# KALYAN-DOMBIVLI BRANCH OF WIRC OF ICAI

# NEWSLETTER FEBRUARY 2018

*First & foremost*

**Dear Professional Colleagues ,**

Its time to say Goodbye and to hand over the baton to the new team and the New Leader. Its been a wonderful journey of one year. When We took the charge the immediate challenge was to search the Centers for  the Orientation and GMCS Batches . Thanks to the efforts of the Peshori Sir We started the Orientation Batches first at ITM Management Institute Dombivli and then to Osawal College Bhiwandi. Then We succeeded in starting the  batches at Agrawal College Kalyan thanks to the support of Bhivandikar Sir and my colleagues in Managing Committee CA Mahesh Birla and CA Deepak Darji .

During the year We had 10 Batches of Orientation Course at Dombivli and 3 at Bhivandi and 2 at Kalyan . We also succeeded in starting the MCS Batches at Dombivli and 3 Batches were conducted during the year. Somehow for the Advance ITT course We could not get students in first couple of attempts but today only We could start the Advance ITT Batch . The ITT Center of the Branch now is operating at its full capacity. Ultimately the viability of any project speaks in its profitability and now the Branch is running in surplus thanks to the sincere efforts of all my colleagues in Managing Committee , the staff and the well wishes from members .

During the year We conducted Crash Courses, We conducted the Mock Tests, We conducted the Webinars for the students and also the Training Programmes on GST for articles at various places thanks to the sincere efforts taken by my all the colleagues in Managing Committee and Wicasa Chairman CA Deepak Darji . We also conducted   a student RRC and a unique programme of Visit to Income Tax Office . It is our proud privilege that the Principal Chief Commissioner of Income Tax , Pune Shri A.C.Shukla and the Chief Commissioner of Income Tax Shri Nityanand Mishra graced the occasion as Chief Guest and Guest of Honour . We are thankful to our senior member Brahme Sir for helping the branch in organizing our WICASA Prog in the Auditorium of the Income Tax Department,  Thane .

**Managing Committee**

**CA Shekhar Patwardhan**
Chairman

**CA Murtuza Kachwala**
Vice Chairman

**CA Saurabh Marathe**
Secretary

**CA Deepak Darji**
Treasurer

**CA Madan Achwal**
Immediate Past Chairman

**CA Maheshkumar Birla**
Committee Member

**CA Suhas Ambekar**
Committee Member

**CA Hari Dudani**
Committee Member

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As far as the Programmes for the members are concern We are really thankful to the CPE Conveners of Kalyan , Dombivli , Ulhasnagar and Bhivandi CPE Study Circles who are really working very well for the members . Every study circle conducted the Lecture series on GST supported by the Branch and which was attended by large number of members . GST Mega Conference at Savitribai Phule Natyamandir was the biggest highlight in the history of the Branch where more than 500 Members attended the Conference along with host of dignitaries and the Best of the Best speakers in the country enlightened the delegates .

There is always an unfinished Agenda when you are handing over the charge. We are working on making an entirely new , updated and interactive Web -Site which will immensely help all the members and students . We will try to orgainse more certification courses particularly on International Taxation , Concurrent Bank Audit and DISA and many other . We need support from all of you for the same by informing us as to which post qualification courses could be arranged under the Branch.

As I am the Chairman I am just sharing this information but ultimately it's your support base that matters in execution of any project. I from bottom of my heart thank all my colleagues in Managing Committee and also the entire fraternity for the tremendous support throughout the year and assure you that I will continue to work for the betterment of the Profession in the years to come .

**Thanking You , With Best Regards !!!**

**CA Shekhar Patwardhan**
**Chairman**
**Kalyan Dombivli Branch of WIRC**
**16th February 18**

## *TAX on LTCG Return after 14 Years—CA Vyomesh Pathak*

Over the past few weeks, even before the Budget session for the year 2018-19 started, there were already rounds of speculations going around that the Government is keen on bringing back the tax regime on the Long Term Capital Gains on sale of shares.

Just over a year ago, the Hon'ble Prime Minister Narendra Modi in one of his speech had mentioned that

"*Those who profit from financial markets must make a fair contribution to nation-building through taxes. For various reasons, the contribution of tax from those who make money on the markets has been low. To some extent, the low contribution of taxes may also be because of the structure of our tax laws. Low or zero tax rate is given to certain types of financial income. I call upon you to think about the contribution of market participants to the exchequer. We should consider methods for increasing it in a fair, efficient and transparent way.*"

The above speech made the intentions of the Government very clear that it wants to levy tax on the Long Term Capital Gains (LTCG), considering the fact that Short Term Capital Gains (STCG) is already subject to 15 percent tax, and it is only the LTCG which enjoyed zero tax rate.

Therefore, it was just a matter of time that this announcement was coming. Having said the above, there was also another school of thought which believed that this being the last full budget of the Modi Government before the General Elections in 2019, and also that the Stock Market which is currently bullish, may react negatively to such a levy of tax, the Government may not re-introduce the tax levy on LTCG.

Amidst the above backdrop, the Finance Minister in his Budget Speech made on 1 February 2018, proposed to levy tax of 10 percent on LTCG on transfer of listed Equity Shares, units of Equity Oriented Funds and also units of Business Trusts. An attempt has been made in the below article to analyse the provisions of the proposed amendments and the implications of the same.

**Brief Legislative Background and the current regime of the Capital Gains Taxation in India**

Finance Act, 2004 introduced the exemption on LTCG with effect from AY 2005-06 by virtue of section 10(38), on the basis of the Kelkar Committee report with a view to attract investments from Foreign Institutional Investors (FII). The LTCG on transfer of Equity Shares or Units of an Equity Oriented Mutual Fund on which Securities Transaction Tax (STT) is paid is currently exempt from tax.

In the case of resident tax payers, the LTCG on transfer of any other asset (including shares and securities) other than those covered above is subject to a tax at the rate of 20 percent (subject to indexation benefits).

In the case of listed shares and securities on which STT is not paid, an option is available to pay the tax at the rate of 10 percent on LTCG without claiming the indexation benefits. The non-resident tax payers are liable to pay tax on LTCG [which is not exempt u/s 10(38)] at the rate of 10 percent without any indexation benefits.

Further, Finance Act, 2017 amended the provisions of section 10(38) by incorporating a provisio to deny exemption on LTCG in case the equity shares if at the time of purchase of the said shares, STT is not chargeable. This amendment intended to curb the malpractices of penny stocks to claim the exemption of LTCG. However, the Central Board of Direct Taxes (CBDT) *vide* notification dated 5 June 2017 provided few exclusions to this provisio whereby the exemption under section 10(38) will continue in the case of certain acquisitions being genuine transactions which *inter alia* include acquisition of listed equity shares in a Company- which has been approved by Supreme Court, National Company Law Tribunal (NCLT), Securities Exchange Board of India (SEBI) or Reserve Bank of India (RBI); by a non-resident in accordance with Foreign Direct Investment (FDI) guidelines; acquisition under ESOP or ESPS framed by SEBI; acquisition by mode of specified transfer which are exempt under section 47 etc.

As far as STCG is concerned, STCG on transfer of Equity Shares or Units of an Equity Oriented Mutual Fund on which Securities Transaction Tax (STT) is paid is currently taxable at the rate of 15 percent.

Similar taxation regime also exists for the units of Business Trusts i.e. Real Estate Investment Trust (ReIT) and Infrastructure Investment Trust (Inv IT).

The summary of existing regime of taxability of Capital Gains is tabulated below for ease of reference-

| Category of Assessee | Nature of Asset | Nature of Gain | Taxability |
|---|---|---|---|
| **Resident/Non-resident** | **Listed Shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase þ | LTCG | Exempt u/s 10(38) |
| | **Listed Shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase ý<br>(covered by exceptions notified by CBDT like ESOPs/bonus etc.) | LTCG | |
| **Resident** | **Listed Shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase ý<br>(not covered by exceptions notified by CBDT) | LTCG | Section 112- 20% with indexation/10% without indexation (whichever is beneficial)<br>Individual/HUF can utilize the unutilized Basic Exemption Limit |
| **Resident** | **Listed Shares**<br>STT paid at the time of sale ý<br>STT paid at the time of purchase ý<br>(eg. off market transactions like private placements) | LTCG | |
| **Non resident** | **Listed Shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase ý<br>(not covered by exceptions notified by CBDT) | LTCG | Section 112 – 10% along with benefit of first proviso to Section 48 **[Cairn India(Delhi HC)]**<br>* If the shares are not of Indian company & benefit under first proviso is not available, then Section 112- 20% with indexation/10% without indexation (whichever is beneficial) |
| **Resident** | **Zero Coupon Bonds** | LTCG | Section 112- 20% with indexation/10% without indexation (whichever is beneficial) |
| **Resident** | **Unlisted shares** | LTCG | Section 112 – 20% with indexation |

| | | | |
|---|---|---|---|
| **Non resident** | **Unlisted shares (including shares of private company)** | LTCG | Section 112 – 10% but no benefit of first pro- |
| **Resident/Non-resident** | **Listed shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase þ | STCG | Section 111A – 15% |
| | **Listed shares**<br>STT paid at the time of sale þ<br>STT paid at the time of purchase ý | STCG | Section 111A – 15% |
| | **Unlisted shares** | STCG | Normal rates |

**Proposed amendment by the Finance Bill, 2018 for taxation of Long Term Capital Gains**

The Finance Minister, while presenting the Budget on 1 February 2018 proposed to withdraw the above exemption available under section 10(38) and by inserting a new section 112A under the Act. The proposed new section 112A intends to levy tax at a concessional rate of 10 percent on the LTCG exceeding Rs. 1 lakh on transfer of listed Equity Shares, units of Equity Oriented Funds and also units of Business Trusts computed without any indexation benefit or benefit of computation of capital gains in foreign currency in the case of non-residents (first provisio to section 48).

The taxability will trigger prospectively from the Financial Year (FY) 2018-19 corresponding to Assessment Year (AY) 2019-20. Thereby any LTCG exceeding Rs. 1 lakh on the above assets arising on or after 1 April 2018 will attract tax at the rate of 10 percent.

It is worth noting that in the case of listed Equity Shares, the benefit of concessional rate is available only when the STT is paid at the time of acquisition as well as transfer of shares.

Further, it is also proposed to grandfather the existing investments made upto 31 January 2018. The cost of acquisition in respect of such grandfathered investments shall be deemed to be the higher of-

The actual cost of acquisition of such investments; and

The lower of-

Fair Market Value ('FMV') of such investments; and

the Full Value of Consideration received or accruing as a result of the transfer of the capital asset.

The FMV has been defined to mean the highest price quoted on the recognised stock exchange on 31 January 2018. In case, there is no trading of the said asset on such stock exchange, the highest price on a day immediately preceding 31 January 2018 shall be considered.

Effectively, the tax payer can claim the highest price quoted on the recognised stock exchange on 31 January 2018 as the cost of acquisition and claim the deduction for the same.

Please refer the below example for ready reference to understand the computation mechanism for LTCG and tax thereon-

| | |
|---|---|
| Date of acquisition | 1 November 2016 |
| Purchase Price on 1 November 2016 | Rs. 100 |
| Highest Price quoted on recognised stock exchange on 31 January 2018 | Rs. 180 |
| Date of sale | 2 April 2018 |
| Sale Price | Rs. 200 |
| Actual Gain | Rs. 100 |
| Cost of Acquisition as per section 112A [Higher of 100 or (lower of 200 or 180) | Rs. 180 |
| Long Term Capital Gain (LTCG) (200-180) | Rs. 20 |
| Tax on LTCG at the rate of 10 percent (excluding surcharge and cess) | Rs. 2 |

Also, listed below are few scenarios for calculating LTCG on transfer of listed equity shares for ease of reference-

| **Particulars** | **Scenario 1** | **Scenario 2** | **Scenario 3** | **Scenario 4** |
|---|---|---|---|---|
| Purchase Price as on 3 April 2015 (A) | 1000 | 1000 | 1000 | 1000 |
| Quoted Price on 31 January 2018 (B) | 1800 | 1200 | 800 | 800 |
| Sale Price on 9 May 2018 (C) | 2000 | 1100 | 900 | 700 |
| Cost of Acquisition as per section 112A (D) = | 1800 | 1100 | 1000 | 1000 |
| LTCG (E) = (C) *minus* (D) | 200 | Nil | (100) | (300) |

**Few issues / points for consideration and comments thereon-**

Appended below are few issues / points based on the analysis or queries raised generally.

**Whether tax is payable for sale of Equity Shares or Units of Equity Oriented Mutual Funds between 1 February 2018 to 31 March 2018?**

Based on the reading of the Finance Bill, 2018 and the Memorandum to the same, the amendment is applicable prospectively from AY 2019-20 pertaining to FY 2018-19. Therefore any LTCG arising on or after 1 April 2018 will be subject to tax at the rate of 10 percent and any LTCG arising during the period 1 February 2018 to 31 March 2018 will not be subject to tax.

**Whether the benefit of the concessional rate of 10 percent will be available in the case of shares acquired by way of ESOP or as per the scheme approved by NCLT or court etc wherein the STT is not paid at the time of acquisition?**

Plain reading of the provisions of the Finance Bill suggest that the concessional rate will be applicable in the case of Equity Shares, only when STT is paid both at the time of acquisition as well as at the time of transfer.

However, it may be worth noting that similar conditions were introduced by Finance Act 2017 for claiming exemption under section 10(38). Subsequently, as mentioned above, CBDT had *vide* notification dated 5 June 2017 provided few exclusions to this provisio whereby the exemption under section 10(38) will continue in the case the certain acquisition which *inter alia* include acquisition of listed equity shares in a Company- which has been approved by Supreme Court, National Company Law Tribunal (NCLT), Securities Exchange Board of India (SEBI) or Reserve Bank of India (RBI); by a non-resident in accordance with Foreign Direct Investment (FDI) guidelines; acquisition under ESOP or ESPS framed by SEBI; acquisition by mode of specified transfer which are exempt under section 47 etc.

Considering the fact that section 10(38) is now proposed to be withdrawn, it will be interesting to see if reliance can still be placed on the above notification. It would be appropriate for Government to issue some clarification in this regard for genuine transactions and provide relief to the transactions listed in the earlier notification.

**If the LTCG on transfer of listed Equity Shares is say Rs. 150,000, whether only Rs. 50,000 will be charged to tax or entire Rs. 150,000 will be charged to tax?**

Section 112A(2)(i) as proposed in the Finance Bill 2018 provides that income-tax shall be calculated on LTCG exceeding one lakh rupees. Therefore, on a reading of the said provisions, it is possible to take a view that only Rs. 50,000 should be charged to tax and not the entire Rs. 150,000.

**What is the relevance of the cut-off date of 31 January 2018?**

It is proposed to grandfather the investments upto 31 January 2018. Any incremental LTCG over and above the highest quoted price on the recognised stock exchange on 31 January 2018 will be liable to tax, if the transfer takes place on or after 1 April 2018.

**Conclusion**

The exemption was provided to LTCG with a view to invite investments from FIIs and other global investors. Indian Capital Market over the years has yielded great return on investments to the investors. However, the contribution to the tax exchequer has been minimal in view of the aforesaid exemption. If we have to look at global scenario today, no tax on capital gains is a rare scenario, not denying the fact that there are few countries which do provide exemption on capital gains. For instance, if you look at other major countries around the world, Australia, Canada, US and major European countries do have capital gains tax regime and infact many countries also have a higher tax rate as compared to the concessional 10 percent rate proposed in India.

The CBDT has issued responses to the queries in the form of 24 Frequently Asked Questions (FAQs) dated 4 February 2018 and thereby in a way confirmed the views expressed herein above.

Having said the above, the investors and the Market as a whole may not welcome the withdrawal of the exemption on LTCG and it would be interesting to see how the Market reacts in a long run to the said amendment.

***Following are the Direct Tax Proposals in Union Budget 2018***

**CA Divyang Thakker**

## 1. Personal Taxes

- No change in the Basic exemption threshold
- No change in the Income slabs as well as rates
- Education cess of 3% replaced by New Health and Education cess of 4%
  - Increase in MMR from 35.54% to 35.88%

- Re-introduction of Standard Deduction after 13 years [Section 16(ii)]
  - Lower of Rs.40,000 p.a. or the amount of salary
  - in lieu of Transport Allowance (Rs.19,200 p.a.) and reimbursement of medical expenses (Rs.15,000 p.a.)
  - Income Benefit of Rs.5,800 for employees enjoying the allowances
  - Substantial benefit for pensioners
- Standard deduction was omitted by Finance Act, 2005, is now reintroduced
- 40% exemption on withdrawal from NPS extended to Non-salaried assessees [Section 10(12A)]

## 2. Corporate Tax

- Concessional tax rate of 25% extended from domestic companies having total turnover / gross receipts upto Rs.50 crore to Rs.250 crore of FY 2016-17
- 99% of the companies filing tax returns proposed to be benefited
- Other Companies taxable at the rate of 30%
- No Change in the Rate of MAT and DDT
- No change in tax rate for Partnership firms or LLP

## 3. Provisions for Senior Citizens

- Section 80D(2)(c) and 80D(2)(d)
    - Deduction for medical expenditure now made applicable to senior citizens (Earlier was applicable to very senior citizens only)
    - Monetary limit of deduction increased from Rs 30,000 to Rs 50,000

- Section 80DDB – Medical treatment for specified diseases
    - Distinction between senior citizen and very senior citizen removed
    - Monetary limit of deduction increased from Rs. 60,000 (senior citizen) and Rs.80,000 (very senior citizen) uniformly to Rs.1,00,000

- Section 80TTB (New Section)
    - Where income includes interest on deposits with
        - a banking company
        - a co-operative society engaged in banking business or
        - a Post Office
    - Includes all deposits (Savings, FD, RD, etc.)
    - Does not apply to deposit held by a senior citizen on behalf of a firm / AOP / BOI

- Section 194A
    - For senior citizen, limit for deduction of TDS on interest extended from Rs.10,000 to Rs.50,000

## 4. Amendments in Dividend tax

- Deemed dividend – Section 115-O r.w. Section 2(22)(e)
    - Burden of tax payable on deemed dividend shifted from the shareholder to the company
    - DDT rate for deemed dividend be 30% plus applicable surcharge and cess
    - No grossing up of deemed dividend

- Accumulated profits [New Expl. (2A) in Section 2(22)]
    - Accumulated profits of amalgamated company to include the accumulated profits of amalgamating company.
    - To check companies resorting to abusive arrangements to escape DDT liability

## 5. Long Term Capital Gains (LTCG)

- LTCG from transfer of equity share or a unit of an equity oriented fund or a unit of a business trust is exempt from tax [Section 10(38)]
- Exemption was introduced 14 years back by Finance (No. 2) Act, 2004
- Exemption subject to payment of STT
- Exemption under Section 10(38) withdrawn since
  - The regime inherently biased against manufacturing
  - It has encouraged diversion of investment in financial assets.
  - It has led to significant erosion in the tax base resulting in revenue loss.
  - Abusive use of tax arbitrage opportunities
- New Section 112A - Conditions
  - Asset - equity share or a unit of an equity oriented fund or a unit of a business trust
  - Held for a period of 12 months or more
  - Transferred on or after 1 April 2018
  - For Equity Share – STT is paid both at the time of acquisition and transfer
    - Central Government to issue Notification where this condition may not apply
    - Notification No. SO 1789(E) dated 5 June 2017 issued in case of 10(38) may be made applicable
- Computation of LTCG
  - No benefit of indexation on Cost of acquisition / improvement (second proviso to Section 48)
  - No benefit of foreign exchange fluctuation to non-resident (second proviso to Section 48)
  - Cost of acquisition for asset acquired on or after 1-2-2018
    - Actual cost
  - Cost of acquisition for asset acquired before 1-2-2018
    - Higher of
      - Actual cost of acquisition; and
    - Lower of
      - FMV on 31-1-2018 (highest quoted price/NAV*)
      - Full value of Consideration received / accrued

- Computation of Tax
    - LTCG to be taxed at 10% plus applicable surcharge and cess
    - Tax to be levied on LTCG (net of LTCL) exceeding Rs.1,00,000 during the year
    - For resident individual / HUF, where other income below exemption threshold, LTCG to the extent of exemption threshold not taxable
    - No deduction under Chapter VI-A from LTCG
    - No rebate under Section 87A from LTCG

- Highlights of LTCG Tax
    - STT and LTCG results in double taxation
    - No reason for not providing indexation post grandfathering
    - No amendment in set-off of losses, which means other losses (including brought forward losses) to be set-off against this LTCG
    - Encourages frequent churning of portfolio

- Consequent amendment in Section 115AD
    - Consequent to the proposal for withdrawal of exemption under Section 10(38), LTCG will become taxable in the hands of FIIs
    - FIIs will also be liable to tax on LTCG only in respect of amount of such gains exceeding Rs.1,00,000
    - Clarification – Grandfathering provisions also apply to FIIs and FPIs

- Dividend tax on Equity oriented funds
    - Any income distributed to a unit holder of equity oriented funds was not chargeable to tax
    - In view of new LTCG tax, income distributed by equity oriented funds taxable at 10% plus applicable surcharge and cess
    - Applicable for all income distributed on or after 1-4-2018
    - This will ensure level playing field between growth oriented funds and dividend paying funds, in the wake of new LTCG

## 6. Retrospective amendments to uphold ICDS

- The Delhi High Court's verdict in case of Chamber of Tax Consultants v. Union of India (2017) 87 taxmann.com 92 (Delhi) overturned
- MTM losses – ICDS I
    - Section 36(1)(xviii) - MTM / other expected loss as computed in accordance with ICDS shall be allowed
    - Section 40A(13) - No deduction in respect of MTM / other expected loss, except as allowable under Section 36(1)(xviii)
- Inventory valuation – ICDS II
    - Section 145A - Valuation of inventory shall be in accordance with ICDS notified under section 145(2)
- Construction contracts – ICDS III
    - Section 43CB(1) - Profits and gains arising from construction contract or a contract for providing service to be determined in accordance with the ICDS
    - However, section 43CB not to apply where:
        - contract duration not more than 90 days - income to be determined on project completion method
        - contract involves indeterminate number of acts over a specified period of time – income to be determined on straight line method
    - Section 43CB(2) - Retention money to be taxable and incidental income not to be reduced from contract cost
- Export incentives – ICDS IV
    - Section 145(2) - Export incentives to be taxed as income of the year in which reasonable certainty of its realization is achieved
- Foreign Exchange gains or losses – ICDS VI
    - Section 43AA (1) - any gain or loss arising on account of change in foreign exchange rates shall be treated as income / loss
    - Section 43AA (2) – This section aims to cover gain or loss arising due to change in foreign exchange rates relating to
        - monetary and non-monetary items,
        - translation of financial statements of foreign operations;
        - forward exchange contracts and
        - foreign currency translation reserves.
    - Foreign currency translation reserves is not dealt with in ICDS – VI (ICDS VI needs be modified to include this)

## 7. Provisions relating to Insolvency Companies

- Section 115JB - Unabsorbed depreciation and loss brought forward shall be allowed to be reduced from the book profit, if a company's application for corporate insolvency resolution process under the IBC 2016 has been admitted by the Adjudicating Authority.
- Section 79 - Not to apply in case of companies, whose resolution plan has been approved under the IBC 2016 after affording PCIT/CIT a reasonable opportunity

## 8. Electronic Assessments

- Objective of the new scheme
  - to impart greater transparency and accountability
  - eliminating the interface between the Assessing Officer and the assessee,
  - optimal utilization of the resources,
  - introduction of team-based assessment.
- Section 143(3A) - Central Government to prescribe the aforementioned new scheme for scrutiny assessments, by way of notification in the Official Gazette.
- Section 143(3B) - Any of the provisions of the Act relating to assessment not to apply / shall apply with exceptions, modifications and adaptations

## 9. Chapter VI-A Deductions [Section 80AC]

- Following deductions covered in Chapter VI-A were allowed only when return filed by due date
  - Section 80-IA
  - Section 80-IAB
  - Section 80-IB
  - Section 80-IC
  - Section 80-ID
  - Section 80-IE
- Section now extended to all sections covered under Part-C of Chapter VI-A
  - Return to be filed by due date for claiming all section from Section 80H to 80RRB

## 10. Section 80-IAC (Start-ups)

- Current Provisions
    - Deduction under this section shall be available to an eligible start-up for three consecutive assessment years out of seven years if-
        - it is incorporated on or after the 1-4-2016 but before the 1-4-2019;
        - the total turnover of its business does not Rs. 25 crore in any of the previous years beginning on or after the 1-4-2016 and ending on the 31-3-2021; and
        - it is engaged in the eligible business which involves innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property.
- Proposed Amendment
    - Last date of incorporation extended to 31 March 2021
    - The requirement of the turnover not exceeding Rs.25 crore would apply to 7 previous years commencing from the date of incorporation
    - The definition of eligible business expanded
        - Benefit to be available to entities
            - engaged in innovation, development or improvement of products / processes / services, or
            - a scalable business model with a high potential of employment generation or wealth creation.

## 11. Conversion of stock-in-trade to Capital asset

- Profit from conversion / treatment of inventory into capital asset to be charged to tax as business income [Section 2(24)(xiia)]
    - FMV of inventory on the date of conversion / treatment to be full value of the consideration [Section 28(via)]
- When such capital asset is further transferred
    - Cost of acquisition to be the FMV on the date of conversion [Section 49(9)]
- Period of holding of such capital asset
    - From the date of conversion / treatment into capital asset [Section 2(42A)]

## 12. Other amendments

- Section 54EC
    - Exemption restricted only to capital gains arising from long-term capital assets, being land or building or both
    - Investment on or after the1 April 2018 to be made in bond issued by the NHAI / RECL / notified by Central Government redeemable after 5 years (instead of 3 years at present)

- Section 43CA, Section 50C and Section 56(x)(b)
    - No adjustments to be made where the variation between stamp duty value and the sale consideration not more than 5% of the sale consideration.

- Section 10(6D) [New Clause inserted]
    - Royalty / FTS received from NTRO exempt in the hands of Non-resident / Foreign Company

- Section 44AE(2)
    - In the case of heavy goods vehicle (more than 12,000 Kg. gross vehicle weight), the income would deemed to be an amount equal to one thousand rupees per ton of gross vehicle weight or unladen weight, as the case may be, per month or part of a month for each goods vehicle
    - The vehicles other than heavy goods vehicle will continue to be taxed at Rs.7,500 per month

- Compensation whether revenue or capital, in connection with the termination / modification of terms and conditions of contract:
    - Relating to business shall be taxable as business income [Section 28(ii)(e)]
    - relating to employment shall be taxable as income from other sources [Section 2(24)(xviib) and Section 56(2)(xi)]

- Section 80JJAA
    - Minimum period of employment relaxed to 150 days in the case of footwear and leather industry apart from apparel industry.
    - benefit extended for new employee employed for less than the minimum period during the first year but continues to remain employed for the minimum period in subsequent year.

- Section 115JB
  - MAT provisions retrospectively not to apply to a foreign company where income is offered to tax under Section 44B or Section 44BB or Section 44BBA or Section 44BBB
- Section 80PA (New Section)
  - 100% deduction of profits from eligible business of Farm Producer Companies (FPC), having a total turnover up to Rs.100 crore
  - Deduction for 6 years from AY 2019-20 to 2025-26
- Section 143(1)
  - While processing the return no adjustment in respect of addition of income appearing in Form 26AS or Form16A or Form 16 shall be made in respect of any return furnished from AY 2018-19
- Section 80D(4A)
  - In case of single premium mediclaim policy for multiple years, the deduction to be allowed on proportionate basis

## *Gallery*

**2nd Advance MCS Batch at Kalyan Dombivli Branch :**

**WICASA Program for Students on Appellate Procedures for Students :**



## *Gallery*



**Career Counseling Sessions by Branch :**

**Annual Sports Day :**

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## *Gallery*

**Indoor Sports for Students by WICASA :**

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**Celebration of Republic Day 2018 :**