

June 2021

I. CASE LAWS

Income Tax

Search and seizure--Assessment under section 153A--
Validity--No independent application of mind by Jt. CIT before granting approval under section 153D

Asstt. CIT v. Mittal Roadways (P) Ltd Dt. 4 March, 2021

Facts of the case:

Assessee challenged validity of assessment framed under section 153A on the ground that Jt. CIT without going to the material available on record including draft assessment order approved only for technical requirement under section 153D.

Held: *Correspondence between AO on one hand and the Joint Commissioner on the other hand and letter addressed by the Jt. CIT to the CIT clearly showed that it was at the stage of discussion and the Jt. CIT could not able to make his mind. Ultimately, he simply said that due to shortage of time as he was holding charges for six ranges, it was not possible for him to go into the material deep, therefore, he approved the proposal technically as required under section 153D, immediately, after AO brought to his notice that assessment was getting time-barred. Thus, it was obvious that Jt. CIT had not applied his mind before according approval and accordingly, assessment was quashed as invalid.*

Conclusion: As Jt. CIT had not applied his mind before according approval under section 153D, section 153A assessment was quashed as invalid.

Decision: In assessee's favour.



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UPDATES AND NOTIFICATIONS

A. Update from CBDT on ITR forms

June, 02nd 2021

The Central Board of Direct Taxes (CBDT) notified the instructions are guidelines to help the taxpayers for filling the particulars in ITR-1 SAHAJ, ITR-2, ITR-3 ITR-4, ITR-5, ITR-6, & ITR-7, for the Assessment Year 2021-22 relating to the Financial Year 2020-21.



The CBDT has not made significant changes to ITR forms in comparison to last year to help the taxpayers in view of the ongoing crisis due to the COVID pandemic. There is no change in the manner of filing of ITR Forms as compared to last

year either, the tax body further mentioned.

Form ITR-1 Sahaj is a simple form mostly filed by a large number of small and medium taxpayers, which can be filed by an individual having income up to Rs 50 lakh and who receives income from salary, one house property, or other sources, like interest, etc.

Similarly, **ITR-4 Sugam** can be filed by individuals, Hindu Undivided Families (HUFs), and firms (other than limited liability partnerships (LLPs)) with total income up to Rs 50 lakh and income from business and profession computed under the presumptive taxation provisions.

ITR-2 can be filed by the Individuals and HUFs that do not have income from business or profession, and are not eligible for filing ITR-1 Sahaj.

Taxpayers earning from business or profession can file Form ITR-3.

Taxpayers other than individuals, HUFs and companies, i.e. partnership firms, LLPs etc., can file Form ITR-5.

ITR-6 can be filed by the companies. Trusts, political parties, charitable institutions, etc., claiming exemption income under the Income-Tax Act will have to file ITR-7.

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A. Others:

- **Redemption of credit card reward point is a taxable income: US Court**

In an interesting ruling, the United States Tax Court held that the redemption of credit card reward points, which are earned from buying 'cash equivalents', shall be liable to tax. The Court held that reward received in connection with the purchase of gift card constitutes rebate. However, buying money order and reloading cash into debit cards is nothing other than cash transfers.

- **No disallowance if interest amount was actually paid and not converted into loan or borrowing:ITAT**

INCOME TAX : Where interest amount had actually been paid by assessee through overdraft/cash credit account and same had not been converted into loan or borrowing (or) loan or advance, disallowance of interest under section 43B(d)/(e) read with Explanation 3D could not have been made

- **Analysis of Family Settlement aka Family Arrangement**

Family Settlement or Family Arrangement, as it is also called, is a device by which disputes between family members as to their respective property rights are settled.

- **CBDT notifies rule for computation of FMV of Capital Assets for section 50B**

The Finance Act, 2021 has amended Section 50B(2) to provide that the FMV of capital assets (being an undertaking or division transferred by way of slump sale) as on the date of transfer shall be calculated in the prescribed manner. Such FMV shall be deemed to be full value of the consideration received or accruing as a result of transfer of such capital asset. Now the board has notified Rule 11UAE for computation of FMV.

- **Set off and carry forward of Losses - Certain Issues**

Income Tax is leviable on income and income would obviously mean net income or real income. Total income as defined u/s. 5 of the Act implies aggregation of income from one or more sources after deducting therefrom losses from one or more sources, subject of course to the specific provisions of law.

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B. CBDT extends timelines of certain compliance in view of severe pandemic

CBDT provides relaxation in respect of due dates for various tax due to COVID 19 pandemic vide Circular No.9 of 2021 dated 20 May ,2021.

The following is a snapshot of the extended due dates:



SI No	Compliances	Original Due Date	Due date given effect to
1	Furnishing of Statement of Financial Transactions (SFT) under Rule 114E of the Income Tax Rules, 1962	31/05/2021	30/06/2021
2	Furnishing of Statement of Reportable Account under Rule 114G of the Income Tax Rules, 1962	31/05/2021	30/06/2021
3	TDS/ TCS Return for quarter ending March 2021	31/05/2021	30/06/2021
4	Issuance of Form 16 for FY 2020-21	15/06/2021	15/07/2021
5	Furnishing TDS/TCS Book adjustment Statement in Form No.24G for the month of Maay,2021	15/06/2021	30/06/2021
6	The Statement of Deduction of Tax from contributions paid by the trustees of an approved superannuation fund for the FY 2020-21	31/05/2021	30/06/2021
7	The Statement of Income paid or credited by an investment fund to its unit holder in Form No 64D for the FY 2020-21	15/06/2021	30/06/2021

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8	The Statement of Income paid or credited by an investment fund to its unit holder in Form No 64C for the FY 2020-21	30/06/2021	15/07/2021
9	Filing of ITR for FY 2020-21 for non audit cases	31/07/2021	30/09/2021
10	Furnishing of report of audit for FY 2020-21	30/09/2021	31/10/2021
11	Furnishing of Transfer Pricing Study Report under section 92E of the Act for FY 2020-21	31/10/2021	30/11/2021
12	Filing of ITR for person filing Tax Audit report for FY 2020-21	31/10/2021	30/11/2021
13	The due date of furnishing of Return of Income for person filing Transfer Pricing Report for the FY 2020-21	30/11/2021	31/12/2021
14	Filing of belated/revised ITR for FY 2020-21	31/12/2021	31/01/2022