

Income Tax Newsletter

June 2023

CBDT amends rules to incorporate new tax regime and notifies new Form 10IEA

CBDT has issued notification 43/2023 dated 21st June 2023 and has notified New Form 10IEA for Opting & withdrawing from New Tax regime for FY 23-24.

The notified Form 10IEA for opting in/ opting out/ re-entering of 115BAC for individuals/ HUFs/ AOPs/ BOIs/ artificial persons – to be filed within due dates u/s 139(1) in case of a person having income from business or profession and person not having income from business or profession. The form shall be furnished electronically under digital signature or by electronic verification code.



Income Tax Slab	Tax rate
Up to Rs.3 lakh	Nil
Above Rs.3 lakh to Rs.6 lakh	5% of the total income
Above Rs.6 lakh to Rs.9 lakh	10% of the total income
Above Rs.9 lakh to Rs.12 lakh	15% of the total income
Above Rs.12 lakh to Rs.15 lakh	20% of the total income
Above Rs.15 lakh	30% of the total income



CASE LAWS

Foreign travel expenditure incurred for obtaining donations is allowable.

Case name- Agastya International Foundation Vs ACIT (ITAT Bangalore)

Appeal Number: ITA No. 289/Bang/2023

Date of Judgement/Order: 31/05/2023

Facts- Assessee is a charitable trust registered u/s. 12A of the Act, and had incurred foreign travel expenses. Assessment u/s. 143(3) of the Act was completed by making disallowance of expenditure incurred on foreign travel.

Held- The ITAT held that since the assessee has applied the income for charitable purposes in India, the mere fact that the expenditure has been incurred out of India, does not disqualify the expenditure from exemption under Section 11(1)(a). Since the donations received are utilized for charitable purpose, the foreign travel expenses incurred for obtaining the above said donations is to be allowed as an expenditure.

No penalty is leviable under Section 271C on the mere delay in remittance of TDS after the same has been deducted by the assessee.

Case name -US Technologies International P. Ltd. Vs. The Commissioner of Income Tax

Appeal Number. 12581260/ 2019

Date of Judgement/Order: 10/04/2023

Facts- The assessee, engaged in a software development business at Techno Park, Trivandrum which employed about 700 employees, deducted tax at source (TDS) in respect of salaries, contract payments, etc., totalling Rs. 1,10,41,898/ for the assessment year (AY) 200304. In March, the assessee remitted part of the TDS being Rs. 38,94,687/ and balance of Rs. 71,47,211/ was remitted later. Thus, the period of delay ranged from 05 days to 10 months. A survey was conducted by the Revenue at assessee's premises and it was noted that TDS was not deposited within the prescribed dates under Income Tax Rules (IT Rules) and hence, levied penal interest of Rs. 4,97,920/ for the period of delay in remittance of TDS. Also, the Additional Commissioner of Income Tax issued a show cause notice proposing to levy penalty under Section 271C of the amount equal to TDS. The assessee replied to the said show cause notice and another order was passed levying penal interest of Rs.22,015. The ACIT vide order under section 271C levied a penalty of Rs. 1,10,41,898/ equivalent to the amount of TDS deducted for AY 200304. That order of

Additional CIT levying the penalty under Section 271C came to be confirmed by the High Court by the impugned judgment and order. The High Court vide impugned judgment and order has dismissed the appeal preferred by the assessee by holding that failure to deduct/remit the TDS would attract penalty under Section 271C of the Act, 1961.

Held- The Supreme Court set aside the Kerala High Court's order where it had upheld the levy of penalty under Section 271C for belated remittance of TDS.

The Supreme Court ruled that no penalty is leviable under Section 271C on the mere delay in remittance of TDS after the same has been deducted by the assessee. The Court has held that the relevant words used in Section 271C(1)(a) are "fails to deduct", and the same does not speak about belated remittance of the TDS - The Court ruled that the words "fails to deduct" occurring in Section 271C(1)(a) cannot be read as "failure to deposit/ pay the tax deducted", while adding that the consequences of non-payment/belated remittance of the TDS are specifically provided by the Parliament under Sections 201(1A) and 276B of the Income Tax Act and sec. 271C would not be applicable ; Penal provisions are always required to be construed strictly and literally.

