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# THE NEWSLETTER

## UPDATE YOURSELF

### Secured Creditor Can File Winding Up Petition After Obtaining Recovery Certificate

The Hon'ble Supreme Court of India ("**Court**") in a recent case of ***Swaraj Infrastructure Pvt. Ltd. vs. Kotak Mahindra Bank Ltd. [Civil Appeal No. 1291 of 2019, decided on 29.01.2019],*** held that secured creditor can file a winding up petition after obtaining a decree from the Debts Recovery Tribunal ("**DRT**") and a recovery certificate based thereon. The facts before the Court were that Kotak Mahindra Bank Ltd. ("**Bank**") had advanced loans to various companies ("**Borrowers**"). The Borrowers defaulted in repayment and the Bank filed three separate original applications before DRT, to recover the debts. DRT allowed the applications and delivered three separate judgments. Subsequently, the Recovery Officer issued recovery certificates u/s 19(19) of the Recovery of Debts Act, 1993 ("**RDB Act**"). As no payments were forthcoming, the Bank filed winding-up petitions before the Hon'ble High Court of Bombay. The Borrowers challenged this order before a Division Bench of the Hon'ble High Court of Bombay on the ground that once the Bank has obtained decrees from DRT and recovery certificates have been issued thereon, the winding-up petitions were not maintainable and that the exclusive jurisdiction would vest with DRT. The Division Bench did not accept the contentions of the Borrowers and dismissed the appeals. The Borrowers challenged the judgment of the Division Bench before the Court. Borrowers contended that RDB Act is a special statute and, once DRT has been approached under RDB Act, the necessary corollary is that a winding-up petition under the Companies Act, 2013 ("**Companies Act**") would be barred under Sections 17 and 18 of the RDB Act. The Bank argued that the election by the secured creditor giving up its security is at the stage of proof of claims, which stage had not arrived. The Court while dismissing the appeal held that RDB Act would prevail over the Companies Act to the extent of any inconsistency between the two statutes qua recovery of debts due to banks and financial institutions. The Court further held that since winding-up proceedings under the Companies Act are not proceedings for recovery of debts due to banks, the bar contained in Section 18 read with Section 34 of the RDB Act would not apply. The Court also opined that the Bank cannot be said to be blowing hot and cold in pursuing a remedy under the RDB Act and winding up proceedings under the Companies Act simultaneously.

### 10% Reservation for Economically Backward General Category

The Parliament passed the much debated Constitution (One Hundred and Twenty-Fourth Amendment) Bill, 2019 ("**Bill**") with Rajya Sabha's approval on 09.01.2019. The main object and reason behind introducing the Bill is that

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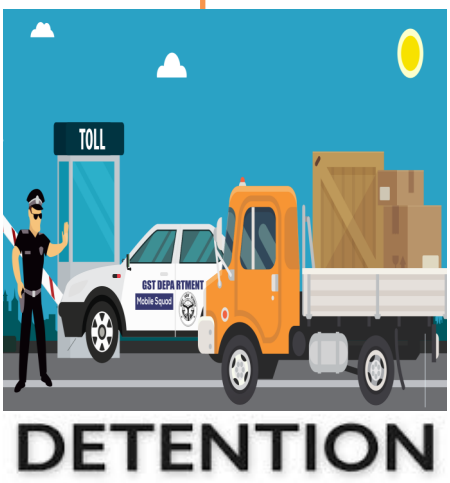
and public employment due to their financial constraints and thus, there is a need to amend the Constitution of India, 1949 accordingly. The Bill envisages giving up to ten percent (10%) reservation in government jobs and educational institutions to economically backward/weaker sections in the general category people. In pursuance to the same, the Constitution (One Hundred and Third Amendment) Act, 2019 added clause (6) to Article 15 (which deals with Prohibition of discrimination on grounds of religion, race, caste, sex or place of birth) and Article 16 (which deals with Equality of opportunity in matters of public employment) of the Constitution of India, 1949 by inserting "special provision for the advancement of any economically weaker sections of citizens". The said Article 15(6) and Article 16(6) enable the State Government to make special provisions for advancement of any economically weaker section of citizens, including reservations in educational institutions and for reservation in appointments subject to a maximum of ten percent (10%) respectively. The term 'economically weaker sections' for the purposes of Article 15 and Article 16 shall mean '*such sections as notified by the State from time to time on the basis of family income and other indicators of economic disadvantage*'. This 10% reservation for economically weaker sections shall be in addition to the existing reservation of 49.5%, i.e., 15%, 7.5% and 27% quotas for Scheduled Castes, Scheduled Tribes and Other Backward Classes respectively.


## Inspecting Squad Officers Cannot Detain Goods in Case of Bonafide Classification Dispute Under GST Law

In the writ petition of ***M/s. Jeyyam Global Foods (P) Ltd. v/s Union of India [WP(MD) No.937 of 2019] decided on 30.01.2019***, the Hon'ble Madras High Court (***"Court"***) held that inspecting squad officers cannot detain goods or conveyance where the dispute is a bona fide dispute regarding exigibility of tax or rate of tax. In the present matter, the petitioner was a manufacturer of dried chickpeas, gram flour, pulses and grams. As per the petitioner, dried chickpeas are exempted from GST. Accordingly, the petitioner had not filed any E-Way bill for transportation of the consignment of dried chickpeas. The consignment was then intercepted by the Squad Officers of GST department, who detained the vehicle by holding that what was transported by the petitioner comes under the classification (fried or roasted grams) and are taxable products. Accordingly, tax with an equal penalty was levied on the petitioner. Aggrieved by this, the petitioner approached the Court and contended that only the jurisdictional Assessing Officer can deal with the classification issues and the Squad Officer has no power to do the same. The Court held that, here a bonafide dispute with regard to the classification has arisen between the transporter of goods and the squad officer. Thus, the squad officer can intercept the goods, detain them for the purpose of preparing the relevant papers for effective transmission to the jurisdictional Assessing Officer. However, it is not open to the squad officer to detain the goods beyond a reasonable period as the process can at best take a few hours. Consequently, the Court held that the final call regarding detention beyond a reasonable period will have to be taken only by the jurisdictional Assessing Officer. Hence, the inspecting squad officers should be directed not to detain goods or vehicles where the dispute is a bona fide dispute regarding exigibility of tax or rate of tax.



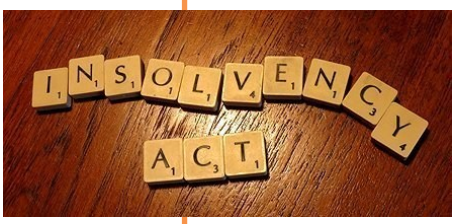
## Copyright Registration of an Art Work Irrelevant for Trademark Registration

The Hon'ble High Court of Delhi ("**Court**") in the case of **M/s. Khushi Ram Behari Lal *vs.* M/S. Jaswant Singh Balwant Singh** [W.P. (C) 7983/2012] decided on 21.01.2019, has to determine as to whether copyright registration of an art work is relevant for ascertaining its use as a trademark. The facts of the case are that the petitioner has been carrying on business under the trademark 'TRAIN' with device of train ("**Trademark**"). The petitioner applied for registration of the Trademark in class 30 of IV Schedule of the then Trade & Merchandise Marks Act, 1958 before the Registrar of Trade Marks in 1993. However, the said application was rejected on the ground that an objection was filed by the respondent which claimed to have been engaged in the business of manufacturing and selling its rice under the trademark 'TRAIN'. Aggrieved by the order, the petitioner approached the Intellectual Property Appellate Board, which upheld the rejection of petitioner's application by relying on the fact that the respondent has copyright registration of the trademark 'TRAIN'. The petitioner challenged the order before the Court. The Court while examining the aforesaid issue held that the copyright registration of an art work of 'TRAIN' to establish its usage by the respondent was irrelevant for the purpose of establishing the use of the Trademark in question. The Court further noted that while deciding the objection under Section 11 of the Trade Mark Act, 1999, the competing trade mark are seen as a whole. The respondent's registration pertains to the word mark 'TRAIN', whereas the petitioner's subject matter Trademark is a label mark having several distinguishing features. Based on the aforesaid reasons, the Court allowed the petition and order to proceed with the registration application filed by the petitioner for registration of the Trademark.

## Income Tax Status of Official Assignee Appointed by the Court Under Insolvency Act

CBDT vide its recent **Circular No. 4/2019 issued on 28th January 2019** has clarified that an official assignee appointed under the Presidency Towns Insolvency Act, 1909 and the Provincial Insolvency Act, 1920 ("***Insolvency Acts***") for realizing property of the insolvent debtor and allocating the same among the creditors shall be treated as a Representative Assessee u/s 160 of the Income-tax Act, 1961 ("***Act***") and thus liable to file Income Tax Return.

The board further clarified that the official assignee shall file the return as an '*artificial judicial person'* as mentioned in clause (vii) of Section 2(31) of the Act and not in any other capacity. Section 2(31) of the Act defines Person as follows:-




*'person' includes—*
*(i) an individual,*
*(ii) a Hindu undivided family,*
*(iii) a company,*
*(iv) a firm,*
*(v) an association of persons or a body of individuals, whether incorporated or not,*
*(vi) a local authority, and*
*(vii) every artificial juridical person, not falling within any of the preceding sub-clauses.*

*Explanation.—For the purposes of this clause, an association of persons or a body of individuals or a local authority or an artificial juridical person shall be deemed to be a person, whether or not such person or body or authority or juridical person was formed or established or incorporated with the object of deriving income, profits or gains;*

The above clarification was required as the Insolvency Act, 1909 in unambiguous terms, provides that an insolvent ceases to have ownership interest in the estate once an order of adjudication is

made under Section 17 of the Insolvency Act. The Board has now clarified that Official Assignee does not receive the income or manages the property on behalf of the debtor declared insolvent due to which he cannot be considered as a 'Representative Assessee' of the debtor while computing the tax-liability of the debtor arising from his estate. However, as property of the insolvent is vested with the Official Assignee as per specific provisions of the Act/Law regulating functioning of the Official Assignee's, they have to be treated as a 'juristic entity' for purposes of the Act. Hence, Official Assignee is required to file Income-tax return in the ITR Form applicable to 'artificial juridical person' separately for each of the estate of the insolvent and the income shall be taxed as per the rates applicable in a particular year to an 'artificial juridical person'. Accordingly, Official Assignees shall be required to obtain separate PAN for each of the estate of the insolvent.

## ITC of Lease Rent Paid During Construction Period of Leasehold Land, Being Capitalized, is Not Available

In the matter of ***GGL Hotel & Resorts Company Ltd. [2019] 101 taxmann.com 138 decided on 08.01.2019***, Authority for Advance Ruling, West Bengal ("**AAR**") held that Input Tax Credit ("**ITC**") shall not be available to the Applicant for lease rent paid during pre-operative period/ construction period for leasehold land on which resort was being constructed on his own account to be used for furtherance of business, when same was being capitalised and treated as capital expenditure. As per the facts of the case, Applicant took a piece of land on 32 years of lease at lease rental to be paid annually. On such land, the Applicant is contemplating a new project, which is to be completed within 2 years from the foundation of the project. Lease rent payable during the said pre-operative period will be capitalized by the Applicant. As per Section 17(5)(d) of the Central Goods and Service Tax Act, 2017 ("**CGST Act**"), ITC is not admissible in relation to goods or services or both received by a taxable person for construction of an immovable property (other than plant & machinery) on his own account including when such goods or services or both are used in the course or furtherance of business. In this regard, the Applicant argued that there is no nexus between service for which lease rent is paid and construction of building, as lease rent is payable whether or not construction is carried out. Thereafter, AAR after analysing Accounting Standard 10, stated that the cost of constructing the immovable asset includes the lease rent paid for right to use the land on which asset is built. Being an integral part of the cost of the constructed immovable property, the lease rental paid for the service of right to use the land is a supply for construction of the said property. AAR negated the argument of the Applicant by observing that construction of the hotel etc. is impossible unless the Applicant enjoys uninterrupted right to use the land. The leasing service for right to use the land is, therefore, a supply for construction of the immovable property. AAR further stated that the prohibition from availing ITC, as provided u/s 17(5)(d) of the CGST Act, is not limited to the civil structure being constructed. It extends to the immovable property in general which includes the supplies received for retaining the right to use and develop the land. Thus, such supplies are essential for construction of the civil structure on the piece of land. AAR also observed that Applicant will admittedly capitalize the lease premium. Therefore, the property is, admittedly being constructed on the Applicant's own account and treated as fixed asset, including the lease rental paid. In light of the above discussion, AAR held that ITC of lease rental paid during construction period, which will be capitalized, is not admissible in terms of Section 17(5)(d) of the CGST Act.

## Executing Court cannot Entertain Objection to Execution of Decree for Want of Territorial Jurisdiction

In the case of ***Sneh Lata Goel vs. Pushplata & Ors. (Civil Appeal No. 116/2019) decided on 07.01.2019***, before Hon'ble Supreme Court of India ("**SC**"), a final decree was passed in the partition suit granting the appellant her share in the schedule property. When the appellant filed proceedings for the execution of the final decree, the first respondent filed an objection under Section 47 of the Code of Civil Procedure ("**CPC**") contending that the final decree was without jurisdiction and therefore a nullity. Although the executing court dismissed the objections of the first respondent, however, the Hon'ble Jharkand High Court ("**High Court**") under Article 227 of the Constitution of India came to the conclusion that the plea of final decree could not be executed on the ground that it had been passed by a court which had no territorial jurisdiction to entertain the partition suit could have been raised under Section 47 of the CPC. Assailing the judgment of the High Court, an appeal was filed before SC under Article 136 of the Constitution of India to determine whether the executing court has the jurisdiction to deal with an objection of territorial jurisdiction? SC observed that Section 21(1) of CPC provides that before raising an objection to territorial jurisdiction before an appellate or revisional court, two conditions must be fulfilled: (i) the objection must be taken in the court of first instance at the earliest possible opportunity; and (ii) there has been a consequent failure of justice. So far as territorial and pecuniary jurisdictions are concerned, objection to such jurisdiction has to be taken at earliest possible opportunity and in any case at or before settlement of issues; although if a court does not have jurisdiction over the subject matter, in such case the judgment would be a nullity. Based on the said observations, SC held that (i) the objection in the present case did not relate to the subject matter of the suit but was an objection to territorial jurisdiction which does not travel to the root of or to the inherent lack of jurisdiction of a civil court to entertain the suit; (ii) an executing court cannot go behind the decree and must execute the decree as it stands; (iii) the High Court was manifestly in error in coming to the conclusion that it was within the jurisdiction of the executing court to decide whether the decree in the suit for partition was passed in the absence of territorial jurisdiction.

## Kerala High Court Upholds VAT Assessments Post-GST

Single judge bench of the Kerala High Court in the case of **Sheen Golden Jewels (India) Pvt. Ltd. vs. the State of Kerala [WP(C). No. 11335 of 2018 decided on 11.01.2019]** held that the proceedings initiated under the Kerala Value Added Tax Act ("**KVAT Act**") after the rollout of GST were constitutionally valid. The petitioners in the case had contended that Entry 54 in List II of the Constitution gave States the power to levy tax on sale of goods, and the KVAT ACT had been enacted under this entry. Since this entry has been deleted w.e.f. the date of enactment of the 101st Constitutional Amendment Act ("**Amendment Act**"), i.e., 16.09.2016, the States no longer had the authority to levy or collect such tax and thus no recovery proceedings under the KVAT Act would be constitutionally valid. They further contended that the savings clause in Section 19 of the Amendment Act provides that laws inconsistent with the GST regime would be operative till only one year from the passing of the Amendment Act, i.e., before 16.09.2017 and after the expiry of this period of one year, no proceedings under the KVAT Act would be sustainable. The Court rejected the arguments of the petitioner and held that the deletion of Entry 54 did not take away the power of the State to impose tax, since the Amendment Act also introduced Article 246A, which provided for simultaneous sharing of power between the Centre and the States, and that in pursuance of such power, Kerala had enacted the Kerala GST Act which saved the power of the State to initiate or continue adjudication and recovery of any previous taxes due from the Assessees. Thus, the Court held that the initiation or continuation of proceedings under the KVAT Act even after 16.09.2017 was constitutionally sound.

# QUICK TAKEAWAYS

- In the CBIC vide ***Order No. 01/2019-GST dated 31.01.2019*** extends the period for submitting FORM GST TRAN-1 till 31.03.2019, for the class of registered persons who could not submit the said declaration by the due date on account of technical difficulties on the common portal and whose cases have been recommended by the GST Council.
- CBIC vide ***notifications dated 29.01.2019*** has notified the CGST Amendment Act, 2018 (except certain Sections) and IGST Amendment Act to be effective from 01.02.2019.
- CBIC vide ***Notification No. 03/2019 – Central Tax dated 29.01.2019*** amended the CGST Rules, thus, now separate registration for multiple places of business within a State or a Union territory can be taken irrespective of qualifying such place of business as separate business verticals.
- Kerala High Court in the ***writ petition No. 680/2019 dated 17.01.2019*** has put hold on the operation of part of Circular No. 76/50/2015-GST dated 31.12.2018 which provides for inclusion of TCS amount collected under Income Tax Act in the value of supply to compute the GST liability.
- In the case of ***HSBC Bank (Mauritius) Ltd. v. DCIT [2019] 101 taxmann.com 206 (Bombay) decided on 14.01.2019***, the Hon'ble High Court held that where assessee during scrutiny assessment claimed benefit of DTAA between India and Mauritius and Assessing Officer accepted such claim making specific mention in order of assessment that assessee is entitled to benefit of DTAA since assessee was carrying on bonafide banking activities in Mauritius, the Assessing Officer could not have re-opened assessment and re-examined issue on ground that assessee did not carry out bonafide banking activities in Mauritius. This would be mere change of opinion and would be impermissible.
- In the case of ***Principal Commissioner of Income-tax v. Manzil Dinesh Kumar Shah [2019] 101*** taxmann.com ***259 (SC) decided on 04.01.2019***, the Hon'ble Supreme Court dismissed the ruling of the Hon'ble High Court that reassessment notice issued under Section 148 of the Income Tax Act, 1961 just to verify information received by Assessing Officer from VAT Department relating to purchase made by assessee from hawala dealers, was not justified.
- In the case of ***Deputy Commissioner of Income-tax v. Jalil Abdulbhai Shaikh [2019] 101 taxmann.com 258 (SC) decided on 03.01.2019***, the Hon'ble Supreme Court dismissed Special Leave Petition filed against the ruling of the Hon'ble High Court that where in return filed in response to reassessment notice, assessee declared undisclosed income found during search and Assessing Officer passed assessment order accepting same then another reassessment notice issued beyond a period of four years was unjustified in absence of any new information or material.
- In the case of ***Commissioner of Income-tax v. Compaq Electric Ltd. [2019] 101 taxmann.com 400 (SC) decided on 03.01.2019***, the Hon'ble Supreme Court dismissed Special Leave Petition filed against the ruling of Hon'ble High Court that waiver of repayment of certain amount in respect of which there was no allowance or deduction claimed by assessee during previous year, amounted to capital receipt not liable to tax under Section 41(1) of the Income Tax Act, 1961.
- The Hon'ble High Court of Gujarat in the case of ***Rakeshbhai Maganbhai Barot vs. State Of Gujarat [R/Special Criminal Application No. 3367 of 2018, decided on 29.01.2019]*** held that just like the witnesses, the accused in a case filed under Section 138 of the Negotiable Instruments Act, 1881 ("**Act**") can also lead evidence by way of an affidavit in terms of Section 145 of the Act.
- In the case of ***ICS Systems (P.) Ltd. v. Commissioner of Income-tax [2019] 102 taxmann.com 131 (Delhi) decided on 10.01.2019***, the Hon'ble High Court of Delhi held that loss incurred in transactions of purchase of plot due to forfeiture by State Industrial Development Corporation of part of advance deposit would be capital loss.

# KNOWLEDGE CENTRE

## Frequently Asked Questions on Labour Laws

**Q. 1. What are the main provisions of Equal Remuneration Act, 1976?**

**Ans.** The Equal Remuneration Act, 1976 provides for the payment of equal remuneration to men and women workers and for prevention of discrimination, on the ground of sex, against women in the matter of employment and for matter connected there with of incidental thereto.

**Q. 2. On which type of establishment the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("BOCW Act") is applicable?**

**Ans.** The BOCW Act is applicable on every establishment which employs, or had employed on any day of the preceding 12 months, 10 or more building workers in any building or other construction work.

**Q. 3. What is the minimum number of workmen to obtain labour license under the Contract Labour (Regulation and Abolition) Act, 1970 ("Contract Act")?**

**Ans.** License under the Contract Act is required by: (i) establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour; (b) contractor who employees or who employed on any day of the preceding 12 months 20 or more workmen.

**Q. 4. What is the eligibility criterion for payment of gratuity to workmen?**

**Ans.** As per the Payment of Gratuity Act, 1972, gratuity is payable to employees on the termination of his employment after he has rendered continuous service for not less than 5 years or on his superannuation or on his retirement or resignation or on his death or disablement due to accident or disease. However, completion of continuous service of 5 years shall not be necessary in case of death or disablement.

**Q. 5. When is employment of women prohibited under the Maternity Benefit Act, 1961?**

**Ans.** During 6 weeks immediately following the day of her delivery or her miscarriage employment of women prohibited under the Maternity Benefit Act, 1961.

**Q. 6. What is standing order and criteria for applicability of the Industrial Employment (Standing Orders) Act, 1946 ("Standing Order Act")?**

**Ans.** Standing order is a statement defining the conditions of employment in an establishment and the Standing Order Act is applicable to industrial establishment wherein 100 or more workmen are employed.

**Q. 7. What categories of establishment on which the Payment of Bonus Act, 1965 is applicable?**

**Ans.** Every factory and every establishment in which 20 or more persons are employed on any day during an accounting year will be covered under the Payment of Bonus Act, 1965.

**Q. 8. When bonus becomes payable under the Payment of Bonus Act, 1965?**

**Ans.** Bonus becomes payable within a period of 8 months from the close of the accounting year.

**Q. 9. What is the meaning of child under the Child Labour (Prohibition and Regulation) Act, 1986?**

**Ans.** Child means a person who has not completed his 14 year of age.

**Q. 10. What are the occupations where employment of child is prohibited?**

**Ans.** No child shall be employed or permitted to work in any of the occupations set forth in Part A of the Schedule of the Child Labour (Prohibition and Regulation) Act, 1986 or in any workshop wherein any of the processes set forth in Part B of the Schedule of the Child Labour (Prohibition and Regulation) Act, 1986 is carried on.

# EDITORIAL

## *Amendments Proposed by the Interim Budget 2019-20 in Income-tax Act, 1961*

### *- By Girija M Singh, Chartered Accountant*

The Interim Budget for the year 2019-20 was presented by Mr. Piyush Goyal, Minister of Finance in the Lok Sabha on 01.02.2019. He highlighted structural reforms undertaken by the Modi Government in last five years through various government schemes and programs. He proposed some direct tax proposals through the Finance Bill, 2019 ("Bill"). The object of this Bill is to continue the existing rates of income-tax for the financial year 2019-20 and to provide certain relief to taxpayers. The Bill has been passed by the Lok Sabha on 12.02.2019. Highlights of the Bill are as under:

- The rates of income-tax which are specified for the purposes of charging income-tax in case of all assessees during the financial year 2018-19, are proposed to be continued for the purposes of assessment for the F.Y. 2019-20.

- The Bill seeks to amend Section 87A of the Income-tax Act, 1961 ("Act"). Currently, as per the said section, where total income of individual tax payers is up to Rs. 3,50,000 then rebate of Rs. 2,500 from the tax payable is allowed. The Bill seeks to provide relief to the individual tax payers by increasing the rebate amount as well as the total income upto which rebate can be claimed. It is proposed that where total income of individual tax payers is up to Rs. 5,00,000 then rebate of Rs. 12,500 shall be allowed. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**
  It should be noted that the benefit has been provided by way of rebate and not by increasing the maximum amount not chargeable to tax. Accordingly, no benefit has been provided to resident individuals having total income exceeding Rs. 5,00,000.

- The Bill seeks to amend Section 16(ia) of the Act. Clause (ia) to Section 16 of the Act was inserted by the Finance Act, 2018 and the said section provides standard deduction of Rs. 40,000 to salaried taxpayers. Prior to Finance Act, 2018, deduction was provided with respect to transport allowance and medical reimbursement, however, the said deductions were subsumed in the standard deduction of Rs. 40,000. The Bill seeks to provide relief to the salaried taxpayers by way of proposing to increase the amount of the said standard deduction from the existing limit of Rs. 40,000 to Rs. 50,000. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- The Bill seeks to amend Section 23 of the Act. As per Section 23(2) of the Act, where an assessee has a house or part of house and such house is used for his own residence or the house cannot be occupied due to employment or business or profession at any other place, then Gross Annual Value (GAV) of such house is taken to be Nil. The said section gives benefit of considering GAV to be Nil only in respect of a single house. The Bill seeks to amend Section 23 of the Act so as to provide relief to the taxpayer. In the Bill, it is proposed that an option to claim GAV to be Nil shall be available with respect to any two houses, declared as self-occupied, instead of one such house as currently provided. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- Further, the Bill seeks to provide relief to taxpayers with respect to notional rent computed with respect to house property held as stock-in-trade. As per Section 23(5) of the Act, where property consisting of any building or land appurtenant thereto is held as stock-in-trade and property is not let out during the F.Y., Annual Value of such property is taken to be Nil up to 1 year from

the end of the F.Y. in which certificate of completion of construction is obtained. The Bill has proposed that said benefit shall now extend up to 2 years from the end of the F.Y., in which the certificate of completion of construction is obtained. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- The Bill seeks to amend Section 24 of the Act. As per the said section, deduction is provided with respect to interest on borrowed capital taken in respect of property referred in Section 23 (2) of the Act. Currently, deduction up to Rs. 30,000 can be claimed where property is acquired, constructed, repaired, renewed or reconstructed with borrowed capital and deduction up to Rs. 2,00,000 can be claimed where property is acquired or constructed with capital borrowed and such acquisition or construction is completed within 5 years from the end of the F.Y. in which capital is borrowed. In light of the proposed amendments in Section 23 of the Act, it is proposed that deduction in respect of interest on borrowed capital shall be allowed in respect of two residential house properties. Further, it is proposed that aggregate of deduction in respect of two residential house properties u/s 24 of the Act shall not exceed Rs. 2,00,000. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- The Bill seeks to amend Section 54 of the Act. As per the said section, when an individual/ HUF sells a long-term capital asset being a residential house in India and buys or constructs a single residential house in India, benefit u/s 54 of the Act is available. It is proposed that the benefit u/s 54 of the Act shall now be available with respect to two residential houses instead of one residential house as currently provided. However, the said benefit can be availed only if the amount of capital gains does not exceed Rs. 2 Crores. Also, an assessee can opt for this benefit only once in a lifetime. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- The Bill seeks to amend Section 80-IBA of the Act so as to boost the supply of affordable houses. As per the said section, deduction is provided in respect of profits and gains derived from the business of developing and building housing projects. One of the condition to claim deduction u/s 80-IBA of the Act is that the housing project should be approved by the competent authority after 01.06.2016 but on or before 31.03.2019. It is proposed to extend the time limit for approval till 31.03.2020. **[w.e.f. 01.04.2020 (A.Y. 2020-21 onwards)]**

- The Bill seeks to amend Section 194A of the Act. As per the said section, tax is required to be deducted at source on interest income other than interest on securities. As per the said section, if interest other than interest on securities is paid by (i) Banking Company (ii) Co-operative society engaged in carrying on the business of banking (iii) Post Office, then tax shall not be deducted at source if the interest amount is upto Rs. 10,000. It is proposed to amend Section 194A of the Act so as to ease the burden of compliance by way of increasing the said threshold limit of Rs. 10,000 to Rs. 40,000.

- The Bill seeks to amend Section 194I of the Act. As per the said section, tax is required to be deducted at source on rental income if the amount of rent paid or credited is upto Rs. 1,80,000. It is proposed in the Bill to increase the existing limit of Rs. 1,80,000 to Rs. 2,40,000.

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