

# IT UPDATE DOCUMENTS DIRECT TAX UPDATES

# 2021

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## DIRECT TAX UPDATES

### EXECUTIVE SUMMARY

Income Tax department has given certain critical updates in the recent periods. The said document covers all the notifications released in the recent periods.

### UPDATES

#### Notification 31/2021: Income Tax Ninth Amendment Rules

Every assessee which is a part of an international group is required to furnish Report under Form 3CEAD if the total consolidated group revenue of the international group exceeds Rs.5,500 crores. The said limit of Rs.5,500 crores has been revised to Rs.6,400 crores.

#### Notification Number 29/2021:

Revised DTAA agreement between **Islamic Republic of Iran and India** has been signed by both the countries.

#### Notification 28/2021 : Income Tax Eighth Amendment Rules

A new rule has been inserted which states that the tax audit report in Form 3CA/3CB can be revised by the assessee by getting it revised from the chartered accountant and furnish it before the **end of the relevant assessment year** for which the report pertains, if there is payment by the assessee after furnishing of report under sub rule (1) and (2) which necessitates recalculation of disallowance under section 40 or section 43B. As per the Finance Act, 2020, the audit report is to be furnished a month before the due date of filing of return of income. To give the benefit of claiming the expenses incurred and paid after filing of the audit report but before filing of return of income the new rule is inserted whereby the assessee's can now file revised audit report by getting the same revised from the chartered accountant. The main reason necessitating revision under Section 40 and 43B are:

**Section 40** – Payment of tax deducted/collected at source within due date of filing of returns.

**Section 43B** - payment of leave encashment, PF/ESI/any taxes, gratuity, interests, bonus/commission to employees within due date of filing of returns.

**Notification 21/2021 Income Tax seventh Amendment Rules** – Income tax returns for the AY 2021-2022 has been notified. There are no major changes from the returns notified for the AY 2020-2021.

#### Notification 19/2021 – Income Tax Sixth Amendment Rules

New rules have been notified by the government for application for the purpose of **grant of approval** of a fund or trust or institution or university or any hospital or other medical institution under clause (i) or clause (ii) or clause (iii) or clause (iv) of first proviso to clause (23C) of Section 10.

New forms viz Form 10A and Form 10AB have been introduced which requires the assessee to submit requisite documents and must be furnished electronically under digital signature.

On receipt of an application in Form No. 10A/10AB, the income tax department shall pass an order in writing granting approval in Form No. 10AC and issue a sixteen-digit alphanumeric Unique Registration Number (URN) to the applicants making application as per clause (i) of the sub-rule (1).

New form, Form 3CF replacing earlier forms Form 3CF-I and 3CF-II have been notified for assessee's filing application for grant of approval of claiming deduction for undertaking scientific research under Section 35(1)(ii) and 35(1)(iii) of the Income Tax Act 1961. The new Form 3CF is to be furnished electronically under digital signature.

New form, Form 10A has been inserted to be filed under fifth proviso to sub-section (1) of section 35 by a research association, university, college or other institution referred to in clause (ii) or clause (iii) or the company referred to in clause (ia) of said sub-section. As mentioned above, the forms are to be filed electronically under digital signature and upon filing the same, the income tax department shall issue a sixteen digit Unique Registration Number to the applicant.