

**WICASA
PIMPRI-CHINCHWAD
BRANCH OF WIRC
OF ICAI**



**Student's E-News letter
July 2019**





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WICASA Committee 2019-20

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TDS on immovable property u/s 194-IA of Income Tax Act, 1961

Before coming on the main article, let's understand why there is a need of invoking such provisions of section 194-IA under income tax act, 1961.

There is a great need and importance of invoking such provisions in income tax so as to curb the circulation and flow of black money in India. Many Real Estate dealers cast their transactions in such a way so as to avoid taxation and mostly transactions are done in cash so as to hide money trail i.e. cash transactions are easy to hide but the same transactions if any routed through banking channels; then there are less possibilities of concealing that transactions. Moreover, there is also a provision that debars the seller to take consideration in cash exceeding 200000/- INR in respect of such transaction.

Now coming on to main article, let's discuss the provision

Language of section 194-IA as per Bare act,

- (1) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent of such sum as income-tax thereon.
- (2) No deduction under sub-section (1) shall be made where the consideration for the transfer of an immovable property is less than fifty lakh rupees.
- (3) The provisions of section 203A shall not apply to a person required to deduct tax in accordance with the provisions of this section.



Explanation—For the purposes of this section—

(a)	"Agricultural land" means agricultural land in India, not being a land situate in any area referred to in items (a) and (b) of sub-clause (iii) of clause (14) of section 2;
(b)	"Immovable property" means any land (other than agricultural land) or any building or part of a building.]

Jest of the abovementioned section

1) Applicability – Applies to all types of person (being transferee) as defined u/s 2(31) and all resident transferor.

Applies to all types of immovable property except agricultural land. (being defined in part 'a' of Explanation to section 194-IA).

- Person deducting the tax is not required to obtain TAN no.
- TDS is required to be made only if consideration exceeds 50 lakhs INR.

2) Time of deduction of tax:

Tax shall be deducted at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier.

3) Rate of TDS:

Tax shall be deducted at the rate of 1%.



4) What if PAN is not furnished by the deductee

Section 206AA, as inserted with effect from 1-4-2010, provides as under:

Every person whose receipts are subject to deduction of tax at source (i.e., the deductee) shall furnish his PAN to the deductor.

If such person does not furnish PAN to the deductor, the deductor will deduct tax at source at higher of the following rates:

- (a) the rate prescribed in the Act;
- (b) at the rate in force, i.e., the rate mentioned in the Finance Act; or
- (c) at the rate of 20 %.

Where the PAN provided to the deductor is invalid or does not belong to the deductee, it shall be deemed that the deductee has not furnished his PAN to the deductor and above provisions shall apply accordingly.

Let's understand it by way of an example

Example No. 1

Suppose there was an immovable property owned by **Pushp Kumar Sahu** whose market value is 5 Crores INR. The said property was sold by Pushp Kumar Sahu to **Mr. Uday Kumar Sahu** at a consideration of 5.5 Crores, now there is a liability on Mr. Uday to deduct tax @ 1% of the said consideration i.e. 5,50,000/- and the same should be paid to the credit of the Central Government within a period of thirty days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in **Form No. 26QB**.

Note: After filing Challan cum statement 26QB, Deductor requires to issue Form 16B (TDS Certificate) to the deductee.



Example No. 2

Suppose there were three brothers named **Pushp, Mohit and Rishab**, they are co-owners of a immovable property. They sold that property to **Laxminayaran & associates** (partnership firm) at a consideration of 1.45 Crores. Now the question arises that whether the **laxminarayan & associates** needs to deduct TDS on such consideration.

Answer is **no**, as property is owned by three persons, individual consideration per person does not exceed 50 lakh INR, therefore no requirement for TDS u/s 194-IA.

Reliance can be placed on the judgment passed by the Delhi Bench of the Income Tax Appellate Tribunal in case of Vinod Soni and others (Taxpayers)

Complied by,
Mr. Pushp Kumar Sahu
CRO0553317



Team India

Wait of four years, the hard work and pain
Sweating in the sun, practising in the rain
Feels bad when the efforts go all in vain

3 back to back wickets and pressure shifted
The crucial run-out and the match drifted
Dreams shattered as the trophy won't be lifted

They gave out their whole as a team
They did it all to achieve the dream
But again they were tested when the ball did seam

Time can't wait for anyone
Cheers to INDIA who fought for every run
Well played NZ you gave thrill and fun

That sad and down faces after every wicket
This day will be remembered in the ERA of CRICKET

It's a game, we may win, we may loose
There's no point in giving team INDIA the boos
Whatever may be the result TEAM INDIA we Choose

WELL PLAYED TEAM INDIA!!!!

~ Rushab Shingavi
WRO0581106



WICASA EVENTS (JULY 2019)

Date	Event	Place/Speaker
1 st July 2019	ICAI Flag Hoisting	ICAI Bhawan Pimpri Chinchwad Branch
1 st July 2019	Street Play Swachh Bharat Abhiyan	ICAI Bhawan Pimpri Chinchwad Branch
4 th July 2019	Financial Literacy Programme on Career Counselling & GST	Dr. D Y Patil International University, Sector No 29, Nigdi
12 th July 2019	Seminar on "Direct Tax Proposals in Finance Bill of Union Budget 2019"	~CA. Bhupendra Shah, Mumbai
22 nd July 2019	Student Talent Search	ICAI Bhawan Pimpri Chinchwad Branch



SNAPSHOTS FOR EVENTS
(July 2019)



*1st July 2019, CA DAY
Celebration at ICAI Bhawan
Pimpri Chinchwad Branch*





SNAPSHOTS FOR EVENTS (July 2019)



*Members Felicitation Program
held At Pimpri Chinchwad
Branch, Nigdi*





WICASA PIMPRI CHINCHWAD BRANCH OF WIRC OF ICAI

ICAI Bhawan Plot No. 17/8 A,
at Nigdi, Dattanagar,
Near Bhakti Shakti chowk,
Dehuroad Cantonment Board,
Behind Indian Oil Petrol Pump, Pune 411044.

Contact No:

8237119966/77

Email:

pimpri.chinchwad@icai.org

pimpriicai@gmail.com

Website:

<http://pimprichinchwad-icai.org/>

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- Update Contact Number and e-mail ID with the branch.
- Please contribute to Students Newsletter in the forms of Articles, Compilations or any other useful information.

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