



**“Year end tax round up–
Things to take care before
closing the books in March
2024”**



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Tax rates for Domestic Companies



Corporate Tax Rate:

The Income-tax rates applicable in case of domestic companies, AOP, BOI, Firms for the AY 2024-25 are as follows:

Particulars	Assessment Year 2024-25
Any domestic company, AOP, BOI, Firm	30%

- The companies can claim exemptions, incentives and deduction if opted old regime.
- The company can carry forward its losses & unabsorbed depreciation from earlier assessment years if such loss or depreciation is attributable to any tax holiday
- The companies opting for old regime will be subject to “Minimum Alternate Tax (MAT)” and can avail MAT credit if eligible.

Special Tax Rates for Domestic companies:

- The special Income-tax rates applicable in case of domestic companies for the AY 2024-25 are as follows:

Particulars	Tax rate
At the option of the company , if it opts for taxation under Section 115BA of the Act	25%
At the option of the company , if it opts for taxation under Section 115BAA of the Act	22%*
At the option of the company , if it opts for taxation under Section 115BAB of the Act	15%*

**these rates will be enhanced by a surcharge of 10%*

Section 115BAB – Points for discussion

Is all the income taxed at 15%?

Income not attributable to manufacturing activities is taxable at 22%

How to exercise the option?

Form 10-ID to be filed before due date of furnishing ITR.

Can option once exercised be withdrawn?

No, it cannot be withdrawn.

Which is the date of commencement?

When the plant is ready to start-off or at the time of test-runs or commencement of actual production?

Manufacturing has commenced but no manufacturing income. Can benefit be availed?

The beneficial rate is applicable only on manufacturing income and not on any other income.

Is MAT applicable?

No, the provisions of MAT are not applicable.

** Section 115BAB applicable for new domestic manufacturing companies established on or after 1st October 2019, and commencing production on or before 31st March 2024 i.e the exemption will not be applicable on or after 1st April 2024.*

Insertion of Section 115BAE –

Similar to Section 115BAB, section 115BAE has been introduced for new manufacturing cooperative societies established on or after 1st April 2023, and commencing production on or before 31st March 2024. Concessional rate of 15% plus surcharge of 10%.

The income not derived or incidental to manufacturing or production of an article or thing shall be taxed at 22%.

Provisions of Alternate Minimum Tax (AMT) and credit thereof shall not apply to cooperative societies opting for an alternate tax regime under Sec on 115BAE.

Section 80-IAC

Section 80- IAC

Under this section, a Startup may apply for Tax exemption as per the Income Tax Act. The Startup can avail tax holiday for 3 consecutive assessment years out of its first 10 years since incorporation.

Eligibility Criteria for applying to Income Tax exemption (80IAC):

- * The entity should be a recognized Startup.
- * Only Private limited or a Limited Liability Partnership is eligible for Tax exemption under Section 80IAC.
- * The Startup should have been incorporated after 1st April, 2016.
- * Total turnover \leq 100 crores in the previous year relevant to the assessment year for which deduction is claimed.
- * Holds certificate of eligible business from the notified IMBC.

Section 80-IAC

Section 80- IAC

The Finance Bill 2024, proposes to amend Section 80-IAC –

Under the provision of Section 80-IAC, the term “eligible start-up means a company or LLP engaged in eligible business which is incorporated on or after 01.04.2016 but before **01.04.2024**. The same has been extended until **31.03.2025**.



Tax rates for Foreign Companies



Tax Rates for Foreign Companies -

Income-tax rates applicable in case of Foreign companies having presence in India for assessment year 2024-25 are as follows-

Nature of Income	Percentage of Total Income
Income attributable to the PE*	40%

Tax Rates for Foreign Companies -

*Permanent establishment

Fixed place of business:-

- a) The place should be at the disposal of the enterprise with some degree of permanence i.e.
 - It must have three characteristics: stability, productivity and dependence
 - Availability of the place is important than any ownership, lease or other occupancy rights
 - Right to use or control over the place
- b) Business of foreign enterprise should be wholly or partly carried on from such fixed place
- c) The activities carried out from such fixed place should not be in the nature of a preparatory or auxiliary character

Agency PE:-

- a) There should be an agent acting in India on behalf of a non-resident
- b) Agent is engaged in any of the following activities:-
 - Habitually concludes contract or principal role in concluding the contract i.e. Act of agent is binding on the non-resident or agent is engaged in price negotiation
 - Habitually maintains stock in India
 - Habitually secures orders in India i.e. soliciting orders for the NR
- c) Agent does not have an independent status

Service PE :-

- a) Service PE is attracted by a foreign enterprise in India if its employees furnish or perform services in India exceeding the specified period.
- b) If the employees of a foreign enterprise are working in India for a period more than what is specified and the employment agreement in the name of foreign enterprise establishes that the enterprise, through its employees, provides a service to the customers in India, the enterprise constitutes a Service PE in India.



Amendments of TDS provisions



Tax Deducted at Source ('TDS') - Amendments

Section	Subject	Pre-amendment	Post-amendment	Applicability
194N	Increase in threshold limit for co-operative societies to withdraw cash without TDS	1 crore	3 crores	w.e.f AY 2024-2025
194R	Clarification on nature of benefit/perquisite	There was ambiguity on whether it includes non-monetary benefit/perquisite	It will apply to non-monetary perquisites as well (including part cash part kind)	w.e.f AY 2024-2025
206AB & 206CCA	Relief to the person who is not required to furnish ROI.	The term "Specified person" excludes only non-residents who does not have PE in India.	The term "Specified person" excludes non-residents who does not have a PE in India and a person not required to furnish ROI.	w.e.f AY 2024-2025

Tax Deducted at Source ('TDS') - Amendments

Section	Subject	Pre-amendment	Post-amendment	Applicability
192A	TDS on withdrawal of EPF	Any person entitled to receive any amount on which tax is deductible shall furnish PAN , failing which tax shall be deducted at the maximum marginal rate .	If the recipient of EPF withdrawal does not provide his PAN, TDS on the withdrawal will be 20% , instead of the maximum marginal rate.	w.e.f AY 2024-2025
194BA	TDS on net winnings from online games	-	TDS @ 30% on winning from online gaming is proposed without any threshold benefit. The tax will be deducted either upon withdrawal or at the end of financial year	w.e.f AY 2024-2025

Tax Deducted at Source ('TDS') - Amendments

Section	Subject	Pre-amendment	Post-amendment	Applicability
197	To obtain lower or Nil deduction certificates	The unit holders receiving income from business trusts cannot obtain lower or nil deduction certificates	The unit holders receiving income from business trusts which is subject to TDS u/s 194LBA can apply LDC.	w.e.f AY 2024-2025
115A r.w.s 195	TDS on payments to non- residents for Royalty and Fees for technical services	10% + Surcharge and cess	20% + Surcharge and cess	w.e.f AY 2024-2025



Amendments in relation to Assessments



Amendments in relation to Assessments

Subject	Pre-amendment	Post-amendment
Creation of new authority for appeals	The Commissioner of Income-tax (Appeals) [CIT(A)]	Joint Commissioner / Additional Commissioner
Specified authority for granting approval for issuance of notice under Section 148 and Section 148A	Where there is no PCCIT or PDGIT, CCIT or DGIT	PCCIT or PDGIT or CCIT or DGIT
Time limits under Section 148	Normal time limit to issue the notice u/s 148 is 3 AYs from the end of relevant AY. If the A.O can prove that the escaped income is ≥ 50 Lakhs then, AO can issue notice under this section upto 10 AYs from the end of the relevant AY.	Where search-related information is available after 15th March of any financial year, an additional period of 15 days shall be allowed for the issuance of the notice, for assessment/reassessments etc., under Section 148 of the Act.

Amendments in relation to Assessments

Subject	Pre-amendment	Post-amendment
Merge of Section 241A with Section 245	Prior to FA 2023, section 245 only dealt with set-off of refunds against tax demands. Withholding of refund in case of pending assessments was separately provided under section 241A.	The provisions of Section 241A (withholding of refund) and Section 245 (set-off of refund) have been merged into the substituted provisions of Section 245.
Time limit for completion of assessment proceedings u/s 153	9 months from end the relevant AY. In case of updated return – 9 months from the end of FY in which ITR-U is filed.	12 months from end the relevant AY. In case of updated return – 12 months from the end of FY in which ITR-U is filed.

Amendments in relation to Assessments

Subject	Pre-amendment	Post-amendment
Time limit to furnish return u/s 148	Within such period as may be specified in notice u/s 148	Shall furnish the return of income within 3 months from the end of the month in which such notice is issued
Insertion of provisio in Section 244A	-	<ul style="list-style-type: none">i) to provide that the interest shall be payable on a refund arising due to a rectification order allowing TDS credit of earlier yearsii) and no additional interest shall be payable on the amount of refund for the period for which the refund is withheld.

Amendments in relation to Assessments

Other amendments -

1. Assessee can file an appeal against the penalty orders imposed by the Commissioner (Appeals) under Sections 271AAB, 271AAC, and 271AAD and revision orders passed by the Principal Chief Commissioner or Chief Commissioner under Section 263. The amendment also allows for the filing of a memorandum of cross-objections in all cases that are appealable to the Appellate Tribunal.
2. Consequential amendments have been made to sub-section (11A) of Section 155 to insert a reference to Section 10AA to allow the Assessing Officer to amend the assessment order if the export earning is not realised in India within the permitted period.



Amendments of Specific Sections



Amendments of Specific Sections -

Sec 43B to cover Payments to Micro and Small Enterprises ('MSME')

- Section 43B now applicable on payments to MSMEs
- Deduction allowable only in the year of payment to MSMEs
- This will be effective from AY 2024-25

Ease of claiming deduction under section 35D

- The work in connection with feasibility report, project report, market survey etc should have been carried by the taxpayer himself or by a concern approved by the Board
- Now, the requirement of approval by the Board has been removed and the tax payer has to furnish a statement in prescribed form & manner to the tax officer
- This will be effective from AY 2024-25

New Section 50AA for Market Linked Debentures

- Section 50AA has been inserted to deal with the taxation of "Market Linked Debentures" and "Specified mutual funds" acquired on or after 1st April 2023.
- The capital gains arising from the transfer or redemption or maturity of these securities as short-term capital gains is taxable at applicable rates.

Amendments of Specific Sections -

Clarity on section 28(iv) of the Act – taxability of perquisites

- Section 28(iv) brings to tax, the value of any benefit or perquisite whether convertible into money or not arising from business or profession
- The Finance Act 2023, clarifies that the provision applies to all the cases where benefit or perquisite provided is in cash or in kind or partly in cash and partly in kind
- This will be effective from AY 2024-25

Section 115BBJ – Tax rates for online gaming

- Section 115BBJ has been inserted which provides the tax rate of 30% on any winning from online gaming.
- Surcharge shall be levied based on status of the taxpayer as is otherwise applicable to such taxpayer.
- This will be effective from AY 2024-25

Section 9(1)(viii) – deemed accrual of gift made to person outside India

- Section 9(1) (viii) of the Act to extend this deeming provision to sum of money exceeding fifty thousand rupees, received by a person not ordinarily resident in India without consideration from a person resident in India
- The above amendment was introduced as an anti-abuse provision, as certain instances were observed where gifts being made by persons resident in India to non-residents and claimed to be non-taxable in India by such non-residents

Amendments of Specific Sections -

Section 10AA – return filing mandatory to claim deduction

- To avail a deduction under Section 10AA, the assessee must submit a return of income on or before the due date specified under Section 139(1) and ensure timely inward remittance of proceeds.

Section 10(22B) – withdrawal of exemption to news agencies

- Section 10 of the Act shall apply to any income of the news agency, of the previous year relevant to the assessment year beginning on or after the 1st April 2024, the exemption available to news agencies under this clause has been withdrawn from the assessment year 2024-25
- This is effective from 1st April 2024.

Section 115A – Reduction in tax on dividend received by IFSC unit

- Tax rate under Section 115A has been reduced from 20% to **10%** on the dividend income received by a non-resident or a foreign company from a unit in an IFSC as referred to in section 80LA(1A).

Amendments of Specific Sections

Section 48(ii) – Interest deductions claimed for house property not to form part of cost of acquisition

- A proviso has been added to Section 48(ii) to provide that where a deduction is claimed for the interest payments under Section 24(b) or Chapter VI-A, it shall not be part of the cost of acquisition/ improvement of the capital asset.
- This amendment is effective from 1st April 2024

Section 92D – Reduction in timeline for transfer pricing documentation

- Section 92D has been amended to shorten the deadline for submitting information or documents in tax proceedings related to international or domestic transactions from 30 days to 10 days.
- This is effective from AY 2024-25

Amendments – Sec 12(A)

Pre- amendment	Post-amendment
Exemption could be claimed in the first year of operations even though registration was granted in the subsequent year.	Registration u/s 12A to be obtained prior to commencement of activities to claim exemption u/s 11 & 12.
Form 9A and 10 need to be filed atleast 2 months prior to due date u/s 139(1) i.e. 31 August.	Form No. 9A (deemed application) and Form No. 10 (secondary accumulation for five years) to be furnished on or before due date u/s 139(1)



Amendments for Start-ups



Amendments for Start-ups

Ambit of section 56(2)(viib) expanded to cover Non-residents

- To prevent circulation of unaccounted money through share premium, it is now proposed to include consideration received from non-residents as well
- This will be effective from Assessment Year ('AY') 2024-25
- This is a vigorous move to tackle unaccounted money from non-residents to Private Limited Companies

Relief to start ups

- Period of incorporation extended to 1 April 2024
- Under section 79 of the Income-tax Act, 1961 ('the Act') loss is allowed to be set off if incurred during the period of 7 years from the year in which start up is incorporated
- This time period for considering loss of eligible start-ups has been increased from 7 years to 10 years
- This will be effective from AY 2023-24



Amendments in relation to Capital Gains



Amendments in relation to Capital gains

Conversion of physical form of gold to Electronic Gold Receipts ('EGR') not regarded as transfer for the purpose of capital gains. This will be effective from AY 2024-25

Capital gain arising on the transfer of capital asset being a Market Linked Debenture shall be **deemed** to be capital gains arising from transfer of a short-term asset.

Exemption from long term capital gains on investment in residential house under Section 54 and 54F of the Act, is capped at Rs. 10 crores. This will be effective from AY 2024-25

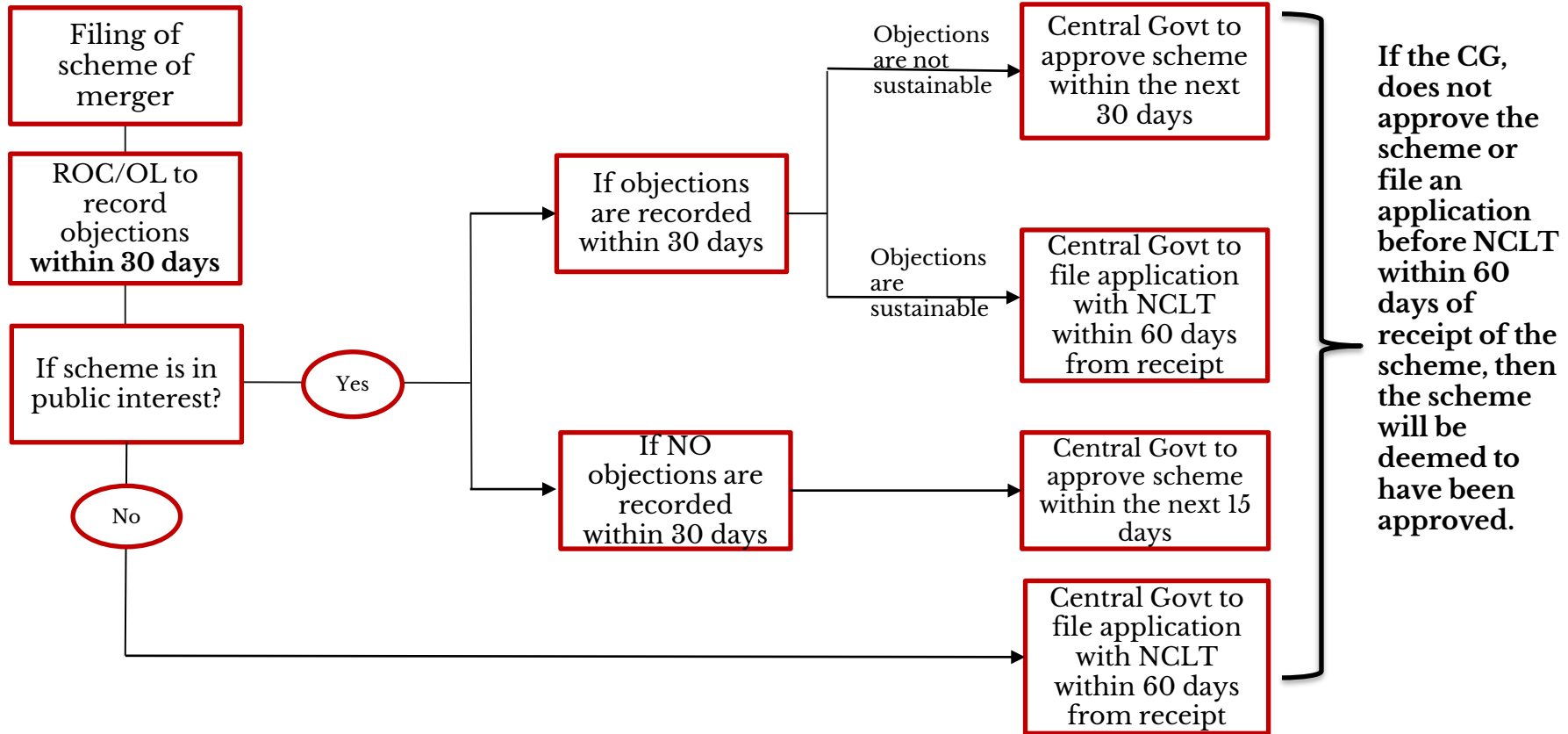
The cost of any intangible assets and rights shall be considered as **nil** for which no consideration has been paid for acquisition.



Fast Track Merger (FTM)



Fast track merger-Introduction of deemed approvals:





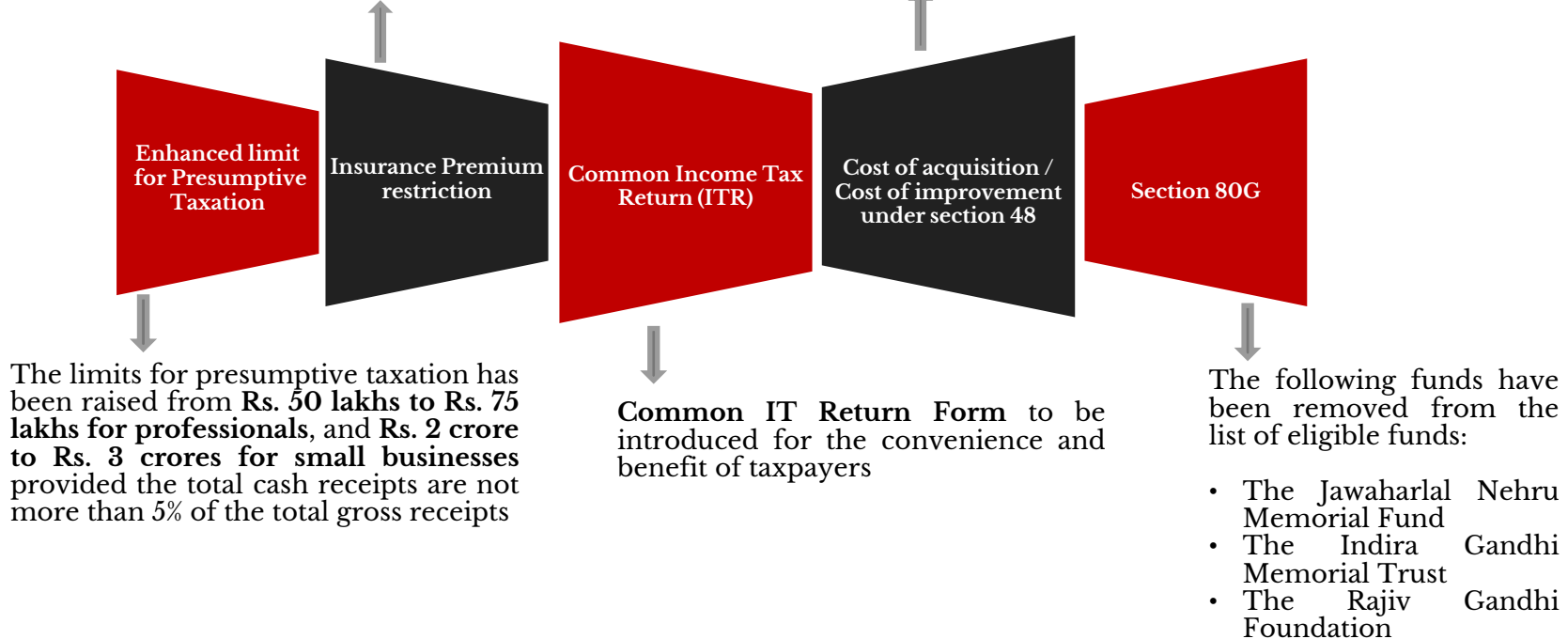
Other Amendments - Individuals



Other Amendment – Individuals

Tax exemption on proceeds from Insurance policies (other than ULIP) issued on or after 1 April 2023 is available only to the policies with an aggregate premium of up to **Rs. 5 lakhs**

Interest on housing loan claimed by the taxpayer u/s 24(b) of the Act, cannot form part of cost of acquisition or cost of improvement under section 48 of the Act





Amendments - Employee Taxation



Employee Taxation -

Old Tax Regime slab rate		New Tax Regime slab rate	
Total income (Rs.)	Rate (%)	Total income (Rs.)	Rate (%)
0 - Rs. 2.5 lakhs	Nil	0 – Rs. 3 lakhs	Nil
Rs. 2.5 lakhs – 5 lakhs	5%	Rs. 3 lakhs – 6 lakhs	5%
Rs. 5 lakhs – 10 lakhs	20%	Rs. 6 lakhs – 9 lakhs	10%
Above 10 lakhs	30%	Rs. 9 lakhs – 12 lakhs	15%
		Rs. 12 lakhs – 15 lakhs	20%
		Above Rs. 15 lakhs	30%
<p>There is no change proposed in</p> <ul style="list-style-type: none"> the basic exemption limit, slabs and tax rates deductions that can be availed by the taxpayer surcharge rates 		<ul style="list-style-type: none"> Basic exemption increased to Rs. 3 lakhs The slabs and respective tax rates have also been amended Standard deduction of Rs. 50,000 can be claimed The highest rate of surcharge of 37% on income above Rs. 5 crores is reduced to 25% 	
<p><u>Rebate u/s 87A-</u> Those earning income of up to Rs. 5 lakhs per annum can claim a rebate of up to Rs. 12,500 or tax liability (whichever is lower)</p>		<p><u>Rebate u/s 87A-</u> Those earning income of up to Rs. 7 lakhs per annum will not have to pay any tax</p>	

Old Tax Regime v/s New Tax Regime

Salary	Rs. 10,00,000		Rs. 15,00,000		Rs. 20,00,000	
	Old regime	New regime	Old regime	New regime	Old regime	New regime
Less:						
HRA	1,00,000	-	2,00,000	-	3,00,000	-
Standard deduction	50,000	50,000	50,000	50,000	50,000	50,000
Professional Tax	2,500	-	2,500	-	2,500	-
Interest on Housing Loan	2,00,000	-	2,00,000	-	2,00,000	-
Gross Total Income	6,47,500	9,50,000	10,47,500	14,50,000	14,47,500	19,50,000
Section 80C	1,50,000	-	1,50,000	-	1,50,000	-
Section 80D	50,000	-	50,000	-	50,000	-
Section 80G	20,000	-	20,000	-	20,000	-
Section 80EE	50,000	-	50,000	-	50,000	-
Total Income	3,77,500	9,50,000	7,77,500	14,50,000	11,77,500	19,50,000
Tax Liability	6,630	54,600	70,720	1,45,600	1,72,380	2,96,400
Additional tax		47,970		74,880		1,24,020

Increase in the rate of Tax Collected at Source (‘TCS’)

Sl No.	Type of remittance	Present rate*	Proposed rate*
1	Overseas Tour package	5% without any threshold limit	20% without any threshold limit
2	Any other case	5% of the amount or aggregate of the amounts in excess of Rs. 7 lakh	20% without any threshold limit
3	For any education, if the amount being remitted out is a loan obtained from a financial institution under section 80E of the Act	0.5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh	No change
4	For the purpose of education other than mentioned above, or for the purpose of medical treatment	5% of the amount or the aggregate of the amounts in excess of Rs. 7 lakh	No change

* The rate mentioned is on the amount or the aggregate amounts remitted by the buyer in a FY. This change will be effective from 1 July 2023



Multilateral Instrument (MLI)



Multilateral Instrument (MLI) -

Multilateral instrument (MLI) means the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting set out in the schedule.

The MLI modifies the application of thousands of bilateral tax treaties concluded to eliminate double taxation. It also implements agreed minimum standards to counter treaty abuse and to improve dispute resolution mechanisms while providing flexibility to accommodate specific tax treaty policies.

By means of the principal purpose test, the tax administration can deny the tax treaty benefit if one of the principal purposes of the action undertaken by the taxpayer was to obtain a benefit. India has signed for MLI in 2017 and till now more than 100 countries have signed.



Key pointers for ITR



ICDS disclosure

ICDS adjustment disclosure



In case of companies, Depreciation effects due to change in rates as per books and Income Tax Act is to be taken as per Schedule 32 in computation of income hence should not be disclosed in ICDS.

While filing the return of income the assessee would have disallowed the total depreciation in the ITR, disallowing the same under ICDS once again will lead to double disallowance.

Bad debts

Any person claiming **bad debts** of the amount of more than Rs. 1 lakh, in respect of a debtor, is required to report the PAN of such debtor (if available) in ITR forms

Provident Fund and other employee contributions-

Any sum received from employees as contribution to any provident fund or superannuation fund or any other fund set up under ESI Act or any other Fund for the welfare of the employees to the extent not credited to the employees account on or before the due date of the payment, then the total amount shall be disallowed even though payment is made on or before the due date of filing the ROI.

Foreign Exchange Fluctuation Gain/Loss -

As per Sec 43A, foreign exchange gain/loss on payment for acquisition of fixed asset from foreign country to be capitalized as part of the actual cost of asset.

- Only realized forex gain/loss to be capitalized;
- Unrealized forex gain/loss pertaining to fixed assets to not be capitalized. Further, it cannot be claimed as an allowable expense under Sec 37 as the same is capital in nature.

Will Sec 43A apply to domestic assets purchased from External Commercial Borrowings?

Foreign Exchange Fluctuation Gain/Loss -

1967

Sec 43A of the Act originally provided for adjustments of foreign exchange fluctuation to be made to cost of fixed asset as at each balance sheet date



Finance Act, 2002

Sec 43A was amended to provide that adjustment would be made only at the time of payment/settlement of liability of an asset imported into India.

As amended provisions apply only to imported assets, the conditions in section 43A (as amended) requiring an actual repayment of a foreign currency loan would not apply when deciding whether the original cost of the assets purchased in India using ECBs should be adjusted. **Hence, in case of domestic assets purchased from ECBs both realized as well as unrealized forex gain/loss can be capitalized to the cost of the asset**

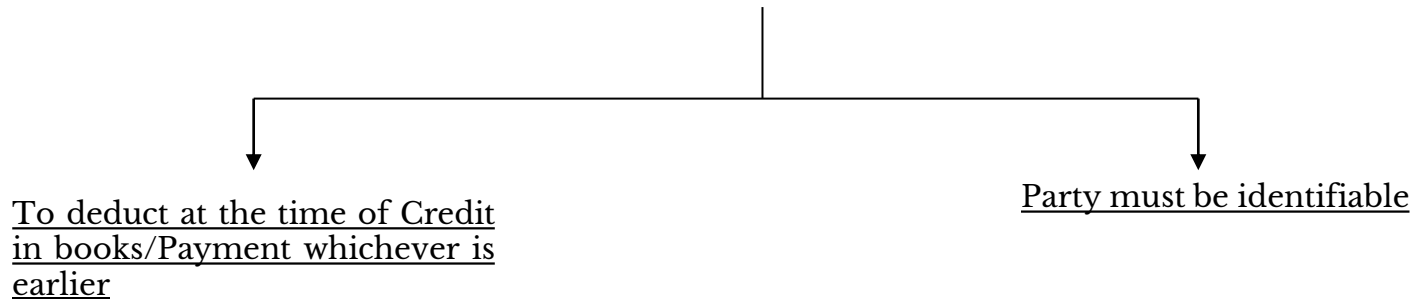
The above view was upheld by the Hon'ble Apex Court in the following cases:

- CIT vs. Woodward Governor India Pvt. Ltd., 312 ITR 254 (SC);
- CIT vs Arvid Mills Ltd. 193 ITR 255 (SC);

This was again upheld by the Hon'ble Pune ITAT in 2020 in case of Aesseal India Pvt. Ltd (ITA No. 2202 & 2203/PUN/2017)

TDS on year-end provisions

Conditions for deduction of TDS



Where party is not identifiable:

- The Hon'ble Karnataka HC in case of Subex Limited (ITA No 42 of 2017) held that no withholding tax liability/disallowance under section 40(a)(i) would arise in cases where the party is not identifiable and the year end provision is reversed in the beginning of the next year;
- The above view was also upheld by the Hon'ble Bangalore ITAT in case of Biocon ([2023] 152 taxmann.com 55).

TDS on year-end provisions

Issue of allowability u/s 37 of the Act

Where year-end provisions are not disallowed u/s 40(a)(i) or (ia) of the Act as the payee is unknown, there could be a challenge in claiming such sum as deduction u/s 37 in the hands of the payer as the tax authorities could claim the same to be an unascertained liability. As the liability has not been ascertained and accrued the same might be disallowed u/s 37 of the Act.

TDS payment and return due dates :-

- **TDS payment** : TDS deducted in the month of March shall be paid by 30th April. If the deductor is any govt office then the TDS payment shall be made by 7th April.
- **TDS return** : TDS return shall be filed by 31st May.

In case of audit entries or any other year end provisions made after 31st March but before the tax audit/filing the ROI, TDS shall be deducted and paid as if it was deducted in the month of March by paying additional interest for late payment. By paying TDS along with interest, one can avoid the disallowance u/s 40(a)(ia).

Clarification regarding advance tax while filing Updated Return – Year end closure

The Finance Act, 2022 enabled filing of updated return up to two years from the end of the relevant assessment year subject to fulfilment of certain conditions as well as payment of additional tax.

Section 140B which provides for computation of additional tax also included computation of interest under section 234B of the Act.

An amendment has been made in Section 140B, stating that interest u/s 234B will be computed on an amount equal to the assessed tax as reduced by the amount of advance tax, the credit for which has been claimed in the earlier return, if any.

As per the Section 139(8A), the updated return for the FY 2020-21 has to be filed within **31.03.2024**.

Tax Calendar for the FY 2023-24

Tax Calendar for the FY 2023-24 -

Particulars	Due dates
SFT	31 st May
Tax audit for non-TP cases and TP cases	30 th September, 31 st October respectively
ROI for assessee having tax audit with no TP audit	31 st October
ROI for assessee having TP audit	30 th November
Form 3CEB, Form 3CEA	31 st October
Form 3CEAA	30 th November
Form 3CEAB	31 st October
Form 3CEAC	Two months before the group year ends i.e. 31 st October

Tax Calendar for the FY 2023-24 -

Particulars	Due dates
Charitable Trust tax audit (Form 10B and 10BB)	30 th September
ROI of Charitable Trust	31 st October
Individual/ AOP/ BOI not liable for tax audit	31 st July

Forms to be filed by the assessee opting for New tax regime –

Form 10IE – Assessee having business and professional income need to file Form 10IE on or before the due date of filing ROI.

Form 10IC – This form is required to be filed only if the domestic company chooses to pay tax at concessional rate of 22% under Section 115BAA of the Act. In order to avail the concessional rate, it has to be filed on or before the due date of filing ROI.

Form 10ID - This form is required to be filed only if the domestic company chooses to pay tax at concessional rate of 15% under Section 115BAB of the Act. In order to avail the concessional rate, it has to be filed on or before the due date of filing ROI.

Thank You
