# Bombay Chartered Accountants' Society

## PRE-BUDGET MEMORANDUM
## on
## DIRECT TAX LAWS
## 2016-17

Bombay Chartered Accountants' Society
7, Jolly Bhavan No. 2, New Marine Lines, Mumbai - 400 020.
Tel. – 61377600 • Fax – 61377666
Email – bca@bcasonline.org • Website – www.bcasonline.org
Web TV – www.bcasonline.tv • E-Journal – www.bcajonline.org

President
Raman H. Jokhakar
Vice President
Chetan M. Shah
Hon. Secretaries
Narayan R. Pasari
Sunil B. Gabhawalla
Hon. Treasurer
Manish P. Sampat

# BOMBAY CHARTERED ACCOUNTANTS' SOCIETY

7, Jolly Bhavan 2, Ground Floor, New Marine Lines, Mumbai - 400 020
*Tel. : + 91 22 6137 7600 • Fax : + 91 22 6137 7666 • E-mail : bca@bcasonline.org*
*Website : www.bcasonline.org • BCAS Web TV : www.bcasonline.tv • E-Journal : www.bcajonline.org*

Date : 8th December 2015

**Shri Arun Jaitley**
**Hon. Union Minister**
**Ministry of Finance**
**Government of India,**
**North Block,**
**New Delhi —110 001**

**Respected Sir,**

**Sub: Pre-Budget Memorandum 2016-17**

We take this opportunity to present a Pre-Budget Memorandum on Direct Taxes with a request to consider the same while framing proposals in the Finance Bill, 2016 for amendments to the Income-tax Act, 1961.

The nation is looking forward to proposals aimed at reducing litigation and compliance costs in the field of Direct Taxes.

We request your honour to consider this Memorandum favourably. We will be happy to present ourselves for any explanation and clarification that may be required by your honour.

Thanking you,

We remain,

Yours truly,

**For BOMBAY CHARTERED ACCOUNTANTS' SOCIETY**

| **Raman Jokhakar** | **Sanjeev R. Pandit** | **Ameet Patel** |
|---|---|---|
| **President** | **Chairman** | **Co-Chairman** |
| | **Taxation Committee** | |

CC:

- **Shri Jayant Sinha, The Minister of State, Ministry of Finance**
- **Shri RatanWatal, The Finance Secretary, Ministry of Finance**
- **Dr. HasmukhAdhia, The Revenue Secretary, Ministry of Finance**
- **Shri A. K. Jain, Chairperson, Central Board of Direct Taxes**
- **The Member (Budget), Central Board of Direct Taxes**
- **The Prime Minister's Office**

# Bombay Chartered Accountants' Society

7, Jolly Bhavan No. 2, New Marine Lines, Mumbai 400 020

Tel. : 61377600 Fax : 61377666

E-mail : bca@bcasonline.org ■ Website : www.bcasonline.org

WebTV : www.bcasonline.tv ■ Web Journal: www.bcajonline.org



## Managing Committee

President
**Raman H. Jokhakar**

Vice President
**Chetan M. Shah**

Hon. Joint Secretaries
**Narayan R. Pasari**
**Sunil B. Gabhawalla**

Hon. Treasurer
**Manish P. Sampat**

Members

**Abhay R. Mehta**

**Anil D. Doshi**

**Bharatkumar K. Oza**

**Bhavesh P. Gandhi**

**Jagdish T. Punjabi**

**Jayant M. Thakur**

**Krishna Kumar Jhunjhunwala**

**Mihir C. Sheth**

**Mukesh G. Trivedi**

**Narayan K. Varma**

**Nitin P. Shingala**

**Rutvik R. Sanghvi**

**Samir L. Kapadia**

**Saurabh P. Shah**

**Sonalee A. Godbole**

**Suhas S. Paranjpe**

## Taxation Committee

Chairman
**Sanjeev R. Pandit**

Co-Chairman
**Ameet N. Patel**

Ex-Officio
**Raman H. Jokhakar**
**Chetan M. Shah**

Convenors
**Anil D. Doshi**
**Ganesh Rajgopalan**
**Jagdish T. Punjabi**

Members
**Anil J. Sathe**
**Ankit V. Shah**
**Arvind H. Dalal**
**Ashok L. Sharma**
**Bhadresh K. Doshi**
**Gautam S. Nayak**
**Hardik D. Mehta**
**Kirit R. Kamdar**
**Mukesh G. Trivedi**
**Narayan K. Varma**
**Nilesh M. Parekh**
**Pinakin D. Desai**
**Pooja J. Punjabi**
**Pradip N. Kapasi**
**Pradyumna N. Shah**
**Rajan R. Vora**
**Rajesh S. Kothari**
**Sanjeev D. Lalan**
**Saroj V. Maniar**
**Sonalee A. Godbole**
**Yogesh A. Thar**
**Kishor B. Karia**
**Vishesh D. Sangoi**
**Rajesh S. Athavale**
**Kavita Mehendale**
**Tilokchand P. Ostwal**

TABLE OF CONTENTS


Part A - Introduction ..................................... 4

Part B - Suggestions for Structural Changes ..................................... 7

1. Deduction under Sec. 43B – Removal of unfair provisions ..................................... 7
2. Allowability of interest paid under the Act ..................................... 7
3. Deemed Speculation Loss in case of Companies – Explanation to Sec. 73 ..................................... 7
4. Set-off of long-term and short-term capital losses against income under the same head ...... 8
5. Year of credit for Tax Deducted at Source (TDS) ..................................... 9
6. Avoid unnecessary TDS – Restrict the scope of TDS ..................................... 10
7. Effect of the Companies Act, 2013 – References under the Act ..................................... 10

Part C - Specific Suggestions ..................................... 11

Chapter 1 - Rates of Tax ..................................... 11

1. Tax payable on Long Term Capital Gain not to exceed the tax payable at normal slab rate . 11

Chapter 2 - Place of Effective Management (POEM) - Sec. 6(3) ..................................... 12

Chapter 3 - Charitable Organisations ..................................... 13

1. Deduction of tax at source from the income of Charitable or Religious Trust ..................................... 13

Chapter 4 - Salaries ..................................... 14

1. Effect of non-payment of salary to employees ..................................... 14

Chapter 5 - Income From House Property ..................................... 15

1. Income in respect of Vacant House Property ..................................... 15
2. Deduction in computing Income from House Property ..................................... 15

Chapter 6 - Income from Business or Profession ..................................... 17

1. Disallowance under Sec. 40A(3) ..................................... 17
2. Disallowance of expenses relating to exempt income - Sec. 14A ..................................... 18
3. Definition of `Income' and Employee's Contribution to P.F. etc. - Put it on par with Sec. 43B, Sec. 2(24)(x) and Sec. 36(1)(va) ..................................... 19
4. Depreciation Allowance – Sec. 32 ..................................... 19

Chapter 7 - Minimum Alternate Tax (MAT) – Sec. 115JB ..................................... 21

1. Effect of brought-forward losses and unabsorbed depreciation ..................................... 21
2. Effect of provision for diminution in value of any asset including provision for doubtful debts 22
3. Rate of tax on MAT ..................................... 22
4. MAT on Foreign Companies ..................................... 22

Chapter 8 - Dividend Distribution Tax [DDT] - Sec. 115-O ..................................... 23

1. Effect of DDT in case of Non-Resident shareholders ..................................... 23
2. Dividend Distribution Tax – Secs. 115-O and 115R ..................................... 23

**Chapter 9 - Capital Gains** .......... **25**

1. **Secs. 47(x) & (xa) and 49(2A) - Capital Gain on Conversion of Foreign Currency Exchangeable Bonds (FCEB) and other Bonds & Debentures** .......... **25**
2. **Assets acquired prior to 1st April, 1981 – Cost of acquisition – Sec. 55(2)(b)** .......... **25**
3. **Conversion of Private Limited Company into LLP or from Firm / Proprietary Concern into Company – Secs. 47(xiiib), 47(xiii) / 47(Xiv)** .......... **25**
4. **Taxation of Capital Gains in case of Development Agreements** .......... **26**
5. **Capital gains exemption – Secs. 54 and 54F** .......... **27**

5.1 Restriction on investments in one residential house .......... 27

5.2 Time limit for Investment for Exemption u/s 54/54F .......... 27

**Chapter 10 - Losses** .......... **28**

1. **Return of Losses – Scaling down with respect to delay in months** .......... **28**
2. **Set off of brought forward business loss - Secs. 72 & 50** .......... **28**

**Chapter 11 - Method of Accounting** .......... **29**

1. **Income Computation and Disclosure Standards (IT-AS) – Sec. 145** .......... **29**

**Chapter 12 - Interest under Income-tax Act** .......... **30**

1. **The levy of interest under Sec. 234A should not continue after payment of tax** .......... **30**

**Chapter 13 - Deduction of Tax at Source** .......... **31**

1. **Tax deduction under Sec. 195 on payments to non-residents** .......... **31**
2. **Higher TDS for non-quoting of Permanent Account Number (PAN) - Sec. 206AA** .......... **31**

**Chapter 14 - Provisions relating to amalgamation, demerger etc.** .......... **33**

1. **Definition of Demerger – Sec. 2(19AA)** .......... **33**

**Chapter 15 - Taxation of Firm and Partners** .......... **35**

1. **Distribution of capital assets on dissolution of firm to partners - Sec. 45(4)** .......... **35**
2. **Distribution of Capital Assets to Partners - Removal of serious hardships - Sec. 45(4)** .......... **35**

**Chapter 16 - Procedures** .......... **36**

1. **Revision of Belated Return under Sec. 139(5)** .......... **36**

**Chapter 17 - Deemed Dividend** .......... **37**

1. **Deemed Dividend – Sec. 2(22)(e)** .......... **37**

**Chapter 18 - Tax Audit - Sec. 44AB** .......... **38**

1. **Tax audit in case of partners of firm** .......... **38**

**Chapter 19 - Taxation of Non-residents** .......... **39**

1. **Requirement to obtain Tax Residency Certificate – Introduction of threshold** .......... **39**
2. **Exemption from filing Return of Income-tax where tax is deducted at source in case of Non-Residents – Sec. 115A** .......... **39**
3. **Tax Deduction at Source in respect of Payment to Non-residents – Sec. 195(7)** .......... **40**
4. **Definition of “Transfer” – Sec. 2(47)** .......... **40**

**Chapter 20 - Increase in levy of Fees for non-filing / late filing of tds returns – Sec. 234E** .......... **42**

**Chapter 21 - Domestic Transfer Pricing [DTP] – Secs. 92, 92BA, 92C, 92CA, 92D & 92E ................ 43**
**1. Removal of Domestic Transfer Pricing Provisions ............................................................... 43**
**2. Specific suggestions regarding Domestic Transfer Pricing Provisions .................................. 43**
Applicability of DTP provisions to Sec. 40A(2)(a) ......................................................................... 43

## PART A - INTRODUCTION

1. The much laudable twin objects and various steps taken towards the 'Ease of Doing Business' and 'Make in India' of the present government, have been highly appreciated by various sections of the society including businessmen and professionals.

   However, there are serious apprehensions about the adversarial attitude of the tax department, increasing the cost of compliances and high level of tax litigation.

2. It is important that steps are taken to remove these apprehensions in the minds of potential investors, both domestic and foreign, looking forward to invest in India and effectively improve the ranking within the World Bank's "Ease of Doing Business" index. In fact, a stable tax policy is an integral part of tax reforms.

3. Tax litigation is one of the major road blocks in achieving the said objectives. Much of this litigation has risen due to high-pitched assessments, refusal to accept appellate decisions and filing of unnecessary appeals by the Department. As a result, resolution of tax disputes takes unduly long time. This needs to become a thing of the past.

4. In this context, we have identified the three major areas of tax disputes, present and potential, giving rise to tax litigation. These are as follows:

   a. **Income Computation and Disclosure Standards ('ICDS')**

      Government policy should aim at simplifying the tax structures and reduce cost of compliances. Notification of ICDS is a step not in that direction. The ICDS will make computation of income a complex process requiring adjustments to the book results in many cases with substantial increase in cost of compliance. The ICDS, by and large, aim at acceleration of revenue collection leading to timing differences. They are far removed from business reality and will to lead to uncertainty due to lack of clarity and possible conflicts with the provisions of the Income-tax Act, 1961 [the Act]. A very large number of issues are likely to arise on implementation of the ICDS leading to a rise in tax disputes. The ICDS do not address various issues arising due to mandatory application of the new Indian Accounting Standards (Ind AS) with effect from 1st April 2016.

**It is strongly suggested that provisions relating to ICDS should be completely withdrawn from the statute book.**

**b. Transfer Pricing Disputes**

While it is important to recognise and protect the tax base of the country, the increasing litigation in respect of Transfer Pricing [TP] issues is a cause of concern and certainly dampens the enthusiasm of the potential foreign investors in India and domestic companies investing outside India. Indian TP litigation is one of the highest in the world. We appreciate steps already taken to address this aspect, but more effective and demonstrable measures need to be taken to (a) reduce the TP litigation by issuing proper guidelines and instructions to the field officers to refrain from TP litigation, where the issues are settled by the tribunal/courts and revenue impact is very minimal and (b) have appropriate review mechanism in respect of disputable issues.

The Safe Harbour rules notified are, in most cases, not in tune with the practical realities of the current business environment and the margins earned by various businesses. There is a need to proactively bring clarity in respect of various common issues arising in respect of TP cases, which would lead to certainty and reduce the TP litigation.

**It is our earnest submission to have a relook at the Safe Harbour Rules and make them business friendly, more pragmatic and effective**.

In this regard the introduction of APAs has been a game changer in the Indian Transfer Pricing scenario for both the taxpayers and the government. Through APAs, taxpayers who are either entangled in protracted litigation or foresee themselves becoming a prey of same, can achieve certainty. **However, to maintain the momentum gained, it is essential that the APA authorities include experts with domain knowledge in various industries in the APA team to enable better evaluation of complex issues and increase bandwidth of APA team to effectively deal with the increasing number of applications each year.**

**c. Section 14A disallowances**

The scope of section 14A has become a major litigation issue on the domestic tax front.

In this regard it is strongly suggested that appropriate amendment should be made to:

a) **Clarify that section 14A does not apply in respect of share of profit from partnership firm / Limited Liability Partnership [LLP], as the income is already taxed in the hands of the Firm/LLP.**
b) **Provide that disallowance under section 14A shall not be made in respect of dividends, as dividend income is truly not an exempt income since the company paying the dividends pays the Dividend Distribution Tax.**

5. There are various provisions in the Act and the Income-tax Rules, which, over the period, have been either withdrawn or have become redundant. The same could be easily removed from the Act / Rules without any revenue impact. A list of such redundant sections and rules shall be sent separately in due course.

## PART B - SUGGESTIONS FOR STRUCTURAL CHANGES

1. **Deduction under Sec.43B – Removal of unfair provisions**

   The Act provides for computation of income according to the method of accounting followed by the assessee. A large number of assessees follow mercantile (accrual) system of accounting. Under the Companies Act, 2013 all companies are required to follow the mercantile system of accounting.

   This provision has been considered by the Chelliah Committee as complicating the law, and as unfair and unjust, as it militates against the principles of taxation of real income.

   The provisions of Sec. 43B were initially enacted in respect of statutory payments. It is noticed that its scope has now been extended even to contractual payments, such as expenditure on leave encashment by employees, interest payable to financial institutions etc.

   This increases the areas of difference between book profit and taxable income. **It is suggested that the scope of Sec. 43B should not cover contractual payments, but should be restricted to statutory payments only and the section should be amended accordingly.**

2. **Allow ability of interest paid under the Act**

   Currently, interest paid by the Government to an assessee is chargeable to tax. However, interest paid by the assessee to the Government under various sections is not allowed as deduction while computing the total income. Interest paid by the assessee is for the use of money by him and is compensatory in nature.

   **Hence, interest paid by the assessees to the Government under various sections of the Act should be allowed as deduction in computing the total income.** If the assessee does not have business income, deduction should be allowed under the head 'Income from Other Sources'.

3. **Deemed Speculation Loss in case of Companies – Explanation to Sec. 73**

   As per the provisions of Sec. 73 of the Act, any loss, computed in respect of a speculation business carried on by the assessee, cannot be set off except against profits and gains, if any, of another speculation business.

   As per Sec.43(5) of the Act, "speculative transaction" means a transaction in which a contract for the purchase or sale of any commodity, including stocks and shares, is periodically or ultimately settled otherwise than by the actual delivery or transfer of the commodity or scrips.

However, as per Explanation to Sec.73 of the Act, where any part of the business of a company consists of purchase and sale of shares of other companies, such company (with certain exception)is deemed to be carrying on a speculation business to the extent to which the business consists of the purchase and sale of such shares.

Accordingly, as per the Explanation to Sec.73, in case of many companies, even delivery based share transactions are deemed to be speculative.

Automation of the trading mechanism and various measures initiated by SEBI over the last few years have brought total transparency in share trading, leaving little scope for manipulation of share trades by transfer of profits/losses from one person to another.

**It is, therefore, suggested that the aforesaid Explanation to Sec.73 of the Act be deleted.**

**4. Set-off of long-term and short-term capital losses against income under the same head**

The present scheme of set off of brought forward losses allows set off of loss under a particular head of income only against income under the same head in the subsequent year. This causes great hardship, especially to an assessee, who with a view to recouping loss made in business, sells a capital asset for revival of his business. In such a case, in spite of substantial brought forward business loss, he is required to pay tax on capital gains, limiting his capacity to re-establish himself in business. This problem has become more severe with the introduction of amended Sec. 50 and deletion of Sec. 41(2).

Further, loss under the head 'Capital Gains' is not allowed to be set off against income under any other head of income even in the year in which loss is incurred. This is against the concept of taxation of 'real income'.

Loss under the head 'Income from Other Sources' is not allowed to be carried forward at all.

In view of the above, the following modifications should be made in the scheme of 'set off' of losses:

a) **Inter head set-off of all losses in the year in which it is incurred should be permitted**;

b) **All losses should be allowed to be carried forward for set-off in subsequent years.**

c) **Losses carried forward for set off in the subsequent years under each head of income like, 'Income from house property' or 'Profits and gains from business or profession' (other than losses from speculation business or losses from the activity of owning and**

**maintaining race horses) and 'Income from other sources' should all be allowed to be set off against income under any head.**

d) **Brought forward losses of the predecessor should be allowed to be set-off in the hands of successor in the event of inheritance of business or dissolution of Firm/ AOP/ BOI with suitable checks and balances.**

**5. Year of credit for Tax Deducted at Source (TDS)**

Under the current system, credit for TDS is granted to the deductee in the year in which the relevant income is assessable. This system has created a large number of issues. Deductees are struggling for getting credit for the TDS. This has led to creation of wrong demands, avoidable applications for rectifications, wastage of time in follow-up actions by the deductees etc. The Department also has made various genuine attempts to clear this mess but without any substantial result.

The issues under the current system and the reasons thereof are given hereunder:

Tax credit is given on the basis of tax deducted at source reflected in Form 26AS, whereas the assessee claims tax credit on the basis of the income offered to tax by him, in accordance with Sec. 199 **read with Rule 37BA (3), which provides that credit for tax deducted at source shall be given for the assessment year for which such income is assessable.** This results in substantial difference since deductor may be following the mercantile method of accounting, and may therefore deduct tax at source at the time of credit, while the deductee may be following the cash method of accounting and claiming tax credit in the year in which the income is actually received by him or vice versa e.g. in case of Government payments. There could also be instances where the deductor pays an advance to the deductee, and deducts tax at source at that point of time, while the deductee who is following the mercantile method of accounting would account for the income and claim TDS in the year in which the invoice is raised by him. These are business realities which cannot be ignored by the tax administration.

Prior to 1st June, 1987, the credit for TDS was allowed in the assessment year relevant to the financial year in which the tax was deducted. That system was working very smoothly without any major issue. The reasons for bringing the change in system no longer exist in the current scenario of computerisation and advanced technology.

**It is therefore suggested that Sec. 199 should be amended to <u>grant tax credit in the assessment year immediately following the financial year in which tax has been deducted at</u>**

**source irrespective of whether the same has been paid by the deductor to the Government or not. This will ensure that the tax credit claimed by the taxpayer and tax deducted at source reflected in Form 26AS will match, reducing substantial amount of time wasted in unnecessary rectifications and follow-up of incorrect demands and will avoid punishing the assessee who has no control over the payment of the amount deducted by the deductor.**

**6. Avoid unnecessary TDS – Restrict the scope of TDS**

Substantial taxes are deducted at source from large assessees, who are regular in paying their advance tax as well as in filing their tax returns. Such assessees have to reconcile the tax deducted at source, as reflected in form 26AS with the tax actually deducted by various deductors. This leads to substantial wastage of time and energy, without any additional benefit accruing either to the Government or to such assessees. Ultimately, collection of tax is the same, may be with marginal difference in timings.

**It is therefore suggested that the Act should be amended to provide that tax will not be required to be deducted from payments made to large corporate assessees, for example, companies which form part of the Nifty 500 index, public sector undertakings, local authorities, etc. Such exemption may be made conditional on their making payment of advance tax in 6 or 12 instalments instead of 4 instalments.** To determine the eligibility for such exemption reasonable guidelines can be framed on an objective basis. The names of such companies could be notified on yearly basis in the month of March every year to be effective from next 1st April. This will reduce substantial effort that goes into unnecessary deduction, payment, accounting, furnishing of tax deduction certificates, claiming tax credit and granting tax credit of various small amounts, which will be replaced by 6or 12 payments in a year to be made by such entities.

**7. Effect of the Companies Act, 2013 – References under the Act**

Under various provisions of the Act [such as Secs. 2(18), 2(19AA), 115JB etc.) there are references to the provisions of the Companies Act, 1956.Since now the Companies Act, 2013 has been made effective, appropriate changes for reference to the new Companies Act under the relevant provisions of the Act are required.

**It is suggested that appropriate changes should be made under the Act for the above purposes.**

# PART C - SPECIFIC SUGGESTIONS

## Chapter 1 - RATES OF TAX

### 1. Tax payable on Long Term Capital Gain not to exceed the tax payable at normal slab rate

Presently, the rate at which individuals and HUFs pay income-tax depends on their total income. If the total income of an individual or a HUF is less than the maximum amount not chargeable to tax, which presently is Rs. 2,50,000, then such an individual or a HUF does not pay any income-tax. If the total income of an individual or a HUF exceeds the maximum amount not chargeable to income-tax but is upto Rs. 5,00,000 then such an individual or a HUF pays income-tax on the total income in excess of Rs. 2,50,000 @ 10%. However, if the total income includes long term capital gains then the amount of long term capital gain is chargeable to tax under Sec. 112 of the Act @ 20%. If the entire income of such individual or HUF consists of only long term capital gains then such individual loses the advantage of paying tax @ 10% which is the applicable slab rate.

**It is suggested that a suitable amendment be made in Sec. 112 to provide that the tax on long term capital gain shall not exceed the tax which would have been payable by the individual or HUF at the normal slab rate.**

## Chapter 2 - PLACE OF EFFECTIVE MANAGEMENT (POEM) - Sec. 6(3)

Section 6(3) was amended by Finance Act, 2015 to provide that a foreign company would be regarded as 'resident' in India if it's POEM, in the previous year, is in India.

Explanation to the amended section provides that POEM shall mean a place where key management and commercial decisions necessary for the conduct of the business of an entity as a whole are, in substance, made.

When the Budget for 15-16 was presented to the Parliament, the Hon. Finance Minister had announced that **in due course**, guiding principles to be followed in determining POEM would be issued. However, even after nearly three quarters of the financial year 15-16 have elapsed, the `Guiding Principles' have not been announced.

The amended definition of resident has far reaching implications for both Indian companies investing abroad and as well as foreign companies who may unwittingly become resident India. It will also have international implications vis a vis relations of India with other countries.

The concept of POEM is subjective and POEM cannot always be determined on the basis of objective parameters. While some parameters can be prescribed which clearly indicate that POEM is not in India, there will be cases where it will have to be decided taking into account various factors as suggested by the OECD in its Base Erosion and Profit Shifting (BEPS) Project (Action 6 deliverable - Preventing the Granting of Treaty Benefits in Inappropriate Circumstances).

It is therefore important that the `Guiding Principles' are issued after a public debate taking into account various factors and discussion with the stakeholders.

**Since the `Guiding Principles' have not yet been formulated and there has not been sufficient debate and discussion with the stakeholders, it is suggested that the implementation of the amended Sec. 6(3) be postponed.**

**It is further suggested that draft Guiding Principles be formulated and views of various parties should be sought, international practices be studied and business realities of multi-national companies should be taken into account. Appropriate safeguards should be put in place to ensure that a genuine operating foreign subsidiary of an Indian company is not treated as resident in India and similarly a foreign company is not unreasonably treated as a resident in India. The amended definition be implemented only after that.**

**It is also suggested that only companies that are incorporated in jurisdictions having a tax rate lower than a headline rate (to be specified) be subjected to the criteria of POEM.**

## Chapter 3 - CHARITABLE ORGANISATIONS

### 1. Deduction of tax at source from the income of Charitable or Religious Trust

Presently, tax is deducted at source from the income of a charitable or religious trust although its income is exempt from tax under Sec. 11, unless it obtains certificate under Sec. 197 of the Act. Obtaining such certificate is extremely tedious and in practice it becomes another assessment. Further, investments are made from time to time and it is not practically possible to obtain certificate under Sec. 197 for non-deduction of tax.

**It is therefore suggested that in case of a charitable or religious trust which has income only by way of interest and / or rent (apart from donations) no tax should be deducted at source if such Trust files with the payer of the income declaration (to be prescribed) to the effect that the Trust is duly registered under Sec.12AA, the registration has not been cancelled, that its income is exempt under Sec.11 and that in the last completed assessment, if any, exemption under Sec.11 has not been denied.**

## Chapter 4 - SALARIES

### 1. Effect of non-payment of salary to employees

Salaries get taxed on due basis, but a tax deduction arises only when it is paid. At times, employees of sick / loss making companies do not receive their salary for a considerably long time and they financially suffer during that period. In such a situation, an employee without receiving the salary has to pay tax on the same from his own resources as tax deductions would not take place until it is actually paid. On account of non-receipt of salary they would be suffering and, the issue of tax liability makes their position worse.

**This is very harsh on an employee whose resources are any way limited. In such situations, taxation of salary should be deferred till such salary is actually received.**

**Alternatively, tax on the salary due but not yet received by the employee may be recovered from the employer.**

## Chapter 5 - Income From House Property

### 1. Income in respect of Vacant House Property

Presently, under section 23 of the Act, income in respect of a vacant property is calculated based on 'the sum for which property might reasonably be expected to let from year to year', although the person owning the property does not earn any income or benefit from such property. The only exception to this, is one property owned and occupied by an individual for his own residence.

Possibly, this is the only provision in the Act, which taxes income on notional basis without any option, even though the person does not earn any income from the property. This is against the basic principle of taxing only real income. It is unfair to tax income when in fact, person has not earned any income.

This provision also leads to an absurd situation - income from a property let out for part of the year is lower than the income charged to tax in respect of a similar property which is vacant throughout the year.

Apart from the provision of the Act taxing notional income from house property being incorrect in principle, estimating 'the sum for which property might reasonably be expected to let from year to year' creates disputes and litigation. 'Rateable Value', even where available, is often not accepted by assessing officers for computing notional income. In many cases local bodies have shifted to 'Capital Value' as the basis for levying local taxes and rateable value is not available. This has also led to litigation under the Act since the rateable value of the property is not available.

**It is suggested that income from house property should be computed based on actual rent received or receivable. The concept of 'sum for which property might reasonably be expected to let' should be abolished. In case of a property which is vacant throughout the previous year, no income should be charged to tax and consequently, no deduction for property taxes or for interest u/s 24 should not be allowed.** Draft Direct Taxes Code contained provision for taxing income from house property on the basis of actual rent.

### 2. Deduction in computing Income from House Property

Sec. 24 provides for a 'standard deduction' of 30% of the annual value while computing income under the head 'Income from house property'. The section does not envisage any other

deduction of expenses except interest. It has been observed that in respect of certain properties expenses on account of lease rent for land and taxes levied by State Government are substantial.

**It is, therefore, necessary that deduction for lease rent for land and taxes levied by a State Government are separately allowed in addition to the standard deduction. Standard deduction of 30% in such cases be permitted after deduction of the aforesaid expenses.**

## Chapter 6 - INCOME FROM BUSINESS OR PROFESSION

### 1. Disallowance under Sec.40A(3)

#### 1.1 Disallowance under Sec.40A(3) – Discontinue flat disallowance in genuine cases

Where payment in respect of any business expenditure is made in excess of Rs. 20,000/ Rs. 35,000 otherwise than by a crossed account payee cheque/ draft then, the same becomes disallowable while computing the business income.

The Assessing Officer is under an obligation to make a disallowance even in genuine cases. This causes hardships, and sometimes unbearable and unfair financial burden to assessees.

#### 1.2 Disallowance of aggregate payment in excess of Rs. 20,000/35,000 in a single day otherwise than by account payee cheque/draft

Sec. 40A(3) stipulates that if the aggregate payment for expenditure in a day to a person, otherwise than by an account payee cheque/draft, exceeds Rs. 20,000, then the same will be disallowed. This limit was subsequently increased to Rs. 35,000 in case of payments for hiring, etc. of goods carriages.

As this section covers aggregate of payments made in a single day to the same person, assessees are facing practical difficulties in complying with these conditions. For example, if payment of freight is made by different branches of the assessee located at different places (may be even in different cities) on the same day for freight to different truck drivers of the same owner and the aggregate amount exceeds Rs. 35,000, then the assessee will have to face disallowance and it would be impossible for the assessee to control such payments made on the same day by the different branches. Another example could be if 200 branches of State Bank of India make payments exceeding Rs. 100 each to the same courier company for courier charges on the same day in cash, then, the aggregate will exceed Rs. 20,000 on a single day to the same person. One can visualize a number of such absurd situations where even compilation of the required data for this purpose may not be feasible.

#### 1.3 In view of the above, it is suggested that Sec.40A(3) should be amended on following lines:

- **The limit of Rs. 20,000, which was revised from Rs. 10,000 long back in 1996, is overdue for revision and therefore, the same may be increased to Rs. 1,00,000.**
- **Alternatively, the above restriction of aggregating payments in a single day should be**

**confined to each transaction and should not be extended to payments made to the same person for different transactions.**

- **Specific provision should be made that if the assessee proves the identity of the payee and genuineness of expenditure, no disallowance will be made.**
- **In any case, the disallowance should be restricted to 30% of the payment [like Sec. 40(a) (ia)] and not the entire payment.**

**2. Disallowance of expenses relating to exempt income - Sec. 14A**

**2.1 Dividend Income/ Share in profit from a firm**

In the recent past, it has been observed that in a large number of cases litigation has taken place on account of disallowance under section 14A.

Sec. 14Aprovides that expenditure incurred by the assessee in relation to exempt income shall not be allowed as a deduction in computing the total income. The above provision was made to stop the possible abuse of claiming deduction of such expenses against the other taxable income. **Therefore, the scope of this section should be limited to cases where the income is really not taxable and should not be extended to cases where income is technically treated as exempt.**

The dividend income from shares/units is exempt in the hands of the share/ unit holders not because the same is not taxable at all but because of the fact that on distribution of such dividend, the tax is now collected by the Government from the company / mutual fund. Therefore, dividend, in real terms, is a tax-paid income. Likewise, a partnership firm pays tax on its total Income at the maximum marginal rate and therefore, to avoid possibility of double taxation, a special provision in Sec. 10(2A) is made to provide exemption in the hands of the partner in respect of his share in profit from the firm. In real terms, this is also not exempt income in the hands of the partner and the same is tax-paid income received by him from the firm. It is only technically exempt in the hands of the partner.

The section also applies to a case where investments have been made in shares of subsidiaries / associates / group concerns. These investments are not made with a view to earn exempt income but to have efficient business structures.

In view of the above, it is unfair to apply the provisions of Sec. 14A to dividend income or share of profit from the firm which are technically treated as exempt in the hands of the

share/ unit holders / partners and which are really tax-paid income or to cases where investment is made in shares of subsidiaries / associates / group concerns.

**Therefore, it is suggested that specific provision should be made to exclude applicability of Sec. 14A to dividend income of share/ unit holders as well as share of profit from the firm in the hands of a partner and also to investment made in shares of subsidiaries / associates / group concerns.**

**2.2 Apart from the above, Rule 8D has created severe genuine hardship and huge amounts are being disallowed which are not close to any reasonably estimated expenditure that, in fact, may have been incurred in earning exempt income. Therefore, it is necessary to make appropriate amendment in Sec. 14A and Rule 8D, to provide for disallowance of only a reasonable and realistic amount relating to interest and indirect expenses.**

**3. Definition of `Income' and Employee's Contribution to P.F. etc. - Put it on par with Sec. 43B, Sec. 2(24)(x) and Sec. 36(1)(va)**

Under Sec. 2(24)(x), monies received by an assessee from his employees as contributions to any provident fund or superannuation fund or any fund set up under the provisions of ESI Act or any other fund for the welfare of such employees are treated as income of the assessee.

Under Sec. 36(1)(va), such monies received from employees are allowed as a deduction only if the same are credited by the assessee to the employee's account in the fund on or before the due date under the relevant Act, etc. Therefore, delay of even one day in making payment of such employee's contribution disentitles an assessee from claiming the amount of deduction permanently whereas employer's contribution gets different treatment under section 43B which permits payment upto due date of filing return of income under section 139(1). This is grossly unjust and unfair, particularly when such small delays are not even taken cognizance of under the relevant Acts.

**It is, therefore, suggested that Sec. 36(1)(va) be amended to provide deduction for employee's contribution on the lines of Sec. 43B which provides that such employer`s contribution will be allowed as deduction if the amount is paid on or before the due date of furnishing return of income under Sec. 139(1).**

**4. Depreciation Allowance – Sec. 32**

**4.1 Restoration of Depreciation Allowance in respect of cost of small items of assets**

In the past, with a view to avoid litigation on the point of nature of expenditure (i.e. capital or revenue) in respect of purchase of small items of assets, provisions had been introduced to treat cost of such assets as depreciation allowance. Earlier, the limit on cost of such assets was Rs. 750/-. This was then increased by the Finance Act, 1983 to Rs. 5,000/-, again for the same reasons. These provisions have been omitted w.e.f. Asst. Year 1996-97.

The omission of the above provisions has created unnecessary hardship of keeping records in respect of purchases of such small items. This was a useful provision to maintain simplicity and to avoid possible litigation on such small items of assets, based on principles of materiality.

**Therefore, it is suggested that the above provisions should be reintroduced, with a condition that the same would not apply where the total value of such additions during the year exceeds 10% of the written down value of the relevant block of depreciable assets, whichever is higher. Such a provision will act as a check on the temptation to abuse but at the same time, will serve the purpose for which it was originally introduced. A similar provision existed under the Companies Act, 1956.**

**4.2 Removal of restriction of depreciation allowance in respect of Books**

The Income-tax (Twenty fourth) Amendment Rules, 2002 had amended Appendix I to the Income-tax Rules, 1962 to amend the rates of depreciation in respect of various assets with effect from 1st April, 2003.One of the amendments had been to restrict the rate of depreciation on books (not being annual publications) to 60% instead of 100%.

This amendment has created hardship for professionals. In this era of frequent changes, these books do not have any long term value and have to be scraped in a short period. Also, the cost of these books is not high and it has become cumbersome to maintain records.

**It is therefore suggested that the specific provision should be made in Sec.32 to allow depreciation on the cost of books purchased.**

## Chapter 7 - MINIMUM ALTERNATE TAX (MAT) – SEC. 115JB

### 1. Effect of brought-forward losses and unabsorbed depreciation

The objective of Legislature of introducing MAT was to bring "Zero tax companies" in the tax net. These companies were declaring dividends to shareholders, but were not paying any tax due to various deductions and special allowances available to them under the normal provisions of the Act. The provision was introduced to make such companies pay a minimum tax on their book profits.

However, clause (iii) of the Explanation 1 in sub-section (2) of Sec. 115JB of the Act provides that "book profit" for the purposes of the said section should be reduced by the amount of loss brought forward or unabsorbed depreciation, whichever is less as per books of account. For this purpose, it is further provided that the loss shall not include depreciation and deduction of such loss from "book profit" will not be allowed if the amount of brought forward loss or unabsorbed depreciation is nil.

As a result of the above, companies which have higher unabsorbed book depreciation of past years and lower past years` unabsorbed book losses can only set off the lower amount of book losses against the net profit of the year for computing "book profit" for the purposes of the aforesaid section. Similarly, certain companies may have higher unabsorbed book losses but lower unabsorbed book depreciation for past years, in which event, they can only set off the lower amount of unabsorbed depreciation for the purpose of the aforesaid section. The situation will be worse if the Company does not have either amount of such business loss or unabsorbed depreciation because in such a case, it will not get any deduction. Thus, the above provision is highly unjustified and puts unnecessary tax burden on companies, since companies which have actually incurred book losses (including book depreciation) are not in a position to entirely set off their past book losses, but are subjected to MAT on "book profit" computed in an artificial manner. This was never the objective of MAT.

**Accordingly, the above mentioned clause (iii) to the Explanation 1 to Sec. 115JB(2) of the Act should be amended so that companies are in a position to set off full amount of unabsorbed book losses (including book depreciation) incurred by them and are subjected to MAT only on "real" book profits.**

**2. Effect of provision for diminution in value of any asset including provision for doubtful debts**

MAT is based on the book profit, which generally should be in line with the commercial profits. While determining such commercial book profit, Provisions for Bad and Doubtful Debts (PBDD) is required to be deducted because the object is to arrive at the commercial profits. In fact without such a provision, the profit can never be regarded as true and fair, which is the requirement of the Companies Act. Such provisions are essential in view of the mandatory Accounting Standards. In this background, the Supreme Court has rightly held that such PBDD is a permissible deduction in determining the book profits [though otherwise, the same is not deductible for computing to taxable income].

Instead of accepting the above commercially and statutorily justifiable position, The Finance (No. 2) Act, 2009 provided (with retrospective effect from 1st April, 1998) that any provision for diminution in the value of any asset will not be a permissible deduction in computing the Book Profit. This is unjustified as for the purpose of MAT, the base is not the total income, but the book profit, which is essentially the commercial profit.

**In view of the above, it is suggested that the above provision should be deleted as the same is unjust. Merely because the apex court has justifiably confirmed the stand of the assessees, it is not correct to amend the statute to reverse the situation.**

**3. Rate of tax on MAT**

Apart from the above, 18.5% rate of MAT is too high. It started with the rate of 7.5%. Therefore, this rate should be reduced to 10%.

**4. MAT on Foreign Companies**

Recently, certain changes were made to the MAT provisions relating to Foreign Portfolio Investors (FPI). However, the matter relating to other foreign companies continues to lack clarity. When the MAT provisions were introduced, they were clearly meant to impact only domestic companies. Unfortunately, in the recent past, various foreign companies have also been sought to be brought under the MAT net. This is clearly not in line with the intentions behind introduction of MAT.

**It is therefore suggested that an amendment be made to clarify that only domestic companies would be subject to the MAT provisions.**

## Chapter 8 - DIVIDEND DISTRIBUTION TAX [DDT] - SEC. 115-O

### 1. Effect of DDT in case of Non-Resident shareholders

A domestic company, at the time of declaration, distribution or payment of dividend is required to pay tax on distributed profit which is popularly known as DDT irrespective of status of the shareholder (i.e. whether resident or non-resident). Such dividend in the hands of the shareholder is exempt under Sec. 10(34) as the tax thereon has already been paid by the company by way of DDT. Therefore, effectively, the tax payable by the shareholder is directly collected from the company on such dividend, but the tax is borne by the shareholder.

In case of a non-resident shareholder, an anomalous situation arises in most cases. Generally such dividend received by the non-resident shareholder is taxable in his country of residence and he is entitled to credit for the taxes paid in the other country (in this case, India) on such dividend to avoid double taxation of the same income into different countries in the hands of the same shareholder. This is on account of either the Double Tax Avoidance Agreement (DTAA) entered into between the two countries or under the domestic law of the country of residence.

However, in India, tax is not charged on the dividend income in the hands of the shareholder, but the same is collected from the company by way of DDT. In view of this situation, the benefit of the tax credit which should generally go to the non-resident shareholder [who is investor in India] indirectly goes to his country since he has to pay tax on such dividend income in his country without getting any credit in respect of the DDT.

**It is therefore suggested that appropriate provision should be made in Sec. 115-O to provide that DDT paid in respect of non-resident shareholder is deemed to be income-tax paid by shareholder on the relevant income and necessary mechanism should also be provided to grant appropriate certificate to such shareholder in respect of DDT treated as income-tax paid in India by him, on such dividend income.**

### 2. Dividend Distribution Tax – Secs. 115-O and 115R

Company distributing dividend to its shareholders has to pay DDT @ 15% plus applicable surcharge and cess under Sec.115-O. Similarly, mutual funds distributing income (unit's income) to unit holders of any scheme, other than an equity oriented scheme, have to pay DDT @ 25% (for individuals and HUF) and 30% (for others) under Sec.115R plus applicable surcharge and cess. The Finance (No. 2) Act, 2014 has amended both these sections. As a result of the amendment the amount on which DDT is to be paid has been modified. The amended provision

requires to gross-up the amount on which DDT is to be paid. In real terms, this increases the base rate.

**Suggestions**

**(i)** With the above amendment, effectively the base rate of DDT provided in both the sections is increased. Therefore, if at all it is necessary to increase the tax for higher revenue collection, **it is advisable to increase the base rate rather than complicating the method of computation of the amount on which the DDT is to be paid.**

**(ii)** In case of individual/ HUF unit holders the base rate is effectively getting increased from 25% to 33.33% plus applicable surcharge and cess. As against this, the normal maximum marginal rate is 30% plus applicable surcharge & cess. Investments in debt funds are made generally by the individuals / HUFs after retirement of the individual to avoid financial risk. Such individuals / HUFs are often taxable in the first slab (10%) or in the second slab (20%) of the taxable income and many of them may not have even taxable income. Even such unit holders will be indirectly paying tax at the effective rate of 33.33% plus applicable surcharge and cess. This is unjust and very harsh to such middle class people.

**It is therefore suggested that the section should exclude the cases of unit holders who are individuals/ HUFs in such debt schemes.**

**Alternatively, section should be confined only to the units of money market mutual fund or a liquid fund and should not to be made applicable to other debt funds.**

## Chapter 9 - CAPITAL GAINS

1. **Secs. 47(x) & (xa) and 49(2A) - Capital Gain on Conversion of Foreign Currency Exchangeable Bonds (FCEB) and other Bonds & Debentures**

   Sec. 47 (xa) read with Sec. 49(2A) effectively provide that conversion of FCEB in to shares of any company will not give rise to capital gain and for the purpose of computing capital gain arising on sale of such shares at subsequent stage, cost of acquisition shall be taken as the relevant part of cost of FCEB. There is no corresponding provision for taking holding period of the shares from the day of acquisition of the Bonds [FCEB]. Similar difficulty exists in case of conversion of debentures and other bonds in to shares for which also similar provision exists in Sec.47(x).

   **It is suggested that appropriate amendment should be made in Sec. 2(42A) to provide that holding period of such shares should be taken from the date of acquisition of FCEB/debentures / other bonds and not from the date of allotment of shares.**

2. **Assets acquired prior to 1st April, 1981 – Cost of acquisition – Sec. 55(2)(b)**

   For the purpose of computing capital gains in case of transfer of capital asset acquired prior to 1st April, 1981, assessees have been given an option to substitute cost of acquisition by a fair market value as on 1st April, 1981. This date of 1st April, 1981 was substituted in the place of 1st January, 1964 by the Finance Act, 1986 w.e.f. 1st April, 1987.

   It should be appreciated that the prices of capital assets, especially immovable properties, have increased manifold in last two decades on account of inflation and this date of 1st April, 1981 has remain unchanged since 1987. This is unfair and unjust. In the Direct Tax Code Bill, 2010, for this purpose, 1st January, 2000 was proposed.

   **It is suggested that the date for substitution of cost of acquisition by the fair market value should be changed from 1st April, 1981 to 1st April, 2000.**

3. **Conversion of Private Limited Company into LLP or from Firm / Proprietary Concern into Company – Secs. 47(xiiib), 47(xiii) / 47(Xiv)**

   Sec. 47 dealing with transactions not regarded as transfer, clause (xiiib) provides that transfer of capital asset or intangible asset by a private or unlisted public company to an LLP or any transfer of shares held in such company by a shareholder as a result of conversion of such company into an LLP pursuant to Secs.56 and 57 of the Limited Liability Partnership Act, 2008, is not regarded as a transfer, subject to fulfilment of the conditions mentioned therein. Sub-clause (e) of the

proviso to clause (xiiib) of Sec. 47 provides that the total sales, turnover or gross receipts in the business of the company in any of the three previous years preceding the previous year in which the conversion takes place do not exceed sixty lakh rupees. Practically, the benefit of this clause [Sec. 47(xiiib)] is therefore not available since there are hardly any companies with such low turnover. Further, the Companies Act, 2013 has imposed various compliance requirements and restrictions on private limited companies (which restrictions were not there under the erstwhile Companies Act, 1956). Private limited companies and unlisted companies find it burdensome to comply with them.

**It is therefore suggested that the limit of sixty lakh rupees mentioned in sub-clause (e) of the proviso to Sec. 47(xiiib) be deleted. This will leave entrepreneurs with the choice of doing business in LLP form of entity which has become available only recently. It will ensure that the provisions the intention viz. tax neutrality on conversion of companies into LLP will be achieved.**

**4. Taxation of Capital Gains in case of Development Agreements**

Presently, most new constructions in cities take place where the developer/builder acquires a property or development rights in a property and consideration is to be discharged fully or partly by giving the landowner constructed area in the developed property. This is a business reality.

It is practically impossible for the landowner to discharge the capital gain tax liability when he has not received the consideration in form of constructed area in the developed property. This also leads to dispute with the Department as to the point of time when transfer as contemplated u/s 2(47) has taken place under a Development Agreement.

With a view to avoid genuine difficulty in discharging the capital gains tax liability and avoid dispute as to the time of transfer, **it is suggested that where the consideration for transfer of property in pursuance of a development agreement or otherwise is to be received in form of constructed area, capital gain may be computed in the year in which the transfer takes place but the capital gain so far as it relates to the consideration to be received in form of constructed area be charged to tax in the year in which such constricted area is received by the transferor landowner. Similar provision for taxing capital gain in a subsequent year exists u/so 45(2) of the Act where a capital asset is converted into stock in trade.**

5. **Capital gains exemption – Secs.54 and 54F**

**5.1 Restriction on investments in one residential house**

The Finance (No. 2) Act, 2014 has amended the provisions of Secs. 54 and 54F to provide that the benefit of exemption under Secs.54 / 54F is available in respect of purchase/ construction of one residential house. It appears that these amendments were a knee jerk reaction to various judicial pronouncements by High Court / Tribunal without keeping in mind the need to give a fillip to the housing sector and increase the much needed housing stock.

Many a times, the joint family residing under one roof in one large residential house gets divided. In such cases, it becomes necessary to sell such large residential house, which is generally owned by one senior member of the family (such as father/ mother) and to purchase more than one residential house for the benefit of the divided members (generally children). This is the current social need. When properties go for redevelopment, the flats that constructed are smaller and the consideration is often in form of more than one flat in the new building. In such cases, it will be difficult to satisfy such essential social need of the family by purchasing more than one residential house (New Asset) and to claim the exemption under Sec. 54.Smaller flats also makes more housing stock available.

**Suggestions**

**Therefore, it is suggested that the benefit of exemption under Sec.54 or Sec. 54F should not be denied if the investment is in more than one house.**

**5.2 Time limit for Investment for Exemption u/s 54/54F**

Presently, any new construction project takes more than three years to complete taking into account the time taken for getting statutory approvals for the project and construction time. Due to this, even in genuine cases exemption is u/s 54 or 54F is refused and there is litigation. Generally, appellate authorities have taken a view that in such cases deduction be allowed. This position may be accepted.

**It is therefore suggested that to avoid litigation and address the genuine hardship caused to the assessees, it may be clarified that exemption u/s 54 or 54F shall be allowed where existing property or other asset is sold and the assessee is to receive consideration in form of constructed residential property from the developer. In such a case, there should not be any time limit for construction to be completed. In other case, the time for acquisition or construction be increased to five years provided the assessee has entered into agreement with the builder.**

## Chapter 10 - LOSSES

### 1. Return of Losses – Scaling down with respect to delay in months

**1.1** According to Sec. 80 read with Sec. 139(3), if the return of income is not filed before the due date, then the benefit of carry forward of losses is not allowed. This is a very harsh provision as there could be various genuine circumstances like strike, lockout, death or reasons beyond the control of the assessee due to which he may not be able to file the return of income in time. At times, delay may be of only few days. **Therefore, it is suggested that though there may be some provision of penal nature which will discourages the belated filing of return of income, at the same time the delay should not totally disentitle the assessees from carry forward of losses.**

**1.2 It is suggested that in case of such delay, 5% of loss for every month of delay in filing return of income should be reduced from the loss assessed and remainder loss should be allowed to be carried forward. This would be a sufficient penal charge for delay in filing the loss returns.**

### 2. Set off of brought forward business loss - Secs. 72 & 50

At present, under the provisions of Sec. 72 of the Act, brought forward business loss of earlier years can be set off against profits and gains of business or profession carried on by an assessee in subsequent assessment years upto 8 years. Where the capital asset forming part of a block of assets in respect of which depreciation has been allowed is sold and there is any surplus (either because the block of assets ceases to exist or because the consideration received exceeds the value of block), such surplus is at present regarded as "short-term capital gain". Such a gain is effectively a business profit but the same fictionally gets taxed under the head `Capital Gains'. **It is suggested that the brought forward business loss should be allowed to be set off against such short-term capital gain chargeable to tax under Sec. 50 in the subsequent assessment years.**

## Chapter 11 - METHOD OF ACCOUNTING

### 1. Income Computation and Disclosure Standards (IT-AS) – Sec. 145

Sec. 145(2) authorises the Central Government to notify Income Computation and Disclosure Standards (ICDS). Accordingly, vide notification No. S.O. 892 (E) dated 31st March, 2015, ten ICDS have been notified by CBDT. The Explanatory Memorandum to the Finance (No. 2) Bill, 2014 had clarified and the standards notified provide that these ICDS are not meant for maintenance of books of account but are to be followed for computation of total income.

The basic principle of income-tax is to tax the real income and commercial profit of the assessee subject to certain specific allowances/ disallowances. The accounts of the assessee are maintained on the basis of the Accounting Standards prescribed under the Companies Act and/ or issued by The Institute of Chartered Accountants of India (ICAI), a statutory body established under the Act of the Parliament to regulate the accounting profession. Generally, profit disclosed in the books of account maintained by the assessee adopting such Accounting Standards should be accepted as income for the purpose of the Act, subject to certain necessary allowances and disallowances. **These ICDS, in fact, change the above basic principles and affect the computation of total income of assessees. The powers vested in the Executive, under section 145, effectively enables the Executive to collect taxes on items that cannot be regarded as "income" under commercial accounting principles; to advance the taxable event even though in terms of commercial accounting principles no real income has accrued; to disallow expenses / losses for which there are court rulings in the past favourable to the assessee but no statutory provision have been enacted by the Parliament to nullify such court rulings.**

**The standards (ICDS) notified pursuant to the above provisions are clearly against the declared policy of Ease of Doing Business in India and these Standards will impose an enormous unwarranted compliance burden and would vitiate the business environment without any significant benefit to the revenue (except advancing collection of taxes to a certain extent).**

**Suggestion**

**In view of the above, it is strongly suggested that the amendment made by the Finance (No. 2) Act, 2014 to Sec.145 is highly objectionable and should be reversed and the said notification dated 31.3.2015 be withdrawn with effect from the date of its being notified. In fact, the pre-**

**amendment Sec. 145(2), introduced by the Finance Act, 1995, should also be deleted to put an end to such an unrealistic approach.**

## Chapter 12 - INTEREST UNDER INCOME-TAX ACT

### 1. The levy of interest under Sec. 234A should not continue after payment of tax

Under Sec. 234A, assessee is liable to pay interest for delay in furnishing Return of Income. Many a times, for various genuine reasons, the assessee finds it difficult to compile necessary particulars for preparing and furnishing Return of Income. This results into delay in furnishing Return of Income. In such cases, many a times, the assessee prefers to pay self-assessment tax on estimated basis which can be adjusted against the tax liability worked out at the time of furnishing belated Return of Income.

Under Sec. 234A, the interest is technically computed upto the date of furnishing Return of Income without granting any credit for the self-assessment tax paid by the assessee before furnishing the Return of Income. Based on judgment of the **Supreme Court in the case of Pranoy Roy [2009] 179 Taxman 53 (SC),**in such cases, the interest for the delay in furnishing Return of Income should be computed after granting credit for self-assessment tax already paid by the assessee. However, the provisions of Sec. 234A have still not been amended on this line.

It should be appreciated that the interest is compensatory in nature and therefore, once the assessee has paid the amount of tax, no interest should be charged to the extent the amount is paid by the assessee. This will also encourage assessees to pay self-assessment tax on an estimated basis in cases where it is not feasible to furnish Return of Income in time.

**It is suggested that appropriate amendment should be made in Sec. 234A to provide for the above situation.**

## Chapter 13 - DEDUCTION OF TAX AT SOURCE

### 1. Tax deduction under Sec.195 on payments to non-residents

Sec. 195 provides for deduction of tax at the time of credit to the account of the non-resident payee or at the time of actual payment, whichever is earlier. This provision causes hardship as due to exchange rate differences, the amount credited and the amount actually paid in most cases differ in rupee terms, though they are identical in terms of the foreign exchange amount. This results in a shortfall of tax deducted, which is beyond a payer's control.

**We suggest that Sec. 195 be amended and tax should be required to be deducted only at the time of making actual payment to anon-resident.**

### 2. Higher TDS for non-quoting of Permanent Account Number (PAN) - Sec. 206AA

The Finance (No. 2) Act 2009 inserted Sec.206AA w.e.f. from 1.4.2010. This section provides that in the event of non-submission of PAN by the payee, tax shall be deducted at the higher of the following rates, namely;

- Rate specified in the relevant provisions of the Act;
- Rate or rates in force;
- @ 20%.

This provision does not recognise the practical difficulties of the deductor especially for payments relating to non-residents. In many cases, one-time payments to non-residents are negotiated on a net of tax basis. In other words, a non-resident in such cases receives the payment net of withholding tax. The tax in this case is borne by the Indian deductors and the same is grossed up. The payees are not keen to obtain PAN in such cases since these are one-time transactions as also the fact that the tax is borne by the Indian payer.

It is worth noting that this provision adversely hits the Indian payer who is required to bear an additional tax burden merely because of the fact that the non-resident payee has not furnished PAN.

This requirement and the consequential higher rate would add to the cost of services and procurement for Indian Industry.

**It is suggested that:**

**Sec. 206AA be withdrawn, for the non-resident payees.**

**Further, the rate be reduced to 10%, as 20% rate assumes a profit greater than 60%, which is an unreasonable assumption.**

## Chapter 14 - PROVISIONS RELATING TO AMALGAMATION, DEMERGER ETC.

### 1. Definition of Demerger – Sec. 2(19AA)

**1.1** The definition of “demerger” is unduly restrictive, and subject to various conditions. In practice, many of the demergers fall outside the purview of the definition, and therefore, do not get the intended benefit of tax neutralisation. To illustrate:

**(i)** The first condition is that all the property of the undertaking should become the property of the Resulting Company. In practice, in many cases, certain assets are not capable of being transferred, either statutorily (e.g. tenancy under the Maharashtra Rent Control Act) or contractually (there may be contractual prohibition on transfer of certain assets such as patents, technical know how, etc.), and hence, such assets cannot be transferred to the Resulting Company by the Demerged Company.

**(ii)** Similarly, a condition is laid down that all the liabilities relatable to the undertaking immediately before the demerger should become the liabilities of the Resulting Company. At times, it may not be possible to transfer certain liabilities. For example, a creditor may not give his consent to transfer of liability due to him to the Resulting Company.

**(iii)** Explanation 2 provides that not only identified liabilities should be transferred to the Resulting Company, but also general borrowings in the ratio of assets transferred to the total assets of the demerged company before demerger. In practice, this may lead to an absurd situation, particularly in cases where the borrowings are not represented by assets (e.g. borrowings to offset losses incurred).

**(iv)** Assets and liabilities have to be transferred at book values. In practice, in most cases, a demerger does not take place at book value. Since, the assets in most cases have been acquired many years before by the Demerged Company, such assets generally appear in the accounts of the Demerged Company at a fraction of the real market value of such assets. If the objective of demerger is to enter into joint venture or to offer shares to other persons in a specified business, obviously, the shareholders of the Demerged Company would not like to share the benefit of the capital appreciation of such assets with the new shareholders of the Resulting Company, and hence, the demerger generally takes place at the market value of the assets.

Moreover, the borrowing against such assets may be much more than the book value of such assets, because of the inherent market value of such assets. Therefore, if the transfer is to take place at the book value of all the assets and liabilities of that undertaking, it may result in the absurd situation where the Demerged Company may have to pay the Resulting Company for takeover of the undertaking. This may not qualify as a demerger, because obviously the Resulting Company cannot issue shares to the shareholders of the Demerged Company in such a situation.

Generally, intangible assets would be reflected at nil value in the books of the Demerged Company. It would be totally unjustified for such assets to be transferred at their book value (nil), even though such assets, such as brand names, patents etc., may possess a high commercial value.

Besides, where the transfer of assets is made at book value, there would be no question of capital gains, except to the extent arising on account of difference between book value of depreciable assets and their written down value as per tax records. Therefore, exemption is really not required for demergers made at book value, but is required mainly for demergers made at market value.

**(v)** The transfer of the undertaking is required to be on a going concern basis. Often a demerger may be carried out of a closed unit, with the intention of reviving such a unit. Such a demerger may not qualify as a demerger under the above provisions.

**1.2 It is therefore suggested that to make the provisions workable, no conditions should be laid down in order to qualify as a demerger, other than the conditions that it should be a transfer of an undertaking or a major part of an undertaking for allotment of shares of the Resulting Company to the shareholders of the Demerged company and that the demerger shall be treated as for genuine purposes once it is approved under the relevant provisions of the Companies Act, 2013.**

## Chapter 15 - TAXATION OF FIRM AND PARTNERS

### 1. Distribution of capital assets on dissolution of firm to partners - Sec. 45(4)

In the event of distribution of capital assets to partners on dissolution of a partnership firm, tax on notional capital gain is levied on the firm by taking fair market value of such capital assets as the consideration irrespective of causes or motives of dissolution. This, at times, result into serious hardships e.g. if a firm is dissolved due to demise or insolvency of one of the partners of the Firm, on a literal construction of Sec. 45(4).

**In view of the above, it is suggested that the provisions of Sec. 45(4) should not be made applicable in the event where a firm gets dissolved on account of the circumstances beyond the control of the partners such as demise or insolvency of a partner or on account of operation of statutory provisions of any other Law etc.**

### 2. Distribution of Capital Assets to Partners - Removal of serious hardships - Sec. 45(4)

Neither Sec. 49 nor Sec. 55 of the Act provide that if the firm has paid Capital Gains tax on distribution of capital assets on dissolution or otherwise, the cost in the hands of the concerned partner will be the value at which the firm is deemed to have transferred the asset to the partner. **Therefore Secs. 49/55 should clarify that in such cases, cost to the partner will be the value on the basis of which the firm has been assessed to capital gains.**

## Chapter 16 - PROCEDURES

### 1. Revision of Belated Return under Sec.139(5)

The **Supreme Court in the case of Kumar Jagdish Chandra Sinha vs. CIT (1996) 220 ITR 67** has held that a revised return cannot be filed under sub-section (5) of Sec. 139 in a case where return is filed under Sec.139(4). An assessee should be given opportunity to revise his return if he finds any error omission, even though the original return is belated. This only encourages voluntary compliance. There is no reason to deny such opportunity.

**It is suggested that in Sec. 139(5), a reference to return filed under Sec.139(4) should also be made to enable revision of a belated return.**

## Chapter 17 - DEEMED DIVIDEND

### 1. Deemed Dividend – Sec. 2(22)(e)

Clause (22), of Sec.2 defines the term "dividend", and sub-clause (e) thereof includes, within the meaning of this term, even an advance or loan, to a shareholder having at least a 10% voting-power in a company in which the public are not substantially interested, to the extent that the company possesses accumulated profits. Thus, a payment, which is clearly not a dividend as commercially understood, is, by a fiction of law, deemed to be one.

Apart from payment to the shareholder himself, a loan or advance to a firm in which he is a partner with a 20% share, or to an association or body of which he is a member and entitled to 20% of its income, is also considered, to be deemed dividend, and is taxed accordingly.

The object clearly is to prevent tax-avoidance by making an advance or loan (which would not be taxable), instead of distributing the amount as a dividend, which is subject to Income-tax.

The provision suffers from many inequities:

**a)** It taxes a loan, though it may be a genuine one, which is duly repaid within its scheduled short time. Moreover, there is no corresponding tax-relieving provision at the time of recovery of the loan.

**b)** The tax is attracted, notwithstanding that the loan so advanced bears interest and notwithstanding that preponderant majority of persons owning the concern which received the loan are not even shareholders of the lending company.

At present, no tax is payable by the shareholder on dividend received from companies and only the company pays Dividend Distribution Tax @ 17.647% (15% grossed up).Therefore, levy of tax on deemed dividend in the hands of shareholder at the normal rate is unjustifiable especially when all other deemed dividends are also subjected to Dividend Distribution Tax.

**In any case, if the loan is given at specified interest rate to be prescribed (which could be SBI Base rate plus 100 to 200 basis points) or when the advance is given for genuine business purpose, the provision should not apply. Apart from this, when actual dividend is distributed, appropriate adjustment should be permitted in determining the liability to pay Dividend Distribution Tax under Sec.115-O.**

## Chapter 18 - Tax Audit - Sec. 44AB

**1. Tax audit in case of partners of firm**

The persons carrying on profession/business are required to comply with the requirements of Tax Audit under Sec.44AB once their Gross Turnover/Receipts etc. exceed the threshold.

In case of a partner of a partnership firm, his share of profit is exempt under Sec.10(2A) as the firm pays the tax at the maximum marginal rate. The remuneration and interest received by the partners from the firm is taxable as Business Income. In such cases, the issue has been raised in some cases that even partners are required to get their accounts audited if their share in profit and/or remuneration / interest from the firm exceeds the threshold provided in Sec. 44AB notwithstanding the fact that the accounts of the partnership firm have already been audited under Sec.44AB.

**In view of the above, it is suggested that a clarificatory amendment should be made in Sec. 44AB to provide that for the purpose of applying Sec. 44AB in the hands of the partners, the share of profit and/or remuneration/interest received from the firm shall not be taken into account while determining the amount of threshold provided in Sec. 44AB.**

## Chapter 19 - TAXATION OF NON-RESIDENTS

### 1. Requirement to obtain Tax Residency Certificate – Introduction of threshold

Sec. 90(2) provides that in respect an assessee to whom an agreement for avoidance of double taxation entered into by the Central Government applies, the provisions of the Act shall apply to the extent they are more beneficial to the assessee. However, sub-section (4) of Sec.90 provides that an assessee who is a non-resident is not entitled to claim any relief under such agreement unless he produces a certificate of his being a resident in any country outside India (Tax Residency Certificate) from the Government of that country. Sub-section (4) applies to all non-residents irrespective of the level of income and the nature thereof. This creates unintended hardship to both non-resident recipient and the resident payer even where amounts involved are not very large and also creates a negative image of the country as it involves time and cost to obtain such Tax Residency Certificate. This also substantially affects business environment.

**It is therefore strongly suggested that the threshold, of say Rs one crore from single payer, be specified for applicability of this provision relating to obtaining a Tax Residency Certificate.**

### 2. Exemption from filing Return of Income-tax where tax is deducted at source in case of Non-Residents – Sec. 115A

Sec. 115A (5) of the Act provides that it shall not be necessary for a non-resident assessee to file a return of income if his or its total income comprises only of dividend or interest income and if the tax deductible at source under the Act has been duly deducted.

Sec. 115A deals also with tax rates for royalty and fees for technical services. Tax is required to be deducted at source also in respect of such income. However, there is no exemption for a non-resident recipient of royalty and fees for technical services from filing of return of income if tax is duly deducted at source from such income.

There are sufficient provisions in the Act to ensure that tax is deducted at source before remittance and to recover the tax from the payer of income in case of failure to deduct tax at source. Besides, there are also provisions to penalize the payer in case of such failure. Apart from penal action, there are provisions for disallowing deduction in respect of expenditure where payments are made without appropriate deduction of tax at source.

**It is therefore suggested that the scope of Sec. 115A(5) be expanded so as to exempt all such non-residents who do not have a permanent establishment in India and whose income consists of only royalty or fees of technical services and proper taxes are deducted at source.**

**3. Tax Deduction at Source in respect of Payment to Non-residents – Sec. 195(7)**

**3.1** The Finance Act, 2012 has inserted sub-section (7) to Sec.195 which provides as under:

"(7) Notwithstanding anything contained in sub-section (1) and sub-section (2), the Board may, by notification in the Official Gazette, specify a class of persons or cases, where the person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum, whether or not chargeable under the provisions of this Act, shall make an application to the Assessing Officer to determine, by general or special order, the appropriate proportion of sum chargeable, and upon such determination, tax shall be deducted under sub-section (1) on that proportion of the sum which is so chargeable."[*Emphasis supplied*]

**3.2** From the language of the aforesaid sub-section, it is evident that it would lead to increase in work load of the assessee and the Assessing Officer, cause delay in the process of remittance by the assessee to the non-resident which in turn will, apart from impacting the business environment, increase litigation. The Supreme Court has categorically held that where the sum payable to a non-resident is not chargeable to income-tax in India, there is no question of deduction of tax source from the same, at the time of making payment to the non-resident.

**3.3 It is suggested that the provisions of sub-section (7) of Sec.195 be suitably amended to empower the Board to notify only certain class of cases where sum payable to a non-resident is chargeable to tax. Empowering the Board to notify even those cases where the sum payable is not chargeable to tax is unnecessary, will lead to harassment, hardships and would also lead to delay in payments and litigation.**

**4. Definition of "Transfer" – Sec. 2(47)**

**4.1** The Finance Act, 2012 has amended the definition of `transfer' with retrospective effect from 1 April 1962, by inserting Explanation 2 to Sec.2(47). The Explanation so inserted clarifies that transfer includes and shall be deemed to have always included disposing of, parting with an asset or any interest therein, creating any interest in any asset in any manner whatsoever, directly or indirectly, absolutely, conditionally, voluntarily or involuntarily, by

way of an agreement (whether entered into in India or outside India) or otherwise, notwithstanding that such transfer of rights has been characterised as being effected or dependent upon or flowing from the transfer of share or shares of a company registered or incorporated outside India.

**4.2** Such a broad definition of the term has serious implications for even domestic transactions, which are otherwise not regarded as transfers. Transactions such as creation of a mortgage, grant of short-term leasehold rights, etc. may also fall within the definition of transfer, and could have serious implications for genuine transactions carried out in the past by residents, which were otherwise not regarded as transfers and are not intended to be covered by the definition.

**4.3 It is therefore suggested that the extended definition of "transfer" should apply only to transfer of shares of a foreign company having the effect of transferring an asset in India or creating an interest in any asset in India and it should apply prospectively.**

## Chapter 20 - Increase in levy of Fees for non-filing / late filing of TDS returns – Sec.234E

1. Sec. 234E of the Act provides for penalty in case of non-filing / late filing of TDS statements to Rs. 200 per day of default which is stated to be in the nature of a fee.

   In this regard, it may be noted that the tax deductor is required to furnish the TDS returns for each quarter within 15 days from the end of the quarter except for the last quarter, where the TDS statement can be furnished within 1 month from the end of the quarter. It needs to be appreciated that filing of e-TDS statements is an onerous task and it is very difficult for assessees to collate and compile the voluminous data / information for filing of TDS returns within 15 days from the end of the relevant quarter.

   **In principle, it is unjust and incorrect and therefore Sec.234E should be deleted.**

   **Alternatively, it is suggested that if the fee is to be levied it should be reasonable and the due date for furnishing of the TDS returns for the first three quarters be extended to 1 month from the end of the quarter instead of 15 days.**

## Chapter 21 - DOMESTIC TRANSFER PRICING [DTP] – SECS. 92, 92BA, 92C, 92CA, 92D & 92E

### 1. Removal of Domestic Transfer Pricing Provisions

Domestic Transfer Pricing provisions are more relevant and prevalent in countries like USA and Canada, where both federal and state income-taxes separately exist. In India since income-tax is a central tax, DTP provisions have no relevance as any adjustment due to domestic transfer pricing provisions generally has an offsetting effect and does not have a material revenue impact as both the assessees are resident in India. Further, the documentation requirements in case of transfer pricing are quite onerous, and have resulted in substantial increase in compliance costs for domestic taxpayers. Therefore, domestic transfer pricing provisions should be removed from the Act.

### 2. Specific suggestions regarding Domestic Transfer Pricing Provisions

**Applicability of DTP provisions to Sec. 40A(2)(a)**

**a)** Sec. 40A(2) provides that an expenditure incurred in business or profession for which payment has been or is to be made to the tax-payer's relatives or associate concerns is liable to be disallowed in computing the profits of the business or profession to the extent the expenditure is considered to be excessive or unreasonable. The reasonableness of any expenditure is to be judged having regard to the fair market value of the goods, services or facilities for which the payment is made for the legitimate needs of the business or profession or the benefit delivered by, or accruing to, the tax-payer from the expenditure.

**b)** Sec. 40A(2) was inserted with the object to check evasion of tax through excessive or unreasonable payments to relative or any other specified person. The relevant extracts of the Departmental Circular - Circular No. 6-P, Dated 6-7-1968, whereby this section was introduced, are as under:

> *"Where payment for any expenditure is found to have been made to a relative or associate concern falling within the specified categories, it will be necessary for the Income-tax Officer to scrutinise the reasonableness of the expenditure with reference to the criteria mentioned in the section.*
>
> *The Income-tax Officer is expected to exercise his judgment in a reasonable and fair manner. It should be borne in mind that the provision is meant to check evasion of tax through excessive or unreasonable payments to relatives and associate concerns and should not be applied in a manner which will cause hardship in bona fide cases."*

**c)** With the recent insertion of proviso to sub-section (2)(a) of Sec. 40A by the Finance Act, 2012, w.e.f. 1-4-2013, no disallowance under this clause on account of expenditure being excessive or unreasonable having regard to the fair market value of goods, services or facilities shall be made in respect of Specified Domestic Transaction [SDT] referred to in Sec. 92BA, if such transaction is at arm's length price ('ALP') as defined in clause (ii) of Sec. 92F. Hence, with the insertion of this proviso, the section has extended the applicability of the specific concept of arm's length price instead of a fair market value to determine the value of domestic related party transactions. Under the pre-amended provisions of Sec. 40A(2)(b) the Assessing Officer [AO] had the discretion to ensure that payment made or expenditure incurred was based on fair market rates and hence there was no reason to amend the stated position and introduce Domestic Transfer Pricing provisions.

**d)** The limit of payment in excess of Rs. 5 crores is unrealistic and burdensome as such payment would include even purchase of goods.

**e)** The administration in India is not geared up to handle such matters as the law requires reference to Transfer Pricing Officer which is a specialized wing, which does not exist all over India.

**f)** The benchmarking of many transactions may be impossible using arm's length principle, such as(a) Managerial Remuneration and remuneration to partners; (b) Applicability of SDT to entities falling under presumptive taxation provisions; (c) Allocation of expenses between the group entities, following consistent principles and allocation keys; (d) Joint Development Agreement; (e) ESOPs etc.

**g) If at all DTP provisions are required, it is suggested that:**

**(i) The principle to be followed should be to ensure that payment made by one tax payer, to another should be subject to full taxation at maximum marginal rate and there should not be any arbitrary apportionment to save taxes. If that is achieved, then the tax officer and tax payer should not be overburdened with compliance of documentation requirement.**

**(ii) In any case, such provisions should be restricted to tax payers availing Chapter VIA deductions or exemptions under Sec. 10AA but should not be extended to payments covered by Sec. 40A(2) of the Act.**

**h) Alternatively, it is also suggested:**

The second proviso to Sec. 92C(4) permits single track adjustment and prohibits consequential adjustment in the hands of the other party. This provision is made applicable to SDT as well. As a result, disallowance of expenditure in the hands of one related party does not result in corresponding reduction in the hands of recipient. Recipient will be assessed with reference to actual income as earned, even assuming that the entire expenditure is disallowed in the hands of the related party. This approach of revenue leads to unjust enrichment of the State at the cost of the taxpayer.

**It is therefore suggested that even if the above provisions continue and deduction on account of payment to a related party is reduced by application of SDT provisions, the related party's income should also automatically stand reduced to that extent.**

***

## BCAS AT YOUR SERVICE

### BCAS Membership: Learn|Share|Grow

- Access to 130,000 + hours of educational programs
  - a) Member Discounts (Generally 20%) on most BCAS events.
  - b) Exclusive member Events.
  - c) Exclusive Residential Programs.
- E-Journal access for last 10-12 years (along with Journal Subscription)
- Platform to Network, Learn and Grow with other corporates, professionals, peers, students.
- Opportunity to Volunteer – write, speak, serve tax payers cause, get active with RTI and other activities of the 9 committees.
- Access to Library with more than 1000 Books, Journal and online databases.

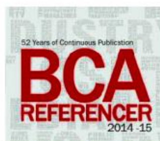
| Chartered Accountant Membership | Corporate Membership Companies and LLPs | Student Membership For CA Students |
|---|---|---|
| Be a complete CA – Join those who believe learning never ends to stay in sync with times | Get the above benefits by nominating 2 CAs from your organisation | Access Web TV, e-journal, Student Study Circle at a fraction of a price |

## Bombay Chartered Accountants' Society

Harnessing Talent and Providing Quality Service

THIRST FOR KNOWLEDGE ENDS HERE

**JOURNAL**
Monthly dose of analysis and updates



**REFERENCER**
A Tool For Every Professional

**LIBRARY**
Universe of Knowledge

**PUBLICATIONS**
Solution for Professionals

**EVENTS**
Learn from the experienced peers

Web TV
**WEBTV**
Missed any event, watch here

**CLINICS**
RTI Clinic
Accounts & Audit Clinic
Charitable Trust Clinic

**CONNECT WITH BCAS GLOBAL**
Follow, Watch, Like, Connect