## **CONTENTS**

		PAGE
DIVIS	SION ONE	
Comm	nentary on Finance Act, 2023	
	1	
	TAX ON WINNING FROM ONLINE GAMES	
1.1	Overview	1.3
1.2	Introduction	1.3
1.3	Tax on winnings from online games [Section 115BBJ]	1.10
1.4	Deduction of tax at source under section 194BA	1.23
1.5	Consequential amendment to section 115BB	1.33
1.6	Consequential amendment to section 194B	1.34
1.7	Change in the threshold limit for deduction of tax under section 194B and section 194BB	1.34
1.8	Overview	1.35
	2	
	TAXATION OF LIFE INSURANCE POLICIES	
2.1	Overview of amendments made by Finance Act, 2023	1.36
2.2	Purpose of Amendment	1.37
2.3	Analysis of the amendment made by the Finance Act, 2023	1.38
2.4	Overview of tax on sum received under life insurance policy	1.56
	3	
	TAXATION OF CHARITABLE AND RELIGIOUS TRUSTS	
3.1	Overview of changes in provisions relating to Charitable & Religious Trusts	1.57
3.2	A new provision has been introduced to apply for direct registration [Section 12A(1)(ac)(vi) and Section 12AB(1)]	1.58

CONTENTS I-8

		PAGE
3.3	No benefit of exemption for past years [Proviso to Section 12A(2)]	1.68
3.4	Inter-charity donations are to be considered as the application only to the extent of 85% of the donation [Clause (iii) in Explanation 4 to Section 11(1)]	1.73
3.5	Revised time-limit for filing Form 9A/10 [Section 11]	1.77
3.6	Restriction on a maximum time-limit to file ITR [Section 12A(1)(ba)]	1.79
3.7	Restriction on application out of Corpus [Insertion of the second, third and fourth proviso to Explanation 4(i) to Section 11(1)]	1.82
3.8	Restriction on application out of loans or borrowings [Insertion of the second, third and fourth proviso to <i>Explanation 4(ii)</i> to Section 11(1)]	1.85
3.9	Incomplete or false information in the registration application can invite cancellation [Insertion of clause (g) in <i>Explanation</i> to Section 12AB(4)]	1.88
3.10	Insertion of reference of clause (46A) and clause (23EC) of Section 10 [Section 11(7)]	1.93
3.11	Amendments in the provision for the exemption to educational institutions, hospitals and other charitable or religious institutions [Section 10(23C)]	1.94
3.12	Provisions of accreted tax extended to trusts not getting re-registration or re-approval [Section 115TD]	1.102
3.13	Removal of name-based funds from the list of eligible donees [Section 80G(2)]	1.106
3.14	Provisional and Regular Approval under section 80G(5)	1.107
3.15	Insertion of clause (46A) in section 10 [Section 10(46) and Section 10(46A)]	1.109
	4	
	AGNIVEER SCHEME	
4.1	Overview	1.112
4.2	Introduction	1.112
4.3	Exemption for the amount received by the Agniveers or nominees	1.113
4.4	Contribution by the Govt. to Agniveer Corpus Fund to be treated as salary	1.115
4.5	Deduction for the contribution made to Agniveer Corpus Fund	1.116
4.6	Deduction under section 80CCH is available in the new tax regime	1.116
4.7	Taxation of the monthly payment	1.116

I-9 CONTENTS

	_	PAGE
	5 BUSINESS INCOME	
5.1	Overview of changes in provisions relating to the profits and gains from business or profession	1.117
5.2	Value of benefit or perquisite taxable as business income, even if it is in cash or in kind [Section 28(iv)]	1.118
5.3	Relaxation in the conditions to claim a deduction for preliminary expenses [Section 35D]	1.132
5.4	Deduction for the sum payable to micro and small enterprise to be allowed on a payment basis [Section 43B(h)]	1.134
5.5	Updating categorisation of NBFCs [Section 43B(da)]	1.144
5.6	Increase in the threshold limit to opt for presumptive tax scheme [Section 44AD]	1.144
5.7	Increase in the threshold limit to opt for presumptive tax scheme [Section 44ADA]	1.149
5.8	Exemption from tax audit to the assessee declaring profits and gains on a presumptive basis under section 44AD or 44ADA [Section 44AB]	1.150
5.9	Categorisation of NBFC [Section 43D]	1.150
5.10	No carry forward and set off to be allowed of the losses or unabsorbed depreciation pertaining to the year in which presumptive income is computed [Section 44BB and Section 44BBB]	1.151
	6	
	CAPITAL GAINS	
6.1	Overview of changes in provisions relating to capital gains	1.153
6.2	No capital gain shall arise on the conversion of gold into Electronic Gold Receipt (EGR) and vice versa [Section 2(42A), Section 47 and Section 49]	1.154
6.3	Taxation of Market-Linked Debentures and Specified Mutual Funds	1.159
6.4	Interest on housing loan claimed as deduction shall not form part of cost of asset [Section 48]	1.177
6.5	Maximum limit introduced for the exemption under section 54 and section 54F	1.180
6.6	Clarificatory amendment in the meaning of consideration in JDA transactions [Section 45(5A)]	1.183
6.7	Relocation of offshore funds to IFSC [Section 47(viiad)]	1.184
6.8	Cost of acquisition and cost of improvement of intangible assets and any other right [Section 55]	1.185

CONTENTS

I-10

		PAGE
6.9	Exemption from capital gains on transferring the interest in a JV by a Public sector company in exchange for shares in a foreign company [Section 47(xx) and Section 49(2AI)]	1.188
	7	
	OTHER INCOME	
7.1 7.2 7.3	Overview of changes in provisions relating to other income Sum received from business trust to be taxable as residuary income Taxation of shares issued at a premium to non-resident investors [Section 56(2)(viib)]	1.192 1.192 1.207
7.4	Sum of money received by a not ordinarily resident from a resident shall be deemed to accrue or arise in India [Section 9(1)(viii)]	1.210
	8	
	<b>DEDUCTIONS AND EXEMPTIONS</b>	
8.1	Overview of changes in provisions relating to deductions and exemptions	1.214
8.2	Extension in the outer date for the incorporation of a start-up [Section 80-IAC]	1.215
8.3	Consequential amendment made to give a reference to the regulation notified by IFSC Authority [Section 10(4D), Section 47(viiad) and Section 115UB]	1.216
8.4	Elimination of double taxation of non-resident's income from offshore derivative instruments [Section $10(4E)$ ]	1.216
8.5	Exemption to news agencies under section 10(22B) withdrawn	1.217
8.6	Return filing and timely inward remittance of proceeds for section 10AA exemption	1.217
8.7	Removal of redundant provisions	1.218
8.8	Omission of certain clauses of section 10	1.219
8.9	Exemption to be available to a "Sikkimese woman marrying a non-sikkimese" and an "Individual domiciled in Sikkim" [Section 10(26AAA)]	1.219
8.10	Exemption to income of credit guarantee trusts/funds [Section 10(46B)]	1.221
8.11	100% deduction in remaining 5 years to income of Offshore Banking Units [Section 80LA]	1.222
8.12	Scope of exemption has been expanded to the income received by a non-resident from specified activities carried out by specified person [Section 10/4G)]	1.224

I-11 CONTENTS

		PAGE
8.13	Exemption to non-residents or IFSC units on transfer of shares of domestic company engaged in aircraft leasing business in IFSC [Section 10(4H)]	1.224
8.14	Tax exemption for inter-corporate dividend distribution within IFSC Units engaged in the aircraft leasing business [Section 10(34B)]	1.225
	9	
	NEW TAX SCHEMES	
9.1	Overview of changes in provisions relating to the new tax scheme	1.226
9.2	Reduced tax rates and amendments in alternative tax scheme have been changed [Section 115BAC]	1.226
9.3	A higher rebate is allowed to a resident individual opting new tax scheme [Section 87A]	1.233
9.4	Concessional tax rate to promote new manufacturing co-operative societies [Section 115BAE]	1.234
9.5	Exemption from provisions of AMT on opting for new tax scheme [Section 115JC and Section 115JD]	1.245
	10	
	TDS/TCS	
10.1	Overview of changes in provisions relating to TDS/TCS	1.246
10.2	Increase in the rate of TCS on certain remittances [Section 206C]	1.247
10.3	Change in TDS rate in Non-PAN cases [Section 192A]	1.252
10.4	Removal of exemption from TDS on payment of interest on listed securities to a resident person [Section 193]	1.253
10.5	Increase in the threshold limit for co-op. societies to withdraw cash from the bank without TDS [Section 194N]	1.254
10.6	Clarification on the deduction of tax from benefit or perquisite given in cash or kind [Section 194R]	1.254
10.7	Tax relief under DTAA to be allowed in deducting tax [Section 196A]	1.255
10.8	No higher rate of TDS for non-filers who are not required to file ITR [Section 206AB]	1.256
10.9	No higher rate of TCS for non-filers who are not required to file ITR [Section 206CCA]	1.257
10.10	A new rate of TDS from interest on a long-term or rupee-denominated bond listed on a recognised stock exchange located in an IFSC introduced [Section 194LC]	1.258

CONTENTS I-12

		PAGE
	11 ASSESSMENT AND REFUNDS	
11.1	Overview of changes in provisions relating to assessment and refunds	1.259
11.2	Power given to the AO to get the inventory valued by a cost accountant [Section 142(2A)]	1.260
11.3	Time period is specified for furnishing of return in response to notice under section 148	1.263
11.4	Exclusion of 15 days from the limitation period for the issue of notice under section 148 [Section 149]	1.264
11.5	Matching authority given to the Chief Commissioner or Director General to sanction the issue of notice under section 148 or Section 148A [Section 151]	1.266
11.6	Change in the limitation period for completion of assessment [Section 153]	1.267
11.7	Consequential amendment in section 154	1.271
11.8	Integration of provision relating to withholding and set-off of tax refund [Section 245]	1.271
11.9	Amendment in the provision relating to interest on refund [Section 244A]	1.279
11.10	Amendment in the provision relating to amendment in assessment order [Section 155]	1.280
	12	
	PENALTIES AND PROSECUTION	
12.1	Overview of changes in provisions relating to Penalties and Prosecution	1.282
12.2	New penalty for reporting inaccurate information in SFT [Section 271FAA]	1.282
12.3	Penalty and prosecution if the deductor fails to "ensure payment of TDS" [Section 271C and Section 276B]	1.285
12.4	Insertion of sunset clause under section 276A	1.286
	13	
	APPEALS AND DISPUTE RESOLUTION	
13.1	Overview of changes in provisions relating to appeals and dispute resolution	1.287
13.2	Overview of new provision introduced for appeal before Joint Commissioner (Appeals) [Section 246]	1.288

I-13 CONTENTS

		PAGE
13.3	Form of appeal and limitation [Section 249]	1.296
13.4	Procedure of appeal [Section 250]	1.297
13.5	Tentative time-limit of one year to dispose of the appeal by JCIT (Appeals) [Section 250(6A)]	1.297
13.6	Powers of the Joint Commissioner (Appeals) [Section 251]	1.297
13.7	Powers of the Joint Commissioner (Appeals) to levy penalty	1.297
13.8	Consequential amendments due to the introduction of the Joint Commissioner (Appeals)	1.298
13.9	Rationalisation of appeals to the ITAT [Section 253]	1.299
13.10	Extension of time for disposing of pending rectification applications by Interim Board for Settlement [Section 245D]	1.302
13.11	Modification of directions related to faceless schemes and e-proceedings	1.302
13.12	Meaning of Deputy Commissioner (Appeals) amended [Section 2(19B)]	1.304
	14	
	TRANSFER PRICING	
14.1	Overview of changes in provisions of transfer pricing	1.305
14.2	Amendment to the definition of "specified domestic transactions" [Section 92BA]	1.305
14.3	Time to be provided by TPO to the assessee for furnishing information and documents has been reduced [Section 92D]	1.307
14.4	Exclusion of NBFC from thin capitalisation [Section 94B]	1.307
	15	
	MISCELLANEOUS	
15.1	Overview of changes in other provisions	1.309
15.2	Carry forward and set-off losses by start-ups [Proviso to Section 79(1)]	1.310
15.3	Facilitating strategic disinvestment by the public sector company [Section 72A]	1.311
15.4	Facilitating strategic disinvestment by the banking company or institution [Section 72AA]	1.312
15.5	Authorised Officer empowered to take the assistance of professionals or registered valuer [Section 132]	1.313
15.6	Provisions related to business reorganisation [Section 170A]	1.314
15.7/8	Uniform methodology for valuation of residential accommodation to employees [Section 17]	1.318

CONTENTS I-14

		PAGE
15.9	Adjusting advance tax in computing interest for updated return [Section 234B]	1.319
15.10	Relaxation in the threshold limit for loans and deposit transactions between members and agriculture co-operatives or banks [Section 269SS]	1.320
15.11	Relaxation in the threshold limit for repayments of loans and deposits between members and agriculture co-operatives or banks [Section 269T]	1.320
15.12	Change in the tax rates on specified income of non-residents [Section 115A]	1.321
15.13	Unit of IFSC allowed to opt for tonnage tax scheme after claiming Section 80LA deduction [Section 115VP]	1.322
15.14	No surcharge and cess to be levied on income from securities held by specified fund referred to in Section 10(4D)	1.323
DIVIS	ION TWO	
Incom	e-tax Practice Manual	
Dec	duction of tax at source	2.3
- (	Overview	2.3
	TDS from Salary [Section 192]	2.17
	TDS on ESOPs [Sections 191 and 192(1C)]	2.20
	TDS on withdrawal from EPF Scheme [Section 192A]	2.22
	TDS from Interest on Securities [Section 193]	2.23
	TDS From Dividends [Section 194]	2.25
	TDS from Interest other than Interest on Securities [Section 194A]	2.26
	TDS from winning from lottery or crossword puzzles [Section 194B]	2.31
	TDS on Winnings from Horse Races [Section 194BB]	2.32
	TDS from Payment to Contractors [Section 194C]	2.32
	TDS from Insurance Commission [Section 194D]	2.36
	TDS from Payment in respect of Life Insurance Policy [Section 194DA]	2.37
	TDS from Payment to Non-Resident Sports Person [Section 194E]	2.39
	TDS from Payment under National Savings Scheme [Section 194EE]	2.40

- TDS from Payment for Repurchase of Units by Mutual Fund or UTI

TDS from Commission on sale of Lottery Tickets [Section 194G]

TDS from Commission and Brokerage [Section 194H]

[Section 194F]

2.40

2.41

2.42

I-15 CONTENTS

	TDS from Post [Section 104 I]	2.43
-	TDS from Rent [Section 194-I]	
-	TDS from sum paid to buy an Immovable Property [Section 194-IA]	2.46
-	TDS on rent by certain individual or HUF [Section 194-IB]	2.47
-	TDS from payment under Joint Development Agreement [Section 194-IC]	2.48
-	TDS from Royalty and Fees for Technical or Professional Services [Section 194J]	2.48
-	TDS from Income in Respect of Units Payable to Resident [Section 194K]	2.52
-	TDS in case of compulsory acquisition of Immovable Property [Section 194LA]	2.53
-	TDS from Interest on Infrastructure Debt Fund [Section 194LB]	2.54
-	TDS from Income Distributed by Business Trust [Section 194LBA]	2.54
-	TDS from Income in Respect of Units of Investment Fund [Section 194LBB]	2.55
-	TDS from Income in respect of Investment in Securitization Trust [Section 194LBC]	2.56
-	TDS from Interest paid on Foreign Borrowings [Section 194LC]	2.57
-	TDS from Interest on rupee denominated Bonds and Govt. Securities [Section 194LD]	2.59
-	TDS from payment to Contractors or Professionals by certain individuals or HUFs [Section 194M]	2.60
-	TDS on Cash withdrawals [Section 194N]	2.62
-	TDS from Payment by e-commerce operator [Section 194-O]	2.66
-	TDS from Pension and Interest income of senior citizen [Section 194P]	2.72
-	TDS on purchase of goods [Section 194Q]	2.74
-	Deduction of tax on the benefit or perquisite in respect of business or profession [Section 194R]	2.78
-	Deduction of tax from the payment of consideration on the transfer of VDA [Section 194S]	2.78
-	TDS from other sum paid to a Non-Resident [Section 195]	2.78
-	TDS from income in respect of units payable to Non-Resident [Section 196A]	2.85
-	TDS from income from units [Section 196B]	2.86
-	TDS from Income arising from Bonds or GDRs [Section 196C]	2.87
-	TDS from income payable to FPIs and specified funds [Section 196D]	2.87
-	Certificate for lower deduction of tax [Section 197]	2.89
-	Non-deduction of tax [Section 197A]	2.91

CONTENTS

I-16

			PAGE
	-	Overview	2.93
	-	Credit for TDS [Section 199 read with rule 37BA (TDS Credit)]	2.94
	-	Due dates for deposit of TDS [Rule 30]	2.95
	-	Filing of TDS Return [Rule 31A]	2.97
	-	TDS Certificate [Section 203 read with Rule 31]	2.102
	-	Requirement to furnish PAN (For TDS)[Section 206AA read with Rule 37BC and Rule 114AAB]	2.104
	-	Deduction of tax at higher rates in case of non-filers of return [Section 206AB]	2.108
	-	Tax Deduction and collection account number(TAN) [Section 203A]	2.111
	-	Consequences of failure to deduct or pay TDS [Section 201]	2.112
	-	Quarterly return by banks to report interest payments [Section 206A]	2.114
	-	Intimation to department about payment to Non-Resident [Rule 37BB]	2.115
	-	Refund for denying liability to deduct tax in certain cases [Section 239A]	2.117
•	Co	ollection of Tax at source	2.118
	-	Overview	2.118
	-	Collection of tax at source [Section 206C]	2.119
	-	Deposit of TCS [Rule 37CA]	2.129
	-	Furnishing of TCS Returns	2.130
	-	Credit of TCS [Rule 37-I]	2.132
	-	TCS Certificate [Rule 37D]	2.133
	-	Consequences of failure to collector or pay TCS [Section 206C]	2.134
	-	Certificate to collect TCS at lower Rate [Section 206C read with Rules 37G & 37H]	2.135
	-	Requirement to furnish PAN [Section 206CC]	2.136
	-	Collection of tax at higher rates in case of non-filers of return [Section 206CCA]	2.139
•	Re	turn of Income	2.141
	-	Who has to file Income-tax Return?	2.141
	-	Filing of return by a person other than assessee	2.146
	-	Exemption from filing ITR	2.148
	-	Due date for filing of Income-tax Return	2.153
	-	Form for filing of Income-tax Return	2.155
	-	Mode of filing of Income-tax Return	2.158
	-	Verification of Income-tax Return [Section 140]	2.159
	-	Belated Return of income [Section 139(4)]	2.161
	-	Revised Return of Income [Section 139(5)]	2.162

I-17 CONTENTS

			PAGE
	-	Updated return [Section 139(8A)]	2.162
	-	Payment of tax on updated return [Section 140B]	2.166
	-	Defective income-tax Return [Section 139(9)]	2.172
	-	Modified return [Section 170A]	2.174
	-	Condonation of Delay in Filing Income-tax Return [Section 119]	2.176
	_	Consequences of Default in filing of Return	2.177
<b></b>	As	sessment/Reassessment	2.180
	_	Self-Assessment [Section 140A]	2.180
	-	Power of Assessing Officer to enquire before assessment [Sections 142 and 142A]	2.182
	-	Special Audit and Inventory Valuation [Section 142(2A)]	2.183
	-	Estimation of value of assets by Valuation Officer [Section 142A]	2.184
	-	Faceless inquiry or valuation[Section 142B]	2.186
	_	Summary Assessment [Sections 143(1) and 241A]	2.187
	_	Scrutiny Assessment [Section 143(3)]	2.189
	_	Best judgment assessment [Section 144]	2.196
	_	Reference to Dispute Resolution Panel [Section 144C]	2.198
	_	Income escaping assessment [With effect from 01-04-2021]	2.200
	_	Time limits for Assessments	2.213
	-	Directions by Joint Commissioner [Section 144A]	2.227
	_	Reference to Authorities to invoke GAAR [Section 144BA]	2.227
	_	Notice of Demand [Section 156/156A]	2.229
	_	Document identification number	2.230
<b>*</b>	Re	ctification of mistakes	2.232
	_	Rectification of Mistake [Section 154]	2.232
	_	Other Amendments [Section 155]	2.235
	-	Faceless rectification, amendments and notice of demand [Section 157A]	2.239
<b></b>	Pa	yment of tax/Interest & refund of taxes	2.241
	-	Payment of taxes [Rule 125]	2.241
<b>*</b>	PA	N & Aadhaar	2.244
	-	Quoting of Aadhaar Number [Section 139AA]	2.244
	-	Permanent Account Number (PAN) [Section 139A]	2.246
<b>*</b>	Sto	atement of Financial Transaction (SFT)	2.255
	-	Statement of financial transaction (SFT) [Section 285BA]	2.255
	_	Annual Information Statement (AIS) [Section 285BB]	2.265

**CONTENTS** I-18

		PAGE		
<b>*</b>	Advance Tax	2.267		
	- Advance Tax	2.267		
	- Notice by Assessing Officer to pay Advance Tax	2.270		
•	Interest and Fees	2.272		
	- Overview	2.272		
	- Consequences of default in furnishing returns, certificates, statement, or reports	2.272		
	- Consequence of failure to pay taxes	2.273		
	- Interest for default in furnishing return [Section 234A]	2.274		
	- Interest for default in payment of Advance Tax [Section 234B]	2.278		
	- Interest for deferment of Advance Tax [Section 234C]	2.283		
	- Interest on excess refund [Section 234D]	2.286		
	- Interest for late payment of Income-tax demand [Section 220]	2.287		
	- Waiver or Reduction of Interest under Section 234A, 234B or 234C [Section 119]	2.290		
	- Waiver or Reduction of Interest under Section 201(1A) [Section 119]	2.291		
	- Fee for default in furnishing of TDS/TCS statement [Section 234E]	2.292		
	- Fee for default in furnishing return of income [Section 234F]	2.293		
	- Fee for default in furnishing statement or certificate [Section 234G]	2.293		
	- Fee for failure to intimate aadhaar number [Section 234H]	2.293		
<b>*</b>	Refunds	2.295		
	- Refunds [Sections 237 to 245]	2.295		
	- Interest on Refunds [Section 244A]	2.298		
<b>*</b>	Faceless Proceedings	2.302		
	- 'Faceless proceedings' under the Income-tax Act	2.302		
D	DIVISION THREE			
Ci	rculars, Clarifications & Notifications [1961-February 2023]			
	•			

• Circulars, Clarifications and Notifications [1961 -February 2023]

3.3

## **DIVISION FOUR**

Landmark Rulings of Supreme Court/High Courts (1922-2023)

◆ Landmark Rulings of Supreme Court/High Courts [1922 - February 2023] 4.3