





# 1. Rates of Income Tax

There has been no change in the tax rate for individuals for the current tax year.

Income	Tax rates
<b>Individual less than 60 years, HUF, BOI, AOP, AJP</b>	
Up to 2,50,000	Nil
2,50,001 – 5,00,000	5%
<b>Individual 60 to 80 years</b>	
Up to 3,00,000	Nil
3,00,001 – 5,00,000	5%
<b>Individual - 80 years &amp; above</b>	
Up to 5,00,000	Nil
<b>All Individuals and HUF, BOI, AOP, AJP</b>	
5,00,001–10,00,000	20%
More than 10,00,000	30%

Surcharge  
for  
individuals

Income	Surcharge
50 Lakh – 1 crore	10%
1 Crore – 2 Crore	15%
2 Crore – 5 Crore	25%
More than 5 Crore	37%

# Surcharge on Capital Gains

Capital Gains	Existing surcharge	New Surcharge
<b>Gains taxable u/s. 111A &amp; 112A</b>		
Total Income: 2 Cr – 5Cr	15%	15%
Total Income: > 5Cr	15%	15%
<b>Other LTCGs</b>		
Total Income: 2 Cr – 5Cr	25%	<b>15%</b>
Total Income: > 5Cr	37%	<b>15%</b>

## **Note:**

*The above amendment do not apply to STCGs, which shall continue to be subject to surcharge as ordinary income.*

*Section 111A and 112A deals with transfer of equity share in a company, or a unit of equity oriented fund or a unit of business trust.*

## Optional: Individual and HUF

Income	Tax Rate*
Up to 2,50,000	Nil
2,50,001 – 5,00,000	5%
5,00,001 - 7,50,000	10%
7,50,001 – 10,00,000	15%
10,00,001 – 12,50,000	20%
12,50,001 – 15,00,000	25%
More than 15,00,000	30%

*\*In case of Optional Scheme, certain deductions, exemptions and MAT provisions do not apply.*

## Firms and Local Authority

Income	Tax Rate
Total income	30%
Surcharge at 12% if the total income exceeds Rs.1 crore	

# For Companies

Domestic Companies			
Regular Provision		Optional Scheme*	
Turnover	Tax Rate	Turnover	Tax Rate
< 400 crores in PY 2019-20	25%	Companies opting Sec – 115BAB	15%
Others	30%	Companies opting Sec – 115BAA	22%
Surcharge is 7% if income exceeds 1 crore but not 10 crore and it is 12% if income exceeds 10 crore		Surcharge is 10%	
<i>*In case of Optional Scheme, certain deductions, exemptions and MAT provisions do not apply.</i>			
Other than Domestic Companies			
Income		Tax Rate	
Total income		40%	
Surcharge at 2% if income exceeds 1 crore but not 10 crore			
Surcharge at 5% if income exceeds 10 crore			

## 2. Promoting Voluntary Tax Compliance and Reducing Litigation

New Section

### Updated Return u/s 139(8A)



Filed u/s 139(1)/(4)/(5)

Not filed

Assessee can opt to file an **Updated Return** within **24m** from the end of relevant AY along with **proof of payment** of tax

Updated Return cannot be furnished for an AY, when -

- Search has been initiated u/s 132 or books of accounts or documents are requisitioned u/s 132A including notice issued to other persons to whom such books, documents, etc. belong (**for that PY and 2 preceding PYs**);
- Survey has been conducted u/s 133A except under sub-section (2A) (**for that PY and 2 preceding PYs**);
- An updated return has already been filed u/s 139(8A);
- Assessment, reassessment, recomputation or revision of income pending or have been completed for the relevant AY;
- AO has information under various laws or has received information under agreements u/s 90 or 90A in respect of a person and the same has been communicated to the person;
- Prosecution has been initiated under Chapter XXII.

***\*It cannot be a loss return OR reduce the tax liability OR result in refund OR increase the refund.***

# Litigation Management

**w.e.f. April 1, 2022**

**Question of Law arising in  
case of the assessee for any  
AY**

**Question of Law already raised  
in case of the assessee for  
another AY**

**Question of Law already raised  
in case of another assessee for  
any AY**

- Which is in appeal before HC/SC or under Special Leave Petition against the order of the ITAT/HC which is favourable to the assessee



The collegium may decide to intimate CIT/PCIT to defer the appeal before the ITAT/HC/SC till the decision on the question on law becomes final in the other case, subject to Assessee's acceptance that the questions are identical.

*Application for deferment of appeal shall be made by the AO to the ITAT/HC within 60/120 days from the date of receipt of the order of CIT(A)/ITAT, respectively.*

*A sunset clause is proposed to be inserted in section 158AA(1) to provide that no direction shall be given on or after 1st April 2022 under the said section.*

# Clarification on treatment of Health & Education Cess



Health and education cess is **not an allowable business expenditure** while computing income chargeable under the head “Profits & Gains of Business or Professional”

## Expenditure in relation to Exempt Income

*w.e.f. 1<sup>st</sup> April 2022*

To change the status-quo, the Finance Act, 2022 proposes:

- Section 14A to include a **non-obstante clause**.
- A new **Explanation** to be inserted to clarify that the expenditure incurred to earn exempt income shall not be allowed under section 14A **even if no exempt income is earned during the year**.



# Strengthening disallowance of illegal expenditure

Expression “**expenditure incurred by an assessee for any purpose which is an offence or which is prohibited by law**” under the 1<sup>st</sup> Explanation, shall include and shall be deemed to have always included the following:

- Expenditure incurred for any purpose which is an offence under or prohibited by law, **in India or outside India;**
- to provide any benefit or perquisite to a person, and acceptance of such benefit or perquisite by such person is in **violation of any law or rule or regulation or guidelines**, governing the conduct of such person;
- Expenditure incurred to **compound an offence under any law, in India or outside India.**

## Extending the NPS benefit to state govt. employees

*w.e.f. April 1, 2020*

Proposed to increase the limit of deduction from 10% to 14% of the salary in a view to avail full deduction of the enhanced contribution by the State Govt., and bring it **on parity with the Central Govt. employees.**

# For Start-ups

## Start-ups

Outer date of incorporation of eligible start-ups for S. 80-IAC extended till March 31, 2023

## New domestic mfg. companies

Applicability of beneficial rate of taxation u/s. 115BAB(2) for a new domestic manufacturing company set up and registered on or after 01-10-2019 is to be extended to companies which commences manufacturing/ production on or

## Exemption of amount received for medical treatment and on account of death due to COVID-19

Proposed to amend S. 17(2) by inserting new sub-clause

**Amendment in effect to the press release dated 25-Jun-2021**

incurred by the employee on his medical treatment or treatment of any family member in respect of illness related

Not to form part of "perquisite"

# Exemption of amount received for medical treatment and on account of death due to COVID-19

Proposed to amend  
Section 56(2)(X) by  
inserting new sub-  
clauses

*w.e.f. Apr 1, 2020*

Receipt of money in respect of any expenditure actually incurred by a person on his medical treatment or treatment of any family member in respect of illness related to COVID-19.

Receipt of money by a member of the family of deceased person from the **employer** of the deceased **or** from **any other persons** to the extent of Rs. 10 lakhs, if received in 12 months.



# Widening the tax base



## Specified Persons

*w.e.f. Apr 1, 2022*

FA 2021 inserted s. 206AB and 206CCA to to apply TDS and TCS at higher rates in case of payees who fails to file his ITR for **two preceding PYs**.

In order to deepen the tax base, it is proposed to reduce the two-PYs requirement to **one preceding PY**.

Provisions of section 206AB will no apply for individuals and HUF covered under section 194-IA, 194-IB and 194M for whom simplified tax deduction has been provided without the requirement of PAN

# Extending the scope of TDS on Immovable Property

## Existing

Currently, TDS @ 1% needs to be deducted when the amount of consideration paid on transfer of immovable property **exceeds Rs. 50 Lakh**. This is inconsistent with s. 43CA and 50C which refers to stamp duty valuation.

*w.e.f. Apr 1, 2022*

## Proposed

It is proposed to amend s. 194-IA to required deduction of TDS @ 1% if actual consideration **or the stamp duty value** of such property, whichever is higher, exceeds Rs.50 lakhs.

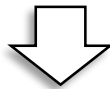


# TDS on benefit/perquisite of a business or profession

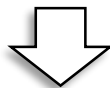
New Section

*w.e.f. July 1, 2022*

Section 194R



TDS @ 10%



To be deducted by the person responsible for providing to a resident, any benefit or perquisite arising from carrying out of a business or exercising of profession in terms of section 28(iv) if the aggregate value payable exceeds Rs. 20,000 during the financial year.

# Taxation of Virtual Digital Assets

## Newly Inserted Section 115BBH

Any  
Person

Transfer of virtual digital asset

Income

Any  
Person

- Taxable @ 30%
- No deduction (other than COA), allowance or set off loss is allowed.
- No carried forward of losses to subsequent AYs
- TDS u/s 194S @1%. However, in case of payments is:
  - Wholly in kind or in exchange of virtual digital asset where no part in cash; or
  - Partly in kind or partly in cash but the part in cash does not meet TDS deduction.

**The person before making payment shall ensure tax has been paid.**

***w.e.f. April 1, 2023***

# Maintenance of books of accounts

Existing



There is no specific provision under the Act providing for the books of accounts to be maintained by such trusts or institutions



***w.e.f. April 1, 2023 AY 2023-24***

Proposed

It is proposed to amend clause (b) of sub-section (1) of 12A of the Act and tenth proviso of clause (23C) of section 10 of the Act to provide that where the **total income** without giving effect to the provisions of clause (23C) of section 10 or section 11 and 12, **exceeds the maximum amount** which is not chargeable to tax shall keep and **maintain books of account** and other document in such form and manner as prescribed.



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