The following amendments have been made through Finance Act, 2020 in various taxes in respect of Financial Year 2020-21 (Assessment Year 2021-22) which are relevant for day-to-day functioning of FCI. For more information refer to the updated Income Tax Act & Rules.

**Amendments in Income Tax Act**

**I: Provisions relating to Income from Salary/House Property:-**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Amendment</th>
</tr>
</thead>
</table>
| 1.     | 17      | The section is relating to “salary”, “perquisite” and “profit in lieu of salary”.

In section 17 of the Income-tax Act, in clause (2), for sub-clause (vii), the following sub-clauses shall be substituted with effect from the 1st day of April, 2021, namely:—

“(vii) the amount or the aggregate of amounts of any contribution made to the account of the assessee by the employer—
(a) in a recognised provident fund;
(b) in the scheme referred to in sub-section (1) of section 80CCD; and
(c) in an approved superannuation fund,

to the extent it exceeds seven lakh and fifty thousand rupees in a previous year;

(viia) the annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) to the extent it relates to the contribution referred to in the said sub-clause which is included in total income under the said sub-clause in any previous year computed in such manner as may be prescribed; and”.

Due to above amendment:-

(i) The amount or the aggregate amounts of any contribution made by the employer in respect of the assessee, to the account of an assessee in a recognised provident fund; in the scheme referred to in subsection (1) of section 80CCD; and in an approved superannuation fund shall be treated as perquisite, to the extent it exceeds seven lakh and fifty thousand rupees in a previous year.

(ii) The annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme referred to in sub-clause (vii) may also be treated as perquisite to the extent it relates to the
contribution referred to in the said new sub-clause (vii), which is included in total income and shall be computed in the prescribed manner.

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent years.

II: Provisions relating to Deductions under Chapter-VIA

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Amendment</th>
</tr>
</thead>
</table>
| 1.     | 80EEA   | The section is relating to deduction in respect of interest on loan taken for certain house property.  

In sub-section (3), in clause (i), for the figures “2020”, the figures “2021” shall be substituted with effect from the 1st day of April, 2021.  

Due to above amendment the deduction under the said section in respect of interest paid on loan sanctioned by a financial institution for acquisition of a residential house property, shall be available if the loan has been sanctioned during the period beginning on the 1st day of April, 2019 and ending on the 31st day of March, 2021, subject to other conditions specified in the said section.  

This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent years. |

III: Provisions relating to TDS

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Amendment</th>
</tr>
</thead>
</table>
| 1.     | 194J    | The section is relating to deduction of TDS on “Fees for professional or technical services”.  

In sub-section (1),—  

(a) in the long line, for the words “ten per cent. of such sum”, the words and brackets “two per cent. of such sum in case of fees for technical services (not being a professional service) and ten per cent. of such sum in other cases,” shall be substituted;  
(b) in the second proviso, for the words, brackets, letters and figures “the monetary limits specified under clause (a) or clause (b) of section 44AB”, the words “one crore rupees in case of business or fifty lakh rupees in case of profession” shall be substituted.  

Due to above amendment at the time of payment or credit of such sum to the account of the payee, deduct an amount equal to |
2% of such sum as income-tax in case of fees for technical services (not being professional services) and 10% of such sum in any other case.

This amendment will take effect from 1st April, 2020.

IV: Other Provisions

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Section</th>
<th>Amendment</th>
</tr>
</thead>
</table>
| 1.     | 115BAC  | After section 115BAB of the Income-tax Act, the following sections shall be inserted with effect from the 1st day of April, 2021, namely:-

115BAC. (1) Notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate of tax given in the following Table, if the conditions contained in sub-section (2) are satisfied, namely:—

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Total income</th>
<th>Rate of tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>1.</td>
<td>Upto Rs 2,50,000</td>
<td>Nil</td>
</tr>
<tr>
<td>2.</td>
<td>From Rs 2,50,001 to Rs 5,00,000</td>
<td>5 per cent.</td>
</tr>
<tr>
<td>3.</td>
<td>From Rs 5,00,001 to Rs 7,50,000</td>
<td>10 per cent.</td>
</tr>
<tr>
<td>4.</td>
<td>From Rs 7,50,001 to Rs 10,00,000</td>
<td>15 per cent.</td>
</tr>
<tr>
<td>5.</td>
<td>From Rs 10,00,001 to Rs 12,50,000</td>
<td>20 per cent.</td>
</tr>
<tr>
<td>6.</td>
<td>From Rs 12,50,001 to Rs 15,00,000</td>
<td>25 per cent.</td>
</tr>
<tr>
<td>7.</td>
<td>Above Rs 15,00,000</td>
<td>30 per cent.:</td>
</tr>
</tbody>
</table>

Provided that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of this Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Provided further that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in sub-section (2), it shall become invalid for subsequent assessment years also and other provisions of this Act shall apply for those years accordingly.

(2) For the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of section 10 or section 10AA or section 16 or clause (b) of section 24 (in respect of the property referred to in sub-section (2) of section 23) or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii), of sub-section
(1) or sub-section (2AA), of section 35 or section 35AD or section 35CCC or clause (iia) of section 57 or under any of the provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,—

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head “Income from house property” with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of sub-section (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

(3) The loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Provided that where there is a depreciation allowance in respect of a block of assets which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

(4) In case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfillment of the conditions contained in the said section.

Explanation.—For the purposes of this sub-section, the term “Unit” shall have the meaning assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

(5) Nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,—

(i) having business income, on or before the due date specified under sub-section (1) of section 139 for furnishing the returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021, and such option once exercised shall apply to subsequent assessment years;
(ii) having no business income, alongwith the return of income to be furnished under sub-section (1) of section 139 for a previous year relevant to the assessment year:

Provided that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under clause (ii) shall be available.

The above amendment provides that notwithstanding anything contained in this Act but subject to the provisions of this Chapter, the income-tax payable in respect of the total income of a person, being an individual or a Hindu undivided family, for any previous year relevant to the assessment year beginning on or after the 1st day of April, 2021, shall, at the option of such person, be computed at the rate given in the table below, if the conditions contained in sub-section (2) are satisfied:

<table>
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<tr>
<th>Sl. No.</th>
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<td>From Rs 2,50,001 to Rs 5,00,000</td>
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<td>From Rs 12,50,001 to Rs 15,00,000</td>
<td>25 per cent.</td>
</tr>
<tr>
<td>7</td>
<td>Above Rs 15,00,000</td>
<td>30 per cent.:</td>
</tr>
</tbody>
</table>

First proviso to said sub-section provides that where the person fails to satisfy the conditions contained in sub-section (2) in any previous year, the option shall become invalid in respect of the assessment year relevant to that previous year and other provisions of the Act shall apply, as if the option had not been exercised for the assessment year relevant to that previous year:

Second proviso to said sub-section provides that where the option is exercised under clause (i) of sub-section (5), in the event of failure to satisfy the conditions contained in subsection (2), it shall become invalid for subsequent assessment years also and other provisions of the Act shall apply for those years accordingly.

Sub-section (2) of proposed section provides that for the purposes of sub-section (1), the total income of the individual or Hindu undivided family shall be computed,—

(i) without any exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14)(other than those as may be prescribed for this purpose) or clause (17) or clause (32) of section 10 or section 10AA or section 16 or clause (b) of section 24 [in respect of property referred to in sub-section (2) of section 23] or clause (iia) of subsection (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of
sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or clause (iiia) of section 57 or under any provisions of Chapter VI-A other than the provisions of sub-section (2) of section 80CCD or section 80JJAA;

(ii) without set off of any loss,-

(a) carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in clause (i);

(b) under the head “Income from House Property” with any other head of income;

(iii) by claiming the depreciation, if any, under any provision of section 32, except clause (iia) of subsection (1) of the said section, determined in such manner as may be prescribed; and

(iv) without any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force.

Sub-section (3) of proposed section provides that the loss and depreciation referred to in clause (ii) of sub-section (2) shall be deemed to have been given full effect to and no further deduction for such loss or depreciation shall be allowed for any subsequent year:

Proviso to said sub-section (3) provides that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on the 1st day of April, 2021, corresponding adjustment shall be made to the written down value of such block of assets as on the 1st day of April, 2020 in the prescribed manner, if the option under sub-section (5) is exercised for a previous year relevant to the assessment year beginning on the 1st day of April, 2021.

Sub-section (4) of proposed section provides that in case of a person, having a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA, which has exercised option under sub-section (5), the conditions contained in sub-section (2) shall be modified to the extent that the deduction under section 80LA shall be available to such Unit subject to fulfillment of the conditions contained in the said section.

Explanation to the said sub-section (4) of the proposed section provides that for the purposes of that sub-section, the term “Unit” shall have the same meaning as assigned to it in clause (zc) of section 2 of the Special Economic Zones Act, 2005.

Sub-section (5) of proposed section provides that nothing contained in this section shall apply unless option is exercised in the prescribed manner by the person,-

(i) having business income, on or before the due date specified under sub-section (1) of section 139 for furnishing the
returns of income for any previous year relevant to the assessment year commencing on or after the 1st day of April, 2021 and such option once exercised shall apply to subsequent assessment years;

(ii) having no business income, along with the return of income to be furnished under sub-section (1) of section 139 for an assessment year:

Proviso to said sub-section (5) of the proposed section provides that the option under clause (i), once exercised for any previous year can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the person shall never be eligible to exercise option under this section, except where such person ceases to have any business income in which case, option under clause (ii) shall be available.

Further, CBDT vide circular dated 13.04.2020(copy enclosed) has clarified that, in case any employee intend to opt for the concessional rate under section 115BAC he may intimate the Corporation of such intention and upon such intimation, the Corporation shall compute his/her total income and compute TDS thereon in accordance with the provisions of section 115BAC of the Act. If such intimation is not made by an employee, the Corporation shall compute TDS without considering the provisions of section 115BAC of the Act. The intimation so made cannot be modified during that year.

2. 206C

The section is related to “Tax Collection at source(TCS)”.

In section 206C of the Income-tax Act with effect from the 1st day of October, 2020,—

(I) after sub-section (1F), the following sub-sections shall be inserted, namely:—

(1H) Every person, being a seller, who receives any amount as consideration for sale of any goods of the value or aggregate of such value exceeding fifty lakh rupees in any previous year, other than the goods being exported out of India or goods covered in sub-section (1) or sub-section (1F) or sub-section (1G) shall, at the time of receipt of such amount, collect from the buyer, a sum equal to 0.1 per cent. of the sale consideration exceeding fifty lakh rupees as income-tax:

Provided that if the buyer has not provided the Permanent Account Number or the Aadhaar number to the seller, then the provisions of clause (ii) of sub-section (1) of section 206CC shall be read as if for the words “five per cent.”, the words “one per cent.” had been substituted:

Provided further that the provisions of this sub-section shall not apply, if the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.

Explanation.—For the purposes of this sub-section,—

(a) “buyer” means a person who purchases any goods, but does not include,—
(A) the Central Government, a State Government, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State; or
(B) a local authority as defined in the Explanation to clause (20) of section 10; or
(C) a person importing goods into India or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein;

(b) “seller” means a person whose total sales, gross receipts or turnover from the business carried on by him exceed ten crore rupees during the financial year immediately preceding the financial year in which the sale of goods is carried out, not being a person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.’;

The above amendment i.e. provisions of section 206C(1H) would be applicable w.e.f 01.10.2020 to deduct TCS in case sale exceeding Rs. 50 lacs during the year to a buyer. A seller of goods is liable to collect TCS @0.1 percent on consideration received from the buyer in a previous year in excess of Rs. 50 Lacs. In non PAN/ Aadhaar cases, the rate would be 1 (one) percent.

NOTE: - Text in Italic is extract from Finance Act and regular text is comment/ remarks thereon.