

Changes proposed in Finance Bill, 2017 - An insight into

The Lok Sabha passed the Finance Bill, 2017. The Bill presented originally in the Lok Sabha on February 1, 2017 has not been passed in its original shape. Various changes have been made in the Bill. Snippets of changes made in the Finance Bill, 2017 as passed by the Lok Sabha *viz-a-viz* the Finance Bill, 2017 presented originally in the Lok Sabha are as under:

1) Threshold limit prohibiting cash payments reduced

In order to reduce generation and circulation of domestic black money the Finance Bill, 2017 had imposed a prohibition on receipt of cash payments of rupees three lakhs and above under new section 269ST. Any contravention of the aforesaid provision would invite penalty on the recipient under Section 271DA which shall be equivalent to the amount of cash received. However, there would be no penalty if there is good and sufficient reasons for contravention of such provision.

The Finance Bill, 2017 originally presented on February 1, 2017 has proposed to be amend the threshold limit of cash payments from rupees three lakhs to two lakhs.

2) TCS on cash transactions scrapped

The existing provision to collect 1% TCS on cash sale of jewellery above five lakh rupees has been proposed to be omitted. After omission of such provision the TCS liability would attract on any cash transaction for goods or services above rupees two lakhs.

Now the TCS provision on cash payments has been proposed to be omitted. So, any cash receipt of rupees two lakhs or above would only invite penalty on seller as per provisions of Section 269ST. In that case there would be no liability to collect TCS from buyer on such payment.

3) Mandatory quoting of Aadhaar Number

The Finance Bill, 2017 as passed by Lok Sabha introduced a new section 139AA which provides that every person who is eligible to obtain Aadhaar Number is required to quote Aadhaar Number in :-

- a) PAN application form;
- b) Return of income.

Person can quote the Enrollment ID of Aadhaar application form in case he does not possess the Aadhaar Number.

Every person who has been allotted PAN shall intimate his Aadhaar Number to the authority which will be notified by the Central Govt. In case of failure to intimate the Aadhaar Number to such authority, PAN allotted shall be deemed to be invalid and it shall also be deemed that the person had not applied for allotment of PAN.

It is a welcome move by the Government. It will put curbs on instances of issuing multiple PAN to a single individual. Further, quoting of Aadhaar number would restrict granting of subsidies to only those individuals who are eligible to claim it.

4) Cap on political donations removed

As per the existing provisions of the Companies Act, 2013, companies can donate only up to 7.5% of their average profits to political parties. Now such limit has been proposed to be removed. So, companies will now have liberty to donate huge sums to political parties.

A new provision has also been proposed which mandates donation to political parties via account- payee cheques or bank draft or through electronic mode. Further, a provision has been made for funding of political donations through any notified instrument. Now Govt. would get powers to notify electoral bonds for funding of political parties.