

# Just 5 Minutes

TAXCON<sup>TM</sup> INDIA PRIVATE LIMITED

# INCOME TAX

1. *Few of the relevant changes of Finance Bill as passed by both the Houses of Parliament*

**a) Limit of tax free interest on PF increased from ₹ 2.5 Lakh to ₹ 5 Lakhs:**

It is now amended to the extent that if an employee is contributing to the fund but there is no contribution to such fund by the employer, then the interest income accrued during the previous year shall be taxable to the extent it relates to the contribution made by the employee to that fund in excess of Rs. 5,00,000 in a financial year instead of Rs. 2,50,000/-

**b) Fee payable for default in linking Aadhaar and PAN**

A new Section 234H to levy a fee for default in intimating the Aadhaar Number. If a person is required to intimate his Aadhaar under Section 139AA(2) and such person fails to do so, he shall be liable to pay a fee, as may be prescribed, not exceeding Rs. 1,000 at the time of making such intimation.

Therefore, if the person fails to link PAN-Aadhaar by 31-03-2021, he shall be liable to pay a fee, maximum of Rs. 1,000. This fee shall be in addition to the other consequences the person has to face if PAN becomes inoperative due to non-intimation of Aadhaar.

# INCOME TAX

## c) Power to assess or reassess for assessment or reassessment or re-computation enhanced

The Assessing Officer for the purpose of assessment or reassessment or **re-computation** can assess or reassess all those incomes which have escaped assessment and which come to his notice subsequently in the course of such proceeding notwithstanding that the procedure prescribed in Section 148A was not followed before issuing such notice for such income.

## d) Notice for the income escapement of income:

The notice can be issued up to 10 years if the Assessing Officer has evidence in his possession which reveals that the income escaping assessment, represented in the form of any asset, amounts to or is likely to amount to Rs. 50 lakhs or more. The income escaping assessment may be represented by any immovable property, shares, securities, loans, advances, bank balance, sundry debtors, jewellery, cash-in-hand, stock-in-trade, paintings, other investments, etc.

# CORPORATE LAW

## 1. *Changes effective from April 1, 2021*

- a) It has been made mandatory for Companies to use accounting software with feature of Audit Trail, by the companies who are maintaining and keeping their books of accounts in electronic format. Auditor to also comment on it in its Audit Report.
- b) Changes in Schedule-III of the Companies Act for companies required to comply with Accounting Standard Rule, 2006
  - (i) Rounding off of the figures are now compulsory. Earlier it was optional

# CORPORATE LAW

## (ii) For PART-I Balance Sheet

- In share capital schedule- Promoters holding is must to be disclosed
- Ageing of trade payable & receivables is must to be disclosed
- If the borrowed funds from banks and FI not utilised for the specific purpose, disclosure of their utilization.
- If title deed of property not in company name then additional disclosure to be given
- Additional disclosure for the loans given to promotes, directors, KMP and related parties
- Additional disclosures for capital work in progress – ageing wise
- Additional disclosure for intangible assets under development– ageing wise
- Details of benami properties held
- Additional disclosure in case of bank borrowings on the basis of security of current assets.
- Additional disclosures in case of wilful defaulter
- Additional disclosure for relationship with struck off companies
- Additional disclosure for pending registration of charges and pending satisfaction of charges
- Additional disclosure for non Compliance with number of layers of companies
- Various ratios- (total 10 ratios) to be disclosed alongwith numerator and denominator and reason for variation with previous year
- Various additional disclosures in case of utilization of borrowed funds and share premium etc.

# CORPORATE LAW

(iii) For PART-II Profit & Loss Account

- Additional disclosure for undisclosed income surrendered during any search or survey under income tax act.
- Various detailed disclosures for CSR
- Details of trade or investment in any crypto currency or virtual currency

# CASE LAWS - INCOME TAX

1. *Atul Dinesh Seth Vs ITO (ITAT Bangalore).*

It has been held that Income Tax Assessing Officer can make addition u/s 68/ 69C despite estimation of Income u/s 44AF of the Income Tax Act.

3. *Dharmesh Gandhi Vs Assistant Commissioner (Anti-Evasion)*

It has been held by Bombay High Court that the Bank account of family members cannot be attached for tax dues of assessee

# CASE LAWS - INCOME TAX

## 2. Bank Of India vs. ACIT (ITAT Mumbai)

It has been held that an Indian taxpayer is not entitled to claim refunds from the Government of India of taxes paid by the said taxpayer outside India, i.e., to the foreign Governments, in respect of the income taxes paid abroad on income earned in the respective tax jurisdictions, if the said income is not taxed in India due to a loss. However, the taxes paid abroad are allowable as a deduction in the computation of the business income of the assessee.

# CASE LAWS – CORPORATE LAW

## 1. *Ex-promoters can't suggest revival scheme under Companies Act:*

The Supreme Court has held that promoter of a company undergoing liquidation under IBC cannot propose “scheme of compromise and arrangement” for revival with lenders even if there are no resolution plans submitted for the corporate debtor. It further held that Section 29A of the IBC specifically disqualified former promoters from participating in the insolvency process and this disqualification also extended to a proposal for revival under Section 230 of the Companies Act.

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