



## CBDT focus on Entertainment and Film Industry

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The CBDT it seems now wishes AOs to focus on the entertainment sector. It has directed AOs vide F.No.225/215/2018/ITA-II to ensure uniformity in assessing the entertainment sector by examining pre-operative expenses under Section 35D, verifying Form No. 52A (with possible Section 272A penalty) from film producers, and allowing deductions per Rules 9A/9B. Please refer the circular for more details.

**Declaration of expenses of feature film:** The Assessing Officer may verify the submission of Form No. 52A and expenses claimed in books of account of these entities. A penalty u/s 272A of the Act for failure to furnish Form No. 52A within the prescribed time may also be considered by the AOs.

### **Expenses incurred on production of feature films:**

**On Production:** The deduction in respect of expenditure on production of feature films may be verified and allowed as per Rule 9A of the Income-tax Rules, 1962.

**On Distribution:** the deduction in respect of expenditure incurred on acquisition of distribution rights of feature films may be examined and allowed as per Rule 9B of the Rules in the case of a distributor of the film.

## LET'S DISCUSS FURTHER!

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