



**Damania & Varaiya**  
Chartered Accountants

## TAX ALERT

### **Amendment to the Finance Bill 2017**

The Government tabled the Finance Bill 2017 with certain amendments in the Lok Sabha for approval which was passed. The President also gave his assent on 31<sup>st</sup> March 2017. The amendments to the Finance Bill 2017 are as follows:

#### **Restriction on applicability of Section 56 (2)(x):**

- The Bill had proposed to insert Section 56(2)(x) to tax sum of money or property received without consideration or for inadequate consideration was made applicable to all categories of persons.
  - ✓ It is now proposed to exempt from the aforesaid provision in respect of any sum or property from an individual to the trust created or established solely for the benefit of a relative of the individual.
  - ✓ This is a welcome change since it removes the anxiety of a lot of people on increased tax liability on succession planning through family trusts.

#### **Mandatory requirement of quoting Aadhaar Number in the PAN application AND return of income:**

- ✓ It is proposed to insert a new section 139AA which states that any person who is eligible to obtain Aadhaar Number on or after 1<sup>st</sup> July 2017 shall quote the Aadhaar Number in the application of PAN as well as Return of Income
- ✓ It further states that every person who has been allotted PAN as on 1<sup>st</sup> July 2017 and who is eligible to obtain Aadhaar Number shall intimate the same to the prescribed authority in a prescribed form and manner on or before the date to be notified in official Gazette.

### **Restriction on Cash transactions:**

- The Bill had proposed to insert Section 269ST to restrict transactions in cash. It was proposed that no person shall receive an amount of Rs. 3 Lakhs or more:
  - a) From one person in a single day or
  - b) From a single transaction or
  - c) In respect of transactions relating to one event or occasion from a person.
- ✓ It is now proposed to reduce the threshold limit of cash transactions from Rs. 3 Lakhs to Rs. 2 Lakhs.
- ✓ For contravention of this section, the penalty will be equal to the amount of such receipt.
- ✓ This is in line with the continuous efforts of the Government to discourage cash transactions and encourage transactions through digital mode.

### **TCS on cash transactions omitted:**

- The Bill had proposed to delete Tax Collection at Source (TCS) on purchase of jewellery in cash for an amount exceeding Rs. 5 Lakhs. However TCS on purchase of bullion and other goods in cash for an amount exceeding Rs. 2 Lakhs was proposed to be continued.
- ✓ It is now proposed to delete even the applicability of TCS on purchase of bullion and other goods through cash payments.

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