



DTRTI NEWSLETTER

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TRAINING NETWORK RELATED NEWS



Shri G.N. Raghavendra Rao, IRS, JCIT delivered the valedictory address during the Orientation Course for Newly Promoted ITIs



Shri G. Mannan, Addl. Director (Systems) delivered the inaugural address during the Orientation Course for Newly Promoted ITIs



Shri T. Muralidharan IRS, ACIT in a session on S & S procedures during the Special Program for Officers posted in Systems & Hindi Cell



Shri A. Venkatraman, ITO handled a session on judicial aspects during the Special Program for Officers posted in Systems & Hindi Cell

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राजभाषा स्कंध

TOPIC FOR THE WEEK

DEEMED INCOME AND ITS TAXABILITY UNDER SECTION 115BBE AT SPECIAL FLAT RATES, WITH PENALTY UNDER SECTION 271AAC

Compiled & Provided by Shri S. Suresh Kumar, IRS, Addl.CIT (Retd)

Chapter VI of the Act, which deals with 'Aggregation of Income and set off or carry forward of losses' *inter alia*, contains six sections 68, 69, [69A and 69B,] [69C] and [69D]. These sections by fiction hold the transactions mentioned therein, if treated as unexplained by the AO as to its 'nature and source', either for want of explanation or an explanation in the opinion of the AO not satisfactory, as deemed income of the assessee and brought to tax as such independent of the provisions applicable for computation of income under each head as specified in section 14. Barring section 69D, rest of the sections require the AO to call for an explanation for the nature and source of transactions (except section 69C where the taxpayer has to explain only the source).

Definition of 'income' u/s.2(24) is an inclusive one, which includes both real income and deemed income under various provisions of the Act. The list does not make any reference to the unexplained transactions deemed to be income dealt with by the above six sections in Chapter VI. This is because, they acquire the characteristics of deemed income under circumstances mentioned in these sections.

Brief analysis of these sections to differentiate the finer points is presented as under:

The above sections envisage calling for an explanation from the assessee as to the nature and source of the transaction and its validation by the AO as satisfactory or

otherwise.

Reference to Books of accounts:

- Section 68 and section 69B can be invoked **only when there are books of accounts and the referred transactions find a place therein;**
- Section 68 refers to books in the books of an assessee maintained for any previous year;
- Section 69B refers to in the books of account, if any, maintained by the assessee for any source of income;
- Section **69 and 69A** also refer to the '**books**' maintained by the assessee for any source of income with qualification '**if any**' meaning if at all and with no requirement that books are to be maintained by the assessee for invoking the section;

What the AO has to hold while making additions under each of these sections:

The AO has to hold that the assessee has not offered any explanation either as to the nature and source or the explanation offered by him is in his opinion not satisfactory and therefore the transactions constitute deemed income in the hands of the assessee. The said satisfaction should not be whimsical or arbitrary but reasoned.

Section 68: Cash credits

The section refers to any sum found credited in the books maintained by the assessee for any previous year.

Cash credit does not mean credit by way of cash alone but by other modes also.

Assessee must explain the **source and credit** of the sum credited; Onus is on the assessee to prove and gets shifted to the revenue only when the onus gets fully discharged at the end of the assessee.

Double onus i.e. onus is also on the part of the person in whose name the sum is credited if the sum credited is by way of share application money, share premium, share capital and by whatever name called. Dual party onus i.e. source of source is insisted, if the following conditions are satisfied

The conditions are:

1. Assessee is a company in which public are not substantially interested;
2. The share holder is a resident shareholder;
3. The company is not a venture capital fund or venture capital company [clause (23FB) of section 10]

The bottom line is that the sum so credited may be charged to income-tax as the income of the assessee of that previous year.

Maintenance of books of accounts is the first condition to be satisfied before invoking section 68. The expression used books of accounts of the assessee maintained for any previous year and therefore the mirror image of the assessee in the books of a bank cannot constitute books of accounts as envisaged by the Act.

Credits of earlier years brought forward this year cannot be the subject matter of addition u/s.68 in the relevant assessment

year. Credits however introduced on the first day of the previous year not appearing at the close of the accounting year can be roped in (squared up transactions during the year). During the course of investigation into fresh credits if the assessing officer derives material relating to earlier years credit, the right course is to reopen the proceedings of the relevant earlier year to necessary action.

Caution has to be exercised in the case of assessee being a newly constituted firm and any credits in the books by way of capital contribution can be examined only in the hands of the individual partners and not in the hands of the firm.

Section 69: Unexplained investments:

Revenue must find the assessee having made investments. Such investments are not recorded in the books maintained, if any, for any source of income, Assessee must explain the nature and source of such investments.

If not the ***value of the investments may be deemed to be the income of the assessee of such financial year.***

Section 69A: Unexplained money etc.

The assessee is found to be the 'owner' of either '**money**' or bullion or jewellery or other valuable article, which are not recorded in the books maintained, if any, for any source of income. Assessee must explain the nature and source of acquisition of the money, bullion, jewellery or other valuable article.

If not, **the money and the value of the bullion, jewellery or other valuable article may be deemed to be the income of the assessee for such financial year.**

TAXWORTHY NEWS

Amazon India is tapping Indian diaspora in Middle East Asia which contain highest numbers outside Indian shores, by providing access to popular Indian brands. Local sought after brands like GRT, Nalli, Kumaran, Mangatrai, Pulla Reddy, Haldiram, MTR, Patanjali, should see spike in their turnover as they are sought after brands and show good customer loyalty. As reported in Economic Times the global selling programme is expected to garner revenue of \$ 5 billion for Amazon India as told by Mr Amit Agarwal. Assessing officers handling cases having Indian brands need to keep an eye on whether growth trajectory in sales matched in corresponding increase in tax payment.

Infosys CEO Salil Parekh will get shares worth Rs. 10 crores under new ESOP scheme for employees that was announced by the company recently. Infosys has revived ESOP to staff offering 5 crores shares or 1.15% of the total stock. Assessing Officers

employees may take note of consequential tax implications that might arise as and when the employees offload their shares.

Larsen & Toubro has purchased 8,88,436 equity shares (face value of Rs.10/-) of Mind Tree from open market at Rs.980/- per share (Aggregate value Rs. 87,06,67,280/-). Assessing officers need to keep track of capital gain tax implication in the hands of sellers in view of the amendment to chapter IV-E.

Ashok Leyland Limited has received \$ 10 million order from Senegal to supply 400 mini buses. In the present trend of sluggish auto sector growth, it is a shot in the arm for Ashok Leyland and LTU Chennai can revise its revenue forecast from Ashok Leyland Limited.

Ather Energy, an electrical vehicle company is installing 50 to 55 grid points in Chennai for fast charging electric vehicles this year. TDS wing may note new emerging business.



The newly promoted ITIs were taken on an Industrial visit to Renault Nissan Automotive India Pvt Ltd as part of their training curriculum

STUDENT'S CORNER

Feedback given by Shri Sasidharan, ITI, CR 2, Chennai, participant of the Orientation Course for Newly Promoted Inspectors

Hello everyone, a wonderful journey called Orientation Course for newly promoted ITIs has just concluded. I just want to share a few lines with all to register my feelings about these 3 wonderful weeks.

Basically, I am a defence background guy and training in uniformed services includes rigorous physical training as well. Only after making one toil hard in the ground, the classroom session will start, where we will be struggling to keep our eyes wide open so as to escape the wrath of the Instructors. So in defence, training is a thing people generally fear a bit as the day may start before sunrise and end at 10 at night when the Instructors will be employed to check your presence in the campus. In a nutshell, one will be kept physically and mentally busy. Of course, that kind of training is very much required there since, as the guardians of the nation we were expected to be vigilant always.

Unlike that, our Dept training is the one I generally feel happy when I am nominated. The first and foremost thing is that we can get a break from regular office work (Persons who knows me also knows that I am not a scrounger) which is sometimes very much needed. I generally felt that there is a quantum jump in productivity if we were given a short break during the long, continuous and never ending schedules. So this training as a break will allow us to pursue our office work with more enthusiasm and vigour when we reach back our offices.

I have attended many training sessions before in our Department, but this 3 weeks training has become so close to my heart

because a lot of unanswered questions in my mind have got answers now. A nice blend of In house faculty, FCAs, Communication Experts and Yoga Master with a neatly drawn curriculum has really taken us for an enriching ride throughout this three week period. I strongly feel that after these 3 weeks travel called training, all of us were brimming with confidence to handle even the toughest of the tough situations in our upcoming career.

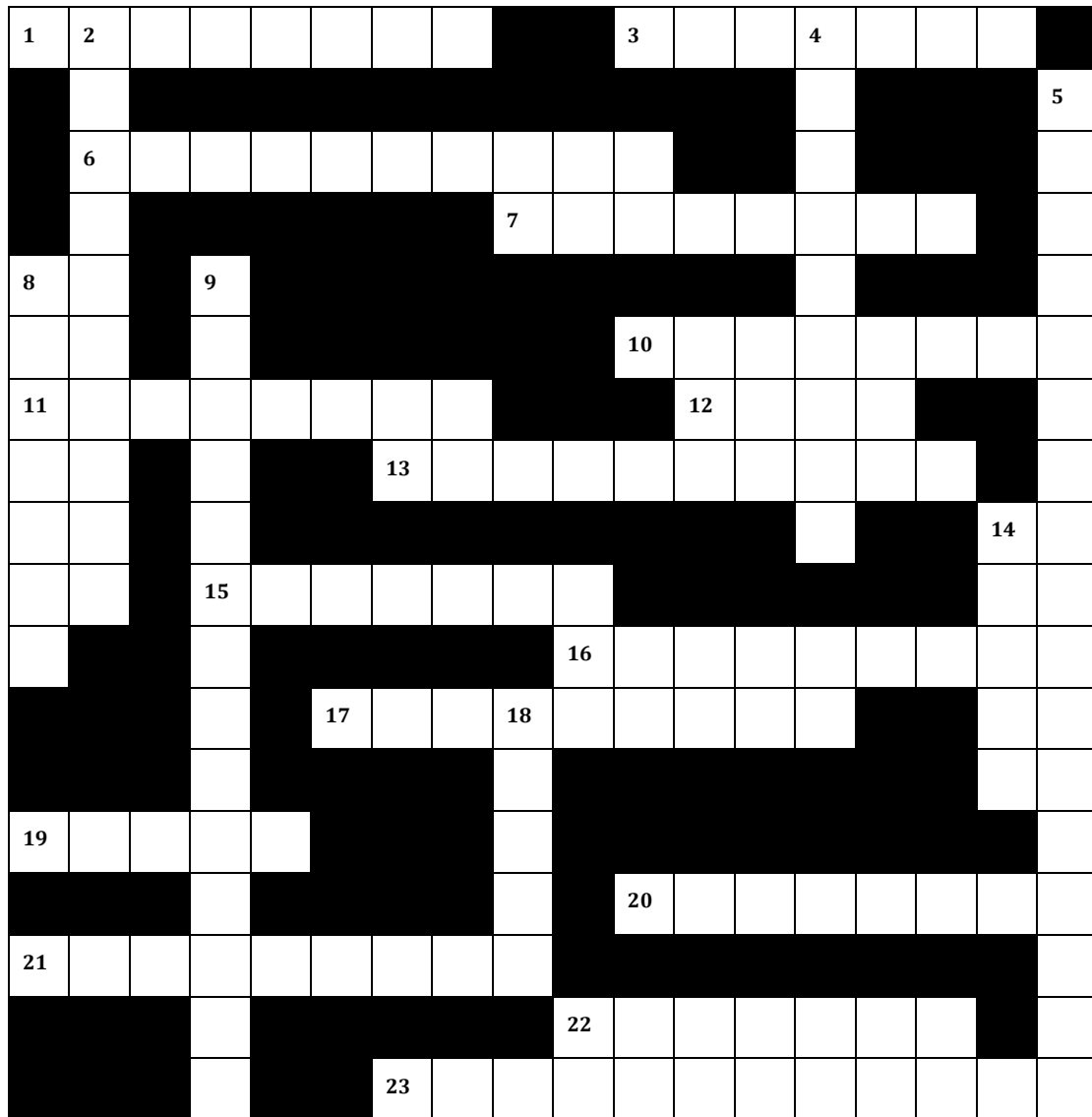
There is a peculiarity in our Dept that whenever you ask any doubt to your Officer, the answer will generally be "You ask someone in the section". And at times it is very difficult to find that someone. After this training we will be that someone for our colleagues in our section. And for us "The IT Act" will be that someone.

One of the most important aspect in the training is that we all have new friends and we got to know each other. Now we have friends even across the State borders and it is a matter of pride for us.

In this training , a lot of questions erupted during the lively sessions and because of which even my future doubts got cleared in the present.

I am really grateful and also indebted to DTRTI for enlightening us about IT Act through this training program. Our course coordinators ACIT Sunanda madam and Sripriya madam were awesome and need a special mention here as they had handled us patiently and took care of all of our needs. A very special Thanks to both of you madam. Thank you and Best Wishes to one and all.

LEARN THE SUBJECT THROUGH A PUZZLE
CROSSWORD ON INDIAN CONTRACT ACT, 1872



ACROSS:

1. When one person signifies to another his willingness to do or to abstain from doing anything, with a view to obtaining the assent of that other to such act or abstinence, he is said to make a _____ (8)
3. Two or more persons are said to _____ when they agree upon the same thing in the same sense (7)
6. A ____ contract is a contract to do or not to do something, if some event, collateral to such contract, does/doesn't happen (10)

7. If the parties to a contract agree to substitute a new contract for it, or to rescind or alter it, the _____ contract, need not be performed (8)
10. When a party to a contract has refused to perform, or disabled himself from performing, his promise in its entirety, the _____ may put an end to the contract, unless he has signified, by words or conduct, his acquiescence in its continuance (8)
11. An agreement enforceable by law is a contract. An agreement which is

enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a _____ contract (8)

12. An agreement made without consideration or where both the parties to an agreement are under a mistake as to a matter of fact essential to the agreement, the agreement is _____ (4)

13. Performance of the conditions of a proposal, or the receipt of any consideration for a mutual promise which may be offered with a proposal, is an _____ of the proposal (10)

15. An authority is said to be _____ when it is to be inferred from the circumstances of the case; and things spoken or written, or the ordinary course of dealing, may be accounted circumstances of the case (7)

16. A contract of _____ is a contract to perform the promise, or discharge the liability, of a third person in case of his default (9)

17. A contract by which one party promises to save the other from loss caused to him by the contract of the promisor himself, or by the conduct of any other person, is called a contract of _____ (9)

19. _____ means and includes the acts of concealment, false promise by a party to a contract, or with his connivance, or by his agent, with intent to deceive another party thereto or his agent, or to induce him to enter into the contract (5)

20. A _____ is the delivery of goods by one person to another for some purpose, upon a contract that they shall, when the purpose is accomplished, be

returned or otherwise disposed of according to the directions of the person delivering them (8)

21. The person for whom such act is done, or who is so represented, is called the _____ (9)

22. An authority is said to be _____ when it is given by words spoken or written (7)

23. When a contract has been broken, if a sum is named in the contract as the amount to be paid in case of such breach, or if the contract contains any other stipulation by way of penalty, the party complaining of the breach is entitled, whether or not actual damage or loss is proved to have been caused thereby, to receive from the party who has broken the contract reasonable _____ not exceeding the amount so named or, as the case may be, the penalty stipulated for (12)

DOWN:

2. Promises which form the consideration or part of the consideration for each other are called _____ promises (10)

4. A person is said to be of _____ for the purpose of making a contract, if, at the time when he makes it, he is capable of understanding it and of forming a rational judgment as to its effect upon his interests (5, 4)

5. _____ means and includes—

(1) the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;

(2) any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or any one claiming under him; by misleading another to his prejudice, or to the prejudice of any one claiming under him;

(3) causing, however innocently, a party to an agreement, to make a mistake as to the substance of the thing which is the subject of the agreement (17)

8. A proposal may be _____ at any time before the communication of its acceptance is complete as against the proposer, but not afterwards or by the failure of the acceptor to fulfill a condition precedent to acceptance (7)

9. A contract is said to be induced by _____ where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage over the other (5, 9)

14. An _____ is a person employed to do any act for another, or to represent another in dealings with third persons (5)

18. If any one of two or more joint promisors makes default in contribution, the remaining joint promisors must bear the loss arising from such default in _____ shares (5)

राजभाषा स्कंध

इस हफ्ते के शब्द

Controlling Officer	नियंत्रण अधिकारी
Time-bound	समयबद्ध
Clarification	स्पष्टीकरण
Annexure	अनुलग्नक

अंग्रेजी – हिन्दी वाक्य में प्रयोग

The application may be sent through the respective controlling officer.	आवेदन संबंधित नियंत्रण अधिकारी के माध्यम से भेजा जाए।
The concerned Cadre Controlling Authorities have been requested to take action in a time-bound manner.	संबंधित संवर्ग नियंत्रक प्राधिकारियों से अनुरोध किया गया है कि समयबद्ध तरीके से कार्रवाई करें।
Clarification has been obtained from the concerned department in this matter and the committee has approved the proposal.	संबंधित विभाग से इस मामले में स्पष्टीकरण प्राप्त कर लिया गया है और समिति ने प्रस्ताव को मंजूरी प्रदान कर दी है।
A copy of the said Office Memorandum is enclosed for ready reference as Annexure - 1.	उक्त कार्यालय ज्ञापन की एक प्रति सुलभ संदर्भ के लिए इस पत्र के साथ अनुलग्नक-1 के रूप में संलग्न है।

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