National Update

Online Tax Refunds Reduced Hardships of I-T Assesses: PM

Prime Minister Narendra Modi has said online refunds had reduced the hardships of the income tax assesses. Personal income tax refunds of ₹14,332 crore had been issued till August 5 of this financial year. "There is a class in the country, especially the middle class and the upper middle class, who is more troubled with income-tax officials than the police. I have to change this situation, I am trying and I will change it," he said from the ramparts of the Red Fort. He said there was a time when an honest taxpayer would pay his income tax, even pay extra two rupees so that he does not face any problem. But, once the tax was deposited, he would face difficulties in getting refund, Modi said. "Now, we have introduced a system of online refund. Refund is done within a time frame of one to three weeks," the prime minister said. If refunds of both corporation tax and personal income tax are taken into account, ₹64,181 crore have been refunded during April-July, 2016, which is 10.43% higher than the refunds issued during the corresponding period last year.

(***Source:*** *www.financialexpress.com)*

You Turn a Year Older on Day Before Birthday: CBDT

The Central Board of Direct Taxes has decided that, for tax purposes, a person would be deemed to have attained a certain age on the day preceding their birthday, rather than on the birthday itself. The issue is of importance to those turning 60 or 80 years of age on April 1, since those two ages bring with them income tax exemptions applicable to senior and very senior citizens, respectively. The questions arose as to whether a person whose 60th birthday is on April 1 has completed 60 years of age on March 31 or on April 1. "The Central Board of Direct Taxes, in the exercise of powers under section 119 of the Act, hereby clarifies that a person born on April 1 would be considered to have attained a particular age on March 31, the day preceding the anniversary of his birthday," the CBDT said in a circular. While acknowledging that there is no specific provision to decide this in the Income Tax Act, the CBDT cited a Supreme Court judgement (*Prabhu Dayal Sesma vs. State of Rajasthan &, another 1986*) as the basis for its decision.

(***Source:*** *http://www.business-standard.com/)*

CBDT Seeks Suggestions on Draft Rules on Income from Buy Back of Unlisted Share by a Company

The income tax department, which falls under the jurisdiction of the Ministry of Finance has issued draft rules for prescribing the manner of determination of amount received by the company in respect of a share under Section 115QA of the Income-tax Act, 1961. In a media release, the office of the spokesperson of the Central Board of Direct Taxes (CBDT), said that under Section 115QA of the Income Tax Act, 1961, additional income tax at the rate of 20 percent is levied on the distributed income arising out of buy back of an unlisted share by the company. The CBDT statement said that the Finance Act, 2016 has amended the definition of "distributed income", with effect from June 1, 2016, to mean the consideration paid by the company on buy back of shares as reduced by the amount, which was received by the company for issue of such shares, determined in the manner as may be prescribed.

(***Source:*** *www.profit.ndtv.com)*

Government Notifies Revised Tax Treaty with Mauritius

Government has notified the revised tax treaty with Mauritius under which India will impose capital gains tax on investments routed through the island nation from April 1 next year in a bid to curb tax evasion. The protocol amending the agreement between India and Mauritius, signed on August 24, 1982 for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains and for the encouragement of mutual trade and investment, was signed at Mauritius on May 10, 2016. India and Mauritius had signed the revised Double Taxation Avoidance Convention (DTAC) after prolonged negotiations at Port Louis. Under the amended treaty with Mauritius, for two years beginning April 1, 2017, capital gains tax will be imposed at 50 per cent of the prevailing domestic rate. Full rate will apply from April 1, 2019. This concessional rate would however apply to a Mauritius resident company that can prove that it has a total expenditure of at least ₹27 lakh in that nation and is not a 'shell' company with just a post office address. As per the revised treaty, investments made prior to April 1, 2017, will be protected from new tax provisions.

(***Source:*** *Press Information Bureau)*