

THE TAXATION AND OTHER LAWS (RELAXATION AND AMENDMENT OF CERTAIN PROVISIONS) BILL, 2020 PASSED BY THE PARLIAMENT

The Taxation and Other Laws (Relaxation and Amendment of certain provisions) Bill, 2020 ('the **Bill**') was introduced and passed by the Lower House on 18th/ 19th September, 2020 and by the Upper House of Parliament on 22.09.2020¹, to replace the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 ('the **Ordinance**') [introduced in March, 2020)], which was introduced to provide relaxation in timelines amid Covid-19 pandemic and further amended vide CBDT Notification S.O. 2033(E) dated 24th June 2020 ('**Notification**') granting further reliefs.

In addition to regularising relaxations provided vide the Ordinance and Notification/ Press Releases, the Bill proposes certain other amendments, more particularly, to incorporate the scheme of faceless assessments recently notified by the Government.

In order to understand the proposed amendments, we have tabulated herein below the comparative analysis of the existing and the proposed amendments/ relaxations:

Section/ Particulars	Existing provisions of the Act	Extended vide Ordinance/ or Notification(s)	Amendment/ relaxation proposed by the Bill	VA Comments
Re: Relaxations of time limits of various compliances under the Act/ VsV Act				
Due date for filing belated return or revised return of income for the AY 2019-20 [FY 2018-19]	31.03.2020	30.06.2020 [vide Ordinance] 31.07.2020 [vide Notification] 30.09.2020 [Notification No. 56/2020 dated 29.07.2020]	30.09.2020	<p><u>No further extension in due-date of filing return/ or appeal(s) is provided by the Bill.</u></p> <p>The Bill only seeks to regularise the relaxations by way of extended time limit for various compliances contained in the Act/ VsV Act, provided by the Ordinance/Notification through the present Bill, without any further extension of such time limit.</p>
Due date for filing return of income for AY 2020-21 [FY 2019-20]	31.07.2020; or 31.10.2020; or 30.11.2020, as the case may be	30.11.2020 [vide Notification]	30.11.2020	
Furnishing of tax audit report for AY 2020-21	30.09.2020; or 31.10.2020, (Return involving reporting of International transactions with Associated Enterprise/ Transfer Pricing Report)	31.10.2020 [vide Notification]	31.10.2020	
Time limit for filing of	30 days; or 60 days; or 120 days	Limitation expiring between 20.03.2020 to	31.03.2021	

¹Economic Times dated 22.09.2020

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appeal(s) before various tax authorities [CIT(A); or ITAT; or High Court]	from the date of receipt of relevant order.	29.06.2020 - Extended to 30.06.2020, vide Ordinance		
Time limit for completion of proceedings, passing any order, issuance of notice/ notification, etc. under various provisions of the Act	Time limit for issuance of statutory notices and completion of assessment/ appellate proceedings getting time barred during the intervening period.	The aforesaid limit has been further extended for limitation expiring upto 31.12.2020 - to 31.03.2021 vide Notification		
Investment/ construction/ purchase for claiming roll over benefit/ deduction in respect of capital gains under sections 54 to 54GB of the Act		Limitation expiring between 20.03.2020 to 29.06.2020 - Extended to 30.06.2020 [vide Ordinance] The aforesaid limit has been further extended to 30.09.2020 [vide Notification]	30.09.2020	
Time limit for payment of disputed tax at 100% thereof under VsV Act,2020	31.03.2020 [under the VsV Act, 2020]	Limitation extended to 30.06.2020 [vide Ordinance] The aforesaid limit has been further extended to 31.12.2020 [vide Notification]	31.12.2020	

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Sections 12AB/10(23C)/80G/56/115BBDA/115TD	<p>Section 12AB was inserted by the Finance Act 2020, prescribing the requirement of obtaining fresh registration by charitable trusts/ institutions under section 12A/10(23C)/80G w.e.f.01.06.2020.</p> <p>The Finance Act, 2020, inter alia, amended Section 56(2)(x) w.e.f. 01.06.2020 to provide that the amount received by an individual or a HUF from any trust or institution registered under section 12AB of the Act shall not be deemed as income from other sources.</p> <p>Section 115BBDA of the Act provides that the dividend income earned by the specified assessee in excess of Rs.10 lakhs, shall be subject to income tax at the rate of 10%. The Finance Act, 2020 amended section 115BBDA(2) to exclude any trust or institution registered under section 12AB of the Act from the list of the specified assessee being subjected to the aforesaid tax of 10% on dividend income.</p>	Date of ensuring compliance with the new section extended to 01.10.2020 [CBDT vide PIB on 09.05.2020 deferred implementation of new registration procedure]	01.04.2021	The Bill proposes to further defer the implementation of new procedure for obtaining fresh registration by charitable trusts/ institutions to 01.04.2021. Consequential amendment has also been made to defer the exemption provided in sections 56(2)(x), 115BBDA and 115TD from 01.06.2020 to 01.04.2021.

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	The Finance Act, 2020, amended section 115TD to <i>inter alia</i> provide that any trust or institution which fails to comply with the requirements of registration under section 12AB of the Act, will be liable to tax on accreted income.			

Re: Amendments proposed in the Bill

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35(1)(ia), Fifth and Sixth Proviso thereof and section 271K	<p>Re: Section 35(1)(ia)</p> <p>Section 35(1)(ia) provides for deduction of sum paid by an assessee to a notified company, having main object of scientific research and development, where such sum is to be used for scientific research.</p> <p>The Finance Act, 2020 amended Explanation below clause (iii) of section 35 to provide that the aforesaid deduction in section 35(ia) shall be available to the donor, notwithstanding withdrawal of notification to the recipient company at a subsequent date.</p>	<p>Re: Section 35(1)(ia)</p> <p>The said amendment made in Explanation below clause (iii) of section 35 by the Finance Act, 2020 w.e.f. 01.06.2020 has been deleted and re-inserted to make it effective from 01.04.2021.</p>	The Bill proposes to further defer the implementation of new procedure for obtaining notifications for the purposes of section 35(1)(ii)/(ia)(iii) from 01.06-2020 to 01.04.2021

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	<p>Re: Section 271K - Penalty for failure to deliver or cause to be delivered certain statements prescribed in newly inserted section 35(1A).</p> <p>Section 35(1A) prescribed for furnishing of certain statements/ certificates by the institutions/ associations notified under section 35(1)(ii)/(ia)/(iii) of the Act.</p> <p>Finance Act, 2020, had inserted new section 271K to provide for penalty on failure or delay in filing such statement/ certificates by such institutions/ associations, w.e.f. 01-06-2020.</p>	<p>Re: Fifth and Sixth proviso to Section 35(1) inserted by the Finance Act, 2020 w.e.f 01.06.2020</p> <p>The said amendment made in Provisos to section 35(1) by the Finance Act, 2020 w.e.f. 01.06.2020 has been deleted and re-inserted to make it effective from 01.04.2021. Therefore, as per the amendment the intimation by such association / company will need to be now filed upto 30.06.2021.</p> <p>Re: Section 271K - Penalty for failure to deliver or cause to be delivered certain statements prescribed in newly inserted section 35(1A).</p> <p>The Bill has proposed to omit said section 271K (inserted by Finance Act, 2020 w.e.f 1-6-2020) and re-insert the same in order to change the effective date thereof from 01.06.2020 to 01.04.2021.</p>	<p>.</p>

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<p>Section 143(3A) to (3C).</p> <p>Insertion of sub-section (3D) in section 143 and insertion of new section 144B</p>	<p>Sub-sections (3A) to (3C) to section 143 were inserted by the Finance Act, 2018 to empower the CG to issue a scheme for implementing faceless assessments, pursuant to which the E-assessment Scheme, 2019 was notified by CBDT on 12.09.2019.</p> <p><u>E-Assessment Scheme [E-AS]</u></p> <p>The E-AS was applicable to scrutiny assessment cases under section 143(3) only on pilot basis. The said Scheme allowed for dynamic jurisdiction, team-based working, and functional specialization and had done away with human interface altogether.</p> <p>For implementation of the Scheme, various centres were set-up viz., National e-Assessment Centre (NeAC) as the central agency, Regional e-Assessment Centre (ReAC), as regional agency along with specialized units such as Assessment Unit ('AU'), Verification Unit (VU), Technical Unit (TU) and Review Unit (RU).</p> <p><u>Faceless Assessment Scheme ('FAS')</u></p> <p>Finance Act, 2020 had amended section 143(3A) of the Act to even include 'best judgment assessment' prescribed u/s 144 within the ambit of e-assessment.</p> <p>On 13.08.2020, the Prime Minister of India, Shri Narendra Modi, launched the programme titled 'Transparent Taxation – Honoring the Honest' to bring in various pragmatic direct tax reforms such as Taxpayers Charter, Faceless Assessments (both implemented w.e.f., 13.08.2020) and Faceless Appeals (implemented w.e.f., 25.09.2020).</p> <p><u>Scope of FAS</u></p> <p>In order to implement the FAS, the CBDT had notified various amendments to the existing E-AS on 13.08.2020, <i>inter alia</i>, including renaming the Scheme as "Faceless Assessment Scheme, 2019" and expanding its scope from scrutiny</p>	<p>The Bill proposes to amend the Act in order to phase out the recently notified FAS and codify the said faceless assessment Scheme in the Act itself, through incorporating the new provision, viz., section 144B in the Act, applicable w.e.f., 01.04.2021.</p> <p>Consequently, section 143(3B) has been amended to provide that no notification in relation to the FAS notified under section 143(3A) shall be issued after 31.03.2021.</p> <p>Further, sub-section (3D) has been inserted in section 143 to provide that FAS shall not apply to the assessments made under sections 143(3) or 144, on or after the 1st day of 01.04.2021.</p> <p>Thus, w.e.f., 01.04.2021, section 144B would govern assessments which were hitherto being governed by FAS (applicable from 13.08.2020 to 31.03.2021).</p> <p>Accordingly, all scrutiny assessments u/s 143(3) and Best Judgement Assessments u/s 144, would be made as per FAS upto 31.03.201 and under section 144B after 01.04.2021 of the Act.</p> <p>Provisions of section 144B are very similar to FAS notified recently and the Bill has only sought to incorporate the FAS in the Act itself.</p> <p>Thus, the entire procedure of Faceless assessment as notified under FAS has, <i>albeit</i> with minor changes (discussed hereunder), been incorporated in section 144B of the Act.</p> <p><u>Key distinctions between FAS and newly inserted provisions/ section 144B</u></p>	<ul style="list-style-type: none"> The provisions for implementing Faceless Assessment as notified in the FAS (with minor changes) have been codified in the Act itself, through incorporating the new provision, viz., section 144B in the Act, applicable w.e.f., 01.04.2021. The E-AS, later re-named as FAS, was notified by CG as per power available under section 143(3A) of the Act. Said Scheme introduced by way of delegated legislation, conferred powers on CG to make exceptions to, adapt, and modify the existing provisions of the Act for implementing the said Scheme. Thus, there were doubts and apprehensions whether the Scheme was ultra vires on account excessive delegation of powers by the Legislature. In order to dispel such apprehension and for bringing legitimacy and certainty, the provisions for implementing Faceless Assessment have, in our view, been incorporated in the Act itself. - Under section 144B, grant of personal hearing through video conferencing is not an absolute right of the assessee, but the same is subject to discretion of ReAC to be exercised in accordance with guidelines (to be issued later). Thus, Faceless Assessment conducted in

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	<p>assessments to also cover -</p> <p>(i) best judgement assessment under section 144 of the Act;</p> <p>(ii) Cases wherein:</p> <ul style="list-style-type: none"> - return has been furnished u/s 139 or in response to notice issued u/s 142(1) or 148(1), and a notice under section 143(2) has been issued by the AO; - no return has been furnished in response to notice issued u/s 142(1); - no return has been furnished in response to notice issued 148(1) and a notice u/s 142(1) has been issued by the AO. <p>Simultaneously, the CBDT vide Order dated 13.8.2020 issued u/s 119 of the Act (F.No. 187/3/2020-ITA-I) directed that <u>all the assessment orders shall hereafter be passed by NeAC, through the FAS except assessment orders in relation to cases assigned to –</u></p> <p>(i) Central Charges (i.e. search cases u/s 153A/153C);</p> <p>(ii) International Tax Charges.</p> <p><u>Key distinctions between E-AS and FAS</u></p> <ul style="list-style-type: none"> - Unlike E-AS, the FAS does not provide for personal hearing through video-conferencing as a matter of right but only entitles the assessee to make a request for such personal hearing which would be subject to approval by ReAC in accordance with guidelines (to be issued later). - In case where NeAC has assigned draft assessment order for review to RU, upon receipt of suggestions from RU, the NeAC shall assign the case to another AU (i.e., other than AU which passed the draft order) for passing final draft assessment order after considering modifications suggested by RU. Thus, order drafted by one unit, reviewed by other would be finalized by another unit. 	<ul style="list-style-type: none"> - The NeAC and ReAC, will be renamed as National Faceless Assessment Centre ('NFAC') and Regional Faceless Assessment Centre (RFAC), which would be the central and regional agency for conducting faceless assessment. - FAS prescribed for the NeAC to provide issues/reasons for selection of the case of the assessee for scrutiny assessment at the time of issuance of notice under section 143(2) of the Act. The aforesaid requirement has been dispensed with under the proposed new section 144B of the Act. - The FAS exempted assessment of international tax cases (i.e. cases covered within the scope of draft assessment procedure contained in section 144C of the Act). The proposed new section 144B provides that the draft assessment order passed under section 143(3) r.w.s 144C(13) of the Act would also be passed by the NFAC; however, the transfer pricing proceedings under section 92CA would continue to be governed by the conventional manner until the new faceless scheme is notified as per the newly inserted sub-section (8) to section 92CA of the Act. Thus, assessment order in International-tax/Transfer Pricing Cases would also be finalized and passed by the NFAC in the following manner:- <p>(a) Where the eligible assessee does not file objections with the DRP, the NFAC shall finalize the assessment within the time limit prescribed under section 144C(4), and serve a copy of such order to the assessee along with the demand notice and notice</p>	<p>the aforesaid manner could result in denial of opportunity of being heard to the assessee which is violative of the principles of natural justice and <i>audi alteram partem</i> enshrined in the Constitution.</p> <p>- Further, in the absence of personal hearing, there is a likelihood that facts of the case may not be properly appreciated/understood by the Department which may result in erroneous assessments being made only to be set-aside at appellate stages. [Refer, Salem SreeRamavilas Chit Company (P.) Ltd v. DCIT: 423 ITR 525 (Mad.)]</p>

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	<ul style="list-style-type: none"> - Under FAS, power to transfer cases to jurisdictional AO can be exercised by NeAC, only in specified circumstances (yet to be notified) and after prior approval of CBDT. - Under FAS, the proceedings of enquiry or verification by VU can be conducted through physical interface, in certain specified circumstances (yet to be notified). 	<p>for initiating penalty proceedings.</p> <p>(b) Where the eligible assessee files objections with the DRP, the NFAC shall upon receipt of the directions issued by DRP under section 144C(5), forward such directions to the AU in RFAC and the AU shall prepare a draft assessment order under section 144C(13) in conformity with the directions of DRP under section 144C(5) and forward the same to NFAC for finalization.</p> <ul style="list-style-type: none"> - There is no change proposed with regard to the procedure for assessment in Search cases. - Under the present provision/FAS, while assessment under section 147 can be conducted through the faceless scheme, there is no mechanism to issue notice under section 148 through such scheme. In order to vest such power in the new regime, the Bill proposes to insert new section 151A w.e.f 01.11.2020, providing CG the power to notify a scheme to also issue notice under section 148 as also to take approval under section 151 of the Act. Thus, during the intervening period, i.e., between 13.8.2020 to 31.10.2020, while the notice under section 148 can be issued by the jurisdictional AO, the assessment would be conducted in the faceless regime by the NeAC/ReAC; on or after 1-11-2020, the procedure may change on issuance of notification by the CG under section 151A of the Act. 	

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92CA(8), 130, 135A, 142B, 144C(14B) to (14D), 151A, 157A, 231A, 246A, 253(8), 264B, 279(4), 293D		<p>In order to enable the assessment in the faceless manner, it is proposed to amend/ insert various provisions of/inthe Act, w.e.f., 01.11.2020. (Refer Annexure 1)</p> <p>The Central Government for the purpose of giving effect to the aforesaid proposed Schemes, may by notification in Official Gazette, direct that any of the provisions of this Act shall not apply or shall apply with such exceptions, modifications and adaptations as may be specified in the notification.</p> <p>Every new provision provides that any notification issued by the Central Government for giving effect to the aforesaid Schemes must be laid before the Parliament. Such notification is required to be issued on or before 31.03.2022.</p>	<p>Various enabling provisions have been introduced in the Act to enable similar Faceless Schemes in various provisions/proceedings contained in the Act, like:-</p> <ul style="list-style-type: none"> • Transfer pricing proceedings [Sec. 92CA(8)] • Jurisdiction of income tax authorities (Sec. 130) • Collection of information (Sec. 135A) • Inquiry or Valuation (Sec. 142A) • Issuance of directions by DRP [Sec. 144C(14B) to (14D)] • Assessment of income escaping assessment (Sec. 151A) • Rectification, amendments and issuance of notice or intimation (Sec. 157A) • Collection and recovery of tax (Se. 231A) • Revision of orders (Sec. 264A) • Appeal to Appellate Tribunal [Sec 253(8)] • Giving effect of orders [Sec. 264B] • Prosecutions [Sec. 279(4)] • Approvals or Registration [Sec. 293D]

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<p>Section 6- Test for residential status in India</p>	<p>Section 6(1) of the Act provides test for determining residential status of an Individual in the previous year, in India.</p> <p>(i) The Finance Act, 2020 amended clause (b) in Explanation 1 to section 6(1) and inserted new clause (c) to section 6(6), to provide that, if <u>the Citizen of India or a person of Indian origin</u>, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, - (a) who being outside India comes on a visit to India in any previous year, the earlier relaxed threshold limit of 182 days shall stand reduced to 120 days [as per amended clause (b) in Explanation 1 to section 6(1)]; and (b) such person will be deemed as resident but not ordinary resident under section 6(6)(c) of the Act [as per newly inserted clause (c) to section 6(6)].</p> <p>(ii) The Finance Act, 2020 had further introduced sub-section (1A) to section 6 of the Act to provide that in case of an individual, being a citizen of India, having total income, other than the income from foreign sources, exceeding fifteen lakh rupees during the previous year, shall be deemed to be resident in India in that previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature.</p> <p>(iii) Explanation below section 6(6) defines the expression income from foreign sources as income which accrues or arises outside India (except income derived from a business controlled in or set up in India).</p>	<p>The Bill has proposed following amendments in the amendment to section 6 made by the Finance Act, 2020:</p> <p>(i) Clause (b) in Explanation 1 to section 6(1) - The amended clause (b) in Explanation 1 has been further proposed to be amended by substituting the words <u>“Citizen or a person of Indian origin” with the words “such person”</u></p> <p>(ii) Section 6(1A) - The Bill has further proposed to insert the following Explanation below section 6(1A):</p> <p style="text-align: center;"><i>“ Explanation- for removal of doubts, it is hereby declared that <u>the clause shall not apply in case of individual who is said to be resident in India in the previous year under clause (1)</u>”</i></p> <p>(iii) Explanation below section 6(6) - The Bill has proposed to add the following words <i>“and is not deemed to accrue or arise in India”</i> in the Explanation below section 6(6) at the end.</p>	<p>(i) The benefit of expanded time limit of 120/182 days available in clause (b) of Explanation 1 to section 6(1) of the Act, which was earlier available to the citizen of India and person of Indian origin (‘PIO’) has been now restricted to PIO only. As a result, if an individual who is not of Indian origin, but achieves Indian citizenship, would as per the said amendment need to satisfy the lower threshold of 60 days only to not become resident in India.</p> <p>(ii) The proposed amendment in section 6(1A) through the insertion of the proposed Explanation is a clarificatory amendment providing that if an individual becomes resident as per the provisions of section 6(1), the test of residency prescribed in the said new former provision shall not be applicable.</p> <p>(iii) The said amendment is also clarificatory to exclude income deemed to accrue or arise in India from the definition of ‘income from foreign sources’.</p>

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<p>10(4D)/10(23FBC)/196D/ 115AD/115 JEE</p>	<p>In order to provide fillip to recognised stock exchanges located in IFSC, section 10(4D) was inserted by the Finance Act, 2020 to give ‘specified funds’ a pass through status through exempting income of such specified funds arising from transfer of capital assets, referred in section 47 (viiab), on a recognized stock exchange located in IFSC, to the extent such income is in respect of units held by a non-resident and the consideration is received in convertible foreign exchange.</p> <p>There was no provision exempting income from the fund or on transfer of units in the specified fund by the unit-holder of such specified fund. In other words, post the aforesaid amendment specified funds were given the pass through status and the income was taxable directly in the hands of unit holders.</p> <p>Section 196D provides for deduction of tax at source by the payer of income (other than interest on securities referred to in clause (a) of sub-section (1) of section 115AD) to the FII at the rate of 20%.</p> <p>Section 115AD provides for preferential rate of tax on income earned by FII from the securities referred to in section 115AB of the Act and the capital gains arising on sale thereof.</p> <p>Section 115 JEE provides that the provisions of AMT shall apply to persons other than company.</p>	<p>Section 10(4D) is proposed to be further amended to expand the scope thereof to the following income:</p> <p>(a) “capital gains arising from transfer of securities (other than shares in a company resident in India) or;</p> <p>(b) any income from securities issued by a non-resident (not being a permanent establishment of a non-resident in India) and where such income otherwise does not accrue or arise in India or</p> <p>(c) any income from a securitisation trust which is chargeable under the head "profits and gains of business or profession", to the extent such income accrued or arisen to, or is received is attributable to units held by non-resident (not being the permanent establishment of a non-resident in India) computed in the prescribed manner”</p> <p>It is further proposed to insert new section 10(23FBC) to provide exemption of income from the fund or on transfer of units in the specified fund by the unit-holder of such specified fund w.e.f. 01.04.2021</p> <p>The Bill proposes to insert new sub-section (1A) in section 196D w.e.f 01.11.2020, to specifically impose liability of TDS @ 10% on the payer of income to the specified fund, which is not exempt under section 10(4D) of the Act</p> <p>The Bill also proposes to amend section 115AD which</p>	<p>The Bill further expands the benefit contained in section 10(4D) to non-notified securities and securities issued by a non-resident; and also covers business income of securitization trust.</p> <p>The various amendments in section_10(4D) seeks to exempt income earned by the specified fund as well as the non-resident unit holders from specified securities. In so far as the income earned from non-specified securities, the proposed amendment seeks to impose preferential rate of tax of 10% thereon in the hands of the fund and granting exemption in the hands of non-resident unit holders.</p>

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		<p>provides preferential rate of tax on income earned by FII's, to cover income earned by specified funds, which is not exempt under section 10(4D) of the Act.</p> <p>The Bill has further proposed to insert new sub-section (2A) to section 115JEE w.e.f 01.04.2021, to provide that provisions of AMT shall not apply to specified fund referred in section 10 (4D).</p>	
10(23FE)	<p>Finance Act 2020 inserted sub-section (23FE) in section 10 to provide exemption of income in the nature of dividend, interest, long-term capital gains, earned by a 'specified person' (as defined in Explanation thereof), which included a wholly owned subsidiary of the Abu Dhabi Investment Authority, being a resident of the UAE.</p> <p>Clause (iv)/(vi) of the Explanation to section 10(23FE)(b)/(c) provided conditions to be satisfied by a wealth fund or pension fund to qualify as Sovereign wealth fund or Pension Fund (which was covered within the meaning of 'specified person'). One of the condition therein mandated that the fund should have been notified by the Central Government in the Official Gazette.</p>	<p>The Bill proposes to amend the definition of 'specified person' by restricting the ambit of a wholly owned subsidiary of the Abu Dhabi Investment Authority to be a resident of the city of 'Abu Dhabi' as opposed to entire UAE earlier.</p> <p>As regards the inclusion of sovereign wealth funds and pension funds within the meaning of 'specified persons', which were to be notified by the CG, it is proposed to amend the existing provision to provide that the CG will now impose condition for notification of such fund, instead of the earlier condition of only notification by CG, in order to claim the exemption.</p>	
35AC	<p>Section 35AC provides for deduction of any sum paid by to the assessee to the Public sector company/local authority/association/institution approved by the National Committee for carrying eligible projects or schemes.</p>	<p>The power for approval vested with the National Committee in the existing provision has been provided to the PCCIT (E) and CCIT (E) w.e.f. 01.11.2020.</p>	

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133A(6)	<p>Section 133A(6) provides that, if a person who is required to afford facility to the income-tax authority to inspect books of account or other documents etc., fails to do so, the income-tax authority shall have all the powers to enforce compliance after obtaining the approval of the JDIT or the JCIT.</p> <p>The Explanation to this section contains the definition of ‘income tax authority’. The said definition covered PCIT/PDIT/JDIT/AO etc.</p>	<p>The Bill has proposed to amend the existing provision of section 133A(6) w.e.f. 01.11.2020 to provide that the approval of the PDGIT or the DGIT or the PCCIT or the CCIT has to be taken instead of JDIT or the JCIT.</p> <p>The Bill has further proposed to amend the definition of income tax authority for the purposes of 133A to restrict the scope of officers mentioned with those, who are subordinate to the PDGIT (Inv.) or the DGIT (Inv) or the PCCIT (TDS) or the CCIT (TDS), as the case may be.</p>	The proposed amendment seeks to restrict the powers available to officers under section 133A(6), only upon approval from higher specified authorities.
197B/206C		The Bill proposes to insert new section 197B having effect between 14.05.2020 to 31.03.2021, under which Tax to be Deducted or Collected at Source under the relevant provisions shall be subjected at the discounted rate of 75% of the normal rate TDS/TCS.	
263/264	In terms of section 263 and 264 of the Act, the PCIT has powers to revise the assessment order passed by the Assessing Officer.	The Bill w.e.f. 01.11.2020 proposes to amend section 263/264 to extend the said power of revision to the PCCIT or CCIT as well, as opposed to such power with PCIT only prior to amendment.	

Our earlier Taxbuzz relating to various amendments made by the Finance Act, 2020 and ordinances/ notification passed during the Covid-19 pandemic may be referred at the following links:

- TaxBuzz – Key Announcements by Finance Minister in relation to Statutory Income Tax Compliance(s) <https://www.vaishlaw.com/tax-buzz-key-announcements-by-finance-minister-in-relation-to-statutory-income-tax-compliances/>
- TaxBuzz- Taxation and Other Laws (Relaxation of certain provisions) Ordinance, 2020 <https://www.vaishlaw.com/wp-content/uploads/2020/04/Tax-Buzz-The-Taxation-and-Other-Laws-Relaxation-of-Certain-Provisions-Ordinance-2020.pdf>
- TaxBuzz– Direct tax measures announced by FM on 13-05-2020 <https://www.vaishlaw.com/taxbuzz-direct-tax-measures-announced-by-fm-on-13-05-2020/>
- TaxBuzz - The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 – Extension of timelines vide Notification dated 24.06.2020 <https://www.vaishlaw.com/extensions-of-compliance-timelines-taxation-and-other-laws/>

Annexure 1

AMENDMENTS FOR EXTENDING FACELESS REGIME FOR FOLLOWING ASSESSMENTS AND PROCEEDINGS

S. No.	Amendment in the Act	Notification of new Faceless Schemes	Scope of proposed Faceless Schemes
1.	Insertion of sub-section (8) in section 92CA	Faceless Transfer pricing proceedings	<ul style="list-style-type: none"> Determination of arm's length price under sub-section 92CA(3)
2.	Insertion of section 130	Faceless jurisdiction of assessing officer	<ul style="list-style-type: none"> Exercise of all or any of the powers and performance of all or any of the functions conferred on, or, as the case may be, assigned to income-tax authorities by or under this Act as referred to in section 120; Vesting the jurisdiction with the Assessing Officer as referred to in section 124; Exercise of power to transfer cases under section 127; Exercise of jurisdiction in case of change of incumbency as referred to in section 129
3.	Insertion of section 135A in the Act	Faceless collection of information	<ul style="list-style-type: none"> Calling for information under section 133; Collecting certain information under section 133B; Calling for information by prescribed income-tax authority under section 133C for the purposes of verification of information in its possession relating to any person; Exercise of power to inspect register of companies under section 134; Exercise of power of enquiry vested in AO under section 135.
4.	Insertion of section 142B in the Act	Faceless Inquiry or Valuation	<ul style="list-style-type: none"> Issuance of notice under 142(1) or making inquiry before assessment under 142(2) Issuing direction for Special audit under section 142(2A) Issuance of notice under section 142A(1) for reference to Valuation Officer for estimating the value of any asset, property or investment
5.	Insertion of sub-sections (14B), 14(C) and 14(D) in section 144C	Faceless proceedings by Dispute Resolution Panel (DRP)	<ul style="list-style-type: none"> Issuance of directions under section 144C by DRP.

S. No.	Amendment in the Act	Notification of new Faceless Schemes	Scope of proposed Faceless Schemes
6.	Insertion of section 151A in the Act	Faceless assessment of income escaping assessment	<ul style="list-style-type: none"> Assessment, Re-assessment or Re-computation under section 147 Issuance of notice under section 148 or sanction for issue of such notice under section 151
7.	Insertion of section 157A in the Act	Faceless rectification, amendments and issuance of notice or intimation	<ul style="list-style-type: none"> Rectification of mistakes apparent from record under section 154 Other amendments under section 155 Issuance of notice of demand under section 156 Intimation of loss under section 157
8.	Insertion of section 231A in the Act	Faceless collection and recovery of tax	<ul style="list-style-type: none"> Issuance of certificate under section 197 for no deduction of tax or deduction of tax at lower rates Deeming a person to be assessee in default under section 201(1) or section 206C(6A) Issuance of certificate for lower collection of tax under section 206C(9) Issuance of order under section 210(3) or amended order under section 210(4) Reduction or waiver of the amount of interest paid or payable by an assessee under 220(2A), extending the time for payment or allowing payment by instalment under section 220(3) Treating the assessee as not being in default under section 220(6) or 220(7) Levy of penalty under section 221, Drawing of certificate by the Tax Recovery Officer under section 222, or jurisdiction of Tax Recovery Officer under section 223, Stay of proceedings in pursuance of certificate and amendment or cancellation thereof by the Tax Recovery Officer under section 225, Other modes of recovery under section 226 Issuance of Tax Clearance Certificate under section 230
9.	Insertion of section 264A in the Act	Faceless revision of orders	<ul style="list-style-type: none"> Revision of orders prejudicial to the revenue under section 263 Revision of other orders under section 264
10.	Insertion of sub-section (8) in section 253	Faceless appeal to Appellate Tribunal	<ul style="list-style-type: none"> Appeal to Income Tax Appellate Tribunal under section 253
11.	Insertion of section 264B in the Act	Faceless effect of orders	<ul style="list-style-type: none"> Passing of orders giving effect to appellate orders passed by CIT(A) under section 250 Passing of orders giving effect to appellate orders passed by Tribunal under section 254 Passing of orders giving effect to orders passed by Supreme court or High Court under section 260 Passing of orders giving effect to orders passed by Supreme Court under section 262 Passing of orders giving effect to revision orders passed by under section 263 Passing of orders giving effect to revision orders passed by under section 264

S. No.	Amendment in the Act	Notification of new Faceless Schemes	Scope of proposed Faceless Schemes
12.	Insertion of sub-section (4) in section 279 in the Act	Faceless Prosecutions	<ul style="list-style-type: none">Granting of sanctions for prosecution under section 279(1) and compounding of prosecution proceedings under section 279(2)
13.	Insertion of section 293D in the Act	Faceless Approvals or Registration	<ul style="list-style-type: none">Granting various approval or registration by the income-tax authorities under any provision of the Act

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