

# ANALYSIS OF DIRECT TAX PROPOSALS



UNION BUDGET 2018-19



**Sipani Manoj and Co.**

Chartered Accountants

[www.sipanimanojandcompany.com](http://www.sipanimanojandcompany.com)  
[www.casipani.com](http://www.casipani.com)

# Table of Contents



**RATES OF INCOME TAX**

**BUSINESS**

**CAPITAL GAINS**

**INCOME FROM OTHER SOURCE**

**DEDUCTIONS & EXEMPTIONS**

**TDS**

**TRUST & SIMILAR ORGANISATIONS**

**SCRUTINY AND ASSESSMENT**

**PENALTIES**

**MISCELLANEOUS**

---

Information in this document is intended to provide only a general outline of the subjects covered and is not a substitute for detailed research and opinion.

Sipani Manoj and Company accepts no responsibility for loss arising from any action taken or not taken by anyone using this document.

### PERSONAL TAX (INDIVIDUALS, HUFs, AOPs, BOIs & ARTIFICIAL JURIDICAL PERSONS ('AJP'))

< 60 years of age		60 – 80 years of age		> 80 years of age	
Slab of Income	Tax Rates	Slab of Income	Tax Rates	Slab of Income	Tax Rates
≤ 2.5L	NIL	≤ 3L	NIL	5L	Nil
2.5L – 5 L	5%	3L- 5L	5%		
5L – 10L	20%	5L – 10L	20%	5L - 10L	20%
>10L	30%	>10L	30%	>10L	30%

- Surcharge @ 10%, in case total Income more than Rs. 50Lakh but less than Rs. 1 Crore.
- Surcharge @ 15 %,in case total Income exceeds Rs. 1Crore.
- **Health & Education Cess @4% .**

### FIRMS (INCLUDING LLPs), CO-OPERATIVE SOCIETIES & LOCAL AUTHORITIES

- Tax rates remain unchanged @ 30%.
- Surcharge @ 12%, in case total Income >Rs.1 crore.
- **Health & Education Cess @4% .**

If total income	≤ Rs.1 Cr.	> Rs.1 Cr.
Tax rate	30%	30%
Surcharge	0	12%
<b>Health &amp; Edu. Cess</b>	<b>4%</b>	<b>4%</b>
Total	31.20%	34.94%





**CORPORATE TAX****DOMESTIC COMPANY**

- If total turnover or gross receipts in FY 2016-17 ≤ Rs. 250 crores then the Tax rate @ 25% would be charged.
- All other cases tax rate 30%.
- Surcharge remains unchanged.
- Health & Education Cess @4% .

**Our Comments :-**

The tax rate of 25% has been extended to companies with a turnover of up to Rs. 250 Crore as against the previously set bar of Rs. 50 Crore. This change will cover almost all small and medium businesses. Additionally, such a large coverage will boost the overall economy. The impact of this would be positive and has come across as a relief for MSME's.

Total Income (Rs.)	EXISTING (%)						PROPOSED (%)					
	< 1 Cr.		1 Cr. -10 Cr.		> 10 Cr.		< 1 Cr.		1 Cr. -10 Cr.		> 10 Cr.	
Turnover (Rs.)	< 50 Cr.	> 50 Cr.	< 50Cr.	> 50 Cr.	< 50Cr.	> 50 Cr.	≤ 250 Cr.	> 250 Cr.	≤ 250Cr.	> 250 Cr.	≤ 250Cr.	> 250 Cr.
Tax Rate	25	30	25	30	25	30	25	30	25	30	25	30
Surcharge	0	0	7	7	12	12	0	0	7	7	12	12
Edu. Cess	3	3	3	3	3	3	-	-	-	-	-	-
Health & Edu. Cess	-	-	-	-	-	-	4	4	4	4	4	4
Total	25.75	30.90	27.55	33.06	28.84	34.61	26	31.20	27.82	33.38	29.12	34.92

**FOREIGN COMPANY**

- Tax rate remains unchanged @ 40%.
- Surcharge also remains unchanged.
- Health & Education Cess @4% .

If Total Income	< Rs.1 Cr.	Rs.1 Cr. - Rs.10 Cr.	> Rs.10 Cr.
Tax rate	40%	40%	40%
Surcharge	0	2%	5%
Health & Edu. Cess	4%	4%	4%
Total	41.60%	42.43%	43.68%



## **TAXABILITY OF COMPENSATION IN CONNECTION TO BUSINESS OR EMPLOYMENT**

- Currently, certain types of compensation receipts relating to business are taxable as business income however a large segment of compensation receipts relating to business are not taxable.
- It is proposed that **any compensation receipts either capital or revenue in nature relating to business shall be taxable as business income.**

**[w.e.f. A.Y 2019-20]**

## **PRESUMPTIVE INCOME UNDER IN CASE OF GOODS CARRIAGE**

No. of vehicles	EXISTING		PROPOSED	
	Gross vehicle weight ≤ 12MT	Gross vehicle weight > 12MT	Gross vehicle weight ≤ 12MT	Gross vehicle weight > 12MT
Deemed Profit	7500/- Per Month Per Vehicle		7500/- Per Month Or Part Of Month Per Vehicle	1000/-Per Ton Of Gross Vehicle Weight Or Unladen Weight Per Month Or Part Of Month Per Vehicle

**[w.e.f. A.Y 2019-20]**

## **TAX TREATMENT OF TRANSACTIONS IN RESPECT OF TRADING IN AGRICULTURAL COMMODITY DERIVATIVES**

- It is proposed that a transaction in respect of **trading of agricultural commodity derivatives, which is not chargeable to CTT**, in a registered stock exchange or registered association, will be treated as **Non-Speculative Transaction.**

**[w.e.f. A.Y 2018-19]**



**BENEFIT OF CARRY FORWARD AND SET OFF OF LOSSES [Sec. 79]**

- Currently, in case of closely held company, carry forward and set off of losses shall be allowed only if there is a continuity in the beneficial owner of the shares carrying not less than 51 percent. of the voting power, on the last day of the year or years in which the loss was incurred. However no set off and carry forward is allowed to a company seeking insolvency resolution under Insolvency and Bankruptcy Code, 2016.
- It is proposed that company seeking Insolvency Resolution under Insolvency and Bankruptcy Code, 2016 shall be **allowed to set off and carry forward the losses.**

[w.e.f. A.Y 2018-19]

**RATIONALISATION OF OPTION OF 25% TAX RATE TO NEWLY SET-UP DOMESTIC COMPANIES ENGAGED IN MANUFACTURING [ Sec. 115BA]**

- Currently, tax @ 25% is payable by any company if the company is setup on or after 1st March 2016, being a company engaged in the business of manufacture or production of any article or thing and research in relation to (or distribution of) such article or thing and has not claimed any benefit u/s.10AA, additional depreciation, investment allowance, expenditure on scientific research & any deduction under Part-C of Chapter-VI-A other than S.80JJAA.
- However, there are certain incomes which are subject to higher tax resulting in payment of lower tax or income subject to lower rate of tax resulting in high tax payment. Thus, undue advantage or undue relaxation was being provided earlier.
- It is proposed that the tax @ 25% would be payable only if the income of the company is **restricted to income from the business of manufacturing, production, research or distribution thereof.**

[Retrospectively w.e.f. 1st April, 2017]

**CONVERSION OF STOCK IN TRADE INTO CAPITAL ASSET [Sec. 28 r.w. Sec. 2(24) r.w. Sec. 49 r.w 2 (42A)]**

- Currently, capital gains arising from conversion of capital asset into stock-in-trade is chargeable to tax. However, there is no provision for conversion of stock in trade into capital asset.
- It is proposed that any profit or gains arising from conversion of inventory into capital asset or its treatment as capital asset shall be charged to tax as **Business Income**. Further, the **fair market value of the inventory on the date of conversion** shall be deemed to be the full value of the consideration received or accruing as a result of such conversion or treatment.

[w.e.f. A.Y. 2019-20 ]





## RELIEF FROM LIABILITY OF MINIMUM ALTERNATE TAX (MAT) [ Sec. 115JB]

- Currently, in computing the book profit, deduction is allowed in respect of the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account. In case, the loss brought forward or unabsorbed depreciation is Nil, no deduction is allowed. This non-deduction is a barrier to rehabilitating companies seeking insolvency resolution.
- It is proposed that the aggregate amount of unabsorbed depreciation and loss brought forward (excluding unabsorbed depreciation) shall be **allowed** to be reduced from the book profit, if a company's application for corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 has been **admitted by the Adjudicating Authority**. Consequently, **a company whose application has been admitted would now be entitled to reduce the loss brought forward (excluding unabsorbed depreciation) and unabsorbed depreciation for the purposes of computing book profit.**

**[retrospectively w.e.f. 1st April, 2001]**

## AMENDMENTS IN RELATION TO NOTIFIED INCOME COMPUTATION & DISCLOSURE STANDARDS

- Central Government is empowered to notify ICDS and are applicable to all assesses other than individual or a Hindu undivided family who are not subject to tax audit.

It is proposed that :

- marked to market loss or other expected loss as computed in the manner provided in income computation and disclosure standards shall be allowed deduction.
- deduction or allowance in respect of marked to market loss or other expected loss shall be allowed except as allowable
- any gain or loss arising on account of effects of changes in foreign exchange rates in respect of specified foreign currency transactions shall be treated as income or loss
- profits arising from a construction contract or a contract for providing services shall be determined on the basis of percentage of completion method except for certain service contracts, and that the contract revenue shall include retention money, and contract cost shall not be reduced by incidental interest, dividend and capital gains
- the valuation of inventory shall be made at lower of actual cost or net realizable value and for this purpose the comparison of actual cost and net realisable value shall be done category-wise



- the valuation of purchase and sale of goods or services and of inventory shall be adjusted to include the amount of any tax, duty, cess or fee actually paid or incurred by the assessee to bring the goods or services to the place of its location and condition as on the date of valuation.
- inventory being securities not listed, or listed but not quoted, on a recognized stock exchange, shall be valued at actual cost
- interest received by an assessee on compensation or on enhanced compensation, shall be deemed to be the income of the year in which it is received
- the claim for escalation of price in a contract or export incentives shall be deemed to be the income of the previous year in which reasonable certainty of its realisation is achieved

[retrospectively w.e.f. 1st April, 2017]





## TAX ON LONG-TERM CAPITAL GAINS ON SALE OF EQUITY SHARES ETC [New Sec. 112A]

- It is proposed that long term capital gains arising from transfer of a long term capital asset being an equity share in a company or a unit of an equity oriented fund or a unit of a business trust on which securities transaction tax has been paid on both acquisition and transfer of such capital asset shall be taxed @ 10% of such capital gains in excess of Rs one lakh.
- Further the Cost of Acquisition of share or unit bought before Feb 1, 2018 will be higher of:
  - The Actual Cost Of acquisition of the asset
  - The lower of:
    - The Fair Market Value of this asset (highest price of share on stock exchange on 31.1.2018 or when share was last traded. NAV of unit in case of a mutual fund unit) and
    - The sale value received/ accrued when the share/unit is sold.

Further, the long term capital gains will be computed without availing indexation benefit and without computation of capital gains in foreign currency in the case of a non-resident.

The calculation of Long term capital gains would be as follows:

Scenario 1	Prebudget	Postbudget
Date of Purchase	24-Jan-16	24-Jan-16
Date of Sale	25-Mar-18	25-Mar-18
Purchase Price per share	1000	1000
Sale Price per share	1300	1300
FMV as on 31-Jan-18	1100	1100
No of Shares	1000	1000
<u>Computation of tax Longterm Capital Gains</u>		
Sale consideration	13,00,000	13,00,000
Cost of Acquisition	10,00,000	11,00,000
Long Term Capital Gain	3,00,000	200,000
Exemption	-3,00,000	-200,000
Net Capital Gains	-	-
Tax @ 10%	-	-



Scenario 2	Prebudget	Postbudget
Date of Purchase	24-Jan-16	24-Jan-16
Date of Sale	25-April-18	25-April-18
Purchase Price	1000	1000
Sale Price	1300	1300
FMV as on 31-Jan-18	1100	1100
No of Shares	1000	1000
<u>Computation of tax Longterm Capital Gains</u>		
Sale consideration	13,00,000	13,00,000
Cost of Acquisition	10,00,000	11,00,000
Long Term Capital Gain	300,000	200,000
Exemption	-3,00,000	0
Net Capital Gains	-	2,00,000
Tax @ 10% on gains in excess of Rs 1,00,000	-	10,000 [(2,00,000-1,00,000)*10%]

[w.e.f. A.Y. 2019-20]

## TAXATION OF LONG-TERM CAPITAL GAINS IN THE CASE OF FOREIGN INSTITUTIONAL INVESTOR [ Sec. 115AD]

- Currently, incase of Foreign Institutional Investor, if total income includes long-term capital gains arising from the transfer of equity shares of a company or a unit of equity oriented fund or a unit of business trusts, the same is exempt.
- It is proposed that long term capital gain will be taxable in the hands of FIIs @ 10% in respect of amount of gains exceeding one lakh rupees

[w.e.f. A.Y. 2019-20]



### **DETERMINATION OF SALE CONSIDERATION FOR THE COMPUTATION OF CAPITAL GAINS [Sec. 43CA, 50C & 56]**

- Currently, in case of transactions relating to immovable property, the sale consideration or stamp duty value, whichever is higher is adopted. The difference is taxed as income both in the hands of the purchaser and the seller.
- It is proposed that no adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than 5% of the sale consideration.

[w.e.f. A.Y. 2019-20]

### **Exemption of long term capital gain [Sec. 54EC]**

- Currently, exemption under this section is available on long term capital gain arising from transfer of any long term capital assets if the gain is invested within a period of six months in bonds issued by the National Highways Authority of India or by the Rural Electrification Corporation Limited; or any other bond notified by the Central Government for a period of 3 years.
- It is now proposed that capital gain arising only from **Land Or Building or both and invested within a period of six months** in bonds issued by the National Highways Authority of India or by the Rural Electrification Corporation Limited; or any other bond notified by the Central Government for a period of 5 years shall be exempt from tax.

[w.e.f. 1st April, 2019]





**APPLICATION OF DIVIDEND DISTRIBUTION TAX TO DEEMED DIVIDEND [Sec. 2 (22e) r.w 115-O]**

- Currently, dividend distributed by a domestic company is subject to dividend distribution tax payable by such company. However, deemed dividend is taxed in the hands of the recipient at the applicable marginal rate.
- It is proposed that deemed dividend is proposed to be taxed at the rate of **30% without grossing up**. Further, **Dividend Distribution Tax would be required to be paid on the amount of deemed dividend**.

[w.e.f. 1st April, 2018]

**DIVIDEND DISTRIBUTION TAX ON DIVIDEND PAYOUTS TO UNIT HOLDERS IN AN EQUITY ORIENTED FUND [Sec. 115R]**

- Currently, any amount of income distributed by the specified company or a Mutual Fund to its unit holders is chargeable to tax and such specified company or Mutual Fund is liable to pay additional income-tax on such distributed income at prevalent rates. Further, any income distributed to a unit holder of equity oriented funds is not chargeable to tax.
- It is proposed where any income is distributed by a Mutual Fund being an equity oriented fund, the mutual fund shall be liable to pay **additional income tax at the rate of 10%** on income so distributed.

[w.e.f. 1st April, 2018]

**TAXABILITY OF COMPENSATION IN CONNECTION WITH THE TERMINATION OR MODIFICATION OF TERMS AND CONDITIONS OF ANY CONTRACT RELATING TO EMPLOYEMENT [ Sec. 56]**

- It is proposed that any compensation receipts either capital or revenue in nature in connection with the termination or modification of terms and conditions of any contract relating to employment shall be taxable as **Income from Other Source**.

[w.e.f. A.Y. 2019-20]



### DEDUCTION IN RESPECT OF HEALTH INSURANCE PREMIUM AND MEDICAL TREATMENT [Sec. 80D]

- Currently, deduction upto Rs 30,000/- is allowed to an individual or a Hindu undivided family, in respect of payments towards annual premium on health insurance policy, or preventive health check-up, of a senior citizen being 60 -80yrs of age , or any medical expenditure relating to very senior citizen of age above 80yrs.
- It is proposed that the limit of Rs 30,000 would now be raised to **Rs 50,000**. Further, in case of **single premium health insurance** having cover of **more than one year**, the deduction would be allowed **proportionately over the number of years over which health insurance cover is provided**.

[w.e.f. A.Y. 2019-20]

#### Our Comments :-

In view of us, this hike up to Rs. 50,000 will encourage senior citizens to fulfill the essential healthcare need considering high cost involved in the treatment.

### ENHANCED DEDUCTION TO SENIOR CITIZENS FOR MEDICAL TREATMENT OF SPECIFIED DISEASES [ Sec. 80DDB]

- Currently, deduction of Rs 60,000 to senior citizens and Rs 80,000 to very senior citizens is allowed, in respect of payments medical treatment of specified diseases subject to specified conditions.
- It is proposed to **enhance** the limit to **Rs 1,00,000** available to senior and very senior citizen .

[w.e.f. A.Y. 2019-20]

### Deduction in respect of interest income to senior citizen [ Sec 80TTB]

- It is proposed to allow a deduction upto **Rs 50,000/-** in respect of **Interest Income From Deposits** held by senior citizens. Henceforth, **TDS would be deducted only if the interest income exceeds Rs 50,000**. Further, **no deduction relating to savings bank interest shall be allowed to person claiming exemption under this section**.

[w.e.f. 1st April, 2018]



## DEDUCTION IN RESPECT OF INCOME OF FARM PRODUCER COMPANIES [ Sec. 80P]

- Currently, 100 % deduction is allowed in respect of profit of cooperative society providing assistance to its members engaged in primary agricultural activities.
- It is proposed to provide **100% deduction for a period of five years** from financial year 2018-19 to Farm Producer Companies (FPC), having a total turnover upto Rs 100 Crore, whose gross total income includes any income from
  - the marketing of agricultural produce grown by its members, or
  - the purchase of agricultural implements, seeds, livestock or other articles intended for agriculture for the purpose of supplying them to its members, or
  - the processing of the agricultural produce of its members.

[w.e.f. A.Y. 2019-20]

## MEASURES TO PROMOTE STARTUP [ Sec. 80IAC]

- Currently, deduction of 100% is allowed out of the profits derived by an 'Eligible Start-Up' incorporated on or after 01-04-2016 but before 01-04-2019 from an 'Eligible Business' having total turnover of ≤ Rs. 25 crore in any year from PY 2016-17 to PY 2020-21.
- At the option of the assessee, benefit can be availed for 3 consecutive AYs out of 7 years beginning from year of incorporation.
- It is proposed to extend the benefit to the companies **incorporated on or after the 1st day of April 2019 but before the 1st day of April, 2021** from an '**Eligible Business**' having total turnover of ≤ Rs. 25 crore in previous 7 years commencing from the date of incorporation.
- '**Eligible business**' means a business involving innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property

[w.e.f. A.Y. 2018-19]





### DEDUCTION FOR EMPLOYMENT OF NEW WORKMEN [ Sec. 80JJAA]

- Currently, a deduction of 30% is allowed in addition to normal deduction of 100% in respect of emoluments paid to eligible new employees who have been employed for a minimum period of 240 days during the year and a minimum period of 150 days in the case of apparel industry.
- It is proposed to allow the benefit of deduction to **Footwear And Leather Industry**.
- Further, it is also proposed to allow deduction to **new employee who is employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year**.

[w.e.f. A.Y. 2019-20]

### EXTENSION OF BENEFIT OF TAX-FREE WITHDRAWAL FROM NPS TO NON-EMPLOYEE SUBSCRIBERS [ Sec. 10 (12A)]

- Currently, an employee contributing to the NPS is allowed an exemption in respect of 40% of the total amount payable to him on closure of his account or on his opting out. This exemption is not available to non-employee subscribers.
- It is proposed that the benefit of this exemption would be now available to **Non-Employee Subscribers** also. Henceforth, the benefit is available to **All Subscribers**.

[w.e.f. A.Y. 2019-20]

### DEDUCTIONS IN RESPECT OF CERTAIN INCOMES NOT TO BE ALLOWED UNLESS RETURN IS FILED BY THE DUE DATE [Sec. 80AC]

- Currently, no deduction would be admissible under section 80-IA or section 80-IAB or section 80-IB or section 80-IC or section 80-ID or section 80-IE, unless the return of income by the assessee is furnished on or before the due date.
- It is proposed that **no deduction which are covered in heading "C.—Deductions in respect of certain incomes" in Chapter VIA (sections 80 H to 80RRB) shall be allowed unless the return is furnished by the due date**.

[w.e.f. A.Y. 2018-19]



**EXEMPTION TO SPECIFIED INCOME OF CLASS OF BODY, AUTHORITY, BOARD, TRUST OR COMMISSION IN CERTAIN CASES [Sec. 10(46)]**

- Currently, the Central Government is empowered to exempt by notification, specified income arising to a body or authority or Board or Trust or Commission if they are not engaged in any commercial activity and are established or constituted by or under a Central, State or Provincial Act or constituted by the Central Government or a State Government, with the object of regulating or administering any activity for the benefit of the general public.
- It is proposed that the Central Government would now be empowered to exempt by notification, specified income arising to a **class of such body or authority or Board or Trust or Commission**

[w.e.f. 1st April, 2018]

**STANDARD DEDUCTION ON SALARY INCOME [ Sec. 16]**

- **It is proposed to allow a standard deduction upto Rs 40,000/- or the amount of salary received, whichever is less.**
- Further, the present exemption in respect of Transport Allowance (except in case of differently abled persons) and reimbursement of medical expenses is not available.

[w.e.f. A.Y. 2019-20]

**Our Comments :-**

In view of us, the benefits of standard deduction of Rs 40,000 and withdrawal of Transport Allowance of Rs. 19,200 and Medical Reimbursement of Rs. 15,000 would thereby give marginal benefit of Rs. 5,800 only.



## Tax deduction at source on 7.75% GOI Savings (Taxable) Bonds, 2018

- It is proposed that interest received from **7.75% GOI Savings (Taxable) Bonds** would be **taxable** and further **TDS @ 10%** would be deducted at the time of making **payment of interest** on such bonds to residents if **interest exceeds 10,000**.

[w.e.f. 1st April, 2018]

## ROYALTY AND FTS PAYMENT BY NTRO TO A NON-RESIDENT TO BE TAX-EXEMPT [ Sec. 195]

- Currently, a person is required to deduct tax at the time of payment or credit to a non-resident.
- It is proposed that **no tax** would be required to be deducted on any payment made by **National Technical Research Organisation to a non resident**.

[w.e.f. A.Y. 2018-19]





**TDS AND MANNER OF PAYMENT IN RESPECT OF CERTAIN EXEMPT ENTITIES [Sec. 10 (23C) , Sec. 11]**

- Currently, income derived from property held under trust for charitable or religious purposes to the extent to which such income is applied or accumulated during the previous year for certain purposes in accordance with the relevant provisions is exempt.
- Further, any payment or aggregate of payments in a day made to any person in cash in excess of Rs 10,000 would be disallowed.
- It is proposed that trust or institutions claiming exemption would be required to **deduct tax at source and further any non deduction or short deduction would attract disallowance of 30%.**

[w.e.f. A.Y. 2019-20]



### NEW SCHEME FOR SCRUTINY ASSESSMENT [ New Sec. 143 (3A)]

- Currently, the Assessing Officer by an order in writing makes an assessment of total income or loss of the assessee, and determine the sum payable by him or refund of any amount due to him on the basis of such assessment.
- It is proposed that a new scheme of **E Assessment** would be introduced for the purpose of making assessments so as to impart greater transparency and accountability, by eliminating the interface between the Assessing Officer and the assessee, optimal utilization of the resources, and introduction of team-based assessment.

[w.e.f. 1st April, 2018]



**PROSECUTION FOR FAILURE TO FURNISH RETURN [ Sec 276cc]**

- If a person willfully fails to furnish in due time the return of income than he is liable to imprisonment for a minimum term of 6 months and may extend upto 7 years and with fine if the total tax liability exceeds Rs 25000. In case the tax liability is less than Rs 25000, than imprisonment for a minimum term of 3 months and may extend upto 2 years and with fine. However no prosecution is there if the tax liability is less than Rs 3000.
- It is proposed that the above relaxations **shall not be applicable in respect of a Company.**

[w.e.f. 1st April, 2018]

**PENALTY FOR FAILURE TO FURNISH STATEMENT OF FINANCIAL TRANSACTION OR REPORTABLE ACCOUNT**  
**[ Sec 271 FA r.w Sec 285BA (1)]**

Failure	PREBUDGET	POSTBUDGET
	Penalty	
Failure to furnish the statement of financial transaction or reportable account within prescribed time	Rs 100 per day of default	<b>Rs 500 per day of default</b>
Failure to furnish the statement of financial transaction or reportable account within the period specified in the notice	Rs 500 per day of default	<b>Rs 1000 per day of default</b>

[w.e.f. 1st April, 2018]





## BLACK MONEY (UNDISCLOSED FOREIGN INCOME AND ASSETS) & IMPOSITION OF TAX ACT, 2015

- Currently, under Black Money and Imposition of Tax Act, 2015, an order imposing a penalty can be made with the approval of the Joint Commissioner. Further, the Assistant Director or the Deputy Director can also be assigned the concurrent jurisdiction of the Assessing Officer and initiate penalty proceedings.
- Further, a person shall not be proceeded against for an offence under the relevant sections of the Black Money and Imposition of Tax Act, 2015 except with the sanction of the Principal Commissioner or Commissioner or the Commissioner (Appeals). The Principal Chief Commissioner or the Chief Commissioner may issue such instructions, or directions, to the tax authorities as they deem fit.
- It is proposed that the Joint Director, the Assistant Director and the Deputy Director shall also be vested with the power to approve an order imposing a penalty
- It is also proposed that the Principal Director General or the Director General are also empowered to issue instructions or directions to the tax authorities.

[w.e.f. 1st April, 2018]

## APPEAL AGAINST PENALTY IMPOSED BY COMMISSIONER (APPEALS) FOR FURNISHING INCORRECT INFORMATION IN REPORTS OR CERTIFICATES [ Sec 271J]

- It is proposed that an order passed by a Commissioner (Appeals) relating to furnishing incorrect information in reports or certificates shall now be appealable before the Appellate Tribunal.

[w.e.f. 1st April, 2018]



# UNION BUDGET 2018-19

- Information in this document is intended to provide only a general outline of the subjects covered and is not a substitute for detailed research and opinion. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice.
- Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.
- Sipani Manoj and Company accepts no responsibility for loss arising from any action taken or not taken by anyone using this document.
- Image used in this document are only for representational purpose



**Sipani Manoj and Co.**

Chartered Accountants

[www.sipanimanojandcompany.com](http://www.sipanimanojandcompany.com)

[www.casipani.com](http://www.casipani.com)

Address: F9, Bothra Complex, Alakh Sagar Road, Bikaner-334001

Email: [info@sipanimanojandcompany.com](mailto:info@sipanimanojandcompany.com)

Phone: 0151-2201639, 2970031