

DIRECT TAX – LAW UPDATE

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Prescribed class of persons under clause (XI) of the proviso to section 56(2) (x) of the Income Tax Act– New Rule 11 UAC – [267 Taxman (St.) 15]

The Central Government, in exercise of powers conferred by clause (XI) of the proviso to section 56(2) (x) r.w.s 295, vide Notification No. G.S.R. 836 (E) [NO. 96/2019(F. No. 370142/29/2019-TPL)], Dated 11-11-2019, gives the Income tax (13th Amendment), Rules, 2019. It shall come in force from 01/04/2020. It shall be applicable from assessment year commencing on the 1st day of April, 2020 and subsequent assessment years. It inserts new Rule, 11UAC. It gives the prescribed class of person for the purpose of clause (XI) of the proviso to section 56 (2) (x) of the Income-tax Act.

It provides that the provision of Section 56(2)(x) does not apply to any immovable property, being land or building or both, received by a resident of an unauthorized colony in the National Capital Territory of Delhi, where the Central Government by notification in the Official Gazette, regularized the transaction of such immovable property based on the latest Power of Attorney, Agreement to Sale, Will, possession letter and other documents including documents evidencing payment of consideration for conferring or recognizing right of ownership or transfer or mortgage in regard to such immovable property in favour of such resident. It also defines the term “resident” & “unauthorized colony”.

Section 194M and section 194N – Amendment in Rules 30,31,31A, from 26Q and Form No. 27Q, New Form No. 16D and Form No. 26QD - [267 Taxman (St.) 16]

The Central Board of Direct Taxes, in exercise of powers u/s. 295 r.w. section 194M & section 194N, vide Notification No. G.S.R. 858 (E) [NO. 98/2019(F.NO. 370142/30/2019-TPL)], Dated 18-11-2019, gives Income Tax (14th Amendment), Rules, 2019. It came into force from the date of its publication in the Official Gazette.

It inserts new Rule (2C) to Rule 30, prescribing the time limit of payment of 30 days from the end of the month in which deduction u/s. 194M is made and also prescribes a challan-cum-statement in Form No. 26QD for the payment of TDS.

It inserts new Rule (6C) to Rule 30 prescribing the mode of payment being amount to be paid electronically within the time limit prescribed under rule (2C) in respect of tax deducted u/s. 194M of the Income tax Act.

It inserts new Rule (3C) to Rule 31 of the Income tax Rules prescribing Form No. 16D being certificate of tax deducted at source u/s. 194M and also prescribing the time limit of 15 days from the due date for furnishing the challan-cum-statement in Form No. 26QD.

It inserts new clause (ix) to Rule 31A(4) of the Income tax Rules requiring deductor to furnish particulars of amount paid or credited on which tax was not deducted in view of exemption provided in clause (iii) or clause (iv) of the proviso to section 194N or in view of the notification issued under clause (v) of the proviso to Section 194N.

It inserts new Rule (4C) to Rule 31A requiring every person responsible for deduction of tax u/s. 194M to furnish to the Principal Director General of Income-tax(Systems) and others, a challan-cum-statement in Form No. 26QD electronically within 30 days from the end of the month in which deduction is made.

It inserts new Form No. 16D in Appendix – II of the Income tax Rules.

It amends Form No. 26Q in Appendix – II of the Income tax Rules.

It inserts new Form No. 26QD in Appendix – II of the Income tax Rules.

It amends Form No. 27Q in Appendix – II of the Income tax Rules.