

Seminar on Union Budget - 2020

organised by

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Speaker:

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(Direct Tax Proposals)

Learning is a two-way traffic ...

Bird's Eye View of Finance Bill, 2020

Part	Clause Nos.
Title & Commencement	1
Income-tax	2 to 104
Customs	105 to 115
GST	116 to 138
Health Cess on imported medical devices	139
Different economic laws	140 to 149
Schedules	I, II, III, IV, V
Vivad Se Vishwas Scheme	Para 126 of FM Speech

Simplified Tax Regime for individual / HUF	FB Clause	53, 58	
	IT Act Section	115BAC, 115JD	
	Effective from	AY 2021-22	
Applicable to whom?	Individual or HUF		
Tax Rates	Total Income	Tax Rate	Normal tax rate
	First 2,50,000	Nil	Nil
	2,50,001 to 5,00,000	5%	5% or 0%
	5,00,000 to 7,50,000	10%	20%
	7,50,001 to 10,00,000	15%	20%
	10,00,001 to 12,50,000	20%	30%
	12,50,001 to 15,00,000	25%	30%
	Above 15,00,000	30%	30%
Optional	Yes		

Simplified Tax Regime for Individual or HUF	FB Clause	53
	IT Act Section	115BAC
	Effective from	AY 2021-22
	Person having business income	Other person
How to exercise option	Option shall be exercised in a prescribed manner on or before the due date u/s 139(1)	Option shall be exercised in a prescribed manner along with the Return of Income to be furnished u/s 139(1)
Validity of option	Option once exercised shall be permanent i.e. applicable to subsequent assessment years	Option is year to year i.e. it shall apply for a particular year.
Compulsory exit	If the person does not satisfy conditions, he will exit from scheme for ever. He cannot re-enter into scheme.	
Voluntary withdrawal	The person can withdraw from option only once and thereafter he shall never be eligible to re-enter except when he ceases to have business income	

Simplified Tax Regime for individual or HUF		FB Clause	53
		IT Act Section	115BAC
		Effective from	AY 2021-22
Salary	LTA exemption u/s 10(5) HRA exemption u/s 10(13A) Allowances exempted u/s 10(14) [except prescribed allowances] Exemption of allowances or perquisites allowable under other law Deductions u/s 16		
Exemptions	Allowances exempted u/s 10(17) in the case of MLA / MP		
	Income of minor child exempted upto Rs. 1,500 u/s 10(32)		
HP	Deduction of housing interest u/s 24(b) for self-occupied house		
BP	SEZ exemption u/s 10AA Additional depreciation u/s 32(1)(iia) Investment-linked deduction u/s 32AD in certain States Deduction u/s 33AB Deduction u/s 33ABA Deduction u/s 35 Deduction u/s 35AD Deduction u/s 35CCC		

Simplified Tax Regime for individual or HUF	FB Clause	53
	IT Act Section	115BAC
	Effective from	AY 2021-22
OS	Standard deduction u/s 57(iia) against family pension	
Losses	<p>B/F losses and depreciation from earlier years related to above sections not allowed</p> <p>Set off of current year loss of HP against any other income not allowed</p>	
Chapter VI-A	Deductions under Chapter VI-A except section 80JJAA not allowed	
Other	Depreciation (other than additional depreciation) shall be allowed in a prescribed manner	
Benefit	Alternate Minimum Tax u/s 115JD is not applicable	

Residential Status	FB Clause	4
	IT Act Section	6(1)
	Effective from	AY 2021-22
Old law	A citizen of India or PIO, who is outside India and comes to India on a visit, is treated as Resident in India if his stay during the PY is 182 days or more.	
New law	<p>Shall be treated as Resident in India if:</p> <p>(a) His stay in India during the PY is 182 days or more, or</p> <p>(b) His stays in India during the PY is 120 days or more (+) Total stay in preceding 4 years was 365 days or more</p>	
Comment	More chances of becoming Resident in India. Hence more tax liability in India.	

Residential Status	FB Clause	4
	IT Act Section	6(1A)
	Effective from	AY 2021-22
New law	A citizen of India shall be deemed to be Resident in any previous year, if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other criterion of similar nature.	
Press release by Govt.	It is clarified that income earned outside India shall not be taxed in India unless it is derived from an Indian business or profession.	

Residential Status		FB Clause	4
		IT Act Section	6(6)
		Effective from	AY 2021-22
Old law	<p>An Individual is treated as “Not Ordinary Resident” if:</p> <p>(a) He was a Non-Resident in India in 9 out of 10 years preceding the Previous Year, or</p> <p>(b) His stay in India during 7 years preceding the Previous Year was less than 730 days.</p>		
	<p>Earlier an Individual was “Ordinary Resident” if:</p> <p>(a) He was a Resident in India in 2 out of 10 years preceding the Previous Year, and</p> <p>(b) His stay in India during 7 years preceding the Previous Year was 730 days or more.</p>		
New law	<p>An Individual shall be treated as “Not Ordinary Resident” if:</p> <p>He was a Non-Resident in India in 7 out of 10 years preceding the Previous Year</p> <p>Now an Individual shall be “Ordinary Resident” if he was a Resident in India in 4 out of 10 years preceding the Previous Year.</p>		

Residential Status		FB Clause	4
		IT Act Section	6(6)
		Effective from	AY 2021-22
Old law	<p>HUF is “Not Ordinary Resident” if:</p> <p>(a) KARTA was a Non-Resident in India in 9 out of 10 years preceding the Previous Year, or</p> <p>(b) Stay of KARTA in India during 7 years preceding the Previous Year was less than 730 days.</p>		
	<p>Earlier a HUF was “Ordinary Resident” if:</p> <p>(a) KARTA was Resident in India in 2 out of 10 years preceding the Previous Year, and</p> <p>(b) Stay of KARTA in India during 7 years preceding the Previous Year was 730 days or more.</p>		
New law	<p>HUF shall be “Not Ordinary Resident” if:</p> <p>KARTA is Non-Resident in India in 7 out of 10 years preceding the Previous Year</p> <p>Now a HUF shall be “Ordinary Resident” if:</p> <p>the KARTA was Resident in India in 4 out of 10 years preceding the Previous Year.</p>		

Educational / Medical institutions, etc.	FB Clause	7
	IT Act Section	10(23C)(iv)/(v)/(vi)/(via)
	Effective from	01.06.2020

New law	<ul style="list-style-type: none"> (i) The procedure for registration (approval) of educational and medical institutions claiming exemption u/s 10(23C)(iv)/(v)/(vi)/(via) is fully revamped. We shall discuss the new procedure in subsequent slides. (ii) The concept of permanent registration is done away with .. The registration shall be granted for 5 years. There shall be renewal of registration after every 5 years. (iii) First Registration.. Only provisional registration shall be granted. There would not be final registration. (iv) The new procedure is effective from 01.06.2020. All pending applications as on 31.05.2020 shall shift to new procedure.
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Educational / Medical institutions, etc.		FB Clause		7	
		IT Act Section		10(23C)(iv)/(v)/(vi)/(via)	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(i)	If the assessee is already registered under existing provision <u>[Continuance of old registration]</u>	Within 3 months from 01.06.2020 (i.e. upto 31.08.2020)	Before expiry of 3 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years <u>[No enquiry]</u>	From the AY from which the original registration was granted under existing provision
(ii)	If the assessee is registered under new provision <u>[Renewal of new registration]</u>	At least 6 months prior to the expiry of registration	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the AY immediately following the financial year in which application is made

Educational / Medical institutions, etc.		FB Clause		7	
		IT Act Section		10(23C)(iv)/(v)/(vi)/(via)	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(iii)	If the assessee is provisionally registered under new provision <u>[Final registration]</u>	At least 6 months prior to the expiry of provisional registration or within 6 months of commencement of activities, which ever is earlier	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the first of Assessment Years for which it was provisionally registered
(iv)	Any other situation <u>[Provisional registration]</u>	At least 1 month prior to the commencement of the PY relevant to the AY from which registration is sought	Before expiry of 1 month from end of the month in which the application is received	Pass order in writing granting provisional registration for 3 years from the AY from which registration is sought <u>[No enquiry]</u>	From the AY immediately following the financial year in which application is made

Educational / Medical institutions, etc.	FB Clause	7
	IT Act Section	10(23C)(iv)/(v)/(vi)/(via)
	Effective from	01.06.2020
Comment	<p>(1) These new amendments are applicable only to the assessee claiming exemption u/s 10(23C)(iv)/(v)/(vi)/(via) on the basis of approval granted by prescribed authority. These amendments will not impact the assessee claiming exemption u/s 10(23C)(iiiab)/(iiiac)/(iiiad)/(iiiae) without any approval i.e. those financed by Govt. or those having gross receipts upto Rs. 1 Crore.</p> <p>(2) Practical difficulties would arise in complying with so many deadlines. In case of default, exemption shall not be allowed for non-registration period.</p> <p>(3) First Registration ... “1 month prior to the commencement of PY relevant to the AY from which registration is sought” shall pose serious difficulties. In newly established institutions, it would be impossible to make compliance.</p> <p>(4) What if provisional registration is cancelled?</p> <p>(5) All pending applications on which no order is passed upto 31.05.2020, shall be deemed to be applications covered in situation (iv).</p>	

Dividend taxation	FB Clause	Several clauses
	IT Act Section	Several Sections
	Effective from	01.04.2020
New law	<p>Till now the companies were paying Distribution Tax u/s 115-O on dividend paid by them to the shareholders. Similarly the mutual funds and UTI were paying Distribution Tax u/s 115R on the income distributed by them to the unit holders.</p> <p>Now the Distribution Tax is scrapped. The shareholders / unit holders shall be liable to include the income of dividend / units in their personal assessments and pay tax.</p> <p>In order to give effect to this, several amendments have been proposed as discussed in next slides.</p>	

Dividend taxation		FB Clause	Several Clauses
		IT Act Section	Several Sections
		Effective from	01.04.2020
Clause	IT Act Section	Amendment	
59	115-O	No distribution tax on dividend paid by a domestic company.	
60	115R	No distribution tax on income distributed by UTI or Mutual Fund.	
7(I)(A)(e)	10(34)	Exemption withdrawn. Hence shareholders shall pay tax on dividend.	
7(I)(A)(f)	10(35)	Exemption withdrawn. Hence unit holders shall pay tax on units income.	
30	57	Deduction of expenses incurred for earning dividend / units income (discussed in a separate slide)	
40	80M	Deduction u/s 80M re-activated (discussed in a separate slide)	
54	115BBDA	This section becomes useless. Hence closed.	
74	194	TDS out of dividend become re-active (discussed in a separate slide).	
80	194K	TDS out of unit income re-activated (discussed in a separate slide)	
7(II)(a), 7(II)(b), 7(II)(c), 47(II), 48, 49, 50, 55, 62, 85	10(23D), 10(23FC), 10(23FD), 115A(1)(a), 115AC, 115ACA, 115AD, 115C, 115UA 195	Consequential amendments in these sections.	

Filing of CA Report	FB Clause	Several Clauses
	IT Act Section	Several Sections
	Effective from	AY 2020-21
Old law	In various sections (discussed in next slides), the CA Report is required to be filed with the Return of Income.	
New law	CA Report shall be filed by the “Specified date” referred to in section 44AB [i.e. one month before the due date u/s 139(1)].	
Comment	<p>(1) These amendments are applicable from AY 2020-21.</p> <p>(2) Delinking of filing of CA Report and filing of Return.</p> <p>(3) Even if Return is belated, the Report shall be filed one month before due date u/s 139(1). Otherwise consequence follows.</p> <p>(4) If the due date for filing of Return u/s 139(1) is extended, the due date for filing of CA Report shall be automatically extended [Language is “1 month before due date u/s 139(1)”. But reverse is not true. Hence if the “specified date u/s 44AB” is extended, the due date for filing of Return u/s 139(1) shall not be extended.</p> <p>(5) Take care of “before” and “by” in the language.</p>	

Filing of CA Report		FB Clause	Several Clauses
		IT Act Section	Several Sections
		Effective from	AY 2020-21
Clause	IT Act Section	Purpose of CA Report	Form No.
7(I)(B)	10(23C)	Institutions claiming exemption u/s 10(23C)(iv)/(v)/(vi)/(via)	10BB
8	10AA(8)	Although amendment in section 10A(5), it shall be relevant for SEZ Units claiming exemption u/s 10AA	56F
10(I)(B)	12A(1)(b)	Institutions claiming exemption u/s 11 or 12	10B
14	32AB(5)	Investment linked allowance in certain States	3AAA
15	33AB(2)	Deduction of tea/coffee/rubber development account	3AC
16	33ABA(2)	Deduction of Site Restoration Fund	3AD
19	35D(4)	Deduction of certain Preliminary Expenses	3AE
20	35E(6)	Deduction of expenditure for certain minerals	3AE
24	44DA(2)	Taxation of Royalty or FTS of Non-Residents	3CE
26	50B(3)	Computation of Net Worth in case of Slump Sale	3CEA

Filing of CA Report		FB Clause	Several Clauses
		IT Act Section	Several Sections
		Effective from	AY 2020-21
Clause	IT Act Section	Purpose of CA Report	Form No.
35	80-IA(7)	Deduction u/s 80-IA	10CCB
37	80-IB(7A)	Deduction u/s 80-IB	10CCBA
37	80-IB(7B)	Deduction u/s 80-IB	10CCBB
37	80-IB(11B)	Deduction u/s 80-IB	10CCBC
37	80-IB(11C)	Deduction u/s 80-IB	10CCBD
39	80JJAA(2)	Deduction u/s 80JJAA	10DA
56	115JB(4)	MAT Report in case of Companies	29B
57(i)	115JC(3)	AMT Report in case of Non-Corporates	29C
63	115VW	Tonnage Tax Scheme	66

Income from Salary	FB Clause	9
	IT Act Section	11(7)
	Effective from	01.06.2020
Old law	A trust or institution registered u/s 12AA cannot claim exemption u/s 10 [except section 10(1) or 10(23C)].	
New law	<p>(1) A trust or institution registered u/s 12AA or 12AB shall not claim claim exemption u/s 10 [except section 10(1) or 10(23C) or 10(46)].</p> <p>(2) The registration u/s 12AA or 12AB shall become inoperative from the date on which the trust or institution is approved u/s 10(23C)/10(46) OR 01.06.2020, whichever is LATER.</p> <p>However, the trust or institution may get its registration re-operative u/s 12AB, subject to the condition that after getting re-operative, the approval u/s 10(23C)/10(46) shall cease and the trust or institution shall not be eligible to claim the benefit of section 10(23C)/10(46).</p> <p>In short, the trust or institution approved u/s 10(23C)/10(46) will have to make a choice of section 10(23)/10(46) or Section 12AB.</p>	
Comment	This new amendment will impact only those trusts or institutions which are claiming exemption u/s 10(23C)(iv)/(v)/(vi)/(via) on the basis of approval granted by prescribed authority. It will not impact the trusts or institutions claiming exemption u/s 10(23C)(iiiab)/(iiiac)/(iiiad)/(iii ae) without any approval i.e. those financed by Govt. or those having gross receipts upto Rs. 1 Crore.	

Charitable / religious Trusts or Institutions	FB Clause	10, 11, 12
	IT Act Section	12A, 12AA, 12AB
	Effective from	01.06.2020
Old law	In order to claim exemption u/s 11 or 12, the assessee (i.e. trust or institution) must be registered u/s 12AA.	
New law	<p>(i) W.e.f. 01.06.2020 the registration shall be made u/s 12AB in place of section 12AA. The procedure for registration u/s 12AB is fully revamped. We shall discuss the new procedure in subsequent slides.</p> <p>(ii) The concept of permanent registration is done away with .. The registration shall be granted for 5 years. There shall be renewal of registration after every 5 years.</p> <p>(iii) First Registration.. Only provisional registration shall be granted. There would not be final registration.</p> <p>(iv) The new procedure is effective from 01.06.2020. All pending applications as on 31.05.2020 shall shift to new procedure.</p>	

Charitable / religious Trusts or Institutions		FB Clause		10, 11, 12	
		IT Act Section		12A, 12AA, 12AB	
		Effective from		01.06.2020	
Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?	
(i)	If the assessee is already registered under existing section 12AA <u>[Continuance of old registration]</u>	Within 3 months from 01.06.2020 (i.e. upto 31.08.2020)	Before expiry of 3 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years <u>[No enquiry]</u>	From the AY from which the original registration was granted under existing provision
(ii)	If the assessee is registered under new section 12AB <u>[Renewal of new registration]</u>	At least 6 months prior to the expiry of registration	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the AY immediately following the financial year in which application is made

Charitable / religious Trusts or Institutions		FB Clause		10, 11, 12	
		IT Act Section		12A, 12AA, 12AB	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(iii)	If the assessee is provisionally registered under new provision <u>[Final registration]</u>	At least 6 months prior to the expiry of provisional registration or within 6 months of commencement of activities, which ever is earlier	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the first of Assessment Years for which it was provisionally registered
(iv)	Where the registration becomes inoperative u/s 11(7)	At least 6 months prior to the commencement of the AY from which the registration is sought to be made re-operative	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the AY immediately following the financial year in which application is made

Charitable / religious Trusts or Institutions		FB Clause		10, 11, 12	
		IT Act Section		12A, 12AA, 12AB	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(v)	Where the assessee has adopted or undertaken modification of the objects which do not conform to the conditions of registration <u>[Modification]</u>	Within 30 days from the date of such adoption of modification	Before expiry of 1 month from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the AY immediately following the financial year in which application is made
(vi)	Any other situation <u>[Provisional registration]</u>	At least 1 month prior to the commencement of the PY relevant to the AY from which registration is sought	Before expiry of 1 month from end of the month in which the application is received	Pass order in writing granting provisional registration for 3 years from the AY from which registration is sought <u>[No enquiry]</u>	From the AY immediately following the financial year in which application is made

Charitable / religious Trusts or Institutions	FB Clause	10, 11, 12
	IT Act Section	12A, 12AA, 12AB
	Effective from	01.06.2020
New law	<p>12AB(4): After granting registration, if the PCIT / CIT is satisfied that the activities of the trust or institution are not genuine or are not being carried out in accordance with the objects of trust or institution, he shall pass an order in writing cancelling the registration after affording a reasonable opportunity of being heard.</p> <p>12AB(5): After granting registration, if it is noticed that:</p> <p>(a) the activities of the trust or institution are being carried out in a manner that the exemption u/s 11 or 12 is not allowable in relation to the whole or part of income due to operation of section 13(1), or</p> <p>(b) the trust or institution has not complied with the requirement of any other law and the order / direction / decree holding such non-compliance has occurred, has either not been disputed or has attained finality,</p> <p>then the PCIT or CIT may, by an order in writing , after affording a reasonable opportunity of hearing, cancel the registration of the trust or institution.</p>	
Comment	There is no change. Similar provisions exist in old section 12AA(3) and 12AA(4).	

Charitable / religious Trusts or Institutions	FB Clause	10, 11, 12
	IT Act Section	12A, 12AA, 12AB
	Effective from	01.06.2020
Comment	<p>(1) Practical difficulties would arise in complying with so many deadlines. In case of default, exemption shall not be allowed for non-registration period.</p> <p>(2) First Registration.. Only provisional registration shall be granted. There would not be final registration.</p> <p>(3) First Registration ... “1 month prior to the commencement of PY relevant to the AY from which registration is sought” shall pose serious difficulties. In newly established institutions, it would be impossible to make compliance.</p> <p>(4) What if provisional registration is cancelled?</p> <p>(5) All pending applications on which no order is passed upto 31.05.2020, shall be deemed to be applications covered in situation (vi).</p>	

Income from Salary	FB Clause	13
	IT Act Section	17(2)
	Effective from	AY 2021-22
Old law	<p>17(2)(vii): Employer's contribution to an Approved Superannuation Fund of an employee, to the extent it exceeds Rs. 1,50,000 is taxable.</p>	
New law	<p>17(2)(vii): Aggregate contribution of Employer to the following funds of an employee, shall be taxable to the extent it exceeds Rs. 7,50,000 in a previous year, shall be taxable:</p> <ul style="list-style-type: none"> (i) RPF (ii) NPS (iii) Approved Superannuation Fund <p>17(2)(viia): Annual accretion by way of interest or dividend during the Previous Year to RPF A/c, NPS and Approved Superannuation Fund, to the extent it relates to the excess contribution of employer taxable u/s 17(2)(vii), computed in a prescribed manner, shall be taxable.</p>	
Comment	More tax on high-positioned employees	

New Reporting Requirement	FB Clause	17(i), 33(i), 94, 99
	IT Act Section	35, 80G, 234G, 271K
	Effective from	01.06.2020
Requirement	<p>Section 35 / 80G: The donee shall:</p> <ul style="list-style-type: none"> (i) Furnish a Statement in prescribed form to Income-tax Department (a Correction Statement can also be filed to rectify any mistake in original Statement), (ii) Furnish a Certificate in a prescribed form to the donor 	
Late Fee u/s 234G	<p>It shall be liable to pay a fee @ Rs. 200/- per day for the period of default. The fee shall not exceed the amount in respect of which the failure has occurred. The fee shall be paid before furnishing the Statement or before furnishing the Certificate, as the case may be.</p>	
Penalty u/s 271K	<p>The AO may imposed penalty – Min 10,000 and Max 1,00,000</p>	

Deduction to Specified Business	FB Clause	18
	IT Act Section	35AD
	Effective from	AY 2021-22
Old law	In absence of a clear law, there was a confusion whether the section is optional or mandatory?	
New law	The section shall be optional.	

Land / Building transactions		FB Clause	22, 27, 29B(i)
		IT Act Section	43CA, 50C, 56(2)(x)
		Effective from	AY 2021-22
Old law	The tolerance limit for deviation between declared proceed and Stamps Duty Valuation was 5%.		
New law	The tolerance limit has been increased from 5% to 10%.		
Comment	Some relief.		

Tax Audit	FB Clause	23(A)
	IT Act Section	44AB(a)
	Effective from	AY 2020-21
Old law	<p>44AB(a): Every person carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed Rs. 1 Crore in any previous year, get his accounts audited and furnish audit report.</p>	
New law	<p><i>Proviso added:</i> Provided that in the case of a person whose:</p> <p>(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the Previous Year, in cash, does not exceed 5% of the said amount, and</p> <p>(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the Previous Year, does not exceed 5% of the said payment,</p> <p>this clause shall have effect as if for the words “1 crore rupees”, the words “5 crore rupees” had been substituted.</p>	

Tax Audit	FB Clause	23(A)
	IT Act Section	44AB(a)
	Effective from	AY 2020-21

Comment	<ul style="list-style-type: none"> (i) Benefit is only in case of “Business” and not “Profession” (ii) Use of “and” between (a) and (b) .. Both conditions to be satisfied
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Query	<p>All amounts received including amount received for sales ... All payments made including amount incurred for expenditure ...</p> <p>Whether following receipts / payments to fall within 5% limit?</p> <ul style="list-style-type: none"> (a) Sale of fixed assets in cash (b) Purchase of fixed assets in cash (c) Capital contribution received from partners in cash (d) Capital withdrawal by partners in cash (e) Petty loans taken in cash (f) Petty loans repaid in cash
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Query	Practically how to check 5% limit satisfied or not?
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A big thanks to FM. No decline in audits due to stringent conditions³³

Tax Audit	FB Clause	23(B)
	IT Act Section	44AB
	Effective from	AY 2020-21
Old law	“Specified date” means the due date for furnishing the return of income u/s 139(1).	
New law	“Specified date” means the <u>date one month prior to</u> the due date for furnishing the return of income u/s 139(1).	
Comment	The due date for furnishing Return shall be 31 st October and the Specified date u/s 44AB shall be 30 th September.	
Problems	<ul style="list-style-type: none"> (i) The extension of due date of Return cannot be linked with utilities in Return etc. (ii) Busy in September + October (iii) Chances of errors, omissions. (iv) Certain reporting like 43B, 40(a) would be difficult 	

Capital Gain		FB Clause	28
		IT Act Section	55
		Effective from	Ay 2021-22
Old law	If the asset had been acquired before 01.04.2001, the actual cost of asset or FMV as on 01.04.2001, whichever is Higher, is taken as cost for computation of taxable gain.		
New law	In the case of land or building, the FMV as on 01.04.2001 shall not exceed the Stamps Duty Value as on 01.04.2001.		
Comment	Still we need to compute FMV as on 01.04.2001 and compare with Stamps Duty Valuation.		

Capital Gain		FB Clause	29(B)(ii)
		IT Act Section	56(2)(x)
		Effective from	01.06.2020
Old law	Any sum of money or immovable property or specified movable property received from or by any trust or institution registered u/s 12A or 12AA is not taxable.		
New law	Reference of new section 12AB is also introduced. Hence any sum of money or immovable property or specified movable property received from or by any trust or institution registered u/s 12AB shall also be not taxable.		

Other Sources		FB Clause	30
		IT Act Section	57
		Effective from	AY 2021-22
New law	<p>Expenses incurred for earning dividend income or income from units of UTI or Mutual Fund covered u/s 10(23D) shall be treated as under:</p> <p>(1) Interest expenditure – Deduction allowed subject to a cap of 20% of gross dividend / gross income from units.</p> <p>(2) Any other expenditure – No deduction allowed.</p>		
Comment	Unjustified restriction.		

Deductions		FB Clause	32
		IT Act Section	80EEA
		Effective from	AY 2021-22
Old law	Deduction is allowed only if the loan had been sanctioned during 01.04.2019 to 31.03.2020.		
New law	The deadline extended upto 31.03.2021		

Deductions		FB Clause	33
		IT Act Section	80G
		Effective from	01.06.2020
New law	<ul style="list-style-type: none"> (i) The procedure for registration of institutions u/s 80G(5) is fully revamped. We shall discuss the new procedure in subsequent slides. (ii) The concept of permanent registration is done away with .. The registration shall be granted for 5 years. There shall be renewal of registration after every 5 years. (iii) First Registration.. Only provisional registration shall be granted. There would not be final registration. (iv) The new procedure is effective from 01.06.2020. All pending applications as on 31.05.2020 shall shift to new procedure. 		

Deductions		FB Clause		33	
		IT Act Section		80G	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(i)	If the assessee is already registered under existing provision <u>[Continuance of old registration]</u>	Within 3 months from 01.06.2020 (i.e. upto 31.08.2020)	Before expiry of 3 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years <u>[No enquiry]</u>	From the AY from which the original registration was granted under existing provision
(ii)	If the assessee is registered under new provision <u>[Renewal of new registration]</u>	At least 6 months prior to the expiry of registration	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the AY immediately following the financial year in which application is made

Deductions		FB Clause		33	
		IT Act Section		80G	
		Effective from		01.06.2020	
	Situation	Assessee must file application	PCIT / CIT shall pass order in writing	Power of PCIT / CIT	Exemption from which AY?
(iii)	If the assessee is provisionally registered under new provision <u>[Final registration]</u>	At least 6 months prior to the expiry of provisional registration or within 6 months of commencement of activities, which ever is earlier	Before expiry of 6 months from end of the month in which the application is received	Pass order in writing granting registration for 5 years or rejecting the registration <u>[After full enquiry]</u>	From the first of Assessment Years for which it was provisionally registered
(iv)	Any other situation <u>[Provisional registration]</u>	At least 1 month prior to the commencement of the PY relevant to the AY from which registration is sought	Before expiry of 1 month from end of the month in which the application is received	Pass order in writing granting provisional registration for 3 years from the AY from which registration is sought <u>[No enquiry]</u>	From the AY immediately following the financial year in which application is made

Deductions	FB Clause	33
	IT Act Section	80G
	Effective from	01.06.2020
Comment	<p>(1) Practical difficulties would arise in complying with so many deadlines. In case of default, the benefit of section 80G shall be lost for non-registration period.</p> <p>(2) First Registration ... “1 month prior to the commencement of PY relevant to the AY from which registration is sought” shall pose serious difficulties. In newly established institutions, it would be impossible to make compliance.</p> <p>(3) What if provisional registration is cancelled?</p> <p>(4) All pending applications on which no order is passed upto 31.05.2020, shall be deemed to be applications covered in situation (iv).</p>	

Deductions		FB Clause	34(i)
		IT Act Section	80GGA
		Effective from	AY 2021-22
Old law	Single cash donation exceeding Rs. 10,000 was not eligible for deduction.		
New law	Limit reduced to Rs. 2,000.		
Comment	Section 80GGA has been brought at par with section 80G.		

Deductions	FB Clause	33(ii), 34(ii)
	IT Act Section	80G, 80GGA
	Effective from	01.06.2020
New law	Deduction to donor shall be allowed only after cross-checking with the information furnished by the donee in the prescribed Statement.	

Deductions		FB Clause	36
		IT Act Section	80-IAC
		Effective from	AY 2021-22
Old law	<ul style="list-style-type: none"> (i) Eligible start up means a company / LLP having total turnover of business upto Rs. 25 crore in the Previous Year relevant to the Assessment Year in which deduction is claimed. (ii) 100% tax holiday is allowed for 3 consecutive years out of 7 years beginning from the year in which eligible start-up is incorporated. 		
New law	<ul style="list-style-type: none"> (i) The turnover limit has been increased to Rs. 100 crore. (ii) 100% tax holiday shall be allowed for 3 consecutive years out of 10 years beginning from the year in which eligible start-up is incorporated. 		
Comment	Start-ups having turnover upto Rs. 100 crore shall be benefited.		

Deductions		FB Clause	38
		IT Act Section	80-IBA
		Effective from	AY 2021-22
Old law	The housing project approved upto 31.03.2020 were eligible for deduction.		
New law	The deadline is extended to 31.03.2021.		

Deductions	FB Clause	40, 51, 52(i)
	IT Act Section	80M, 115BAA, 115BAB
	Effective from	AY 2021-22
New law	<p><u>Section 80M:</u> This section is re-introduced to eliminate the double taxation of inter-corporate dividend.</p> <p>If a domestic company received dividend from another domestic company(s), deduction shall be allowed u/s 80M, to the extent of lower of:</p> <p>(a) dividend received from domestic companies during the year (b) dividend distributed to shareholders upto due date.</p> <p>“Due date” means the date one month prior to the due date for furnishing Return u/s 139(1).</p> <p><u>Section 115BAA / 115BAB:</u> Domestic companies opting for concessional tax regime shall also be entitled to deduction u/s 80M.</p>	

Transfer Pricing	FB Clause	45
	IT Act Section	92F
	Effective from	AY 2020-21
Old law	“Specified date” means the due date for furnishing the return of income u/s 139(1).	
New law	“Specified date” means the <u>date one month prior to</u> the due date for furnishing the Return of income u/s 139(1).	
Comment	The due date for furnishing Return shall be 30 th November and the Specified date u/s 92F shall be 31 st October.	
Problems	Similar problems as discussed in Section 44AB.	

Concession Tax Regime for companies	FB Clause	52(ii)
	IT Act Section	115BAB
	Effective from	AY 2020-21
Old law	15% Concessional tax regime is allowed to only those domestic companies which are engaged in manufacture or production of any article or thing.	
New law	The benefit shall also be available to the domestic companies engaged in the business of generation of electricity.	
Comment	The companies engaged in transmission or distribution of electricity shall not be eligible.	

Citizen's Charter	FB Clause	64
	IT Act Section	119A
	Effective from	01.04.2020
Old law	<p>Although there was no specific provisions in Income-tax Act, 1961 yet a Citizen's Charter was earlier issued in July, 2010. Subsequently, a revised Charter was issued on 29.04.2014.</p> <p>It was declared in the Charter: <i>"This Charter reflects the best endeavour of the Department. The Department intends to review the Charter within a period of three years"</i></p>	
New law	<p>New section 119A: <i>"The CBDT shall prepare and declare a Taxpayer's Charter and issue such orders, directions or guidelines to other income-tax authorities as it may deem fit for the administration of such Charter"</i>.</p>	
Budget Speech	<p>Para No. 81: <i>"We wish to enshrine in the statutes a "taxpayer charter" through this budget. Our government would like to reassure taxpayers that we remain committed to taking measures so that our citizens are free from harassment of any kind"</i>.</p>	
Comment	Hope for the Best.	



Income Tax Department Government of India

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Skip to main content | Employees Corner | Employees Login | Help | हिंदी | A+ | A- | A

Search...

A to Z Index Search Tips / Advance Search

Home About Us Citizen's Charter Forms/Downloads Taxpayer Services Publicity Campaign Contact us Feedback

* Clarifications in respect of prescribed electronic modes under section 269SU of the Income-tax Act, 1961

- Individual/HUF
- Firm/LLP/AOP/BOI
- Company
- Trust
- Non- Resident
- Tax Deductor

What's New

UNION BUDGET 2020-21 *[New]*

Tax Assistant in CBDT through Combined Graduate Level Examination - 2017 *[New]*

Inspector of Income Tax in CBDT through Combined Graduate Level Examination - 2017 *[New]*

Tableau of Income Tax Department during Republic Day Parade



TAX INFORMATION

TAX LAWS AND

INTERNATIONAL

Live Chat
OFFLINE
Mon - Fri 10:00 AM to 6:00 PM



The Citizen's Charter of the Income Tax Department is a declaration of its Vision, Mission and Standards of Service Delivery

VISION

To partner in the nation building process through progressive tax policy, efficient and effective administration and improved voluntary compliance

Mission

- To formulate progressive tax policies
- To make compliance easy
- To be accountable and transparent and act with honesty, in a fair and just manner
- To deliver quality services
- To continuously upgrade skills and build a professional and motivated workforce

We Believe in

- Trust and transparency
- Promoting taxpayer awareness and encouraging self-assessing (taxpayers-voluntary compliance)
- Effective, transparent, aligned tax system
- Continuous research as the foundation of tax policy and administration
- and
- Adopting technology as an enabler for improved service delivery

Service Delivery Standards

We aspire to provide the following key services within specified timelines :

S. No.	Key Services	Timeline (From the date of the receipt of the request, application, submission of documents, etc.)
1	Issue of annual assessment orders under section 143(1) and 143(2) and orders under section 143(3)	4 months
2	Issue of orders regarding refund from assessments under section 143(1) and 143(2)	4 months
3	Receipts on applications for identification	2 months
4	Stamp duty on applications under section 143(1) and 143(2)	2 months
5	Re-arrangement of documents submitted through electronic mode or by post	1 month
6	Receipts on application seeking extension of time for any payment or for grant of installment	2 months
7	Issue of tax clearance certificate under section 143(1) and 143(2)	2 months
8	Receipts on application for representation/objection to assessment under section 143(1) and 143(2)	2 months
9	Receipt on application for grant of permission to commence business, change of partnership, etc. under section 143(1) and 143(2)	15 months
10	Receipt on application for approval for bank under section 143(1) and 143(2)	2 months
11	Receipt on application for registration of companies or foreign trusts or institutions	2 months
12	Receipt on application for approval of franchise or business transfer (under section 143(1) and 143(2))	2 months
13	Receipt on application for grant of approval in connection of bank under section 143(1) and 143(2)	2 months
14	Receipt on application for registration of trusts or societies under section 143(1) and 143(2)	2 months
15	Receipt on application for transfer of shares from one shareholder to another	2 months

The above timelines will apply to cases where reconfirmation is complete in all respects.

Expectations from Taxpayers

We request our Taxpayers:

- To understand and comply with all legal obligations
- To pay taxes on time
- To retain files and records in all documents self-compliance
- To retain files and records in all documents self-compliance
- To make complete and correct returns/declarations in the returns
- To reply timely to the communications
- To be cooperative and assist officers, when they have doubts with respect to any procedure
- To contact the helpline number: 14567890123 and other helpline numbers in the office of offices
- To inform change of address to the tax authorities concerned
- To inform any change in PAN certificate to designated agency
- To update PAN on documents in the TDS statements, etc.
- To report promptly to the concerned authority in case of non-compliance

We Endeavour

- To provide customer assistance
- To provide information about the laws
- To provide information, facts and other assistance in the decision-making process of all nature www.incometaxindia.gov.in
- To provide timely and correct returns
- To provide timely and correct returns with a user friendly interface
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- To provide timely and correct returns with a user friendly interface

Grievance Redressal

- Any grievance received will be redressed within one month from the date of the receipt of the grievance
- Where an unresolved grievance has to be referred to higher authority, it will be decided within 30 days from the receipt of the grievance
- The grievance will be referred to the Grievance Redressal Cell of an authorized government office
- The grievance redressal cell will include a panel of qualified officers and staff in the office www.incometaxindia.gov.in

Survey		FB Clause	65
		IT Act Section	133A
		Effective from	01.04.2020
Old law	ADIT / DDIT / AO / TRO / IIT cannot conduct survey without obtaining approval of JDIT / JCIT.		
New law	<p>(i) If the information has been received from a prescribed authority: ADIT / DDIT / AO / TRO / IIT cannot conduct survey without obtaining approval of JDIT / JCIT.</p> <p>(ii) In any other case: JDIT / JCIT / ADIT / DDIT / AO / TRO / IIT cannot carry out survey without obtaining approval of DIT / CIT.</p>		

Return of Income		FB Clause	66
		IT Act Section	139
		Effective from	AY 2020-21
Old law	(i)	The due date for furnishing of Return in company cases and audited cases, is 30 th September.	
	(ii)	In the case of working partner of audited firm, the due date of furnishing of Return is 30 th September but in case of non-working partner of audited firm, the due date is 31 st July.	
New law	(i)	The due date for furnishing of Return in company cases and audited cases, shall be 31 st October.	
	(ii)	In the case of all partners of audited firm, whether working or non-working, the due date for furnishing the Return shall be 31 st October.	
Comment	Both amendments are good.		

Return of Income	FB Clause	67
	IT Act Section	140
	Effective from	01.04.2020
Old law	Return of a company can be verified only by its managing director / director. Similarly, Return of a LLP can be verified only by its designated partner / partner.	
New law	Return of company / LLP can be verified by any other person as may be prescribed.	

Assessment		FB Clause	69
		IT Act Section	143(3A)
		Effective from	01.04.2020
Old law	Faceless assessment (National e-assessment) is only for scrutiny assessment u/s 143(3)		
New law	Scope widened to permit Best Judgement Assessment u/s 144.		

Assessment		FB Clause	70
		IT Act Section	144C
		Effective from	01.04.2020
Old law	<p>The AO shall forward a draft assessment order and thereafter the procedure of DRP and completion of assessment shall apply in following cases:</p> <ul style="list-style-type: none"> (i) Any person in whose case the variation is proposed due to order of Transfer Pricing Officer u/s 92CA, (ii) Any foreign company 		
New law	<p>Now the procedure of section 144C shall also apply to all Non-Residents.</p>		
Comment	<p>Welcome step.</p>		

TDS	FB Clause	74
	IT Act Section	194
	Effective from	01.04.2020
New law	<p>In recent times, the section 194 was inactive due to DDT payment by the company. With the abolition of DDT and introduction of tax on dividend in the hands of shareholders, section 194 shall become active once again. Hence certain amendments are also proposed.</p> <p>(i) A domestic company shall deduct TDS out of dividend paid to resident shareholders.</p> <p>(ii) TDS Rate shall be 10%.</p> <p>(iii) TDS shall be deducted before making payment of dividend.</p> <p>(iv) TDS shall not be required if the shareholder is an Individual + the dividend is paid by any mode other than cash + Aggregate dividend payment during a financial year does not exceed Rs. 5,000.</p>	
Comment	<p>(1) If the shareholder is Non-Resident, TDS shall be u/s 195.</p> <p>(2) Please be careful .. The dividend covered u/s 2(22)(e) shall also attract TDS and in case of default, reporting to be made in Tax Audit Report.</p>	

TDS	FB Clause	75(I), 76(I), 77, 78, 79(b)
	IT Act Section	194A, 194C, 194H, 194-I, 194J
	Effective from	01.04.2020
Old law	<p><u>Section 194A, 194H, 194-I, 194J:</u> An individual or HUF, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed <u>the monetary limits specified in section 44AB(a) / (b)</u> during the immediately preceding financial year, is liable to deduct TDS.</p> <p><u>Section 194C:</u> An individual or HUF or AOP or BOI, who <u>is liable to audit of accounts under 44AB(a) / (b)</u> during the immediately preceding financial year, is liable to deduct TDS.</p>	
New law	<p><u>Section 194A, 194H, 194-I, 194J:</u> The words "<u>the monetary limits specified in section 44AB(a) / (b)</u>" are substituted by "<u>Rs. 1 Crore in case of business or Rs. 50 lakh in case of profession</u>".</p> <p><u>Section 194C:</u> The words "<u>is liable to audit of accounts under 44AB(a) / (b)</u>" are substituted by "<u>has total sales, gross receipts or turnover from business or profession carried on by him exceeding Rs. 1 Crore in case of business or Rs. 50 lakh in case of profession</u>".</p>	
Comment	<p>(i) The amendment is necessitated because of increased limit of Rs. 5 Crore in section 44AB.</p> <p>(ii) By the way, the well-known anomaly in section 194C is also cured.</p>	

TDS	FB Clause	75(II)
	IT Act Section	194A
	Effective from	01.04.2020
Old law	<p>Section 194A(3)(v): No TDS is required out of interest paid: (a) by a co-operative society (other than a co-operative bank) to a member thereof, or (b) by a co-operative society to any other co-operative society.</p> <p>Section 194A(3)(viia): No TDS is required out of interest paid: (a) by a Primary Agricultural Credit Society or a Primary Credit Society or a Co-operative Land Mortgage Bank or a Co-operative Land Development Bank, or (b) By a Co-operative Society [Other than a Co-operative Society or Bank referred to in (a)], engaged in carrying banking business.</p>	
New law	<p>TDS shall be necessary if: (a) the total sales, gross receipts or turnover of the Co-operative Society referred to in (v) or (viia), exceed Rs. 50 Crore during the preceding financial year, and (b) the interest payable during the financial year exceeds Rs. 40,000 (Rs. 50,000 in case of Senior Citizen).</p>	

TDS	FB Clause	76(II)
	IT Act Section	194C
	Effective from	01.04.2020
Old law	<p>Work includes: Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer, but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person other than such customer.</p>	
New law	<p>Work includes: Manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer <u>or its associate</u> but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person other than such customer <u>or associate of such customer</u>.</p> <p>Meaning of “Associate” – Same as in section 40A(2)(b)</p>	
Comment	<p>The amendment has been made to curb the mal-practice of avoiding TDS being resorted by persons.</p>	

TDS	FB Clause	79
	IT Act Section	194J
	Effective from	01.04.2020
New law	TDS Rate has been reduced from 10% to 2% in case of payment of Fee for Technical Services (FTS).	
Comment	TDS Rate shall remain 10% in case of all other payments covered u/s 194J.	

TDS	FB Clause	80
	IT Act Section	194K
	Effective from	01.04.2020
New law	<p>With the abolition of DDT and introduction of tax on income of units in the hands of unit holders, section 194K has been re-introduced.</p> <p>(i) UTI or Mutual Fund covered u/s 10(223D) shall deduct TDS out of income distributed by them to resident unit holders.</p> <p>(ii) TDS Rate shall be 10%.</p> <p>(iii) TDS shall be deducted at the time of credit of such income to the account of payee or at the time of making payment, which ever is earlier.</p> <p>(iv) No TDS upto Rs. 5,000 in one financial year.</p>	
Comment	<p>If the unit holder is Non-Resident, TDS shall be u/s 196A.</p> <p>The payee can take benefit of section 197.</p>	

TDS	FB Clause	84, 89
	IT Act Section	194-O, 197
	Effective from	01.04.2020
Who will deduct?	E-Commerce Operator (ECO)	
Who is payee?	E-Commerce Participant (ECP)	
Transaction	Sale of goods or provision of services of ECP is facilitated by ECO through its digital or electronic facility or platform (by whatever name called)	
TDS at which time?	Credit of amount to the account of ECP or at the time of making payment to ECP, whichever is earlier	
TDS Rate	1% of gross amount of sale or service or both	
Explanation	Payment made by purchaser of goods or recipient of services directly to the ECP shall be deemed to be the amount credited or paid by ECO to ECP and shall be included in gross amount for TDS	
Exemption from TDS	If the ECP is an individual / HUF + Gross amount credited or paid or likely to be credited or paid during the previous year does not exceed Rs. 5 lakh + ECP has furnished PAN or Aadhar Number to the ECO	
Other TDS provision not applicable	A transaction in respect of which TDS is deducted by ECO or ECO is not liable to TDS as per "Exemption from TDS" discussed above, shall not be liable to TDS under any other provision of TDS Chapter.	

TDS	FB Clause	84
	IT Act Section	194-O
	Effective from	01.04.2020
Other TDS provision not applicable	A transaction in respect of which TDS is deducted by ECO or ECO is not liable to TDS as per “Exemption from TDS” discussed above, shall not be liable to TDS under any other provision of TDS Chapter.	
Special provision	Any amount received or receivable by ECO for hosing advertisements or providing other services shall not be covered u/s 194-O. TDS shall be deducted under other sections, as applicable.	
Meaning of “Electronic Commerce”	“Electronic Commerce” means the supply of goods or services or both including digital products, over digital or electronic network.	
Meaning of ECO	“ECO” means a person who owns, operates or manages digital or electronic facility or platform for electronic commerce and is responsible for paying to ECP.	
Meaning of ECP	“ECP” means a person resident in India selling goods or providing services or both (including digital products) through digital or electronic facility or platform.	
Section 197	The ECP can approach AO and obtain certificate of no TDS or TDS at lower rate.	

TDS		FB Clause	92
		IT Act Section	206AA
		Effective from	01.04.2020
Old law	If the payee does not provide PAN, the payer has to deduct TDS at the minimum rate of 20%		
New law	In the case of section 194-O, the minimum rate of TDS shall be 5%.		

TCS	FB Clause	93
	IT Act Section	206C(1G)
	Effective from	01.04.2020
	TCS on remittance under LRS	TCS on Overseas Tour Package
Who will collect?	Foreign Exchange dealer will collect from Buyer	Seller will collect from Buyer
Seller	Authorised dealer	Any person
Buyer	Any person (except Govt., local authority, notified person etc.)	Any person (except Govt., local authority, notified person etc.)
How much	Rs. 7 lakh or more in a financial year	Any amount
Transaction	Collection towards remittance out of India under Liberalised Remittance Scheme	Collection towards sale of overseas tour package
TCS at what time?	At the time of debiting to the account of collectee or receipt from collectee, which ever is earlier	At the time of debiting to the account of collectee or receipt from collectee, which ever is earlier
TCS Rate	5%	5%
Exemption from TCS	If the buyer deducts TDS	If the buyer deducts TDS

TCS	FB Clause	93
	IT Act Section	206C(1H)
	Effective from	01.04.2020
Who will collect?	Seller will collect from Buyer	
Seller	Any person whose total sales, gross receipts or turnover from the business exceed Rs. 10 crore during preceding financial year	
Buyer	Any person (except Govt, local authority, notified person, etc.)	
Transaction	Receipt of consideration towards sale of goods [other than goods covered u/s 206C(1), (1F), (1G)]	
How much collection	Exceeding Rs. 50 lakh in a year	
TCS at what time?	At the time of receipt of sale consideration from buyer	
TCS Rate	0.1% of the sale consideration exceeding Rs. 50 lakh [1% if the buyer does not provide PAN / Aadhar Number]	
Exemption from TCS	If the buyer deducts TDS	

TCS	FB Clause	93
	IT Act Section	206C
	Effective from	01.04.2020
Old law	<p><u>Meaning of “Seller” for section 206C(1) and (1F):</u> “Seller” includes an individual or HUF, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed <u>the monetary limits specified in section 44AB(a) / (b)</u> during the immediately preceding financial year.</p>	
New law	<p>The words <u>“the monetary limits specified in section 44AB(a) / (b)”</u> are substituted by <u>“Rs. 1 Crore in case of business or Rs. 50 lakh in case of profession”</u>.</p>	
Comment	<p>The amendment is necessitated because of increased limit of Rs. 5 Crore in section 44AB.</p>	

Appeal	FB Clause	95
	IT Act Section	250
	Effective from	01.04.2020
New law	Faceless Appeal to CIT(A) being introduced.	

Appeal	FB Clause	96
	IT Act Section	253
	Effective from	01.06.2020
New law	First Appeal against the order u/s 12AB shall lie to ITAT.	

Appeal	FB Clause	97
	IT Act Section	254
	Effective from	01.04.2020
New law	<p>(1) ITAT shall grant stay only if the assessee deposits minimum 20% of disputed demand (tax/interest/fee/penalty/other sum) or furnishes security of equal amount.</p> <p>(1) Extension of stay shall also be granted only if the condition of 20% payment or furnishing of security is fulfilled.</p>	
Comment	<p>20% payment or furnishing security is a condition for grant of stay and does not confer a right of stay. The grant of stay shall be on merit of case.</p>	

Penalty	FB Clause	98
	IT Act Section	271AAD
	Effective from	01.04.2020

New law	<p>(1) <u>Without prejudice to any other provisions of this Act, if during the proceeding under this Act, it is found that <u>in the books of account maintained by any person</u> there is –</u></p> <p>(i) a false entry, or</p> <p>(ii) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability,</p> <p>the AO may direct that <u>such person</u> shall pay by way of penalty a sum equal to the <u>aggregate amount of such false or omitted entry.</u></p> <p>(2) Without prejudice to the provisions of sub-section (1), the AO may direct that any <u>other person, who causes the person referred to in sub-section (1)</u> in any manner to make a false entry or omits or causes to omit any entry referred to in sub-section (1), shall pay by way of penalty a sum equal to the <u>aggregate amount of such false or omitted entry.</u></p>
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Penalty	FB Clause	98
	IT Act Section	271AAD
	Effective from	01.04.2020

New law	<p><u>Meaning of “False entry”:</u> “False entry” includes use or intention to use:</p> <ul style="list-style-type: none"> (a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or (b) invoice in respect of supply or receipt of goods / services / both issued by the person or any other person without actual supply or receipt of such goods / services / both, or (c) invoice in respect of supply or receipt of goods / services / both to or from a person who does not exist. <p><u>Meaning of “Omitted entry”:</u> Specifically not prescribed. But the language of 271AAD(1)(ii) itself reads: <i>“an omission of any entry which is relevant for computation of total income of such person, to evade tax liability”</i></p>
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Penalty	FB Clause	98
	IT Act Section	271AAD
	Effective from	01.04.2020
Comment	<u>Applicability:</u> <ul style="list-style-type: none"> • Bogus purchase • Bogus sales • Bogus expenses • Unaccounted incomes • Acomodation entries 	
Comment	<u>Consequences under Income-tax:</u> <ul style="list-style-type: none"> • Tax – Section 115BBE or Normal depending upon situation • Interest • Penalties u/s 270A or 271AAC depending upon situation • Penalty u/s 271AAD – Equal to amount of entry • Prosecution • 4 parties (the supplier, the purchaser, the motivator of supplier and the motivator of purchaser) can face 271AAD • Benefit of section 273B not available <u>Consequences under GST:</u> <ul style="list-style-type: none"> • Tax, interest, penalty, prosecution 	

Penalty	FB Clause	100
	IT Act Section	274
	Effective from	01.04.2020
New law	Faceless Penalty proceedings being introduced.	

Administration	FB Clause	90, 101
	IT Act Section	203AA, 285BB
	Effective from	01.06.2020
Old law	<p>Section 203AA: The department shall provide Form 26AS upto 31st July of Assessment Year.</p>	
New law	<p>Section 203AA omitted: Omitted. Hence Form 26AS is scrapped.</p> <p>Section 285BB introduced: The department shall upload “Annual Information Statement” in a prescribed form, in the “Registered Account” of assessee.</p>	
Comment	<p>Seems that the Annual Information Statement shall be more comprehensive than Form 26AS.</p>	

Misc.	FB Clause	102
	IT Act Section	288
	Effective from	01.04.2020
Old law	Seven categories of persons, including CAs and Advocates, are permitted to function as “Authorised Representatives”.	
New law	<u>A new category is being added:</u> “any other person as may be prescribed”	

Clauses not discussed, being less important to us

FB Clause	IT Act Section	Provision
3(i)	2(13A)	Meaning of “Business Trust”
3(ii)	2(42A)	Holding period of segregated portfolio
5	9	Income deemed to accrue or arise in India
6	9A	Certain activities not to constitute “Business Connection” in India
7(II)(d)	10(23FE)	Non-Residents
7(II)(g)	10(45)	Exemption to UPSC Chairman / Members
7(III)	10(48C)	Exemption to Indian Strategic Petroleum Reserves Ltd.
17(i)	35(1)	Scientific Research
25	49	Notional cost of segregated portfolio

Clauses not discussed, being less important to us

FB Clause	IT Act Section	Provision
31	72AA	C/F of losses in case of amalgamation etc.
41 / 42	90 / 90A	Double Taxation Treaties
43	92CB	Transfer Pricing
44	92CC	Transfer Pricing
46	94B	Transactions with Non-Residents
47(II)	115A(5)	Non-Resident
53	115BAD	Concessional tax regime for co-operative societies
68, 71 to 73	140A, 156, 191, 192	Deferred taxation of ESOPs allotted by eligible start-up

Clauses not discussed, being less important to us

FB Clause	IT Act Section	Provision
81	194LBA	Business Trust
82	194LC	Non-Residents
83	194LD	Non-Residents
86	196A	Non-Residents
87	196C	Non-Residents
88	196D	Non-Residents
91	204	Non-Residents
103	295	Non-Residents
104	First Schedule	Life Insurance Business

No disputes but Trust Scheme (Vivad se Vishwas Scheme)

Para No. 126 of FM Speech

How much to be paid?	If pays upto 31.03.2020 - Disputed tax If pays after 31.03.2020 – Some additional amount shall be payable
Benefits	Complete waiver of interest and penalty
Scheme period	Upto 30.06.2020
Scheme available to	Appeals pending at any level
Complete Scheme	Yet to be presented in Parliament

Thanks for giving me an opportunity to learn
and
also extending a patient hearing