



(REGD. NO. S/2L/1079)

HMA CIRCULAR

FOR PRIVATE CIRCULATION ONLY

HARDWARE MERCHANTS ASSOCIATION

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Circular No. HMA/C/53/2016-17

Date : 06.04.2017

From the Desk of :

Saroj Kedia

Chairman : Law & Taxation Sub-Committee

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Dear Members,

Please note the following changes made in Income Tax Law that come into effect from 1st April, 2017.

1. Limit for payment of expenses by cash (both Capital and revenue expenditure) reduced from Rs. 20000/- to 10000/- per day in aggregate per person. Capital expenses paid in cash beyond the said limit will not be taken into account for depreciation purpose. However, the cash payment limit for lorry freight etc. remains the same at Rs. 35000/-.
2. No person shall receive an amount of two lakh rupees or more by cash (Sec. 269 ST).
 - a) in aggregate from a person in a day ; or
 - b) in respect of a single transaction ; or
 - c) in respect of transaction relating to one event or occasion.The penalty for violation of above is to be a sum equal to the amount of such receipt.

Examples for above :

- i) If one sells goods worth Rs. 300000/- through three different bills of Rs. 100000/- each to one person and accepts cash in single day at different times then section 269 ST(a) will be violated.
- ii) If one sells goods worth Rs. 300000/- through single bill to another person and receives cash of Rs. 150000/- on day 1 and another Rs. 150000/- on day 2 then section 269 ST(b) will be violated, since it pertains to single transaction.
- iii) If one accepts cash of Rs. 180000/- for sales and Rs. 20000/- for freight charges then section 269 ST(c) will be violated even if cash is accepted on different dates since they pertain to a single sale event.
- iv) If one sells his car for Rs. 300000/- and receives the amount in cash, then penalty levied on him will be Rs. 300000/-.

2A In view of the newly introduced above said penal provisions relating to cash sales, the existing provisions (in vogue from 1.6.2016) relating to collection of TCS @1% on cash sale exceeding Rs. 2 Lakhs (Rs. 5 Lakhs in the case of Jewellery) are deleted. Consequently, there is no need to collect TCS on cash sales exceeding Rs. 2 Lakhs. Straight away it will attract equal amount of penalty now.

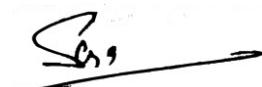
3. For below Rs. 2 Crore turnover cases :-

- * For Non Cash Sale (through Digital Online, Cheque, Bank etc.) Net profit will be taken as 6% of Turnover / Gross Receipts.
- * For Cash Sales : Net profit will be taken as 8% of Turnover / Gross Receipt.

4. Tax Exemption limit is Rs. 2,50,000/- (same as earlier)
- * After that upto Rs. 5 Lakhs, Tax Rate is 5% (earlier it was 10%). Tax rebate of maximum Rs. 2500/- will be allowed for total income upto Rs. Rs. 3.50 Lakhs.
 - * Individuals having total income exceeding Rs. 50 Lakhs but below Rs. 1 Crore are to pay surcharge @10% of the tax. Those having total income exceeding Rs. 1 Crore shall continue to pay surcharge @15%.
5. Payment of Rent Rs. 50,000/- per month by any individual of HUF (not subject to Tax Audit requirement) deduct TDS @5%.
6. Capital Gain in respect of Land & Buildings :-
- Periodicity for long term Capital Gain is reduced from 3 years to 2 years.
 - Base year shifted from 01.04.1981 to 01.04.2001 for all assets including immovable property.
7. Corporate tax rate for the accounting year 2017-18 for companies with annual turnover upto Rs. 50 Crore (in the accounting year 2015-16) is reduced to 25%. No change in firm tax rate of 30%.
8. Donations made exceeding Rs. 2000/- will be not eligible for deduction under section 80G unless these are made using modes other than cash. Consequently, trusts accepting 80G donation may advise their donors to give donations exceeding Rs. 2000/- vide cheque / RTGS / Digital modes.
9. Sale of unquoted shares to be taxed at (deemed) fair value.
10. In absence of PAN of the buyer of specified goods are rate of TCS will be twice of the extent rate of 5% whichever is higher.
11. From financial year 2017-18 if return is not filed within due date late fee of Rs. 5000/- for delay upto 31st December and Rs. 10000/- thereafter.
12. Every person who is eligible to obtain AADHAR number should quote such number on or after 1st July, 2017 in the Return of Income. Further more, every person who has been allotted PAN as on 1st July, 2017 must intimate the AADHAR number to the Tax Authority failing which, PAN allotted to such person shall be deemed to invalid. Kindly note that linking of AADHAR with PAN is not possible, unless name as per AADHAR and PAN match perfectly. Hence, please take steps to rectify your name as per AADHAR to match PAN.
13. Where sec. 12AA registered trusts modify their object clause, they need to apply within 30 days to CIT for approval of the modified clauses.

This is for your information and wide circulation amongst your members.

Thanking you,



Saroj Kedia
Chairman : Law & Taxation