Finance Act 2017 made many significant changes in Income Tax Act, 1961 which are important for FY 2017-18 and keep in mind while filing returns

CA. Sangam Kr. Aggarwal

1) In order to ensure that return is filed within due date, a new section inserted 234F in the Finance Act, 2017 to provide that a fee for delay in furnishing of return shall be levied for assessment year 2018-19 and onwards in a case where the return is not filed within the due dates specified for filing of return under sub-section (1) of section 139. The proposed fee structure is as follows:-

    a) A fee of Rs.5000/- shall be payable, if return is furnished after the due date but on or before the 31st day of December of the assessment year.
    b) A fee of Rs. 10,000/- shall be payable, if return is furnished after the 31st day of December of the assessment year.
    c) In a case where the total income does not exceed Rs. 5,00,000/-, it is proposed that the fee amount shall not exceed Rs. 1000/-.

2) No exemption for Charitable trust u/s 12A or return filed u/s 139(4A), **if return is filed after the due date**.

3) **Set off of loss from house property Section 71(3A)**:- if there is any loss from house property it can be set off only up to Rs. 2 Lakh during the year from income under any other head, and remaining loss can be carried forward for next 8 assessment years to be set off from income from house property.

4) If donation received in cash exceeding Rs. 2,000 by a person, then **deduction u/s 80G** to be allowed up to Rs. 2,000 **(earlier it is Rs. 10,000/-).**

5) **No purchases/capital or revenue expenditure exceeding Rs. 10,000/- in cash Sec 40A(3)/(3A)/43(1)second provision**:- if any payment exceeding Rs.10000/- in a day is made otherwise than through an a/c payee cheque or a/c payee bank draft or use of ECS through a bank account, for any expenditure or to creditor for such expenditure, then no deduction shall be made for such expenditure, earlier this limit was Rs. 20000/-. **Purchase of asset were not earlier covered now if there is any payment exceeding Rs. 10000/- in a day for purchase of any asset or to any creditor for purchase of such asset,** otherwise than through an a/c payee cheque or a/c payee bank draft or use of ECS through a bank account then such payment will not //be considered for determining actual cost of asset as per Sec. 43(1) for the purpose of Sec. 28 to 41, therefore depreciation will not be allowed on such payment exceeding Rs. 10000/- **(earlier it is Rs. 20,000/-).**

6) **TDS u/s 194IC**: notwithstanding anything contained in Section 194IA any person responsible for paying any sum to an individual or HUF for agreement referred to in Sec. 45(5A), by way of consideration not being in kind, shall deduct an amount equal to 10% of TDS on any sum paid in cash or by cheque or draft or any other mode, whichever is earlier.

7) **Taxation u/s 115BBE** :- Section 115BBE was introduced w.e.f. A.Y. 2013-14 with a view to prevent malpractice of set off of any expenditure or allowance or deductions or taking benefit of slab rate out of undisclosed income arising due to additions u/s 68/69/69A/69B/69C/69D. There was no restrictions on set off losses out of income from undisclosed sources u/s 68/69/69A/69B/69C/69D upto A.Y. 2016-17, now w.e.f. A.Y. 2017-18 set off of any loss is also not permissible out of such income. Section 115BBE(2)

specifies that if an assessee himself includes income referred to in section 68/69/69A/B/C/D in the return of income then no deduction will be allowed for any expenditure/allowance/set of any loss while computing income u/s 115BBE(1)(A), BUT if the income referred to in section 68/69/69A/B/C/D is determined by the assessing officer u/s 115BBE(1)(b) then out of such income any expenditure/allowance/set of any loss will be available as clearly evident from section 115BBE(2).

8) A new section inserted namely **269ST**, in this section no person shall receive an amount of Rs. 2,00,000/- or more-

   a) In aggregate from a person in day; or
   b) In respect of a single transaction; or
   c) In respect of transactions relating to one event or occasion from a person.

However, these amendments will take effect from 1st April, 2017 and will, accordingly apply in relation to assessment year 2018-19 and subsequent years.

Thanks & Regards

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