

DIRECT TAX

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SECTION 43CA, READ WITH SECTION 56 OF THE INCOME-TAX ACT, 1961 - FULL VALUE OF CONSIDERATION FOR TRANSFER OF ASSETS OTHER THAN CAPITAL ASSETS IN CERTAIN CASES - INCOME TAX RELIEF FOR REAL-ESTATE DEVELOPERS AND HOME BUYERS

PRESS RELEASE, DATED 13-11-2020

Currently, the circle rate is deemed to be the sale/purchase consideration for real estate developers and buyers only where the variation between the agreement value and the circle rate is more than 10%.

In order to boost demand in the real-estate sector and to enable the real-estate developers to liquidate their unsold inventory at a rate substantially lower than the circle rate and giving benefit to the home buyers, it has been decided to further increase the safe harbour from 10% to 20% under section 43CA of the Act for the period from 12th November, 2020 to 30th June, 2021 in respect of only primary sale of residential units of value up to Rs. 2 crore. Consequential relief by increasing the safe harbour from 10% to 20% shall also be allowed to buyers of these residential units under section 56(2)(x) of the Act for the said period. Therefore, for these transactions, circle rate shall be deemed as sale/purchase consideration only if the variation between the agreement value and the circle rate is more than 20%.

Legislative amendments in this regard shall be proposed in due course.

CBDT TO VALIDATE UNIQUE DOCUMENT IDENTIFICATION NUMBER (UDIN) GENERATED FROM ICAI PORTAL AT TIME OF UPLOAD OF TAX AUDIT REPORTS

PRESS RELEASE, DATED 26-11-2020

The Institute of Chartered Accountants of India, in its gazette notification dated 2nd August, 2019, had made generation of UDIN from ICAI website www.icai.org mandatory for every kind of certificate/tax audit report and other attestations made by their members as required by various regulators. This was introduced to curb fake certifications by non-CAs misrepresenting themselves as Chartered Accountants.

In line with the ongoing initiatives of the Income-tax Department for integrating with other Government agencies and bodies, Income-tax e-filing portal has completed its integration with the Institute of Chartered Accountants of India (ICAI) portal for validation of Unique Document Identification Number (UDIN) generated from ICAI portal by the Chartered Accountants for documents certified/attested by them.

It may be noted that, in consonance with the above requirement, Income-tax e-filing portal had already factored mandatory quoting of UDIN with effect from 27th April, 2020 for documents certified/attested in compliance with the Income-tax Act, 1961 by a Chartered Accountant. With this system level integration, UDIN provided for the audit reports/certificates submitted by the Chartered Accountants in the e-filing portal shall be validated online with the ICAI. This will help in weeding out fake or incorrect Tax Audit Reports not duly authenticated with the ICAI.

If for any reason, a Chartered Accountant was not able to generate UDIN before submission of audit report/certificate, the Income-tax e-filing portal permits such submission, subject to the Chartered Accountant updating the UDIN generated for the form within 15 calendar days from the date of form submission in the Income-tax e-filing portal. If the UDIN for the audit report/certificate is not updated within the 15 days provided for the same, such audit report/certificate uploaded shall be treated as invalid submission.

SECTION 192 OF INCOME-TAX ACT, 1961 - DEDUCTION OF TAX AT SOURCE - SALARY - INCOME-TAX DEDUCTION FROM SALARIES DURING FINANCIAL YEAR 2020-21

CIRCULAR NO. 20/2020 [F.NO. 275/192/2020-IT(B)], DATED 3-12-2020

A detailed circular for TDS on salaries for FY 2020-21 is available at above citation.

CLARIFICATION ON PROVISIONS OF DIRECT TAX VIVAD SE VISHWAS ACT, 2020

CIRCULAR NO. 21/2020 [F.NO. IT(A)/1/2020-TPL], DATED 4-12-2020

Sections 10 and 11 of the Vivad se Vishwas empowers the Board/Central Government to issue directions or orders in public interest or to remove difficulties. The above circular is being issued in continuation of circular dated 22nd April, 2020 (which covered Q. no. 1 - 55) under section 10 and 11 of the Vivad se Vishwas to provide answers to 34 more FAQs (Q. no. 56 - 89).