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Newsflash: Certain Significant Amendments Made to the Finance Bill, 2017

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Background

The Finance Bill, 2017 ("the Bill") was introduced in the Parliament on 1 February 2017. Certain amendments have been carried out during the passage of the Bill in the Lok Sabha on 22 March 2017. A gist of significant amendments is as under.

Sr. no.	The Finance Bill, 2017	Amendment to the Finance Bill, 2017
1	Limit of cash transaction slashed from Rs.3 lakh to Rs.2 lakh	
	As per newly proposed section 269T, there was restriction on cash transaction of above Rs.3 lacs. In case of breach, penalty of equal amount is to be levied on a person who receives such sum.	The limit of Rs. 3 lacs has been reduced to Rs. 2 lacs.
2	Removal of TCS on cash sale of jewellery, bullion, goods and services	
	Presently, section 206C, inter alia, provides that the seller shall collect TCS from the buyer at the time of sale of jewellery, bullion, goods or services etc. in cash exceeding Rs. 5 lacs and Rs. 2 lacs as the case may be. In the Bill the restriction on cash transaction above Rs. 3 lacs was proposed. Consequently, TCS provision on sale consideration of jewellery in cash exceeding Rs. 5 lacs was omitted.	As mentioned above, since cash transaction will now be restricted to Rs. 2 lacs, it has now been decided to entirely do away with TCS on cash sale of Jewellery, bullion, goods and services under section 206C(1D) read with section 206C (1E).
3	Aadhaar number made mandatory for obtaining PAN and filing Income Tax returns	
	No such proposal was there in the Finance Bill	It is now proposed to add a new section 139AA. This section requires that every person who is eligible to obtain Aadhaar Number is required to quote Aadhaar Number in (a) PAN application form ;(b) Return of income. Where the person does not possess the Aadhaar Number, the Enrolment ID of Aadhaar application form issued to him at the time of enrolment shall be quoted in the application for permanent account number or, as the case may be, in the return of income furnished by him. Every person who has been allotted PAN shall intimate his Aadhaar Number to the authority which will be notified by the Central Govt. In case of failure to intimate the Aadhaar Number to such authority, PAN allotted shall be deemed to be invalid and it shall also be deemed that the person had not applied for allotment of PAN

Sr. no.	The Finance Bill, 2017	Amendment to the Finance Bill, 2017
4	Exemption of any sum or property received by private trust under newly proposed section 56(2)(x)	
	The bill significantly widened the scope of taxation of Income from other sources by introducing new section 56(2)(x). It applies to every person (including a private trust) who is in receipt of sum or the property without consideration or for inadequate consideration in excess of Rs. 50,000, subject to certain exceptions.	One more item has been added to the list of exemption in respect of private trust. It provides that any sum or property received from an individual by a trust created or established solely for the benefit of relative of the individual shall be exempted from section 56.
5	Amendment to Companies Act, 2013	
	Cap on political donations removed. Donation to be made through account- payee cheques or bank draft or electronic payment	
	As per the existing provisions of the Companies Act, 2013, eligible companies can donate only up to 7.5% of their average profits during the last 3 years to political parties.	Now, this limit of 7.5% of average profit is proposed to be removed
	Also, presently, it is mandatory for the Companies to disclose the name of the political party to whom such donations has been contributed.	The Bill proposes to remove such disclosure requirement. Only the total amount contributed by it needs to be disclosed.
	New provision	A new provision has also been proposed which mandates donation to political parties via account- payee cheques or bank draft or by using the electronic clearing system through a bank account. Further, a provision has been introduced for political donations through any instrument issued pursuant to any notified Scheme. This paves the way for contribution by way of electoral bond.

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This newsflash is general in nature. In this newsflash, we have summarized the significant amendments to the Finance Bill 2017 during its passage in Lok Sabha on 22 March 2017. It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said notification and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

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