Amendments to the Finance Bill, 2017

Why in news?

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Lok Sabha made amendments to the Finance Bill 2017 and passed.

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What were the proposed amendments?

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- **Aadhaar mandatory** - It has been mandatory for every person to quote their Aadhaar number while applying for a Permanent Account Number (PAN), or filing their Income Tax returns.
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- In case a person does not have an Aadhaar, he will be required to quote their Aadhaar enrolment number, indicating that an application to obtain Aadhaar has been filed.
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- Every person holding a PAN will be required to provide the authorities his Aadhaar number. A failure to provide this number would result in the PAN number being invalidated.
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- **Tribunals -** Certain Tribunals are proposed to be replaced, and their functions are proposed to be taken over by existing Tribunals under other Acts
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- The rationale behind replacing certain Tribunals is unclear.
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- The Chairpersons, Vice-Chairpersons, Chairmen, or other members who are currently occupying posts with Tribunals to be merged, will be entitled to receive up to three months' pay and allowances for premature termination of their office term.
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- Currently, terms of service of Chairpersons and other members of Tribunals, Appellate Tribunals and other authorities are specified in their respective Acts.
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- Amendments propose that the central government may make rules to provide for the (i) qualifications, (ii) appointments, (iii) term of office, (iv) salaries and allowances, (v) resignation, (vi) removal, and (vii) other conditions of service for these members.
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- **Donations to political parties -** Currently, a company may contribute up to 7.5% of the average of its net profits in the last three financial years, to political parties.
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- The company is required to disclose the amount of contributions made to political parties in its profit and loss account, along with the name of the political parties to which such contribution was made.
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- The amendments propose to remove the limit of 7.5% of net profit of the last three financial years and the the requirement of a company to disclose the name of the political parties to which a contribution has been made.
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- In addition, contributions to political parties will have to be made only through a cheque, bank draft, electronic means, or any other scheme notified by the government to make contributions to political parties.
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- The bill contains provisions to introduce electoral bonds to make contributions to political parties. Electoral bonds will be bonds issued by notified banks, for an amount paid through cheque or electronic means.
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- **Cash Transactions -** Bill initially mandated that cash transactions above three lakh rupees will not be permitted to a single person in one day, for a single transaction and for any transactions relating to a single event.
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- The amendments propose to lower this limit from three lakh rupees to two lakh rupees.
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- **Power to impose penalty -** The Securities Contracts (Regulation) Act, 1956 and the Depositories Act, 1996 were amended in 2004 to empower the adjudicating officer to impose penalties on offenders for various offences including their failure to furnish information, documents or returns. The amendments clarify that the adjudicating officer will always be deemed to have had this power.
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