**Amendments Proposed by Finance**

**Bill, 2015 in Direct Taxes**

**Measures to curb black money**

 In order to curb generation of black money by way of dealings in cash in immovable

Property transactions, section 269SS is proposed to be amended so as to provide

that no person shall accept from any person, any loan or deposit or any sum of

money, whether as advance or otherwise, in relation to transfer of an immovable

property otherwise than by an account payee cheque or account payee bank draft

or by electronic clearing system through a bank account, if the amount of such loan

or deposit or such specified sum is twenty thousand rupees or more.

 Similarly, section 269T also is proposed to be amended so as to provide that no

person shall repay any loan or deposit made with it or any specified advance

received by it in relation to transfer of an immovable property whether or not

the transfer takes place, otherwise than by an account payee cheque or account

payee bank draft or by electronic clearing system through a bank account, if the

amount or aggregate amount of loans or deposits or specified advances is twenty

thousand rupees or more.

**General Anti Avoidance Rule (GAAR)**

 The implementation of General Anti Avoidance Rule (GAAR) is proposed to be

deferred by two years. Accordingly, it would be applicable for the financial year

2017-18 (A.Y. 2018-19) and subsequent years. Further, it is also proposed that the

investments made upto 31.03.2017 shall not be subject to GAAR.

**Additional Investment Allowance and provisions in respect of additional depreciation**

 A new section 32AD is proposed to be inserted to provide for an additional

investment allowance of an amount equal to 15% of the cost of new asset acquired

and installed by an assessee, if—

(a) he sets up an undertaking or enterprise for manufacture or production of any

article or thing on or after 1st April, 2015in any notified backward areas in the

State of Andhra Pradesh and the State of Telangana; and

(b) the new assets are acquired and installed for the purposes of the said

undertaking or enterprise during the periodbeginning from the 1st April, 2015 to

31st March, 2020.

This deduction shall be available over and above the existing deduction available

under section 32AC of the Act.

 Further, in order to incentivise acquisition and installation of plant and machinery

for setting up of manufacturing units in the notified backward area in the State

of Andhra Pradesh or the State of Telangana, it is proposed to allow higher

additional depreciation at the rate of 35% (instead of 20%) in respect of the

actual cost of new machinery or plant (other than a ship and aircraft) acquired

and installed by a manufacturing undertaking or enterprise which is set up in the

notified backward area of the State of Andhra Pradesh or the State of Telangana

on or after the 1st day of April, 2015.

 To remove the discrimination in the matter of allowing additional depreciation under

section 32(1)(iia) on plant or machinery used for less than 180 days and used for 180

days or more, it is proposed to provide that the balance 50% of the additional

depreciation on new plant or machinery acquired and used for less than 180 days

which has not been allowed in the year of acquisition and installation of such plant

or machinery, shall be allowed in the immediately succeeding previous year.

**Definition of charitable purpose**

 The definition for charitable purpose provided under section 2(15) is proposed to

be amended to include the activity of Yoga as a special category of activity to be

considered as charitable purpose on the lines of education.

 The definition is proposed to be further amended to provide that the advancement

of any other object of general public utility shall not be a charitable purpose,

if it involves the carrying on of any activity in the nature of trade, commerce or

business, or any activity of rendering any service in relation to any trade, commerce

or business, for a cess or fee or any other consideration, irrespective of the nature

of use or application, or retention, of the income from such activity, unless,-

(i) such activity is undertaken in the course of actual carrying out of such

advancement of any other object of generalpublic utility; and

(ii) the aggregate receipts from such activity or activities, during the previous year,

do not exceed 20% of thetotal receipts, of the trust or institution undertaking

such activity or activities, for the previous year .

**Cost of acquisition in the hands of resulting company**

 There is no express provision under the Income-tax Act, with regard to value to

be considered as cost of acquisition of a capital asset in the hands of resulting

company on transfer of capital assets acquired on demerger. Accordingly, section

49is proposed to be amended to provide that the cost of acquisition of an asset

acquired by resulting company shall be the cost for which the demergedcompany

acquiredthe capitalasset as increased by the cost of improvement incurred by

the demerged company.

**Direct Taxes Code**

 Since the jurisprudence under the Income-tax Act is well evolved and a large

number of provisions of the proposed DTC have already been included in the

Income-tax Act, 1961 and the remaining are proposed to be included through the

Finance Bill, 2015, the Government has expressed its resolve of not going ahead

with the DTC.

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