K C Mehta & Co.

Chartered Accountants

# India budget 2020

## A Synopsis

Striking the Right Balance

# Corporate Tax

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## Corporate Tax Regime

Finance Minister had announced sharp reduction in Corporate Tax rates in September 2019 and therefore no further change has been announced in Budget 2020.

In September 2019, the Corporate Tax rates for existing companies were reduced from 25% / 30% (plus surcharge and cess with highest effective tax rate being 34.94%) to 22% (with effective tax rate of 25.17%). The said rate was optional and was available to companies which do not claim certain incentives or accelerated / weighted deductions. Similarly, for new manufacturing companies incorporated on or after October 1, 2019, a new regime of tax at 15% (effective tax rate of 17.16%) was also introduced subject to fulfilment of certain conditions. The said scheme of 15% tax is now extended to new companies engaged in generation of electricity. It may also be mentioned that rate of Minimum Alternate Tax (MAT) was also reduced from 18.5% to 15% in September 2019 albeit the companies opting for the new regimes were exempted from MAT provisions.

However, as widely speculated, Dividend Distribution Tax levied on dividends distributed by companies / Mutual Funds has been abolished and dividends shall now be taxable in the hands of shareholders. Thus, a major policy change in manner of taxing corporates have taken place recently i.e. significant reduction in corporate tax rates and change in system of taxation of dividends.

The provision of Section 115BAA and 115BAB enabling lower regime of taxation have been amended to clarify that in addition to deduction u/s 80JJAA, deduction u/s 80M on account Inter Corporate Dividend shall also be available to the eligible company.

## Dividend Taxation

**Abolition of Dividend Distribution Tax**

Currently, dividend distribution tax consolidates tax incidence on the payer of dividend for easier collection of tax. The Bill proposes to abolish Dividend Distribution Tax and correspondingly provides for a levy of tax on income-earner i.e. shareholder in case of equity shares and unit holder in case of mutual funds. Accordingly, the Bill proposes to primarily amend Section 115-O which levies tax on the company distributing dividend on shares (and 115R in case of dividend distribution to unit holders) and restrict the dividend distribution tax to dividends distributed until March 31, 2020. Consequently, exemption available to shareholders and unit holders for dividend received under section 10(34) and 10(35) respectively is proposed to be withdrawn from such date.

Following corresponding amendments are also proposed in order to sync such provisions with the removal of dividend distribution tax and for enabling tax in the hands of shareholders and unit holders –

(a) Removal of reference to Section 115-O from various sections (where dividend received from companies who are subject to DDT under 115-O was exempted). Consequent to this amendment, the dividend to non-residents would be taxed @ 20% u/s 115A.

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However, generally the treaty tax rate for dividends is around 10-15% in most DTAAs and hence, the benefit of concessional rate of tax shall be available to them. Further, if such dividend is also taxable in the country of their residence, credit for tax deducted in India can be claimed as per treaty provisions.

(b) 10% additional tax levied on dividends received in excess of Rs. 10 lakhs to be restricted to dividends distributed till March 31, 2020

(c) Amendment to section 195 to remove exemption to dividend referred to in Section 115-O

The Bill has also proposed provisions for withholding tax @ 10% on dividends distributed to resident shareholders and unit holders.

**Removal of cascading effect on taxation of dividends under section 80M**

In continuation of the above, the Bill proposes to insert a new Section 80M for removal of cascading effect on taxation of dividends by way of adjusting dividends distributed against dividends received from Indian companies to compute its tax liability in respect of dividend income. This is in line with the provisions that existed prior to introduction of Dividend Distribution Tax. However, such adjustment can be made only for dividend distributed till one month prior to the due date of filing of tax return.

It may be noted that dividends received from foreign companies would continue to be taxed in the hands of Indian company as per the existing provisions of the Act (with dividend received from foreign company in which the Indian company holds > 26% shares being taxable at 15% plus surcharge and cess as applicable).

**Deductions from dividend income u/s 57**

An amendment is proposed to Section 57 of the Act, wherein no deduction shall be permissible in respect of dividend income from shares / units of mutual fund other than interest expenditure and such deduction shall not be in excess of 20% of dividend income. While this provision seems to bring clarity to the constant litigation around Section 14A disallowances, it remains to be seen whether similar issues would crop up in respect of this amendment.

Based on the current drafting, if the company distributes / declares any dividend during the year, it should still be eligible to claim both deduction of interest u/s 57 against the dividend income included in total income and then gross amount of dividend as deduction u/s 80M.

As a consequence of abolition of section 10(34), every domestic company is now required to pay tax on its dividend income u/s 115JB of the Act.

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## Tax Residency for Individuals

### Citizenship based Residency Criterion

The existing provisions of the Act provides for residency for individuals on the basis of presence in India. Now, the Finance Bill proposes to bring into the ambit of residency, all the citizens of India who have a domicile/residence out of India are not liable to pay tax outside India by reason of their domicile or residence outside India. The Bill proposes to deem all the citizens of India as residents if they are not liable to tax outside India by reason of their domicile or residence outside India. This move is aimed to bring to tax the citizens of India who, are otherwise not liable to pay any taxes in India and anywhere else in the world.

While the Memorandum explaining the provisions of Finance Bill provides the background of this provision as being a measure to prevent tax abuse and it focusses more on the aspects of "Stateless Persons", High Net Worth Individuals and their being not taxable anywhere in the world because of the current provisions of tax residence, the language of the law is ambiguous in that it does not provide specifically for these aspects. The provision, as is currently drafted, could lead to an interpretation that any person who is citizen of India is not liable to tax anywhere in the world, could be liable to tax in India.

The above amendment has raised concerns over taxability of Indian Expats settled in UAE who are not liable to tax in UAE and questions have arose that whether by way of the above amendment, would such Indian Expats be treated as Resident in India and be liable to pay tax in India on the remuneration earned in UAE? A view may be taken to treat such person as a resident in India as per above amendment and thereafter claim the benefit of Indo-UAE Treaty to hold such person as resident in UAE.

In any case, the above issue is required to be clarified by the Board as there could be many circumstances where non-payment of tax outside India is on account of local tax law / absence of tax law and may not be the result of any arrangement to avoid tax If not clarified, it may lead to serious litigation in coming times.

### Reduced stay eligibility for Non-Resident Indians

A citizen of India or a Person of Indian Origin ("PIO") shall be treated as resident in India if they are in India for 120 days or more. The number of days have been reduced from 182 days to 120 days for a citizen of India or a PIO. Considering the evolving ways of doing business, the Government considers 182 days as too lenient a criteria which could lead to misuse and hence, the said provision has been tightened now. Considering that norms have been tightened for determining if a person is a non-resident, the Government has relaxed the criteria for determination of a not ordinarily resident. Number of years for qualifying as RNOR has been reduced to 7 years from existing 9 years out of total 10 years. Alternative condition of presence in India for 729 days or less in preceding 7 years has been removed. This amendment is aimed to simplify the process of determination of status of Individual or

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HUF. Further, if a person is coming to India for the first time or after a long gap of 10 years, he/she would remain RNOR for first 4/5 years.

## Simplified Tax Structure for Individuals

**Individuals**

Section 115BAC proposes Lower Tax Rates for Individuals and HUFs which can be adopted at the option of the taxpayer. The lower tax rates shall be applicable if the taxpayer forgoes several exemptions and deductions. The following table shows the lower tax rates as per new regime:

| Total Income (Rs.) | Rate of Tax |
|---|---|
| Upto 2.5 Lacs | Nil |
| 2.5 Lacs to 5 Lacs | 5% |
| 5 Lacs to 7.5 Lacs | 10% |
| 7.5 Lacs to 10 Lacs | 15% |
| 10 Lacs to 12.5 Lacs | 20% |
| 12.5 Lacs to 15 Lacs | 25% |
| Above 15 Lacs | 30% |

The tax payer is required to forgo exemptions/deductions such as Leave Travel Concession,, House Rent Allowance, specified allowances under section 10(14) (other than prescribed), allowances to MPs / MLAs, 10(32), 10AA, Standard Deduction/Profession Tax, Interest on loan for self-occupied property, additional depreciation, deductions under section 32AD, 33AB, 33ABA, 35(1)(ii),(iia) & (iii), 35(2AA), 35AD, 35CCC, 57(iiia), Chapter VIA deductions except 80JJAA and 80CCD(2) (employers contribution to notified pension scheme). The taxpayer, if he/she opts for above scheme, would not be eligible to claim set off/carry forward of loss/depreciation if such loss or depreciation is attributable to above provisions and also loss pertaining to income from house property. The depreciation shall be allowed in prescribed manner and no additional depreciation shall be allowed. Deduction u/s 80LA shall be available.

The option is to be exercised before the due date of filing the return of income u/s 139(1) in case of taxpayer having business income. In case of no business income, option to be exercised along with the return of income filed u/s 139(1). Option once exercised shall be applicable to all the subsequent years. Option once exercised for a taxpayer having business income can be withdrawn only once for any subsequent year. Once withdrawn, option shall not be available except in case where taxpayer has no business income to offer in return of income.

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The above new tax regime for the individuals have been brought with a view of decreasing the tax burden in the hands of the individual tax payer and bringing more disposable income in his/her hands. However, on a comparative analysis of the old and new regime of personal taxation, it is observed that for a person earning Rs. 15 Lacs, maximum benefit he/she can get is Rs.78,000. This is just about 5% of the total income of the taxpayer which is minimal and does not actually serve the purpose for which the new tax regime has been inserted.

### Co-operative Society

In order to extend the benefit of lower tax regime to co-operative societies, Section 115BAD has been inserted. Section 115BAD proposes lower tax rate of 22% for resident co-operative societies which can be adopted at the option of the taxpayer.

The co-operative society is required to forgo following exemptions/deductions such as 10AA, 32(1)(iia), 32AD, 33AB, 33ABA, 35(1)(ii),(iia) & (iii), 35(2AA), 35AD, 35CCC, 57(iiia), Chapter VIA deductions except 80JJAA and 80CCD(2). The taxpayer if he/she opts for above scheme would not be eligible to claim set off/carry forward of loss/depreciation if such loss or depreciation is attributable to above provisions and also loss pertaining to income from house property. The depreciation shall be allowed in prescribed manner and no additional depreciation shall be allowed. Deduction u/s 80LA shall be available

The option is to be exercised before the due date of filing the return of income u/s 139(1). Option once exercised by co-operative society cannot be withdrawn.

### Non-Applicability of AMT under new regime

The Bill further proposes to amend the provisions of Alternate Minimum Tax for the Individuals and Co-operative Societies opting for concessional rate of tax under the proposed section 115BAC and section 115BAD. The provisions of AMT shall not be applicable to such individuals and co-operative societies.

## Other Changes

### Salary

Employer's aggregate contribution towards any approved superannuation fund, PF, or any Pension scheme approved u/s 80CCD in excess of aggregate limit of Rs. 7,50,000 shall be taxable as perquisite in the hands of employee. Further, Interest, dividend or other accretion arising on the excess contribution shall also be taxable as perquisite on proportionate basis. This move is aimed to bring a combined upper limit so as to rationalize the tax structure of employees with high salary.

### Interest on Housing Loan

The benefit of claiming deduction for interest paid on affordable housing loan u/s 80EEA is extended to the loan facility sanctioned till FY 2020-21. This is aimed at furthering the much needed boost to the real estate sector and triggering the increase in demand for affordable housing. The demand in the real estate sector will also in turn boost the economy.

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## Significant Economic Presence (SEP)

**Taxable presence of foreign company and profit attribution**

Applicability of SEP provisions has been deferred to Assessment Year (AY) 2022-23, i.e. Financial Year 2021-22, considering that the discussion on the same at international forum is still going on and as a result, the thresholds / parameters under section 9 of the Act have yet not been rolled out.

The provisions of SEP were inserted by Finance Act 2018 w.e.f. 01 April 2019 through insertion of Explanation 2A which clarified that SEP of a non-resident would constitute "Business Connection" in India and thereby income of any non-resident through or from a SEP shall be deemed to accrue or arise in India. It further defined the term SEP to include:

(a) Transaction in respect of any goods, services or property carried out by a non-resident in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeded prescribed amounts; or

(b) Systematic and continuous soliciting of business activities or engaging in interaction with prescribed number of users in India through digital means

The above Explanation now stands omitted and a new Explanation 2A shall apply from AY 2022-23 with the following changes which expand the scope of SEP and thereby, that of non-resident taxation:

(a) In the aforementioned clause (a), reference to transaction being carried out "in" India has been replaced with transaction being carried out "with any person" in India, thereby expanding the scope of SEP

(b) In the aforementioned clause (b), reference to "through digital means" has been removed.

There was a confusion earlier as to whether clause (a) of Explanation 1 to section 9(1)(i) would still need to be fulfilled in order to apply SEP provisions. The said explanation provided that in case of a business of which all the operations were not carried out in India, the income of the business deemed under the said clause to accrue or arise in India shall be only such part of the income as is reasonably attributable to the operations carried out in India. If one were to say that the said Explanation was applicable, it would have meant that the non-resident would be required to carry out some activities within India so as to be exigible to tax in India and in absence of the same, it should not be taxed even after considering SEP provisions. In order to provide clarity to such a situation, it has now been provided that the said clause shall not apply to SEP provisions.

Source Rule has further been extended by providing for an Explanation 3A to cover income from the following transactions within the meaning of income attributable to operations carried out in India with effect from AY 2021-22 (Explanation 1) or within the meaning of income attributable to transactions or activities with effect from AY 2022-23 (Explanation 2A - SEP):

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(i) Income from 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;

(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

These amendments shall have far reaching effects in the sense that it would completely change the way taxation of non-residents was understood, whereby focus is being completely shifted to market / customers. For example, income of a foreign company by selling goods to an Indian party directly from outside India could also be considered as deemed to accrue or arise in India if the prescribed thresholds are met. This goes against the otherwise settled principle of taxing business income of a non-resident only to the extent of activities being carried out by such non-resident in India.

**Safe Harbor provisions for Profit Attribution to operations of a non-resident in India**

Currently, the safe harbour provisions encompass determination of arm's length price at the time of filing return of income as well as at the time of transfer pricing assessment. These provisions have been proposed to be expanded to include computation of income attributable to operations of a non-resident in India.

Since the Rules provide an indicative profit margin or manner of computation, corresponding amendment in Rules shall give more information on manner of computation or attribution of profits to permanent establishment.

**Provision of Profit Attribution in Advance Pricing Agreement**

Similar to above, the subject of attribution of profits to Indian operations of a foreign company has been a matter of prolonged litigation. To curb the same, the Bill proposes to amend the provisions relating to Advanced Pricing Agreement contained in the Act to include attribution of profits to operations of a non-resident in India, within its scope.

## Other Changes

**Rationalization of provisions of DTAA with MLI**

More than 90 countries have signed the Multilateral Instrument (MLI), which is intended to be read with DTAA and contains as its principal purpose, avoidance of non-taxation or reduced taxation through tax evasion or avoidance including through treaty shopping arrangements. India has ratified the MLI in 2019. The Bill proposes to amend Section 90 and Section 90A of the Act to incorporate this principal purpose in the provisions of the Act that enable recourse to a DTAA.

**Rationalization of Thin Capitalization provisions on borrowings from PE of non-resident bank**

The provisions of thin capitalization are aimed at discouraging claiming of excessive deductions on account of interest payments by highly leveraged

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companies, who are financed by debt rather than equity by its associated enterprises. However, this also covers the situations where a loan from Indian branch office of a foreign bank is guaranteed by associated enterprises. In this case, the interest paid to Indian branch office is subject to tax in India and hence, there is no scope of base erosion or profit shifting.

Further, because of the definition of associated enterprise, which includes any enterprise from which the Indian enterprise has borrowings amounting to more than 50% of book value of its assets, even Indian branch of foreign banks from whom an Indian company might have borrowed loans are covered by these provisions.

Since the objective of these provisions is not to disallow genuine interest payments by an Indian company and also to adhere to the principle of Base Erosion, the Bill proposes to amend the provisions to carve out interested payable on borrowings from PE of non-resident bank by an Indian company.

**Exemption to non-residents from filing return of income**

The current provisions of the Act exempt non-residents from filing return of income in India if their total income only includes dividend and / or interest income; provided that tax has been deducted on such income as per the provisions of the Act. These provisions are proposed to be amended to include non-residents whose total income includes income by way of royalty and fees from technical services; provided that tax has been deducted as per the provisions of the Act.

Further, the provisions have also imposed an additional condition that tax should be deducted as per the provisions of the Act (or higher) and not lower than that. In view of this, if concessional treaty benefits are availed, the benefit of exemption from tax return filing would not be available. It may also be noted that these provisions do not relieve the foreign companies from furnishing Form 3CEB (Transfer Pricing report) in India on such income, in case transfer pricing provisions are applicable.

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## Startup Taxation

With a view to incentivize the Startup Companies, the limit of turnover to qualify as a start-up has been increased to Rs. 100 crores from the existing Rs. 25 crores. This would result in more number of companies being qualified as a startup and accordingly will be eligible to claim tax benefits as conferred under the Act. Further, the eligible period is extended to 3 consecutive years out of 10 years as against 3 consecutive years out of 7 years as per existing provisions. This would result in giving additional time and flexibility to startups to claim the tax benefits conferred u/s 80-IAC.

ESOP tax payment in case of Startups has been deferred by 5 years from the date of exercise unless the shares are transferred or cessation of employment before that period. This move is aimed to encourage employment and enabling the availability of skilled and technical manpower to the Startup and also give sufficient space to such Startup to grow.

## Capital Gains

**Immovable Property**

The variation between stamp duty value and consideration on sale of property as allowed u/s 50C has been increased from 5% to 10%. Corresponding amendment has been made in section 43CA as well as section 56(2). The capital assets being land, building or both acquired by the Assessee or previous owner prior to 1st April 2001, the Assessee may adopt the Fair Value of the capital asset as on 1st April 2001 as cost of acquisition. The FMV of the land or building or both determined as on 01-04-2001 shall be restricted to the stamp duty value as on 01-04-2001, wherever available.

## Charitable Organizations

**Streamlining the Registration process of entities claiming exemption u/s 10(23C)**

The Bill proposes to rationalise the registration process of various charitable institutes, trusts, universities, educational institution, hospitals whose income are exempt under section 10(23C) of the Act. The application process for granting of exemption shall be regularised and orders for approving the application shall be passed within the specified time limit. Also, as per the existing provisions the exemption is granted for unlimited period of time. However, the Bill proposes to grant the registration for a limited period of 3-5 years in order to ensure that the necessary conditions are getting complied followed by subsequent renewals.

**Filing of statement by entities receiving the donation**

In order to keep proper records of the donations made to tax exempt entities, the entities receiving the donation shall be made to furnish a statement similar to the statement furnished for TDS/TCS in respect of the sums received. Further, the payer/donor can claim the deduction of the sum paid on the basis of the certificate issued by the entities receiving the donation. This reporting mechanism shall regulate the receipt/payment of donations.

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## Enlarging the Scope of Tax Deducted / Collected at Source

**TCS on sale of goods**

The Finance Bill proposes for to introduce TCS @ 0.1% in case of sale of goods to a buyer who in aggregate buys goods for more than Rs. 50 lakh in a year. Thus, the seller in such cases, would need to recover, in addition to sale proceeds, 0.1% of the sale consideration towards tax and deposit with Government. This is likely to have far reaching implications considering that it will be applicable in large volume of transactions coupled with the additional compliances. All these transactions were otherwise reported to the Government through GST mechanism and therefore, such an onerous compliance requirement may not be in sync with the Ease of Doing Business.

This shall be applicable in case of sellers whose turnover during immediately preceding year is more than Rs. 10 crores. The rate of TCS shall be 1% in case the buyer does not have PAN / Aadhar.

**TDS on e-commerce transactions**

Growth of e-commerce business in recent past has been unanticipated. Large volume of business is being generated by various participants through using the e-commerce portal. In order to widen and deepen the tax net by bringing participants of e-commerce within tax net, it is proposed that TDS is now deductible on sale of goods or supply or services. An e-commerce operator is required to deduct TDS at 1% of the total value of sale or services to the e-commerce participant.

It is further provided that TDS is not deductible if the total sum credited or paid to e-commerce participant does not exceeds Rs.5 lacs and he furnishes PAN/Aadhaar to the e-commerce operator. However, in case of non-submission of PAN / Aadhar to e-commerce operator, TDS is deductible at 5%.

**Other TDS / TCS Amendments**

At present, the Co-operative societies are not required to deduct TDS on payment of Interest to its members. Scope of section 194A has been expanded to include the large cooperative societies having total turnover of more than Rs.50 crores to deduct TDS on payment of interest of more than Rs.40,000 (In case of Senior Citizen Rs.50,000).

Under the existing provision of section 194C, in case of work contract TDS is not deductible if the manufacturing is carried out by the contractor using the raw material purchased from third parties. Therefore, the provision of section 194C becomes inoperative where instead of supplying material directly to the contractor, the material is supplied through close associates/related party. In order to curb this escape route, under the amended provision, it is proposed that TDS will now be deductible u/s 194C even though material is not supplied by the customer directly but through related/associated person.

Under the existing provisions in Chapter XVII-B, an Individual or HUF is not obliged to deduct TDS if the gross turnover from Business or Profession does not exceeds the monetary limit prescribed u/s 44AB. The monetary limit for audit u/s 44AB has been

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increased from existing limit of Rs.1 crore to 5 crores. However, despite the increase in tax audit limit, an Individual or HUF is still required to comply with TDS if the total turnover from the business exceeds Rs.1 cr and/or exceed Rs.50 lacs in case of profession.

In case of payment of fees for Technical services, as per the proposed amendment u/s 194J, TDS is now deductible at reduced rate of 2%. It is to be noted that the said amendment is applicable in case of payment made to Resident only.

## Tax Administration

### Filing & Compliances

The present Government is committed on eliminating the harassment faced by the taxpayers from the Department officials. As a step towards the said objective, the Bill proposes to insert Taxpayer's Charter as part of Income Tax Act and orders, instructions, directions or guidelines to be made for administration of Charter.

The Bill proposes to postpone the Due Date of filing return of income for companies including any persons required to gets his accounts audited u/s 44AB to 31st October from 30th September (for non-transfer pricing cases). The due date of filing tax audit report remains to be 30th September. Due date for filing of Transfer Pricing Audit Report has been preponed to 31st October and the due date of Return in Transfer Pricing cases would continue to remain 30th November.

In case of entities carrying business, whose cash receipts and cash payment is less than or equal to 5% of total receipts as well as payments respectively, threshold of Rs. 5 crores has been prescribed instead of Rs. 1 crores for the purpose of requirement of tax audit u/s 44AB. This amendment is with a view to curb the use of cash in small and medium scale business and encouraging digital payments and also reducing compliances.

### Faceless Assessments & Appeals

The Central Government will notify e-appeal scheme in order to impart greater transparency, efficiency and accountability in administering the appellate proceeding. The e-appeal scheme proposes to eliminate interface between the CIT(A) and the Assessee and further aiming at optimizing utilization of resources for speedy and effective disposal. The notification shall be issued on or before 31st March 2022.

Similarly, the Central Government will also notify e-penalty scheme in order to impart greater transparency, efficiency and accountability in disposing the penalty orders.

### Tax Litigations

The statute provides adequate power to the Income Tax Appellate Tribunal (ITAT) to grant complete stay of the disputed demand in suitable cases. The provision has now been amended to clarify that ITAT may grant stay only if the Assessee deposits 20% of the disputed demand or furnishes adequate security of equal amount in respect thereof.

The Government shall introduce scheme for settlement of disputes in Direct Taxes. It is expected that upon payment of disputed tax (without interest

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and penalty) by March 31, 2020, the assessees will be able to opt in for such scheme. However, no details have been provided in Finance Bill.

## Other Amendments

**Deduction under section 35AD made optional**

Section 35AD dealing in deduction in respect of expenditure on specified business restricts assessees to claim deduction of such expenditure under any other section of the Act. Due to such provisions, companies which opt for concessional tax rate of 15% / 22% and are not allowed 35AD deduction, are also denied the deduction of normal depreciation on such expenses. In order to remove such difficulty, the Bill proposes to amend the existing provisions by making the deduction optional. Thus, the companies opting for concessional rate of tax rate may opt out of section 35AD deduction and thereby shall easily claim depreciation on such expenditure.

**Penalty for false entry**

Every person in whose case it is found that either he has made any bogus claim (based on fake invoices) or omits to pass any entry in the books then he shall be liable for penalty equivalent to the amount of transaction. Penalty shall also be leviable in case any other person who has indulged in the first mention person in making such false claim.

**Carry forward of losses in case of amalgamation of certain companies**

Benefit of carry forward of accumulated losses and unabsorbed depreciation in the case of amalgamation of banking companies is proposed to be further extended to new banking companies and general insurance companies under the schemes bought into force by Central Government. The accumulated losses and unabsorbed depreciation of amalgamating companies shall be deemed to be the loss or depreciation of the amalgamated companies.

K C Mehta & Co.

Chartered Accountants

**Vadodara**
Meghdhanush,
Race Course,
Vadodara 390 007,
INDIA
Ph.:+91 265 2341626
+91 265 2440400

**Ahmedabad**
Level 11, Tower B,
Ratnaakar Nine Square,
Vastrapur,
Ahmedabad, 380 015,
Gujarat, INDIA
Ph.: +91 79 4910 2200

**Mumbai**
508, The Summit
Business Bay,
Near WEH Metro Station,
Off Andheri Kurla Road,
Andheri East,
Mumbai - 400069, INDIA
Ph.: +91 22 26825834

**Bengaluru**
19/4, 4th Main,
Between
7th & 8th Cross,
Malleshwaram,
Bengaluru - 560 003, INDIA
Ph.: +91 80 23561880

Independent Member

BKR

INTERNATIONAL

**www.kcmehta.com**