

Direct Tax

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1. CBDT Exempt Interest Income from TDS u/s 194A covered by Section 10(26)

The Central Government vide notification no Notification No. 110/2021 in S.O. 3815(E) dated 17th September, 2021, in exercise of the powers conferred by section 197A (1F) of the Income-tax Act, hereby notifies that no deduction of tax shall be made on the following payment under section 194A of the said Act, namely payment in the nature of Interest, other than interest on securities, made by a scheduled bank (hereinafter the "payer") located in a specified area, to a member of Scheduled Tribe (hereinafter the "receiver") residing in any specified area, as referred to in Section 10(26) of the Act, subject to the following conditions:

- i. The payer satisfies itself that the receiver is a member of Scheduled Tribe residing in any specified area, and the payment as referred above is accruing or arising to the receiver as referred to in section 10(26) of the Act, during the previous year relevant for the assessment year in which the payment is made, by obtaining necessary documentary evidences in support of the same;
- ii. The payer reports the above payment in the statements of deduction of tax as referred to in sub-section (3) of section 200 of the Act;
- iii. The payment made or aggregate of payments made during the previous year does not exceed twenty lakh rupees.

For the purposes of the said notification, 'Scheduled Bank' means a bank included in the Second Schedule of the Reserve Bank of India Act, 1934.

2. Prescribing Income-tax authority under second proviso to Section 142(1)(i) of the Act

The Central Board of Direct Taxes vide notification G.S.R. 627(E) [NO. 109/2021/F. NO. 370142/27/2021-TPL (Part I)], Dated 13-9-2021, in exercise of the powers conferred by second proviso to Section 142 (1)(i) read with section 295 of the Income-tax Act, gives Income-tax (29th Amendment) Rules, 2021. It inserts Rule 12F in the Income-tax Rules, 1962.

Rule 12F, which specifies Prescribed income-tax authority under second proviso to clause (i) of sub-section (1) of section 142, namely:

"12F- The prescribed income-tax authority under second proviso to clause (i) of sub-section (1) of section 142 shall be an income-tax authority not below the rank of Income-tax Officer who has been authorised by the Central Board of Direct Taxes to act as such authority for the purposes of that clause."

3. Extension of Time Lines for Filing of Income Tax Returns and Various Reports of Audit for Assessment year 2021-22

On consideration of difficulties reported by the taxpayers and other stakeholders in electronic filing of Income-tax returns and various reports of audit under the provisions of Income-tax Act, 1961 (Act), the Central Board of Direct Taxes (CBDT), in exercise of its powers under section 119 of the Act, provides relaxation in respect of the following compliances:

1. The due Date of furnishing of Return of Income for the Assessment Year 2021-22, which was 31st July 2021 under sub-section (1) of section 139 of the Act, as extended to 30th September, 2021 vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 31st December, 2021;
2. The due date of furnishing of Report of Audit under any provision of the Act for the Previous Year 2020-21, which is 30th September 2021, as extended to 31st October 2021 vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 15th January, 2022;
3. The due date of furnishing Report from an Accountant by persons entering into international transaction or specified domestic transaction under section 92E of the Act for the Previous Year 2020-21, which is 31st October 2021, as extended to 30th November 2021 vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 31st January, 2022;
4. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 31st October 2021 under sub-section (1) of section 139 of the Act, as extended to 30th November 2021 vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 15th February, 2022;
5. The due date of furnishing of Return of Income for the Assessment Year 2021-22, which is 30th November 2021 under sub-section (1) of section 139 of the Act, as extended to 31st December 2021 vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 28th February, 2022;
6. The due date of furnishing of belated/revised Return of Income for the Assessment Year 2021-22, which is 31st December 2021 under sub-section/sub-section (5) of section 139 of the Act, as extended to 31st January, 2022, vide Circular No. 9/2021 dated 20-5-2021, is hereby further extended to 31st March, 2022;

Clarification 1: It is clarified that the extension of the dates as referred to in clauses (1), (4) and (5) of this Circular shall not apply to Explanation 1 to section 234A of the Act, in cases where the amount of tax on the total income as reduced by the amount as specified in clauses (i) to (vi) of sub-section (1) of that section exceeds one lakh rupees.

Clarification 2: For the purpose of Clarification 1, in case of an individual resident in India referred to in sub-section (2) of section 207 of the Act, the tax paid by him under section 140A of the Act within the due date (without extension under Circular No. 9/2021 dated 20-5-2021 and this Circular) provided in that Act, shall be deemed to be the advance tax.

4. CBDT Allows Tax payers an opportunity to file application for settlement - PRESS RELEASE, Dated 7-9-2021

In order to provide relief to the taxpayers who were eligible to file application as on 31-1-2021, but could not file the same due to cessation of ITSC vide Finance Act, 2021, it has been decided that applications for settlement can be filed by the taxpayers by 30th September, 2021 before the Interim Board if the following conditions are satisfied:—

- i. The assessee was eligible to file application for settlement on 31-1-2021 for the assessment years for which the application is sought to be filed (relevant assessment years); and
- ii. all the relevant assessment proceedings of the assessee are pending as on the date of filing the application for settlement.

Such applications shall be deemed to be “pending applications” under clause (eb) of section 245A of the Act and shall be disposed of by the Interim Board as per the provisions of the Act.

It is clarified that taxpayers who have filed such applications shall not have the option to withdraw such applications as per the provisions of section 245M of the Act. Further, the taxpayers who have already filed application for settlement on or after 1-2-2021 as per the direction of the various High Courts and who are otherwise eligible to file such application, as referred above, on the date of filing of the said application shall not be required to file such application again.

5. Procedure for handling of Assessments / penalties by Jurisdictional assessing officers in respect of Transferred cases out of Faceless assessment u/s 144B(8) of the Income tax Act, 1961/Faceless Penalty Scheme, 2021 respectively

1. The Central Board of Direct Taxes (CBDT) has accorded approval for transfer of assessments/penalties to Jurisdictional Assessing Officers (PAN based), as found necessary, on case-to-case basis in terms of Section 144B(8) of the Income-tax Act, 1961 (Act)/clause 5(2) of Faceless Penalty Scheme, 2021.

2. The Jurisdictional Assessing Officer (JAO) shall complete the assessments/penalties in such cases as per the following broad contours to the extent technically feasible:—

A. All processes in cases transferred under section 144B(8) of the Act/clause 5(2) of Faceless Penalty Scheme, 2021 may be conducted electronically to the extent technically feasible, except in those cases where the assessee does not have e-filing account/registered e-mail to communicate electronically with JAO. For cases without digital foot print, the JAO shall endeavor to get the e-filing account of the assessee registered and then conduct the proceedings in an electronic manner.

B. The request for personal hearings shall generally be allowed to the assessee with the approval of Range Head, mainly after the assessee has filed written submission to the show cause notice. Personal hearing may be allowed to the assessee preferably through Video Conference. If Video Conference is not technically feasible, personal hearings may be conducted in a designated area in Income-tax Offices. The hearing proceedings may be recorded.

C. Use of Faceless processes such as VU for online verification, TU for Technical inputs etc. may also be considered for non-faceless regime to the extent technically feasible.

D. In order to have consistency with the unit concept in faceless regime, the Range Head may compulsorily be involved in the finalization of assessment of such cases transferred to JAO, for which the provisions of Section 144A of the Act may suitably be invoked. In penalties, the approval of Range Head is already embedded in Section 274(2) of the Act, over a specific monetary ceiling of ‘penalty imposable’. Same may be adhered to.

3. It is also clarified that in respect of such cases transferred, the JAO shall take into account the proceedings conducted so far under the faceless regime and proceed further as per the provisions of the Act and broad contours of modalities as indicated above

6. ORDER UNDER SECTION 119 OF THE INCOME-TAX ACT, 1961 PROVIDING EXCLUSIONS TO SECTION 144B OF THE ACT - ORDER F. NO. 187/3/2020-ITA-I, DATED 6-9-2021

A. The Faceless Assessment Scheme, 2019 (the Scheme) has been incorporated in the Act vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020. Section 144B of the Act pertaining to Faceless Assessment has been inserted by the said amendment w.e.f. 1-4-2021.

B. The Central Board of Direct Taxes vide Order F.No. 187/3/2020-ITA-I dated 13th August, 2020 (the Order) read with order under section 119 of the Act regarding mutatis mutandis application of Orders, Circulars etc. issued in order to implement the Scheme to Faceless Assessment under section 144B of the Act, F.No. 187/3/2020-ITA-I dated 31st March, 2021 directed that all the Assessment Orders shall be passed by the National Faceless Assessment Centre (NaFAC) under section 144B of the Act except as under:-

- i. Assessment orders in cases assigned to Central Charges.
- ii. Assessment orders in cases assigned to International Tax Charges.

C. In partial modification of the said Order, the Central Board of Direct Taxes in exercise of powers under section 119 of the Act, hereby directs that in addition to exceptions (i) & (ii) provided in Para 2 of the Order, the following exception is also hereby added as under:-

iii. Assessment Orders in cases where pendency could not be created on ITBA because of technical reasons or cases not having a PAN, as the case may be.

D. Further, the Central Board of Direct Taxes clarifies that assessment in cases transferred by the Principal Chief Commissioner or the Principal Director General in charge of National Faceless Assessment Centre (NaFAC) under section 144B(8) of the Act shall be handled as per the procedure specified in the letter F.No. 225/97/2021/ITA-II dated 6th September, 2021.

7. Exemption to senior citizen from Filing of Income Tax Return -

The Central Board of Direct Taxes vide Notification G.S.R. 612(E) [NO. 99/2021/F.NO.370142/11/2021-TPL], Dated 2-9-2021, in exercise of the powers conferred by sections 194P and 206AB read with section 295 of the Income-tax Act , gives Income-tax (26th Amendment) Rules, 2021 .

It amends RULES 31 AND 31A. It Inserts Rule 26D and Form no. 12BBA. It Substitutes form nos. 16, 24Q, 26QB, 26QC AND 26QD. It notified the provision regarding Furnishing of declaration and evidence of claims by senior citizens for Exemption from Income Tax Return Filing under section 194P of the Income Tax Act.

The new Rule 26D provides for the provision regarding Furnishing of declaration and evidence of claims by senior citizens for Exemption from Income Tax Return Filing under section 194P of the Income Tax Act

Reader May refer to the above notification for further Details.

8. Notified Specified Bank for Purpose of Computation of total Income of specified senior citizen and Deduction of income tax on such total Income - Section 194P of Income Tax Act.

The Central Government vide notification no S.O. 3595(E) [NO. 98/2021/F. NO. 370142/11/2021-TPL], Dated 2-9-2021, in exercise of the powers conferred by section 194P clause (a) of Explanation of the Income-tax Act, notifies specified Bank to mean a banking company which is a scheduled bank and has been appointed as agents of Reserve Bank of India under section 45 of the Reserve Bank of India Act, 1934

Explanation: For the purpose of this notification,—

1. “banking company” shall have the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934 ,

2. “scheduled bank” shall have the meaning assigned to it in clause (e) of section 2 of the Reserve Bank of India Act, 1934

9. CBDT EXTENDS DATE UNDER SECTION 3 OF THE VIVAD SE VISHWAS ACT - PRESS RELEASE, DATED 29-8-2021

CBDT has extended the deadline for making payments without additional amount under the Vivad se Vishwas scheme by a month till September 30. The deadline was originally scheduled to expire on August 31, 2021. The deadline had been extended in June till August 31, 2021, but taxpayers have the option to make payments till October 31, 2021 with an additional amount of interest.

The Finance Ministry clarified that there is no proposal to change the last date for payment with additional amount under the tax dispute settlement scheme. The deadline for this remains at October 31, 2021.

10. CBDT extends due dates for electronic filing of various Forms under IT Act –

CBDT Circular No. 16/2021 in F.No.225/49/2021/ITA-II dated August 29, 2021 issued.-

On consideration of difficulties reported by the taxpayers and other stakeholders in electronic filing of certain Forms under the provisions of the Income-tax Act,1961 read with Income-tax Rules,1962 (Rules), Central Board of Direct Taxes (CBDT) has decided to further extend the due dates for electronic filing of such Forms. The further details are as under:

- The application for registration or intimation or approval under Section 10(23C), 12A, 35(1)(ii)/(iia)/(iii) or 80G of the Act in Form No. 10A required to be filed on or before June 30, 2021, as extended to August 31, 2021 vide Circular No.12 of 2021 dated June 25, 2021 may be filed on or before March 31, 2022;
- The application for registration or approval under Section 10(23C), 12A or 80G of the Act in Form No.10AB, for which the last date for filing falls on or before February 28, 2022 may be filed on or before March 31, 2022;
- The Equalization Levy Statement in Form No.1 for the Financial Year 2020- 21, which was required to be filed on or before June 30, 2021, as extended to August 31, 2021 vide Circular No.15 of 2021 dated August 03, 2021, may be filed on or before December 31, 2021;
- The Quarterly statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on June 30, 2021, required to be furnished on or before July 15, 2021 under Rule 37BB of the Rules, as extended to August 31, 2021 vide Circular No.15 of 2021 dated August 03, 2021, may be furnished on or before November 30, 2021;

- The Quarterly statement in Form No. 15CC to be furnished by authorized dealer in respect of remittances made for the quarter ending on September 30, 2021, required to be furnished on or before October 15, 2021 under Rule 37BB of the Rules, may be furnished on or before December 31, 2021;
- Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending June 30, 2021, which was originally required to be uploaded on or before July 15, 2021, and subsequently by August 31, 2021, as per Circular No.12 of 2021 dated June 25, 2021, may be uploaded on or before November 30, 2021;
- Uploading of the declarations received from recipients in Form No. 15G/15H during the quarter ending September 30, 2021, which is required to be uploaded on or before October 15, 2021, may be uploaded on or before December 31, 2021;
- Intimation to be made by Sovereign Wealth Fund in respect of investments made by it in India in Form II SWF for the quarter ending on June 30, 2021, required to be made on or before July 31, 2021 as per Circular No.15 of 2020 dated July 22, 2020, as extended to September 30, 2021 vide Circular No.15 of 2021 dated August 03, 2021, may be made on or before November 30, 2021;
- Intimation to be made by Sovereign Wealth Fund in respect of investments made by it in India in Form II SWF for the quarter ending on September 30, 2021, required to be made on or before October 31, 2021 as per Circular No.15 of 2020 dated July 22, 2020, may be made on or before December 31, 2021;
- Intimation to be made by a Pension Fund in respect of each investment made by it in India in Form No. 10BBB for the quarter ending on June 30, 2021, required to be made on or before July 31, 2021 under Rule 2DB of the Rules, as extended to September 30, 2021 vide Circular No. 15 of 2021 dated August 03, 2021, may be made on or before November 30, 2021;
- Intimation to be made by a Pension Fund in respect of each investment made by it in India in Form No. 10BBB for the quarter ending on September 30, 2021, required to be made on or before October 31, 2021 under Rule 2DB of the Rules, may be made on or before December 31, 2021;
- Intimation by a constituent entity, resident in India, of an international group, the parent entity of which is not resident in India, for the purposes of sub-section (1) of section 286 of the Act, in Form No. 3CEAC, required to be made on or before November 30, 2021 under Rule 10DB of the Rules, may be made on or before December 31, 2021;
- Report by a parent entity or an alternate reporting entity or any other constituent entity, resident in India, for the purposes of sub-section (2) or sub-section (4) of section 286 of the Act, in Form No. 3CEAD, required to be furnished on or before November 30, 2021 under Rule 10DB of the Rules, may be furnished on or before December 31, 2021;
- Intimation on behalf of an international group for the purposes of the proviso to sub-section (4) of section 286 of the Act in Form No. 3CEAE, required to be made on or before November 30, 2021 under Rule 10DB of the Rules, may be made on or before December 31, 2021.

11. Penalty proceedings completion and Aadhaar Linking due date extended

Notification No. 113/2021/ F. No. 370142/35/2020-TPL-Part 1] dated 17 September 2021.

The Central Government, in continuation of its commitment to address the hardship being faced by various stakeholders on account of the Covid-19 pandemic, has, on consideration of representations

received from various stakeholders, decided to extend timelines for compliances under the Income-tax Act, 1961 (hereinafter referred to as “the Act”) in the following cases, as under:

- Time limit for intimation of Aadhaar number to the Income tax Department for linking of PAN with Aadhaar has been extended from 30th September, 2021 to 31st March, 2022.
- The due date for completion of penalty proceedings under the Act has also been extended from 30th September, 2021 to 31st March, 2022
- Further, the time limit for issuance of notice and passing of order by the Adjudicating Authority under the Prohibition of Benami Property Transactions Act, 1988 has also been extended to 31st March, 2022.

12 . Clarification regarding carry forward of losses in case of change in shareholding due to strategic disinvestment

The Central Board of Direct Taxes vide Notification No. 105/2021-Income Tax | Dated: 10th September, 2021, In exercise of the powers conferred by clause (XI) of the proviso to clause (x) of sub-section (2) of section 56 read with section 295 of the Income-tax Act gives Income-tax (28th Amendment) Rules, 2021. They shall come into force from the 1st day of April, 2022 and shall be applicable for the assessment year 2022-23 and subsequent assessment years.

It has inserted the following new clause in Rule 11UAC:

“(4) any movable property, being equity shares, of the public sector company, received by a person from the Central Government or any State Government under strategic disinvestment.

Explanation—For the purpose of this clause, “strategic disinvestment” shall have the same meaning as assigned to it in clause (iii) of Explanation to clause (d) of sub-section (1) of section 72A.”

In order to facilitate the strategic disinvestment, it has been decided that Section 79 of the Income-tax Act, 1961, shall not apply to an erstwhile public sector company which has become so as a result of strategic disinvestment. Accordingly, loss incurred in any previous year prior to, and including, the previous year of strategic disinvestment shall be carried forward and set off by the erstwhile public sector company. The above relaxation shall cease to apply from the previous year in which the company, that was the ultimate holding company of such erstwhile public sector company immediately after completion of the strategic disinvestment, ceases to hold, directly or through its subsidiary or subsidiaries, fifty-one per cent of the voting power of the erstwhile public sector company.