaza	2%
3. Mining and quarrying	2%

As per section 206C(1F), every seller of motor vehicle shall collect tax at source in the following cases:

Motor vehicle exceeding value ₹ 10 lakh	1%
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"Buyer" means a person who obtains in any sale motor vehicle, but does not include,— the Central Government, a State Government and an embassy, a High Commission, a local authority, a public sector company which is engaged in the business of carrying passengers.]

It will also not include sale by manufacturer to dealers and distributors

"seller" means the Central Government, a State Government or any local authority or corporation or authority established by or under a Central, State or Provincial Act, or any company or firm or co-operative society and also includes an individual or a Hindu undivided family whose total sales, gross receipts or turnover from the business or profession carried on by him exceed *one crore rupees in case of business or fifty lakh rupees in case of profession* during the financial year immediately preceding the financial year in which the goods as specified above are sold

New Provision w.e.f. 01/10/2020

As per section 206C(1G), tax shall be collected at source in the following cases:

1. ***Every authorized dealer shall collect tax at source from the person who is making remittance out of India of ₹ 7 lakh or more in a financial year and tax shall be collected at a rate of 5% on the amount***

exceeding ₹ 7 lakh but if it is a remittance for payment of loan for the purpose of education, TCS shall be at a rate of 0.5%.

2. *Every seller who is selling overseas tour program package shall collect at source at a rate of 5%, irrespective of the amount*

Overseas tour programme package" 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.

The provisions of section 206C(1G) shall not apply if the buyer is the Central Government, a State Government, an embassy, a High Commission, a local authority or any other person as the Central Government may notify.

As per 206C(1H), every seller whose turnover in the preceding year was exceeding ₹ 10 crores shall collect tax at source from a buyer at a rate of 0.1% provided sale consideration is exceeding ₹ 50 lakh and TDS shall be only on the amount exceeding ₹ 50 lakhs. The provisions shall not apply in case of goods being exported out of India or in case of goods covered u/s 206C(1), 206C(1F) and 206C(1G)

As per section 206CC, every person from whom tax is being collected shall furnish his permanent account number otherwise tax shall be collected at twice the rate applicable or 5% whichever is higher however in case of section 206C(1H), rate shall be double of the rate or 1% whichever is higher.

"Buyer" means a person who purchases any goods, but does not include,—the Central Government, a State Government, an embassy, a High Commission, a local authority, a person importing goods into India or any other person as the Central Government may notify.

Original Text

206C(1G) Every person,—

(a) *being an authorised dealer, who receives an amount, for remittance out of India from a buyer, being a person remitting such amount out of India under the Liberalised Remittance Scheme of the Reserve Bank of India;*

(b) *being a seller of an overseas tour program package, who receives any amount from a buyer, being the person who purchases such package,*

shall, at the time of debiting the amount payable by the buyer or at the time of receipt of such amount from the said buyer, by any mode, whichever is earlier, collect from the buyer, a sum equal to five per cent of such amount as income-tax:

Provided *that the authorised dealer shall not collect the sum, if the amount or aggregate of the amounts being remitted by a buyer is less than seven lakh rupees in a financial year and is for a purpose other than purchase of overseas tour program package:*

Provided further *that the sum to be collected by an authorised dealer from the buyer shall be equal to five per cent of the amount or aggregate of the amounts in excess of seven lakh rupees remitted by the buyer in a financial year, where the amount being remitted is for a purpose other than purchase of overseas tour program package:*

Provided also *that the authorised dealer shall collect a sum equal to one half per cent of the amount or aggregate of the amounts in excess of seven lakh rupees remitted by the buyer in a financial year, if the amount being remitted out is a loan obtained from any financial institution as defined in section 80E, for the purpose of pursuing any education:*

Provided also *that the authorised dealer shall not collect the sum on an amount in respect of which the sum has been collected by the seller:*

Provided also *that the provisions of this sub-section shall not apply, if the buyer is,—*

- (i) liable to deduct tax at source under any other provision of this Act and has deducted such amount;
- (ii) the Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

Explanation.—For the purposes of this sub-section,—

- (i) "authorised dealer" means a person authorised by the Reserve Bank of India under sub-section (1) of section 10 of the Foreign Exchange Management Act, 1999 (42 of 1999) to deal in foreign exchange or foreign security;
- (ii) "overseas tour programme package" 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.

206C(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent of the sale consideration exceeding fifty lakh rupees as income-tax:

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words "five per cent", the words "one per cent" had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation.—For the purposes of this sub-section,—

- (a) "buyer" means a person who purchases any goods, but does not include,—
 - (A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or
 - (B) a local authority as defined in the Explanation to clause (20) of section 10; or
 - (C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;

(b) "seller" means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.

Return of Income

18. Section 139 (1)

- Earlier only **working partner** of a firm whose accounts are required to be audited shall be required to file return of income on or before **30th September** but now **all the partners** are required to file on or before **31st October**.
- Earlier for companies and any person (other than company) required to get his books of accounts audited are required to file return before **30th September** but now the same has been extended and required to be filed on or before **31st October**.

PAN and Aadhaar number

139A (5E) Notwithstanding anything contained in this Act, every person who is required to furnish or intimate or quote his permanent account number under this Act, and who,—

- (a) has not been allotted a permanent account number but possesses the Aadhaar number, may furnish or intimate or quote his Aadhaar number in lieu of the permanent account number, and such person shall be allotted a permanent account number i.e. such person need not apply separately for issue of PAN under rule 114.
- (b) has been allotted a permanent account number, and who has linked his Aadhaar number to his PAN number, may furnish or intimate or quote his Aadhaar number in lieu of the permanent account number i.e. inter-changeability of PAN and Aadhaar number shall be allowed.

Rule 114 (1A) *Any person, who has not been allotted a permanent account number but possesses the Aadhaar number and has furnished or intimated or quoted his Aadhaar number in lieu of the permanent account number, shall be deemed to have applied for allotment of permanent account number and he shall not be required to apply or submit any documents under this rule.*

Rule 114 (1B) *Any person, who has not been allotted a permanent account number but possesses the Aadhaar number may apply for allotment of the permanent account number by intimating his Aadhaar number and he shall not be required to apply or submit any documents under this rule.*

Authentication of PAN and Aadhaar

139A(6A) Every person entering into such transaction, as may be prescribed, shall quote his permanent account number or Aadhaar number, as the case may be, in the documents pertaining to such transactions and also authenticate such permanent account number or Aadhaar number, in such manner as may be prescribed.

139A(6B) Every person receiving any document relating to the transactions referred to in sub-section (6A), shall ensure that permanent account number or Aadhaar number, as the case may be, has been duly quoted in such document and also ensure that such permanent account number or Aadhaar number is so authenticated.]

“authentication” means the process by which the permanent account number or Aadhaar number alongwith demographic information or biometric information of an individual is submitted to the income-tax authority or such other authority or agency as may be prescribed for its verification and such authority or agency verifies the correctness, or the lack thereof, on the basis of information available with it;]

Making PAN inoperative Section 139AA/Rule 114AAA:

Every person is required to link Aadhaar number with PAN. If any person has not linked his Aadhaar number with PAN upto 31st March 2021, in that case his PAN shall be become inoperative in the manner given under rule 114AAA

Manner of making permanent account number inoperative.

114AAA. (1) *Where a person, who has been allotted the permanent account number as on the 1st day of July, 2017 and is required to intimate his Aadhaar number under sub-section (2) of section 139AA, has failed to intimate the same on or before the 31st day of March, 2021, the permanent account number of such person shall become inoperative immediately after the said date for the purposes of furnishing, intimating or quoting under the Act.*

(2) Where a person, whose permanent account number has become inoperative under sub-rule (1), is required to furnish, intimate or quote his permanent account number under the Act, it shall be deemed that he has not furnished, intimated or quoted the permanent account number, as the case may be, in accordance with the

provisions of the Act, and he shall be liable for all the consequences under the Act for not furnishing, intimating or quoting the permanent account number.

(3) Where the person referred to in sub-rule (1) has intimated his Aadhaar number under sub-section (2) of section 139AA after the 31st day of March, 2021, his permanent account number shall become operative from the date of intimation of Aadhaar number for the purposes of furnishing, intimating or quoting under the Act and provisions of sub-rule (2) shall not be applicable from such date of intimation.

(4) The Principal Director General of Income-tax (Systems) or Director General of Income-tax (Systems) shall specify the formats and standards along with the procedure for verifying the operational status of permanent account number under sub-rule (1) and sub-rule (2).

Quoting of Aadhaar Number mandatory in returns filed on or after 1.4.2019 [Circular No. 6/2019 dated 31.03.2019]

As per section 139AA(1)(ii), with effect from 01.07.2017, every person who is eligible to obtain Aadhaar number has to quote Aadhaar number in the return of income.

The Apex Court in a series of judgments has upheld the validity of section 139AA. Consequently, with effect from 01.04.2019, the CBDT has clarified that it is mandatory to quote Aadhaar number while filing the return of income unless specifically exempted. Thus, returns being filed either electronically or manually on or after 1.4.2019 cannot be filed without quoting the Aadhaar number. The exempted category, vide Notification No. 37/2017 dated 11.05.2017 is individual:

- (i) residing in Assam, Jammu & Kashmir and Meghalaya;
- (ii) a non-resident as per Income-tax Act, 1961;
- (iii) of the age of 80 years or more at any time during the previous year;
- (iv) not a citizen of India

Capital Gains

19. Indexation for the Financial year 2020-21 is 301

20. Section 55(2) – Cost of Acquisition

If asset is acquired before 01-04-2001, cost of acquisition shall be the cost price or fair market value on 01-04-2001 whichever is higher however it is now amended in case of land or building, such fair market value cannot exceed stamp duty value as on 01.04.2001

Example:

(a) Actual cost of acquisition	2,00,000
FMV as on 01-04-2001	4,00,000
SDV as on 01-04-2001	3,00,000
Cost of Acquisition is higher of	
(a) Actual Cost	2,00,000
(b) Lower of FMV or SDV as on 1-04-2001	3,00,000
Higher	3,00,000
 (b) Actual cost of acquisition	 2,00,000

FMV as on 01-04-2001		3,00,000
SDV as on 01-04-2001		4,00,000
Cost of Acquisition is higher of		
(a) Actual Cost	2,00,000	
(b) Lower of FMV or SDV as on 1-04-2001	3,00,000	
Higher		3,00,000
(c) Actual cost of acquisition		
FMV as on 01-04-2001		3,00,000
SDV as on 01-04-2001		2,00,000
Cost of Acquisition is higher of		
(a) Actual Cost	4,00,000	
(b) Lower of FMV or SDV as on 1-04-2001	2,00,000	
Higher		4,00,000

Business /Profession

21. Compulsory Audit Section 44AB

Audit of accounts of certain persons carrying on business or profession.

Every person,—

- (a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds [one crore rupees] in any previous year:

Provided that in the case of a person whose—

- (a) *aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and*

- (b) *aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,*

this clause shall have effect as if for the words "one crore rupees", the words "five crore rupees" had been substituted; or

- (b) carrying on profession shall, if his gross receipts in profession exceed [fifty] lakh rupees] in any [previous year; or
- (c) carrying on the business shall, if the profits and gains from the business are deemed to be the profits and gains of such person under [section 44AE] [or section 44BB or section 44BBB], as the case may be, and he has claimed his income to be lower than the profits or gains so deemed to be the profits and gains of his business, as the case may be, in any [previous year; or]
- [(d) carrying on the [profession] shall, if the profits and gains from the [profession] are deemed to be the profits and gains of such person under [section 44ADA] and he has claimed such income to be lower than the profits and gains so deemed to be the profits and gains of his [profession] and his income exceeds the maximum amount which is not chargeable to income-tax in any [previous year; or

- [(e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,]

get his accounts of such previous year audited by an accountant before the specified date and [furnish by] that date the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed:

Provided that this section shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD and his total sales, turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year

Provided further that this section shall not apply to the person, who derives income of the nature referred to in section 44B or section 44BBA, on and from the 1st day of April, 1985 or, as the case may be, the date on which the relevant section came into force, whichever is later

Provided also that in a case where such person is required by or under any other law to get his accounts audited, it shall be sufficient compliance with the provisions of this section if such person gets the accounts of such business or profession audited under such law before the specified date and [furnishes by] that date the report of the audit as required under such other law and a further report [by an accountant] in the form prescribed under this section.

Explanation.—For the purposes of this section,—

- (i) "accountant" shall have the same meaning as in the *Explanation* below sub-section (2) of section 288;
- [(ii) "specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means [date one month prior to] [the due date for furnishing the return of income under sub-section (1) of section 139].]

Salary

22. Section 17(2)(vii)/(via)

Section 17(2) (vii), the amount or the aggregate of amounts of any contribution made to the account of the assessee by the employer—

- (a) in a recognised provident fund;
 (b) in the scheme referred to in sub-section (1) of section 80CCD; and
 (c) in an approved superannuation fund,

to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;

Example: Mr. X is employed in ABC Limited getting salary 10,00,000 per annum and employer has contributed 12% to recognised provident fund and also 10% to NPS, in this case taxable amount shall be $(12,00,000 + 10,00,000 - 7,50,000) = 14,50,000$. Further as per section 17(2)(vii), interest relating to 14,50,000 shall be taxable but only the portion which was exempt earlier.

Section 17(2) (viiia), the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) to the extent it relates to the contribution referred to in the said sub-clause which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed;

GST AMENDMENTS

Input Tax Credit

1. If any debit note has been issued in connection with any invoice, date of debit note shall be taken into consideration for the purpose of determining the time limit u/s 16(4) and not the date of invoice, eg. Invoice is issued on 10/01/2021 and debit note is issued on 20/04/2021, in this case ITC can be taken maximum upto 20/10/2022 or the date of filing annual return whichever is earlier. **(date yet to be notified)**

Registration

Aadhar Authentication

25(6A) Every registered person shall undergo authentication, or furnish proof of possession of Aadhaar number, in such form and manner and within such time as may be prescribed:

Provided that if an Aadhaar number is not assigned to the registered person, such person shall be offered alternate and viable means of identification in such manner as Government may, on the recommendations of the Council, prescribe:

Provided further that in case of failure to undergo authentication or furnish proof of possession of Aadhaar number or furnish alternate and viable means of identification, registration allotted to such person shall be deemed to be invalid and the other provisions of this Act shall apply as if such person does not have a registration.

25(6B) On and from the date of notification, every individual shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number, in such manner as the Government may, on the recommendations of the Council, specify in the said notification:

Provided that if an Aadhaar number is not assigned to an individual, such individual shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

25(6C) On and from the date of notification, every person, other than an individual, shall, in order to be eligible for grant of registration, undergo authentication, or furnish proof of possession of Aadhaar number of the Karta, Managing Director, whole time Director, such number of partners, Members of Managing Committee of Association, Board of Trustees, authorised representative, authorised signatory and such other class of persons, in such manner, as the Government may, on the recommendation of the Council, specify in the said notification:

Provided that where such person or class of persons have not been assigned the Aadhaar Number, such person or class of persons shall be offered alternate and viable means of identification in such manner as the Government may, on the recommendations of the Council, specify in the said notification.

25(6D) The provisions of sub-section (6A) or sub-section (6B) or sub-section (6C) shall not apply to such person or class of persons or any State or Union territory or part thereof, as the Government may, on the recommendations of the Council, specify by notification.

Explanation.—For the purposes of this section, the expression "Aadhaar number" shall have the same meaning as assigned to it in clause (a) of section 2 of the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.]

Application for registration Rule 8

(1) Every person shall apply for registration in prescribed form which is in general REG-01.

(2) (a) The Permanent Account Number shall be validated online by the common portal from the database maintained by the Central Board of Direct Taxes.

(b) The mobile number shall be verified through a one-time password sent to the said mobile number; and

(c) The e-mail address shall be verified through a separate one-time password sent to the said e-mail address.

(3) On successful verification of the Permanent Account Number, mobile number and e-mail address, a temporary reference number shall be generated and communicated to the applicant on the said mobile number and e-mail address.

(4) Using the reference number so generated the applicant shall electronically submit an application in Part B of **FORM GST REG-01**, duly signed or verified through electronic verification code, along with the documents specified in the said Form at the common portal. either directly or through a Facilitation Centre notified by the Commissioner.

(4A) Where an applicant, other than a person notified under sub-section (6D) of section 25, opts for authentication of Aadhaar number, he shall, while submitting the application under sub-rule (4), with effect from 21st August, 2020, undergo authentication of Aadhaar number and the date of submission of the application in such cases shall be the date of authentication of the Aadhaar number, or fifteen days from the submission of the application in Part B of FORM GST REG-01, whichever is earlier.

(5) On receipt of an application under sub-rule (4), an acknowledgement shall be issued electronically to the applicant in **FORM GST REG-02**.

Verification of the application and approval Rule 9

(1) The application shall be forwarded to the proper officer who shall examine the application and the accompanying documents and if the same are found to be in order, approve the grant of registration to the applicant within a period of three working days from the date of submission of the application.

Provided that where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the registration shall be granted only after physical verification of the place of business in the presence of the said person, in the manner provided under rule 25:

Provided further that the proper officer may, for reasons to be recorded in writing and with the approval of an officer not below the rank of Joint Commissioner, in lieu of the physical verification of the place of business, carry out the verification of such documents as he may deem fit.

(2) Where the application submitted under rule 8 is found to be deficient, either in terms of any information or any document required to be furnished under the said rule, or where the proper officer requires any clarification with regard to any information provided in the application or documents furnished therewith, he may issue a notice to the applicant electronically in FORM GST REG-03 within a period of three working days from the date of submission of the application and the applicant shall furnish such clarification, information or documents electronically, in FORM GST REG-04, within a period of seven working days from the date of the receipt of such notice.

Provided that where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number as specified in sub-rule (4A) of rule 8 or does not opt for authentication of Aadhaar number, the notice in FORM GST REG-03 may be issued not later than twenty one days from the date of submission of the application.

Explanation.—For the purposes of this sub-rule, the expression "clarification" includes modification or correction of particulars declared in the application for registration, other than Permanent Account Number, State, mobile number and e-mail address declared in Part A of **FORM GST REG-01**.

(3) Where the proper officer is satisfied with the clarification, information or documents furnished by the applicant, he may approve the grant of registration to the applicant within a period of seven working days from the date of the receipt of such clarification or information or documents.

(4) Where no reply is furnished by the applicant in response to the notice issued under sub-rule (2) or where the proper officer is not satisfied with the clarification, information or documents furnished, he [may], for reasons to be recorded in writing, reject such application and inform the applicant electronically in **FORM GST REG-05**.

(5) If the proper officer fails to take any action, -

(a) within a period of three working days from the date of submission of the application in cases where a person successfully undergoes authentication of Aadhaar number or is notified under sub-section (6D) of section 25; or

(b)/(c) within the time period of 21 days from the date of submission of application in cases where a person, other than a person notified under sub-section (6D) of section 25, fails to undergo authentication of Aadhaar number or where a person does not opt for authentication of Aadhaar number

(d) within a period of seven working days from the date of the receipt of the clarification, information or documents furnished by the applicant under sub-rule (2),

the application for grant of registration shall be deemed to have been approved.

Returns

2. Rule 67A. Manner of furnishing of return or details of outward supplies by short messaging service facility.—Notwithstanding anything contained in this Chapter, for a registered person who is required to furnish a Nil return under section 39 in **FORM GSTR-3B** or a Nil details of outward supplies under section 37 in **FORM GSTR-1** or a Nil statement in **FORM GST CMP-08** for a tax period, any reference to electronic furnishing shall include furnishing of the said return or the details of outward supplies or statement through a short messaging service using the registered mobile number and the said return or the details of outward supplies or statement shall be verified by a registered mobile number based One Time Password facility.

Explanation.—For the purpose of this rule, a Nil return or Nil details of outward supplies or Nil statement shall mean a return under section 39 or details of outward supplies under section 37 or statement under rule 62, for a tax period that has nil or no entry in all the Tables in **FORM GSTR-3B** or **FORM GSTR-1** or **FORM GST CMP-08**, as the case may be."

GSTR-1

3. The registered persons having aggregate turnover of up to 1.5 crore rupees in the preceding financial year or the current financial year, as the class of registered persons shall furnish the details of outward supply of goods or services or both in **FORM GSTR-1** for every quarter under proviso to sub-section (1) of section 39 of the said Act, shall be extended till the thirteenth day of the month succeeding such tax period.

Payment of GST

4. Interest on delayed payment of tax Section 50.

(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall

for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent, as may be notified by the Government on the recommendations of the Council:

Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be levied on that portion of the tax that is paid by debiting the electronic cash ledger. **(applicable w.e.f. 01.09.2020)**

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

(3) A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Tax Invoice

5. Rule 46

In rule 46, after clause (g), the following clause shall be inserted, namely:—

(r) Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 48."

Rule 138A (2), the following sub-rule shall be substituted, namely:

In case, invoice is issued in the manner prescribed under sub-rule (4) of rule 48, the Quick Response (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer in lieu of the physical copy of such tax invoice."

6. Notification number 78/2020 CT dated 15-10-2020

In exercise of the powers conferred by the first proviso to rule 46 of the Central Goods and Services Tax Rules, 2017, the Central Board of Indirect Taxes and Customs, on the recommendations of the Council, hereby makes the following amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2017 - Central Tax, dated the 28th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 660(E), dated the 28th June, 2017, namely:—

In the said notification, with effect from the 01st day of April, 2021, for the Table, the following shall be substituted, namely:—

"TABLE

<i>Sl. No.</i>	<i>Aggregate Turnover in the preceding Financial Year</i>	<i>Number of Digits of Harmonised System of Nomenclature Code (HSN Code)</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
1.	Up to rupees five crores	4
2.	more than rupees five crores	6

Provided that a registered person having aggregate turnover up to five crores rupees in the previous financial year may not mention the number of digits of HSN Code, as specified in the corresponding entry in column (3) of the said Table in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons."

Exemption

7. Satellite launch services supplied by Indian Space Research Organisation, Antrix Corporation Limited or New Space India Limited shall be exempted.