

BUDGET 2019

ANALYSIS OF DIRECT TAX PROPOSALS

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INDIVIDUAL TAX RATES

| Income | Tax Rate (No Change) | Current | | Proposed | |
|---------------------------------------|-------------------------|------------|--------------------|------------|--------------------|
| | | Surcharge | Effective Rate* | Surcharge | Effective Rate* |
| Upto 2.5 lakhs | 0% | 0% | 0% | 0% | 0% |
| 250,001 – 500,000 | 5% | 0% | 5.2% | 0% | 5.2% |
| 5,00,001 to 10,00,000 | 20% | 0% | 20.8% | 0% | 20.8% |
| 10,00,001 to 50,00,000 | 30% | 0% | 31.2% | 0% | 31.2% |
| 50,00,001 to 1,00,00,000 | 30% | 10% | 34.32% | 10% | 34.32% |
| 1,00,00,001 to 2,00,00,000 | 30% | 15% | 35.88% | 15% | 35.88% |
| 2,00,00,001 to 5,00,00,000 | 30% | 15% | 35.88% | 25% | 39% |
| Above 5,00,00,000 | 30% | 15% | 35.88% | 37% | 42.74% |

INDIVIDUAL TAX RATES

- Robin Hood Method is not relevant in current times
- Approach should be equitable taxation and widening of tax base
- 39% and 42.7% effective rate on certain income brackets of individual is huge
 - *Most sole proprietors are assessed as individuals*
 - *The Company is taxed on its profits at 25% subject to eligibility after deduction of salary to chief executives*
 - *Salary may get taxed at 39% or 42.7%. Professionals who do not have the same range and quantum of expenses as businesses would suffer on this account*
 - *Comparing other countries may not be correct since in most of these high tax rate countries, everything from education to health is free*
 - *Surcharge on non-corporates. Impact on capital gains.*

DOMESTIC COMPANIES

- Domestic Companies
- Where its total turnover or the gross receipt in the previous year 2017-2018 does not exceed Rs. 400 crore, rate of tax is 25%
- Effective rate is 29.12%
 - *India has no choice but to reduce corporate rates given the fact that many countries are reducing corporate tax rates to attract investment*
 - *As per FM's speech, 99.3% of the companies would get covered*
 - *Going forward a lower rate without any exemption or deduction is likely.*

TDS ON SALE OF IMMOVEABLE PROPERTY

- Section 194-IA
- TDS at 1% on the amount of consideration paid for transfer of immovable property.
- TDS is not applicable where the amount of consideration does not exceed Rs. 50 lakhs.
- *Explanation w.e.f. 01.09.2019*
- Expression "consideration for immovable property" to include all charges of the nature of club membership fee, car parking fee, electricity or water facility fee, maintenance fee, advance fee or any other charges of similar nature, which are incidental to transfer of the immovable property.
 - *In many parts of the Country, a new flat is sold by the builder under two distinct documents, viz. construction agreement and sale of undivided share of land*
 - *Most of these items forming part of the explanation do not involve transfer of immoveable property*
 - *Supreme Court in **Nahalchand Laluchand Pvt. Ltd. Vs. Panchali Co-operative Housing Society Ltd. (2010) 9 SCC 536** held that the promoter has no right to sell stilt parking spaces as these are neither a 'flat' nor appurtenant nor attachment to a 'flat'.*
 - *Re-sale transactions*

NEW SECTION 194M

- Sections 194M w.e.f. 01.09.2019
- TDS at 5% on any sum, or aggregate of sums, paid by an individual or a HUF (other than those who are required to deduct TDS as per the provisions of section 194C or section 194J) to a resident for carrying out any work (including supply of labour for carrying out any work) or by way of fees for professional services
- No TDS if the amount does not exceed Rs. 50 lakhs during a financial year
- TAN not required
- Impact
 - *Individuals / HUF not covered by tax audit but making payments for works or for professional services*
 - *Provision effective from 01.09.2019 but refers to aggregate payments during the financial year*
 - *What happens if Rs. 45 lakhs has been paid before 01.09.2019 and Rs. 6 lakhs is payable to a builder after 01.09.2019?*
 - *Construction contract in TN for a new flat*
 - *Cash flow impact for contractors given the fact that even under Section 194C, the rates are 1% or 2% as the case may be*

TDS BY BANKS – SECTION 194N

- Section 194N w.e.f. 01.09.2019
- Banking company, co-operative society engaged in carrying on the business of banking or a post office, required to deduct TDS at 2% on payments in cash in excess of Rs. 1 crore during the previous year to any person from an account maintained by the recipient
- Section not applicable to payments made to Government, Bank, ATM operator for bank, etc.

TDS BY BANKS – SECTION 194N

- Supreme Court in the case of *CIT Vs. Eli Lilly & Co (India) Pvt. Ltd. (2009) 312 ITR 225* has held that TDS provisions and computation of income provisions form an integrated code.
- *When tax suffered income is deposited in a bank and withdrawn, can there be a TDS?*
- *Can withdrawal of money amount to 'payment by bank'?*
- *Possible 26AS mismatch?*
- *Will the bank wait till Rs. 1 crore limit?*
- *Can there be a TDS without an element of income?*
- *If the objective was not tax collection and only data collection, the same data is already available through AIRs filed by banks*
- *Similar exercise in the past in the name of Banking Cash Transaction Tax was abandoned*

SECTION 194DA

- Section 194DA provides for TDS at the rate of 1% on the sum payable by way of a life insurance policy, including the sum allocated by way of bonus on such life insurance policy, excluding the amount exempted under Section 10(10D)
- It is proposed that TDS shall be on the income comprised therein at the increased rate of 5%
- Amendment w.e.f. 01.09.2019

GIFTS TO NON-RESIDENTS

- Section 2(24)(xviiia) defines income and includes any sum of money or value of property referred to in Section 56(2)(x) (income from other sources)
- Section 56(2)(x) covers the following receipts
 - any sum of money without consideration;
 - Immovable property without consideration;
 - Immovable property for a consideration which is less than stamp duty value subject to conditions
 - Any property without consideration or with consideration less than the aggregate FMV, subject to conditions
- Non-residents are not liable to income tax in India in respect of income which does not accrue or arise in India
- Amendments to Section 9(1) w.e.f. 01.04.2020 to provide that income of a nature referred to in Section 2(24)(xviiia) *arising from any sum of money paid or any property situated in India transferred, on or after 05.07.2019 by a person resident in India to a person outside India shall be deemed to accrue or arise in India.*
 - Existing exclusions in Section 56(2)(x) continue
 - Gifts made to non-residents not being relatives as defined
 - Concept of consideration
 - Treatment under DTAA

NON-RESIDENTS – SECTION 195

- Section 195(2) provides that where the person responsible for paying such sum chargeable under the Act to a non-resident considers that the whole of such sum would not be income chargeable in the case of the recipient, he may make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of such sum so chargeable, and upon such determination, tax shall be deducted only on that proportion of the sum which is so chargeable.
- Amendment from 01.11.2019 to empower to Board to facilitate online filing of application
- Similar amendments to Section 195(7)

TRANSFER PRICING

- 92CD(3) amended to clarify that where assessment or re-assessment has already been completed and modified return of income has been filed by the taxpayer, the AO shall pass an order modifying the total income having regard to and in accordance with the Advance Pricing Agreement (APA)
- 92CE amended to rationalise secondary adjustments
 - It is proposed to amend said sub-section w.r.e.f. 01.04.2018 so as to provide that the interest shall be computed on the excess money or part thereof and that the excess money can be repatriated from any of the associated enterprises of the assessee, which is not resident in India, besides the associated enterprise with which the excess money is available
 - where the excess money or part thereof has not been repatriated in time, besides the existing requirement of calculation of interest, the assessee will have the option to pay additional income tax at the rate of 18% on such excess money or part thereof. Tax so paid shall be treated as the final payment of tax
 - Primary adjustment may be remitted from any AE
 - Applicable only if Primary adjustment amount exceeds Rs. 1 crore
 - No deduction under any other provision of this Act.

INTERNATIONAL TRANSACTIONS

- Section 92D proposed to be substituted w.e.f. 01.04.2020
 - Maintenance and keeping of information and documents by persons entering into an international transaction or specified domestic transaction and by the constituent entity of an international group referred to in section 286
 - Board to prescribe the period for which said information and document shall be kept and maintained
 - The Assessing Officer or the Commissioner (Appeals) may, require any person to furnish any information or document referred therein, within a period of 30 days from the date of receipt of a notice issued in this regard which may be further extended upto 30 days on such person's application
 - The constituent entity referred to Section 92D(1) shall furnish the information and document referred therein to the authority prescribed under Section 286(1) in such manner, on or before such date as may be prescribed

OFFSHORE FUNDS

- Section 9A refers to certain activities which do not constitute a business connection in India
- Changes in the context of eligible investment fund
- Time lines extended for maintaining corpus w.r.e.f. 01.04.2019
- Retrospective amendment proposed w.e.f. 01.04.2019 to provide that the remuneration paid to fund manager is not less than the amount calculated in the prescribed manner.

INTERNATIONAL FINANCIAL SERVICE CENTRE (IFSC)

- Section 47(viiab) provides that any transfer of
 - bond or Global Depository Receipt or rupee denominated bond of an Indian company; or derivative,
 - made by a non-resident
 - on a recognised stock exchange located in any International Financial Services Centre and
 - where the consideration for such transaction is paid or payable in foreign currencywill not be regarded as transfer for calculation of capital gains.
- Transfer made by a specified fund on a recognized stock exchange located in IFSC would also not be regarded as a transfer.
- Section 80LA - deduction specified in the section in respect of a Unit of International Financial Services Centre shall be allowed at 100% deduction for 10 consecutive years out of 15 years beginning with permission.
- **Section 115-O** deals provides that notwithstanding anything contained in this section, no DDT shall be chargeable in respect of the total income of a unit of an International Financial Services Centre, deriving income solely in convertible foreign exchange, for any assessment year on any amount dividend distributed by the Company, on or after the 01.04.2017, out of its current income, either in the hands of the company or the person receiving such dividend
- Amendment w.e.f. 01.09.2019 to include income accumulated after the 01.04.2017 within the purview of the said sub-section
- **Section 115R** amended w.e.f 01.09.2019 by inserting a proviso so as to provide that no additional income-tax shall be chargeable in respect of any amount of income distributed, on or after the 01.09.2019, by a specified Mutual Fund out of its income derived from transactions made on a recognized stock exchange located in any International Financial Services Centre.

BUYBACK

- **Section 115QA** provides for additional income tax of 20% of income distributed on account of buyback of unlisted shares. The consequential income in the hands of the shareholders is exempted under Section 10(34A).
- Section 115QA proposed to be extended to all companies including companies listed in recognized stock exchange.
- Buyback of shares from a shareholder by a listed company on or after 05.07.2019 would be covered.
- Amendment to Section 10(34A) to the extend exemption to shareholders on account of buyback of shares on which additional tax has been paid by the company.
 - *The object of the amendment is identified as an anti-abuse measure.*
 - *The genesis of all the issues can be traced back to 1997 when dividend distribution tax was first introduced. When the profits of the company have been taxed, the taxation of dividend is clearly double taxation which has not been addressed.*

START-UPS

- Section 54GB provides that the capital gain arising from the transfer of residential property (a house or a plot of land), will not be chargeable to tax where
 - the net consideration is utilised for subscription in the equity shares of an eligible company;
 - the company has, within 1 year from the date of subscription in equity shares by the assessee, utilised this amount for purchase of new asset,
 - New assets not to be sold or transferred within a period of 5 years from the date of acquisition;
- Existing provisions not applicable to residential property transferred after 31.03.2019
- Amendment w.e.f. 01.04.2020 to extend the sub-set date for transfer of residential property for investment in eligible start-ups from **31.03.2019 to 31.03.2021**
- Minimum shareholding conditions relaxed
- Relaxation in time frame for transfer of computer or computer software

START-UPS

- Section 79 provides conditions for carry forward and set off of losses in case of a company not being a company in which the public are substantially interested.
- Conditions with reference to ownership of shares and voting power in the provision on both points of time
- Relaxation for startups
 - Loss incurred in any year prior to previous year in a closely held start-up shall be allowed to be carried forward and set off on satisfaction of *either of the two conditions stipulated currently vide clause (a) and (b)*
 - Position remains the same for other closely held companies and either / or benefit available only for eligible closely held startups

NBFC

- Deposit taking NBFC or Systemically Important Non-Deposit Taking NBFC
- 43B expanded to provide that any sum payable by the assessee as interest on any loan or borrowing from a specified NBFC, shall be allowed as deduction in computing business income of that previous year in which such sum is actually paid by him.
 - If such deduction was allowed in the previous year in which the liability to pay such sum was incurred by the assessee, no deduction under this section in respect of such sum in computing the income of the previous year in which the sum is actually paid by him
 - A deduction of any sum, being interest allowed if such interest has been actually paid and any interest referred to in that clause which has been converted into a loan or borrowing shall not be deemed to have been actually paid.
- Section 43D(a) provides that income by way of interest in respect of certain prescribed categories of bad or doubtful debts shall be chargeable to tax when it is actually received or when it is credited to the profit and loss account of such entity, whichever is earlier.
 - Scope expanded to insert deposit taking NBFC or systemically important non-deposit taking NBFC. Reiteration of settled decisions.
- Amendment proposed w.e.f. 01.04.2020
- Finance Bill has also amended the RBI Act in order to strengthen the control over NBFCs including powers to remove directors; supersession of Board etc.

IBC

- Section 79 is not applicable to a company where change in shareholding takes place in a previous year on account of resolution plan under IBC subject to condition.
- The benefit of carry forward and set off of losses even if there is change in voting power or sharing holding is now extended to certain companies.
- Section 79 is now not applicable to companies, their subsidiary and subsidiary of such subsidiary where
 - NCLT has suspended the Board of Directors on a petition filed by Central Government and appointed Central Government nominees as Directors.
 - Change in shareholdings of such company, its subsidiaries and subsidiary of such subsidiary has taken place pursuant to the resolution plan approved by NCLT under Section 242 of the Companies Act.
- **Section 115JB** provides for levy of tax on certain companies on the basis of book profit which is determined after making certain adjustments to the net profit disclosed in the P&L account. It also provides that in case of a company, against whom an application for corporate insolvency resolution process has been admitted by the Adjudicating Authority under Insolvency and Bankruptcy Code, 2016, the aggregate amount of unabsorbed depreciation and loss brought forward shall be allowed to be reduced from the book profit and the loss shall not include depreciation.
- It is proposed to amend the said section w.e.f. 01.04.2020 so as to provide that the aggregate amount of unabsorbed depreciation and loss (excluding depreciation) brought forward shall also be allowed to be reduced from the book profit in case of a company, and its subsidiary and the subsidiary of such subsidiary, where, the NCLT, on an application moved by the Central Government under section 241 of the Companies Act, 2013 has suspended the Board of Directors of such company and has appointed new directors who are nominated by the Central Government, under section 242 of the said Act.
- It is also proposed to amend the said section so as to provide that a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company.

AFFORDABLE HOUSING

- Section 80EEA w.e.f. 01.04.2020
- Deduction up to Rs. 1,50,000/- in respect of interest on loan taken for residential house property from any financial institution subject to the following conditions:
 - The loan has been sanctioned during the period between 01.04.2019 and 31.03.2020;
 - The stamp-duty value of residential house property does not exceed 45 lakh rupees;
 - **The assessee does not own any other residential house property on the day of loan sanctioning**
- Section 80-IBA w.e.f. 01.04.2020
 - Housing Project allowed a deduction of an amount equal to 100% of the profits and gains derived from such business
 - Housing project to be approved on or after 01.09.2019
 - Project land not less than 1000 sq. mt. or 2000 sq. mt. as the case may be
 - Carpet area of residential unit not to exceed 60 sq. mt. (Metro) or 90 sq. mt. (Others).
 - The stamp duty value of residential unit not to exceed Rs. 45 Lakh
 - Scope of Metro expanded
 - Size and Limit aligned with GST

DEDUCTION - ELECTRIC VEHICLE

- Section 80EEB - deduction upto Rs.1,50,000/- on the interest payable on the loan taken from any financial institution for the purpose of purchase of an electronic vehicle
 - Loan sanction must be between 01.04.2019 and 31.03.2023
 - No such interest deduction under any other provision of the Act
- Electric vehicle means a vehicle which is powered exclusively by an electric motor whose traction energy is supplied exclusively by traction battery installed in the vehicle and has such electric regenerative braking system which during braking provides for the conversion of vehicle kinetic energy into electrical energy???
 - *Whether there are enough battery manufacturers in India?*
 - *What would be the impact on existing vehicle manufacturers and dealers?*
 - *If the intent was a gentle nudge towards public transport, what is the objective of the tax incentive?*

SECTION 10

- Insertion of clause (4C) w.r.e.f. 01.04.2019
 - exemption in respect of any income by way of interest payable to a non-resident, not being a company, or to a foreign company, by any Indian company or business trust in respect of monies borrowed from a source outside India by way of issue of rupee denominated bond as referred to in Section 194LC(2)(ia) issued during the period between 17.09.2018 and 31.03.2019
- Clause (12A) withdrawal limit of the National Pension System Trust has been increased from 40% to 60%
- Amendment to Clause (15) to provide that the income by way of interest payable to a non - resident by a unit located in an International Finance Services Centre (IFSC) in respect of monies borrowed by it on or after 01.09.2019 will not be included in the total income
- Amendment to Clause (34A) w.e.f. 05.07.2019 to extend the exemption for income arising from buy-back of shares to even shares that are listed on a recognized stock exchange. This amendment is consequent to the amendment made to Section 115QA.

CHAPTER VIA DEDUCTIONS

- Section 80C
 - any amount paid or deposited by an employee of the Central Government, as a contribution to a specified account of the pension scheme for a fixed period of not less than 3 years and which is in accordance with the notified scheme shall be eligible for deduction.
- Section 80CCD
 - Allows deduction of the whole amount in the computation of income in respect of any contribution made by the Central Government or any other employer to the account of the employee
 - The whole amount should not exceed 14%(in case of Central Government) and 10% (in case of other employers) of his salary in the previous year.
- Section 80-JJAA
 - Deduction of 30% of additional employee cost to an existing business if the emoluments are paid through any other electronic modes as may be prescribed.
- Section 80LA
 - 100% deduction for a Unit of International Financial Services Centre for any consecutive 10 years out of a block of 15 years beginning with the date when permission referred to in clause (a) of sub-section (1) of the said section has been obtained.
- Amendment w.e.f. 01.04.2020

MANDATORY RETURN FILING

- Concept of mandatory return filing by persons other than companies and firms
- Return to be filed even if income is below threshold limit if
 - Exemption is claimed under sections 54, 54B, 54D, 54EC, 54F, 54G, 54GA and 54GB from capital gain
 - Amount deposited in current account in the PY exceeds Rs. 1 crore
 - Incurring expenditure of amount exceeding INR 2 Lakhs for himself or any other person for travel to a foreign country
 - Incurring expenditure of amounts exceeding INR 1 Lakh towards consumption of electricity
 - Fulfilling such other conditions as may be prescribed
- *There used to be a one in six criteria for filing returns in the past. The same was abolished by Finance Act, 2006. New Avatar with some modifications.*

PAN OR ADHAAR

- Insertion of Section 139(5E) as a non-obstante provision
- A person who has not been allotted PAN and has Adhaar can furnish or intimate or quote Adhaar instead of PAN and he would be allotted PAN in the manner prescribed
- A person who has been allotted PAN and who has linked his Adhaar with income tax, may furnish or intimate or quote Adhaar in lieu of PAN
- Every person entering into prescribed transactions shall quote his PAN or Aadhaar, as the case may be, in the documents pertaining to such transactions and also authenticate such PAN or Aadhaar
- Section 272B(2A) inserted to provide for penalty of Rs. 10,000 for failure to authenticate in the prescribed manner
- Board empowered to prescribe by rules the categories of transactions in respect of which Aadhaar shall be quoted by every person in documents pertaining to such transactions and the manner in which the Aadhaar shall be quoted
- Amendments w.e.f. 01.09.2019

PAN OR ADHAAR

- Section 139AA deals with quoting of Aadhaar and provided for deeming that the PAN allotted to a person as invalid, in case the person fails to intimate the Aadhaar, on or before a notified date
- Proposed amendment w.e.f. 01.09.2019 to provide that if a person fails to intimate the Aadhaar, the PAN allotted to such person shall be made inoperative after the notified date in the manner as may be provided by rules
- Penalty on false quoting or non-intimation of Aadhaar number
- It is proposed that penalty of Rs. 10,000 shall be levied for each such default
- Insertion of sub-section (2B) to Section 272B
 - If a person who is required to ensure that PAN or the Aadhaar, is duly quoted in the documents relating to prescribed transaction or duly authenticated, is liable to penalty if he fails to do so

DIGITAL PAYMENTS

- Insertion of Section 269SU w.e.f 01.11.2019
- Every person, carrying on business, shall provide facility for accepting payment through the prescribed electronic modes, in addition to the facility for other electronic modes of payment, if any, being provided by such person, if his total sales, turnover or gross receipts, as the case may be, in business exceeds Rs. 50 crores during the immediately preceding previous year
- Insertion of Section 271DB w.e.f. 01.11.2019 to provide penalty of Rs.5000 per day during which such failure continues
- Amendments are also proposed to Payment and Settlement Systems Act to provide that the bank or the service provider shall not impose any charge directly or indirectly for using the modes of electronic payment under Section 269SU
- Amendments to Section 269SS, 269ST and 269T to include payment by any other electronic mode as prescribed as a permissible mode of payment.
- Amendments to provisions pertaining to political parties donations; Section 35AD; Section 40A; Section 43(1); Section 43CA; Section 44AD; Section 80JJAA to permit payment using electronic clearing system through bank account.

FACILITATION MEASURES

- Amendment to Section 2(19AA) in order to provide that book value need not be recorded by the resulting company in case the property and liabilities of the undertakings received by it are recorded at a value different from the value in the books of the demerged company immediately before demerger, in compliance with IndAS – Amendment w.e.f. 01.04.2020
- Amendment to the proviso to Section 201(1) to provide relief to deductor for failure to deduct TDS on payment to payee provided such payee has furnished return of income and disclosed the payment in computing income and paid tax – Amendment w.e.f. 01.09.2019
- Amendment to Section 111A to extend concessional rate of tax for short term capital gains in respect of transfer of unit of funds set up for disinvestment of Central Public Sector Enterprises.
- Amendment to Section 140A, 143, 234A, 234B and 234C in order to provide that computation of tax liability shall be made after allowing relief under Section 89. w.r.e.f. 01.04.2007.

FACILITATION MEASURES

- Proviso introduced w.e.f. 01.04.2020 to provide that where an assessee fails to deduct TDS on any such sum but is not deemed to be an assessee in default, then, it shall be deemed that the assessee has deducted and paid the tax on such sum on the date of furnishing of return of income by the payee – Section 40(a)(i)
- Amendment to Section 40(a)(ia) to delete the word 'resident'
 - Original provision covered 'resident' and now expanded to cover 'payee' whereby it would cover even non-residents
 - Decision of the Delhi High Court in *Herbalife International India* which was based on non-discrimination treaty clauses reflected in the amendment
- Amendment to Section 56 to extend exemption to fund received by venture capital undertakings from category-IIAIF w.e.f. 01.04.2020.
- Board empowered to prescribe transactions undertaken by certain class of persons to which Section 56(2)(x) and Section 50CA shall not be applicable.

COMPLIANCE RELATED CHANGES

- Section 206A in the context of banking company, co-operative society, etc. amended 01.09.2019 with reference to statements to be filed.
- Section 286 amended to provide that accounting year in case of Alternate Reporting Entity (ARE), the parent entity of which is not a resident of India, the reporting year shall be the one that is applicable to such parent entity.
- Scope of furnishing Statement of Financial Transactions to be widened in order to introduce the concept of pre-filing of information relating to small amount of transaction. Penal provisions also amended.
 - *Pre-filing is a good idea provided the tax laws are not complicated and taxable income computation is a simple exercise.*
 - *Errors in reporting by agencies can have a huge impact.*

CHARITABLE TRUST

- Section 12AA being amended whereby the authority is empowered to call for documents or information order to satisfy himself about
 - Genuineness of the activities of the trust or institution
 - Compliance of such requirements of any other law for the time being in force by the Trust or institution as are material for the purpose of achieving its objects
- Cancellation of registration where
 - Activities are being carried out in a manner that Section 11 and Section 12 do not apply to exclude either whole or part of income of such trust due to operation of Section 13(1)
 - Trust or institution has not complied with the requirement of any other law as referred to above and the order, direction or decree by whatever name called holding that non-compliance has occurred is not disputed or has attained finality
- Impact
 - Any other law is quite wide
 - Compliance of other laws relevant at the stage of registration as well as during the life of the trust
 - Multiple laws are applicable and hence compliance becomes critical

PENALTY AND PROSECUTION

- Section 270A amended w.r.e.f. 01.04.2017 to provide for computing quantum of penalty where a person has under-reported income and furnish his return for the first time under Section 148.
- Threshold limit for prosecution enhanced from Rs.3,000/- to Rs.10,000/- being the tax amount involved where there is failure to furnish return of income by the due date.

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