

FINANCE BILL 2021 passed on 23rd March, 2021

Direct Tax Amendments – A Synopsis

1. **Exemption from filing income tax returns for senior citizens (75 years and above)** who only have pension and interest income. The payee bank to deduct the necessary tax on their income.
2. **Amendments in time limits for assessments**
 - Time-limit for re-opening of assessment reduced to 3 years from the present 6 years.
 - Time limit for re-opening of the assessment up to 10 years, only where there is evidence of concealment of income of Rs. 50 lakh or more in a year.
 - Time limit for completion of scrutiny assessments reduced from 12 months to 9 months.
3. **Dispute Resolution Committee for small tax payers** having a taxable income up to Rs. 50 lakh and disputed income up to Rs. 10 lakh.
4. **NRIs to get relief** from difficulties due to difference in fiscal year and claim of foreign tax credit.
5. **Income Tax Appellate Tribunal (ITAT) to be made faceless.** Where personal hearing is needed, it shall be done through video-conferencing.
6. **Increase in limit for tax audit compliance** from Rs. 5 crore to Rs. 10 crore for persons where business transactions in cash are less than 5 per cent.
7. **Reduction in time limit for filing Belated return** of income tax by three months.
8. **Late Deduction for payment of employee's contribution to a fund by employer** after due date to be disallowed.
9. **Relief for Dividend**
 - Payment to Real Estate Investment Trust (REIT) / Infrastructure Investment Trust (InvIT) to be exempt from TDS.
 - Advance tax liability for dividend income only after declaration of dividend.
10. **Withholding tax** on payment of made to Foreign Institutional Investors allowed to be made at lower treaty rates.
11. **Tax holiday for start ups extended** by one more year.
12. **Turnover limit for exemption under section 10(23C)** for educational and medical trusts increased from Rs. 1 crore to Rs. 5 crores.