

An Overview of the Finance Bill 2020



**The Budget 2020; a step towards
making INDIA 5 trillion dollar economy ?**

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The provisions contained in the Finance Bill 2020 are proposals and are likely to undergo amendments while passing through both houses of the Parliament before being enacted.

**SHAH
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**CHARTERED
ACCOUNTANTS**



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2020

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FINANCE BILL 2020

Unless otherwise specifically mentioned, the amendments proposed are to be effective from AY 2021-22 and are therefore applicable with respect to income arising on or after 1st April 2020. Specific mention is made at the relevant places, when the effective date of a proposed amendment is other than 1st April 2020. Reference to the existing provisions mean the provisions of the Act immediately prior to the amendments proposed in the Bill.

Any reference to the sections, unless otherwise stated, is to the sections of the Income Tax Act, 1961.

Highlights of the budget 2020

- Reduction of personal tax slab rates for those who are ready forgo deductions and exemptions.
- Dividend to be taxed in the hands of shareholders consequent to elimination of dividend distribution tax.
- Maximum allowable deduction of expenditure to earned dividend income restricted to 20% of Dividend Income.
- Reduction of Tax Rate on income of cooperative societies to 22% from 30% if specified deductions and exemptions are not availed.
- Reduction in Tax Rate for new domestic power generation companies to 15% under the new corporate tax regime.
- Sizable start-ups with turnover up to ₹ 100 crore to enjoy 100% deduction for 3 consecutive assessment years out of 10 years.
- Turnover threshold for audit of MSMEs to be increased from ₹ 1 crore to ₹ 5 crore, provided less than 5% of cash business.
- Tax holiday for affordable housing extended by 1 year. Simultaneously, additional deduction up to ₹ 1.5 lakhs for interest paid on loans taken for an affordable house extended till 31st March, 2021.
- Tax burden on employees due to tax on ESOPs of Start-ups to be deferred by five years or till they leave the company or when they sell, whichever is earliest.
- For determining Residential Status the number of days of stay in India reduced to 120 days against prevailing 182 days.
- Charitable Trust registration and 80G exemption to be for 5 years. Registration of charitable trusts to be made completely by electronic mode.
- Charitable trusts to report details of donation received to enable pre-filled IT return forms

of donors. The donors will not be required to give details of donation while filing their return.

- Immovable property transactions not commensurate with Stamp Value tolerated till 10% deviation.
- Fair Market Value of Capital Asset as on 01.04.2001 to be as per Stamp Value against fair value.
- Form 26AS to disclose all the transactions undertaken by taxpayer and reported to Income Tax Authorities.
- Instant online allotment of PAN on the basis of Aadhaar.
- In line with the faceless assessment, attempt has been made to provide faceless appeals.
- New taxpayer charter to be instituted to end harassment, delay in execution of procedures and refunds.
- Introduction of Tax Dispute Settlement scheme known as “Vivaad se Vishwaas scheme”. Waiver of Interest and penalty subject to payment of disputed tax till 31st March 2020. Procedures, Rules & forms to be notified.
- TCS at the rate of 0.1% to be collected on sales of Goods exceeding ₹ 50 Lakhs to a single person by the person having turnover exceeding ₹ 10 Crores.
- Synchronization of information with GST & other departments, by levying penalty on Fake Invoices & Input Tax Credits.

A - Rates of tax

The proposed income tax rates (including Health and Education Cess and Surcharge wherever applicable) for the FY 2020-21 have been given below in Table I for ready reference.

Table I – Rates of Tax

Particulars	If Total Income upto ₹ 50 lakhs	If Total Income exceed ₹ 50 lakhs and upto ₹ 1 Cr.	If Total Income exceed ₹ 1 Cr. and upto ₹ 2 Cr.	If Total Income exceed ₹ 2 Cr. and upto ₹ 5 Cr.	If Total income exceeds ₹ 5 Cr.
Individual (Including women), HUF, AOP, AJP & BOI					
(Other than senior citizen)					
Upto ₹ 2,50,000/-	Nil	Nil	Nil	Nil	Nil
₹ 2,50,001/- to ₹ 5,00,000/-	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%
Senior Citizen					
(Above 60 years but below 80 years)					
Upto ₹ 3,00,000/-	Nil	Nil	Nil	Nil	Nil
₹ 3,00,001/- to ₹ 5,00,000/-	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%
Very Senior Citizen (80 years or Above)					
Upto ₹ 5,00,000/-	Nil	Nil	Nil	Nil	Nil
₹ 5,00,001/- to ₹ 10,00,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
Above ₹ 10,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%

Individual & HUF (Proposed-Optional) (Section-115BAC)

Particulars	If Total Income upto ₹ 50 lakhs	If Total Income exceed ₹ 50 lakhs and upto ₹ 1 Cr.	If Total Income exceed ₹ 1 Cr. and upto ₹ 2 Cr.	If Total Income exceed ₹ 2 Cr. and upto ₹ 5 Cr.	If Total income exceeds ₹ 5 Cr.
Individual & HUF					
Upto ₹ 2,50,000/-	Nil	Nil	Nil	Nil	Nil
₹ 2,50,001/- to ₹ 5,00,000/-	5.20%	5.72%	5.98%	6.50%	7.12%
₹ 5,00,001/- to ₹ 7,50,000/-	10.40%	11.44%	11.96%	13.00%	14.25%
₹ 7,50,001/- to ₹ 10,00,000/-	15.60%	17.16%	17.94%	19.50%	21.37%
₹ 10,00,001/- to ₹ 12,50,000/-	20.80%	22.88%	23.92%	26.00%	28.50%
₹ 12,50,001/- to ₹ 15,00,000/-	26.00%	28.60%	29.90%	32.50%	35.62%
Above ₹ 15,00,000/-	31.20%	34.32%	35.88%	39.00%	42.74%

Particulars	If Total income upto ₹ 1 Cr.	If Total income exceeds ₹ 1 Cr.
Partnership Firm / Limited Liability Partnership (LLP)		
Normal Income Tax	31.20%	34.944%
Local Authority		
Normal Income Tax	31.20%	34.944%
Co-operative Society (Existing)		
Upto ₹ 10,000/-	10.40%	11.648%
₹ 10,001/- to ₹ 20,000/-	20.80%	23.296%
₹ 20,001/- onwards	31.20%	34.944%
Co-operative Society (Proposed-Optional) (Section - 115BAD)	25.168%	25.168%

Particulars	If Total income upto ₹ 1 Cr.	If Total income exceeds ₹ 1 Cr. and upto ₹ 10 Crs.	If Total income exceeds ₹ 10 Crs.
Companies			
Domestic Co. having turnover or gross receipts does not exceeds ₹ 400 Cr. In previous year 2018-19	26.00%	27.82%	29.12%
Domestic Co. other than opting for 115BAA & 115BAB	31.20%	33.384%	34.944%
Domestic Co. opting for 115BAA	25.168%	25.168%	25.168%
Domestic Co. opting for 115BAB (New Domestic Manufacturing on or after 1st October 2019)	17.16%	17.16%	17.16%
Company other than Domestic Company	41.60%	42.432%	43.68%
Minimum Alternate Tax (MAT) Other than opting for 115BAA & 115BAB			
Domestic Companies with Income less than ₹ 1 Cr.	19.24%	20.587%	21.549%
Other than Domestic Companies	19.24%	19.625%	20.202%

STCG on Listed Securities (111A)

Particulars	If Total income upto ₹ 50 lakhs	If Total income exceed ₹ 50 lakhs and upto ₹ 1 Cr.	If Total income exceed ₹ 1 Cr. and upto ₹ 2 Cr.	If Total income exceed ₹ 2 Cr. and upto ₹ 5 Cr.	If Total income exceeds ₹ 5 Cr. and upto ₹ 10 Cr.	If Total income exceeds ₹ 10 Cr.
Individual, HUF, AOP & BOI	15.60%	17.16%	17.94%	17.94%	17.94%	17.94%
Partnership Firm	15.60%	15.60%	17.472%	17.472%	17.472%	17.472%
Domestic Co. other than opting for 115BAA & 115BAB	15.60%	15.60%	16.692%	16.692%	16.692%	17.472%
Domestic Co. opting for 115BAA & 115BAB	17.16%	17.16%	17.16%	17.16%	17.16%	17.16%
Com. other than Domestic Company	15.60%	15.60%	15.912%	15.912%	15.912%	16.38%

LTCG on Listed Securities (112A) (Covered under STT)

Particulars	If Total income does not exceed ₹ 50 lakhs	If Total income exceed ₹ 50 lakhs but does not exceeds ₹ 1 Cr.	If Total income exceed ₹ 1 Cr. but does not exceeds ₹ 2 Cr.	If Total income exceed ₹ 2 Cr. but does not exceeds ₹ 5 Cr.	If Total income exceeds ₹ 5 Cr.	If Total income exceeds ₹ 10 Cr.
Individual, HUF, AOP & BOI	10.40%	11.44%	11.96%	11.96%	11.96%	11.96%
Partnership Firm	10.40%	10.40%	11.648%	11.648%	11.648%	11.648%
Domestic Co. other than opting for 115BAA & 115BAB	10.40%	10.40%	11.128%	11.128%	11.128%	11.648%
Domestic Co. opting for 115BAA & 115BAB	11.44%	11.44%	11.44%	11.44%	11.44%	11.44%
Companies other than Domestic Co.	10.40%	10.40%	10.608%	10.608%	10.608%	10.92%

Capital Gains tax on assets other than Listed Securities

Particulars	STCG	LTCG
Individual, HUF, AOP & BOI with income less than ₹ 50 Lakhs.	As per Slab	20.80%
Individual, HUF, AOP & BOI with income more than ₹ 50 Lakhs but less than ₹ 1 Cr.	As per Slab	22.88%
Individual, HUF, AOP & BOI with income more than ₹ 1 Cr. but less than ₹ 2 Cr.	As per Slab	23.92%
Individual, HUF, AOP & BOI with income more than ₹ 2 Cr. but less than ₹ 5 Cr.	As per Slab	26.00%
Individual, HUF, AOP & BOI with income more than ₹ 5 Cr.	As per Slab	28.50%
Partnership Firm with income less than ₹ 1 Cr.	31.20%	20.80%
Partnership Firm with income more than ₹ 1 Cr.	34.944%	23.296%
Domestic Co. having turnover or gross receipts does not exceed ₹ 400 Cr. In Previous year 2018-19		
Domestic Co. with Income less than ₹ 1 Cr.	26.00%	20.80%

Particulars	STCG	LTCG
Domestic Co. with Income more than ₹ 1 Cr. but less than ₹ 10 Cr.	27.82%	22.26%
Domestic Co. with Income more than ₹ 10 Cr.	29.12%	23.296%
Domestic Companies Other than opting for 115BAA & 115BAB		
Domestic Co. with Income less than ₹ 1 Cr.	31.20%	20.80%
Domestic Co. with Income more than ₹ 1 Cr. but less than ₹ 10 Cr.	33.384%	22.26%
Domestic Co. with Income more than ₹ 10 Cr.	34.944%	23.296%
Domestic Companies opting for 115BAA		
Domestic Co. with Income less than ₹ 1 Cr.	25.168%	22.88%
Domestic Co. with Income more than ₹ 1 Cr.	25.168%	22.88%
Domestic Companies opting for 115BAB (New Domestic Manufacturing on or after 1st October 2019)		
Domestic Co. with Income less than ₹ 1 Cr.	17.16%	22.88%
Domestic Co. with Income more than ₹ 1 Cr.	17.16%	22.88%
Companies other than Domestic Companies		
Company other than Domestic Company with Income less than ₹ 1 Cr.	41.60%	20.80%
Company other than Domestic Company with Income more than ₹ 1 Cr. But less than ₹ 10 Cr.	42.432%	21.216%
Company other than Domestic Company with Income more than ₹ 10 Cr.	43.68%	21.84%

B – Personal Taxation

B1 Incentives to individual and HUF

New concessional rates of taxes are proposed for individual & HUF by insertion of section 115BAC subject to following conditions :

- i. Assessee not having business income shall exercised for every previous year along with return of income to be furnished u/s 139(1)
- ii. Assessee having business income, once exercised the option it will be valid for that previous year and all subsequent year. Option to be exercised on or before the due date specified for furnishing return of income for any previous year relevant to the A.Y. starting on or after 1st April, 2021.
- iii. The option shall become invalid for a previous year as the case may be if Individual & HUF fails to satisfy the conditions and other provisions of the Act.
- iv. The conditions for concessional rate shall be that the total income of the individual or HUF is calculated:-
 - Without any exemption or deduction i.e. Leave Travel Concession, House rent allowance, some allowances u/s 10(14), free food through vouchers, Allowance to MPs/MLAs, Allowance for Income of Minor, Exemption for SEZ Unit, Standard Deduction from salary as well house property, Deduction for Entertainment Allowance, Professional Tax, Interest in respect of Self occupied or vacant property, Deduction u/s 32AD, 33AB, 33ABA, 35, 35AD, 35CCC, deduction from family pension or any deduction under chapter VIA other than section 80CCD i.e. National Pension Scheme & 80JJAA for deduction in respect of new employees.
 - Without set off of any carried forward loss or depreciation from any earlier assessment year , if such loss or depreciation is attributable to any of the deductions above or under the head house property with any other head of income.
 - By claiming the depreciation except additional depreciation
 - Without any exemption or deduction for allowance or perquisite provided under any other law for the time being in force.
- v. The loss and depreciation shall be deemed to have given full effect and no further deduction for such loss and depreciation shall be allowed for any subsequent year. However, if any depreciation allowance has not been given full effect prior to 1st April, 2021, then adjustments shall be made to written down value of such block of assets as on 1st April, 2020.
- vi. If the individual or HUF has a unit in the International Financial Services Centre, the

deduction u/s 80LA shall be available subject to fulfilment of conditions contained in section.

- vii. The option can only be withdrawn once when it is exercised by individual or HUF. Thereafter the Individual or HUF shall never be eligible to exercise that option.

Provisions relating to Alternate Minimum Tax (AMT) shall not apply to such Individual or HUF having Business Income. Also the provisions relating to carry forward or set off of AMT Credit shall not be applied.

However the following allowances are allowed to the Individual or HUF exercising option under the proposed section:-

- Transport Allowance granted to a divyang employee to meet expenditure for the purpose of commuting between place of residence and place of duty.
- Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office.
- Any Allowance granted to meet the cost of travel on tour or on transfer.
- Daily Allowance to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty.

B2 Removal of Dividend Distribution Tax (DDT)

In the new regime, it is proposed that the domestic company, specified companies and mutual funds are not required to pay DDT. Further any income earned by shareholders or unit holders is taxable in their hands only. Which were hitherto paying DDT @15% plus applicable surcharge shall not required to pay the same. However the same shall now be taxed in the hands of recipient. Thus, any dividend declared, distributed or paid on or after 1st April, 2020 is taxable in the hands of shareholders.

Deductions shall be allowed on account of interest expense incurred to earn dividend income subject to 20% of such dividend income. The said dividend shall be subject to TDS @10% if it exceeds ₹ 5,000/-.

B3 Provident Fund

Any contribution to Recognised Provident Fund, National Pension Scheme, Superannuation Fund in excess of ₹ 7,50,000/- during Previous Year shall be subject to tax as a perquisite. It is also proposed that any annual accretion by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of fund or scheme may be treated as perquisite. It is clarified that only Employer's Contribution should be considered as contribution.

C – Business Income

C1 Rationalisation of provisions relating to tax audit in certain cases.

- As per the existing provisions, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts in business during any previous year exceeds one crore rupees.

Now, it is proposed to increase the above threshold limit of turnover from existing one crore rupees to five crore rupees in the following cases where, -

- (i) aggregate of all receipts in cash during the previous year does not exceed five per cent of such receipt; and
- (ii) aggregate of all payments in cash during the previous year does not exceed five per cent of such payment.

If the above specified conditions are not met then existing limit of turnover of ₹ 1 Cr. will apply.

- It is also been proposed to amend the section 139(1) of the Income tax act, 1961 so as to remove distinguish between working partner and non-working partner of the partnership firm with respect to due date of filing of the return.
- The due date of filing the return of income has been extended from existing 30th September to 31st October u/s 139(1) for each assessment year.

However, the due date of the filing the tax audit report under section 44AB of the Income tax act, 1961 is still 30th September of every assessment year.

These amendments will take effect from A.Y. 2020-21 and subsequent years.

C2 Providing an option to the assessee for not availing deduction under section 35AD.

Existing provision of the section 35AD of the Income tax act, 1961 provides for the 100% deduction in respect of capital expenditure (other than expenditure on land, goodwill and financial assets) incurred by assessee during the previous year, on certain specified business.

Further subsection 4 of the said section i.e. 35AD also provides that if an assessee claims 100% deduction of the capital expenditures as mentioned above, then he shall not be allowed other benefit or deduction whatsoever under any section under the Income tax act, 1961 on the said capital expenditures.

Now a domestic company who opts for the newly introduced concessional rate of tax i.e 15% or 22% and does not claim any deduction under the above section 35AD would not be entitled to claim normal depreciation due to the above-mentioned provision.

Therefore, it is now proposed to amend the said section of 35AD while making the deduction optional.

Moreover it is also been proposed to amend that no deduction will be allowed in respect of capital expenditure incurred, in any other section in any previous year or under this section in any other previous year, if the deduction has been claimed by the assessee and allowed to him under section 35AD.

These amendments will take effect from A.Y.2020-21 and subsequent years.

D – Capital Gain

D1 Rationalization of provisions of section 55 of the Act to compute cost of acquisition :

According to the existing provision of section 55 of the Income tax act,1961, if an assessee has acquired an immovable property i.e. land or building or both before 1st April 2001, then while computing the income from the capital gain, the assessee can take either of the fair market value of such asset as on said date or actual cost at his option, as a cost of acquisition.

Now it has been proposed that in case of the asset being land or building or both, the fair market value as mentioned above shall not exceed stamp duty valuation as adopted by the authority of central government or State government i.e.(Jantri Value) as on 1st April 2001 of an asset provided such stamp duty value is available. The fair value is thus dispensed with.

These amendments will take effect from A.Y. 2021-22 and subsequent years.

D2 Rationalisation of the provisions of section 49 and clause (42A) of section 2 of the Act in respect of segregated portfolios :

SEBI has permitted creation of segregated portfolio of debt and money market instruments by Mutual Fund schemes. Therefore, on segregation, now there will be two schemes for unit holders i.e. the main scheme and segregated scheme.

Now, the existing provision of Clause (42A) of section 2 of the Income tax act,1961 provides the definition of the term “short-term capital asset”. It also provides for determination of period of holding of the capital asset held by the assessee.

It is proposed to amend above said section to provide that period of holding of original Units of “main portfolio” shall be included for determination of period of holding of units in a “segregated portfolio” on the event of segregation of the portfolios.

Further it also has been proposed by adding a new subsection that the cost of acquisition of the above segregated units will be amount which bears to the cost of acquisition of a unit or units held by the assessee in the total portfolio in the same proportion as the net asset value

of the segregated portfolio bears to the net asset value of the total portfolio immediately before the segregation of portfolios.

Moreover, it is also proposed that cost of acquisition of the original units held by the unit holder in the main portfolio shall be reduced by the amount as so arrived for the units of segregated portfolio.

These amendments will take effect from A.Y. 2020-21 and subsequent years.

E – Corporate Taxation

E1 **Modification of Concessional Tax schemes for Domestic Companies under section 115BAA and 115BAB.**

Sec 115 BAB refer to income of certain new domestic manufacturing companies. These companies are taxed @ 15% on fulfilling of certain conditions. One of the conditions was that these companies are not entitle to claim deduction in respect of certain income under chapter VI A under the heading C expect sec 80JJAA.

Similarly sec 115 BAA refer to tax on certain existing domestic companies @ 22% on fulfillment of certain condition. One of the condition was that these companies are not entitled to claim deduction in respect of certain income under chapter VI A under the heading C expect sec 80JJAA.

It is now proposed that in addition to sec 80JJAA (deduction in respect of new employment), the deduction u/s 80M (deduction in respect of certain inter corporate dividend) shall also be allowed.

These amendments shall come w.e.f AY 2020-21.

E2 **Incentive to Co-Operative Societies:**

New concessional rate of tax i.e. 22% is proposed for the co-operative societies resident in India by insertion of section 115BAD subject to following conditions:

The total income of resident co-operative societies is computed,

- i. Without any deduction under the provisions of section 10AA or clause (iia) of sub-section (1) of section 32 or section 32AD or section 33AB or section 33ABA or sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) of section 35 or section 35AD or section 35CCC or under any provisions of Chapter VI-A;
- ii. without set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to in (a) above; and

- iii. by claiming the depreciation, if any, under section 32, except clause (ia) of sub-section (1) thereof,

However, if a person has a unit in International Financial Services Centre (IFSC) then it can avail benefit of this scheme without foregoing the deduction specified under section 80LA of the Income tax act, 1961.

To avail the benefit of this scheme, the Co-Operative society needs to exercise the option on or before due date prescribed for filing the return of income. Further the option is irrevocable and cannot be withdrawn once opted.

Further, the provision of the alternate minimum tax (AMT) would not be applicable to such Resident co-operative societies opting for this scheme.

F – Deductions & Exemptions

F1 Incentives for start-ups.

It is proposed to amend section 80-IAC of the Act so as to provide that

1. The deduction shall be available at 100% of profit from eligible business by an eligible start-up for three consecutive assessment years out of **ten years** instead of **seven years** beginning from the year in which it is incorporated.
2. The deduction shall be available to eligible start-up, if the total turnover of its business does not exceed **one hundred crores** instead of **twenty-five crore rupees**.

F2 Extending time limit for Approval of Affordable Housing project for availing deduction u/s 80-IBA.

Under the existing provision of section 80-IBA, there is 100% deduction of the profits of an assessee developing and building affordable housing projects if the housing project is approved by the competent authority during the period from 01.06.16 to 31.03.2020 subject to certain conditions. Now the period of approval of the project is proposed to extend till 31st March, 2021.

F3 Extending time limit for Sanctioning of loan for affordable housing for availing deduction u/s 80 EEA.

Under the existing provision of section 80EEA, deduction in respect of interest up to ₹ 1,50,000/- from loan taken from Financial institution for purchase of affordable house is allowable if loan sanctioned during the period from 01.04.2019 to 31.03.2020. Now the period of sanctioning the loan is proposed to extend till 31st March, 2021.

G – Return & Assessment

G1 Modification of E-Assessment Scheme :

Under the existing provision, E-Assessment Scheme, 2019 for scrutiny assessments under section 143(3) has already implemented. Under the said scheme, taxpayer will not be required to appear in person before the Assessing Officer as assessment proceedings in all cases selected under scrutiny will now be conducted through e-mail-based communications barring few exceptions.

To increase the scope of the same, it is proposed that scrutiny assessment under section 144 (best judgement assessment) will also be covered under E-Assessment Scheme 2019. However, in following cases, still the proceedings will be carried out manually :

- a) Assessment of Search Cases
- b) Reassessment u/s 147
- c) Where books of accounts are required to be produced
- d) Examination of witness or statement of any person

However, if the assessee requires personal hearing, he can request for personal hearing through video conference.

G2 Amendment in Dispute Resolution Panel (DRP) :

Under the existing provisions of section 144C, any variation in the income or loss returned which is prejudicial to the interest of assessee, to whom transfer pricing is applicable as per Section 92CA, and any foreign company can be referred to DRP.

It has been proposed to expand the scope of section 144C of the Act by including non resident other than Company or Foreign Company.

G3 Provision of E-Appeal :

Under the existing provision of the Act, appeal proceeding before CIT appeals is conducted manually.

With a view to eliminate interface between the department and the appellant, for a transparency of assessment proceedings, it has been proposed to include scheme of E-Appeal in the line with E-assessment whereby neither appellant nor AR will be required to attend Income Tax Office.

G4 Providing Check on survey operations under Section 133A of the Act :

In the existing provision of the act, any income tax authority could conduct the survey at the business premises of the assessee. To eliminate the misuse this power of such authority, it is proposed as under :

Information Received from prescribed authority	Prior Approval of Joint Director / Commissioner the authority above them is required.
In any other case	Prior Approval of Director / Commissioner or the authority above them is required.

G5 Clarity on stay by the Income Tax Appellate Tribunal (ITAT) :

Under existing provisions, Income Tax Tribunal (Appeal) can grant absolute stay of recovery of demand till 180 days and further, till 365 days in total.

It has been proposed to specify that stay can be given by the Tribunal provided appellant will pay minimum 20% of the total demand.

G6 Provision for e-penalty :

Under the existing provision of the Act, penalty proceedings are conducted manually by assessing officer.

In order to conduct the whole penalty proceedings electronically it has been proposed to include the penalty proceedings inline with E-assessment Scheme.

G7 Insertion of Taxpayer's Charter in the Act :

Tax payer's charter is a document specifying the rights of the citizen or taxpayer over the Income Tax department. It specifies the time limits to complete certain procedures. There are some of the procedures in the Income Tax department like issue of refund, giving appeal effect, rectification of mistake etc which takes considerable time to complete which ultimately causes harassment to tax payers waiting endlessly and doing frequent follow ups.

In order to mitigate the harassment, it is proposed to insert a new section 119A in the Act to empower the Board to adopt and declare a Taxpayer's Charter and issue such orders, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of Charter.

G8 Penalty for fake invoice :

Under existing provisions, the Income Tax Department is having eyes on following type of

taxes and duties which are generally questioned under Scrutiny Assessments :

- a. Stamp Duty and Stamp Value
- b. Customs Duty and Assessable Value
- c. Value of Turnover & Input Credit of GST

In order to further synchronize with various revenue laws and to punish economic offenders, the finance act proposes that if the person in any proceedings is found to have passed fake entry or has omitted any entry or has prepare fake invoices will be liable to pay penalty which is equal to aggregate amount of such fake entries/omitted entries/fake invoices.

G9 Rationalisation of provision relating to Form 26AS :

Under existing provisions, Form 26AS is specifying the amount of tax deducted or paid only.

It is proposed to include particulars of financial transactions regarding annual financial statements. Followings are some of the instances of transactions which will be reflected in form 26AS now onwards consequent to amendment :

- a. Cash payment for DD/PO exceeding ₹ 10 Lakhs.
- b. Cash Deposits / withdrawals exceeding ₹ 50 Lakhs in Current Account.
- c. Cash Deposits exceeding ₹ 10 Lakhs in other than Current Account.
- d. Credit Card Bills exceeding ₹ 10 Lakhs or Cash payment exceeding ₹ 1 Lakh.
- e. Investment in Bonds or Debentures exceeding ₹ 10 Lakhs.
- f. Shares or Share Application money exceeding ₹ 10 Lakhs in any company.
- g. Buyback of listed shares exceeding ₹ 10 Lakhs.
- h. Investment in Mutual Funds exceeding ₹ 10 Lakhs.
- i. Foreign Currency purchase exceeding ₹ 10 Lakhs.
- j. Purchase of Immovable Property exceeding Jantri Value of ₹ 30 Lakhs.
- k. Cash Payment exceeding ₹ 2 Lakhs for any Goods.

G10 Amendment in the provisions of Act relating to verification of the return of income and appearance of authorized representative :

The following amendment is proposed :

Particular	Present Scenario	Proposed
Company	Managing Director/any other director	Any person prescribed by Board of Directors
LLP	Designated Partner/any other partner	Any person prescribed by partners

G11 Vivad Se Vishwas Scheme :

As an untiring effort of government to reduce litigations, a scheme known as **Dispute Resolution Scheme** was brought by this government during June 2016 whereby cases pending with Commissioner Appeals were covered in the scheme. In furtherance, in order to cover all the forums where dispute is pending, a new scheme known as “Vivad se Vishwas scheme” has been brought by this budget & now notified.

Followings are the important aspects of the scheme.

- 1) The disputed Appeal should be pending as on 31.01.2020 at :
 - a) Supreme Court
 - b) High Court
 - c) Tribunal
 - d) Commissioner (Appeals)
- 2) Followings are the amount of Disputed Tax/Penalty payable on opting the scheme :

Sr. No.	Particulars	Amount Payable on or before 31 st March 2020	Amount Payable on or after 31 st March 2020
1	In case of Addition in Disputed (Quantum Appeals)	Amount of Disputed Tax (Excluding Interest or Penalty leviable)	Amount of Disputed Tax Plus 10% of Disputed Tax (Such 10% cannot exceed the interest plus penalty leviable)
2	In case of appeal relating to Interest or Penalty or disputed Fees.	25% of disputed Interest or Penalty or Disputed Fees.	30% of disputed Interest or Penalty or Disputed Fees.

- 3) On application in Prescribed Form, the authority will determine the amount payable under the scheme.
- 4) The applicant should pay the amount within 15 days and intimate the prescribed authority.

- 5) We intent to draw your attention that it has been specifically provided in the scheme that Income Tax Department will not reopen cases resolved under this scheme. The department will not levy any interest or penalty on cases which has been opted and settled in the scheme. However, simultaneously it has been provided that benefit of the scheme should not be obtained by fraud or misrepresentation of facts otherwise the option will be void.
- 6) The scheme will not apply in following types of disputed cases :
 - a) Search cases under section 153A or 153C.
 - b) Disputed cases where prosecution has been launched for the concerned year.
 - c) Cases where addition has been made relating to Undisclosed income outside India.
 - d) Assessment on the basis of information received from Foreign Government.
 - e) Cases where Commissioner Appeals has proposed for enhancement of income during appellate proceedings.
 - f) Cases where a person has been detained for Smuggling.
 - g) The applicant on whom prosecution under other specific offenses has been initiated.
 - h) Person notified under trial of offenses relating to securities.
- 7) The last date of opting the scheme is yet not notified, however the honorable Finance Minister had pronounced during budget speech that the scheme shall be available till 30th June 2020.

H – International Taxation

H1 Exempting non-resident from filing of Income-tax return in certain conditions.

As per the existing provisions non resident having only dividend or interest income are exempted from filing return of income subject to the provision of the act, whereas non resident having income of royalty or Fees for Technical Services (FTS) are required to file return of income.

It is now proposed to amend section 115A of the Act in order to provide that a non-resident shall not be required to file return of Income under sub-section (1) of section 139 of the Act if, -

- (i) His or its total income consists of only dividend or Interest income, or royalty or FTS income of the nature specified in clause (b) of sub-section (1) of section 115A and
- (ii) The TDS on such income has been deducted under the provisions of the Act at the rates 'which are not lower than the prescribed rates under sub-section (1) of section 115A.

This amendment will apply In relation to the assessment year 2020-21 and subsequent assessment years.

H2 Modification of residency provisions.

It is proposed that

- (i) As per the existing provisions if an individual has stayed for a period of 182 days or more in India then only he/she was treated as resident in India. It is now proposed to amend the provisions and accordingly if an individual he / she has stayed in India for a period of 120 days or more he/she will be treated as resident of India.
- (ii) Similarly as per the existing provisions an individual or the manager of HUF shall be treated as "not ordinarily resident" In India in a previous who has been a non-resident in India in nine out of the ten previous years preceding that year. Now it is proposed that the said entity shall be treated as "not ordinarily resident" who has been a non-resident in India in seven out of the ten previous year preceding that year.
- (iii) It is also proposed to add new provision wherein it is provided that An Indian citizen who is not liable to tax in any other country or territory shall be deemed to be resident In India.

These amendments will be applicable from AY 2021-22.

H3 Amendment for providing attribution of profit to Permanent Establishment in Safe Harbour Rules under section 92CB and in Advance Pricing Agreement under section 92CC.

The existing provisions empowers the Central Board of Direct Taxes (Board) for making safe harbour rules (SHR) for the determination of the arm's length price for the purpose of Transfer Pricing in which the Income-tax Authority shall accept the transfer price declared by the assessee. It also empowers the Board to enter into an advance pricing agreement (APA) with any person, determining the arm's length price or specifying the manner in which the arm's length price is to be determined, in relation to an international transaction to be entered into by that person.

The existing provisions does not provide for the mechanism for determination of profit attribution to Permanent Establishment of a non-resident through SHR and APA. Hence, In order to provide certainty, it is proposed to amend the existing provisions to cover determination of attribution to Permanent Establishment of non-resident within the scope of SHR and APA and the said provisions shall be applicable with effect from 1st April, 2020.

I – Immovable Properties & Trust

I1 Increase in safe harbour limit of 5% under section 43CA, 50C and 56 of the ACT to 10%.

As per the current provision, at the time of transfer of land or building or both, if the value assessed by the stamp duty authority is more than one hundred and five per cent of the full value of consideration received by the seller, then the assessed value would be taken into consideration for the purpose of calculating capital gain or profit and loss from the sale.

The difference amount between value assessed and value paid, is even chargeable in the hands of the buyer of the land or building or both, under the head of 'Income from Other sources', in the event if it is more than one hundred and five per cent of the full value of consideration.

Thus the present provisions of section 43CA (Special provision for transfer of asset other than capital asset in certain cases), 50C (Special provision for full value of consideration in certain cases), 56 (Transfer of immovable property) of the act provide for safe harbour of 5%.

It is now proposed to increase the said limit to 10% with effect from AY 2021-22.

I2 Rationalisation of provisions relating to trust, institution and funds.

As per current provision, in computing the total income of charitable institutes, trust or funds is exempted under Section 10(1) and (23C) if they are registered under Section 12A or 12AA and fulfils the conditions provided therein. Failing to fulfil the terms and conditions of the said section will lead to revocation of the exemption and the income shall be taxed in the hands of the assessee as normal business income.

As per the existing provisions the entities established or constituted under a Central or State Act or by a Central or State Government are claiming similar exemptions under clause (46) of section 10. However, the said entities having registrations under section 12A or 12AA can claim the exemption under clause (23C) of Section 10 provided they fulfil the terms and conditions specified therein.

In order to provide efficient administration, it is proposed to provide an option of switching, to such entities who are eligible to claim exemption under clause (23C) or (46) of Section 10. This switching shall be allowed only once to such entities.

I3 Rationalising the process of registration and approvals :

As per current provision a trust, institution, fund, university, hospital, etc has to get onetime registration under section 12AA. Once registered it is valid perpetually and income is exempt from tax.

Due to changing situations and technology it is proposed to make the registration process online. Such registration and approval for exemptions shall be for a limited period, i.e. not exceeding five years at one time.

It is mentioned that this would act as check to ensure that the conditions of approval or registration or notification are adhered to.

This new regime is to be followed by old as well as new entities applying for registration under Section 12AA.

J – Tax Deducted at Sources & Tax Collected at Sources

J1. 194- Dividend includes dividend covered by section 115-O.

- Section 194 also applied to dividend by any mode @10% above ₹ 5,000/-.

J2 194A- Interest other than “Interest on securities”.

- In order to extend the scope of this section interest paid by large co-operative society is liable to deduct TDS provided its gross turnover exceeds ₹ 50 Crore during the financial year immediately preceding the financial year. The threshold limit is ₹ 50,000/- in case of senior citizen and ₹ 40,000/- in any other case.

J3 194C- Payment to Contractors.

- Now section 194 C also includes manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from

such customer or its associate.

- The associate is proposed to be defined to mean a person covered u/s 40A(2)(b) of the Act – Related Party.

J4 194 J - Reducing the rate of TDS for fees of technical services (other than professional services).

- TDS under section 194J in case for fees of technical services (other than professional services) reduce to 2% from 10%.

J5 194K – TDS on Dividend payable to Resident assessee in respect of units of a Specified Mutual Fund or Unit Trust of India.

- The person responsible for making a payment in respect of units of a specified Mutual fund or UTI shall deduct TDS @ 10% at the time of credit or payment whichever is earlier provided it exceeds ₹ 5,000/-. However no TDS shall be applicable on income in nature of capital gain.

J6 194LBA- TDS on Dividend payable by business trust.

- TDS liability arises of dividend income paid by business trust to its unit holder being a resident at the rate of 10%.
- TDS liability arises of dividend income paid by business trust to its unit being a non-resident at the rate of 10% and for interest at the rate of 5%.

J7 194O-TDS on E-commerce transactions.

- It is proposed to insert new levy of TDS @ 1% by e-commerce operator for sale of goods or provision of services facilitated by it through its digital or electronic facility or platform at the time of credit or payment, whichever is earlier.
- Any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant shall be deemed to be amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sales or services for the purpose of deduction of income-tax.
- The TDS liability in case of individual & HUF shall be applicable if turnover exceed ₹ 5 lacs during the previous year.
- A transaction on which TDS has been deducted or which is not liable to exemption under this section as discussed above, there shall not be further liability on that transaction for TDS under any other provision of the Act.

- This exemption will not apply to any amount received or receivable by an e-commerce operator for hosting advertisements or providing any other services which are not in connection with the sale of goods or services.
- Assessee can apply for lower rate under section 197.

J8 Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start-ups.

- ESOP is a significant component of compensation for employees. Currently, ESOPs are taxable.
 1. As perquisites at the time of exercise this option.
 2. Tax on income from capital gain at the time of sale.

The tax on perquisite is required to be paid at the time of exercising of option which lead to cash flow problem.

- In order to ease the burden of payment of tax by employees or TDS by start-up employer referred u/s 80-IAC, it is proposed to deduct or pay as the case may be, tax on such income within fourteen day.
 1. After the expiry of forty eight months from the end of the relevant assessment year; or
 2. From the date of the sale of such specified security or sweat equity share by the assessee; or
 3. From the date of which the assessee ceases to be the employee of the person; whichever is earliest on the basis of rate in force of financial year in which the said specified security or sweat equity share is allotted or transferred.

J9 195- Payment to other sums to Non-resident.

- The provisions of TDS on dividend referred u/s 115-O shall be applicable to Non-resident also. Thus the exemption provided to Non-resident stands withdrawn so far as dividend income is concerned.

J10 Section 206C - TCS on Foreign Remittance through Liberalised Remittance Scheme (LRS) and on selling of overseas tour package as well as TCS on sale of goods over a limit

It is proposed to amend section 206C to levy TCS on overseas remittance and for sale of overseas tour package.

- An authorised dealer receiving an amount or an aggregate amounts of rupees Seven lakhs or more in a F.Y. for remittance out of India under the LRS of RBI , shall

be liable to collect TCS, if he receives in excess of said amount at the rate of 5%. In case of not having PAN/Aadhar the rate shall be 10%

- A seller of overseas tour program packages who receives any amounts from the buyer is liable to collect TCS at the rate of 5%. In case of not having PAN/Aadhar the rate shall be 10%.

'Overseas tour package' : It is proposed to be defined to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expense of similar nature or in relation thereto.

Further to widen the scope of section 206C it is proposed.

- A seller of goods is liable to collect TCS at the rate of 0.1 % on consideration received from a buyer in a previous year provided it exceeds ₹ 50 lakhs. In case of non-PAN/ Aadhaar the rate shall be 1%.
- Only those seller whose turnover from the business carried on by it exceeded ₹ 10 crore during the financial year immediately preceding the financial year, shall be liable to collect such TCS.
- Central Government may notify person, subject to conditions contained in such notification, who shall not be liable to collect such TCS.

The above TCS provisions shall not be applied if, -

- The buyer who is liable to deduct TDS under any other provisions.
- The central Government, State Government, High Commission, Embassy, Local Authority etc.

K - Indirect Taxes

K1 Goods & Services Tax :

- 1) Ladakh is now added as a Union Territory for the purpose of levy of UTGST for the transactions made in Ladakh territory.

2) Input Tax Credit of Debit Note :

Now, provision related to Input Tax Credit of the Debit Note is relaxed by delinking the date of debit note with the date of original invoice. Said amendment can be understood by the following illustration.

Type of Document	Date	Credit can be availed till (Pre-Amendment)	Credit can be availed till (Post-Amendment)
Invoice issued by supplier	1 st April, 2018	30 th September, 2019	30 th September, 2019
Debit Note for above Invoice	1 st January 2020	Till 30 th September 2019 so this credit shall now lapse	Till 30 th September 2020

So, any debit notes though it is linked to the Invoice, of which time limit of taking Input Tax Credit has been lapsed, will still be eligible for ITC. Such debit note shall now be treated as a separate document for availing the Input Tax Credit.

- 3) Earlier taxpayer who has voluntarily applied for GST registration was not eligible for the cancellation of the same. Now it is being proposed to extend such cancellation option even to persons who has taken voluntary registration.
- 4) Earlier, power of revocation of cancelled GST registration was restricted till 30 days from the date of cancellation. Now proper officer can revoke the cancelled GST Registration Number even after the expiry of 30 days subject to approval from competent authorities.
- 5) Now, it is being proposed that TDS deductor (mostly government entities and public sector undertakings) is not required to issue TDS certificate within the time limit. consequently, late fees for the same is also removed. New forms of TDS Certificate is proposed to be implemented.
- 6) It is proposed to amend the provision of penalty to impose 100% penalty in case of fraudulent cases of availment of Input Tax Credit. So, taxpayer who is engaged in such transaction shall now be liable to penalty equivalent to the amount of tax evaded/fraudulent claim of Input Tax Credit.

Also, provision for prosecution is proposed to be amended to include such offence as a cognizable and non bailable.

- 7) It is proposed to amend the transitional provisions to decide the manner of availment of transitional credit. This amendment seeks to nullify the various court's ruling and to unable the taxpayers to claim the input tax credit on a flimsy ground.

This provision shall be made effective retrospectively from 1st July 2017 after the issue of notification.

- 8) It is proposed to amend the schedule II of the Act to exclude transfer of business asset made without consideration. So, any transfer of business asset without consideration, if not supply, shall not be chargeable to GST. However, it will trigger the provision relating to proportionate ITC or ITC reversal, if applicable.

This provision shall be applicable retrospectively from 1st July 2017.

K2 NEW RETURN SYSTEM:

With reference to New GST return system, in her Budget Speech, the h'ble finance minister voiced as under :

“A simplified return shall be implemented from the 1st April 2020. This is under pilot run. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification.”

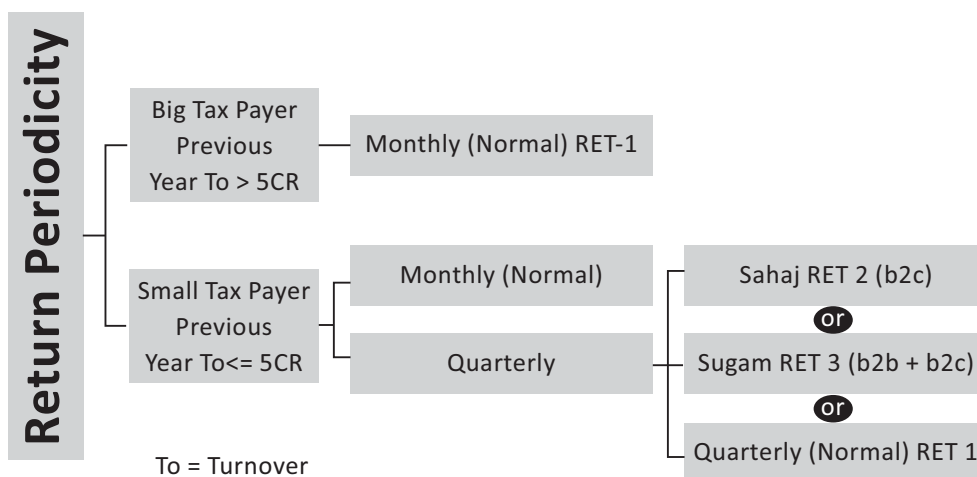
Now, it seems that new GST return system will soon be reality. Hence, to face the reality, we hereby *summarise* the proposed new GST return system.

The new system aims at simplification of return filling system, minimal reconciliation and reconciliation of purchase on a real time basis and thus aiming for better transparency.

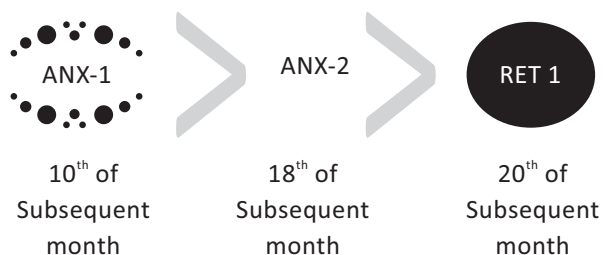
List of new GST returns proposed

Proposed New Form	Contents of new form	Linking with Existing form, if any
Form ANX 1	Annexure of outward supplies and inward supplies attracting reverse charge	GSTR 1
Form ANX 2	Annexure of inward supplies	GSTR 2
Form RET 1/2/3	Monthly / Quarterly return	GSTR 3

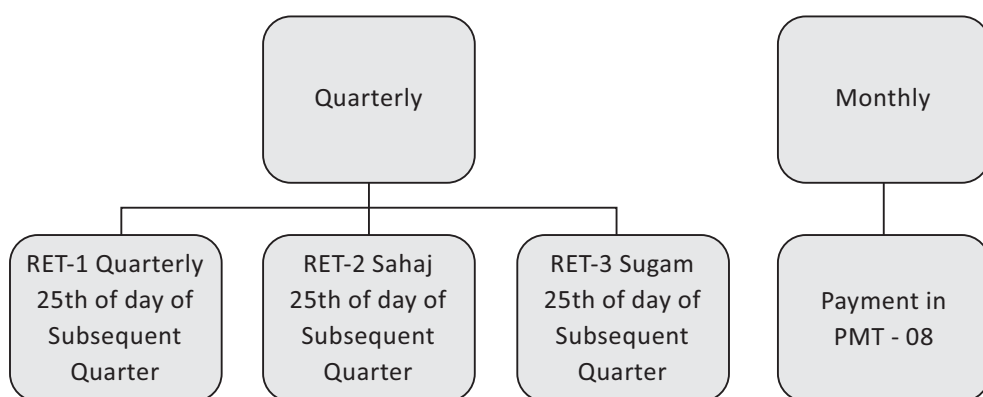
Return Periodicity :



Timelines of New GST Returns - Monthly filers :



Timelines of New GST Returns - Quarterly filers :



Salient features :

- There are 3 types of returns to be filled by the taxpayers.
 - o Monthly/Quarterly Return (Normal Return) – RET-1.
 - o Sahaj – RET-2.
 - o Sugam -RET-3.
- Taxpayer must intimate the option for the return periodicity and type of category return by updating the profile through profile updating option on GST portal.
- Option for the return is based on the Turnover limit and type of supplies made by the taxpayer. Turnover must be calculated based on GST Act and not as per Audited Financial Statement.

Comparative summary of New GST Returns :

PARTICULARS	NORMAL (RET-1)	SAHAJ (RET-2)	SUGAM (RET-3)
Threshold limit Turnover	Above Rs. 5 crore (mandatory) Below Rs. 5 Cr. (optional)	Up to Rs. 5 crore (Optional)	Up to Rs. 5 crore (Optional)
Return Filling	Monthly (above Rs. 5 crores turnover) Quarterly (below Rs. 5 crores turnover)	Quarterly	Quarterly
Tax Payment (GST PMT - 08)	Monthly	Monthly	Monthly
Forms to fill along with the return	ANX-1, ANX-2 & RET-01	ANX-1, ANX-2 & RET-02	ANX-1, ANX-2 & RET-03
SUPPLY			
Who can file this return ?	Not Applicable	Taxpayer who has only B2C Supply and liability under Reverse Charge.	Taxpayer who has B2B and/or B2C Supplies and liability under Reverse Charge.
Who cannot file this return ?	Not Applicable	Taxpayer engaged in B2B Supply, supplying through E Commerce Operator, Export Supply, Import of goods/services and inwards from SEZ.	Taxpayer engaged in Supply through E Commerce Operator, Export Supply, Import of goods/services and inwards from SEZ.
INPUT TAX CREDIT			
Which ITC can be availed ?	Auto-populated ITC and ITC on missing invoice. Taxpayer can upload the missing invoice and take the credit on Suo moto on provisional basis.	Auto-populated ITC only. So, ITC on the missing invoices are not allowed. No provisional credit permitted.	Auto-populated ITC only. So, ITC on the missing invoices are not allowed. No provisional credit permitted.

	FORMS AND DETAILS TO BE FILLED IN SUCH FORMS
ANX - 1	Outward liability, imports, and inward supplies attracting reverse charge.
ANX - 1A	Amendment in earlier ANX-1 detail. Amendment can only be made by the supplier if recipient has not accepted the item shown.
ANX - 2	<p>Details of auto populated inward supplies. Recipient has following option available against each invoice appearing in this form.</p> <p>Accept : If invoices match with Books of Account</p> <p>Reject : If Invoices does not match with Books of Account</p> <p>Pending : Due to various reasons like Goods in Transit, pending final settlement of invoices and likewise</p>

Tax Payment under New return System :

- Tax Payable under new return system shall be paid through GST PMT 08.
- Taxpayers opting to file the return on quarterly basis have to make payment on monthly basis only.
- Tax payment in case of inward supplies made from a person who is filing returns on quarterly basis :

The details of supplies made by the taxpayer who file returns on a quarterly basis shall not be available to determine the amount of Input Tax Credit and hence they will make tax payment as under :

For the first 2 Months of the Quarter :

- Tax Payment on a Self Assessment Basis including availment of eligible ITC even though not appearing in Anx 2.

For the last Month of the Quarter :

- Tax shall be auto calculated by the GST Portal.
- the Details relating to Input Tax Credit shall now be available for the entire quarter.
- in case of short availment of ITC, it can be availed, if eligible. In case of excess availment it shall be reversed along with interest.

K3 E- INVOICING :

With reference to GST E-invoicing, in her Budget Speech, the h'ble finance minister spoke as under:

“Electronic invoice is another innovation wherein critical information shall be captured

electronically in a centralized system. It will be implemented in a phased manner starting from this month itself on optional basis. It will facilitate compliance and return filing”.

E Invoicing is a rapidly expanding technology and evolving from conventional paper-based arena to the digitized form of documentation. The brief about e-invoicing is mentioned below for your ready reference.

What is e-invoice ?

'E-invoicing' or 'electronic invoicing' is a system in which B2B invoices are authenticated electronically by GSTN for further use on the common GST portal.

Under the proposed electronic invoicing system, an identification number will be issued against every invoice by the Invoice Registration Portal (IRP).

All invoice information will be transferred from this portal to both the GST portal and e-way bill portal in real-time. Therefore, it will eliminate the need for manual data entry while filing ANX-1/GST returns as well as generation of part-A of the e-way bills, as the information is passed directly by the IRP to GST portal.

It is not the generation of invoice on GST portal. It is mere submission of an already generated standard invoice on a common portal. Thus, it automates multi-purpose reporting with a one-time input of invoice details.

E Invoicing is expected to roll out in following manner.

Date of Application	Applies to whom ?	Manner of Application
1 st January, 2020	Taxpayer having annual turnover more than 500 Crore.	Voluntarily
1 st February, 2020	Taxpayer having annual turnover more than 100 Crore but less than 500 Crore	Voluntarily
1 st April, 2020	Taxpayer having annual turnover more than 100 Crore	Mandatorily

So, E Invoicing is mandatorily applicable from 1st April, 2020 to following class of taxpayers.

- Taxpayer having aggregate annual turnover exceeding Rs. 100 Crore.
- Taxpayers engaged in B2B Supply.

Stages involved in generating or raising an e-invoice.

Steps	Process to be followed :
1.	<p>Generation of Invoice in the own accounting software like Tally or Excel or offline utility provided by the GSTN. Mandatory requirement is to have E Invoice schema as prescribed the GSTN Portal.</p> <p>The accounting software must be able to generate JSON file.</p>
2.	<p>Generation of Invoice Reference Number (IRN) which is unique number. This being a unique number, taxpayers are supposed to generate the same from Invoice Registration Portal (IRP) or the existing accounting software must be able to generate the unique number from the software. This step is optional.</p>
3.	<p>JSON generated from the accounting software or offline utility provided by the GSTN shall be uploaded into Invoice Registration Portal (IRP).</p>
4.	<p>IRP will now validate the JSON uploaded by the supplier including the IRN, if already generated by the supplier. If IRN is not generated in Step 2 then IRP will generate IRN here.</p> <p>E Invoice is not valid without unique Invoice Reference Number (IRN).</p>
5.	<p>Now IRP will communicate the data of IRN to the central registry of GST. After successful verification of the Invoice, signature (of IRP) is attached to the Invoice and QR code to JSON file.</p> <p>IRN will now become unique to each invoice and for the whole financial year. QR Code generated here will enable quick view of the Invoice and validation of E Invoice from handheld device.</p> <p>Once the invoice is digitally signed by the IRP then there is no requirement of signing of the same by the supplier.</p> <p>Now this invoice will be shared with the recipient on his/her Email Id which is shared in the E Invoice generated by the supplier.</p>
6.	<p>Now this data shall be shared to GSTN Portal and E Waybill system.</p> <p>GSTN System:</p> <p>GSTN Portal shall now update the details in ANX-1 of the seller and ANX-2 of the recipient which is useful for auto generation of Output tax liability and determination of Input Tax Credit of the recipient.</p> <p>E Waybill System:</p> <p>Invoice Registration Portal shall now fill Part A of the E Waybill. So, now supplier must fill up the vehicle details only to generate valid E Waybill.</p>
7.	<p>Supplier can download E Invoice from the Portal and keep the same in his/her record.</p>

Amendment in E Invoice :

Amendment in E Invoice is not possible in the JSON generated which is uploaded on IRP. However, IRP will push the details to GSTN portal which can be amended. So, amendment in Invoice is possible only on GSTN Portal and not on IRP Portal.

Cancellation of E Invoice:

E Invoice can be cancelled on Invoice Registration Portal (IRP) within 24 hours of its generation. So, cancellation after 24 hours is not possible. However, like amendment after 24 hours, supplier can cancel the invoice manually on GSTN portal before filling ANX-1.

Other notable points of E Invoicing:

- Default currency of E-Invoice will be INR. Seller may show the different currency in E-invoice.
- The maximum number of line items per e-invoice is 100.
- There are different modes of generation E Invoice like Web Based, App Based, SMS Based, Offline Tool based, GSP based.
- Taxpayers having turnover greater than 500 Crore shall be required to issue invoice with QR Code if it makes B2C Supply.

K4 Changes in Custom Rates:

Basic Custom Duty on various products have been amended and increased in order to boost the Indian trade market. The rate list of commonly used items is as under.

Sr. No.	Chapters	Descriptions	Customs Tariff Rate	
			Current Rate	From 2 nd Feb, 2020
1.	8	Other Nuts, fresh or dried, whether or not shelled or peeled. (e.g. Walnuts)	30%	100%
2.	38	Other items of prepared binders for foundry moulds or Cores; chemical products etc.	10%	17.5%
3.		FOOTWEAR GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES		
	64	Waterproof Footwear, Footwear with outer soles, Footwear with outer soles of Rubber, Footwear with outer soles of Rubber & Uppers of Textile Materials & Other Footwear	10%	35%
	64	Parts of Footwear	10%	20%

Sr. No.	Chapters	Descriptions	Customs Tariff Rate	
			Current Rate	From 2 nd Feb, 2020
4.	67	Artificial Flowers, Foliage and Fruit and Parts Thereof; Articles Made of Artificial Flowers, Foliage or Fruit	10%	20%
5.	69	Of bone china and Soft Porcelain, Water filters of a capacity not exceeding 40 litres, kitchenware, Tableware, Clay articles & others	10%	20%
6.	70	Glassware of a Kind Used for Table, Kitchen, Toilet, Office, Indoor Decoration or Similar Purposes & Beads	10%	20%
7.	71	Coin	10%	12.5%
8.		TABLE, KITCHEN OR OTHER HOUSEHOLD ARTICLES AND PARTS THEREOF		
	73	Table, Kitchen or Other Household Articles and Parts Thereof, of Iron or Steel; Iron or Steel Wool; Pot Scourers and Scouring or Polishing Pads, Gloves and the Like, of Iron or Steel	15%	20%
	74 & 76	Table, Kitchen or other household articles and parts thereof, Pot scourers and scouring or polishing pads, gloves and the like Pressure cookers, solar collectors	10%	20%
9.	83	Locks, Parts, Filing, Cabinets, paper trays, Base Metals, Bells, Photograph, Pictures or Similar Frames, Sign-plates & Others	10%	20%
10.		NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF		
11.	84	Compressors of a kind used in refrigerating equipment & Air conditioning equipment.	7.5%	12.5%
		Table Fan, Ceiling Fan, Pedestal Fan	10%	20%
		Railway carriage fan, Air Circulator, Industrial fans and blowers, Pressure vessels, reactors & Others	7.5%	10%
		Blowers, Portable & Others	7.5%	20%
		Commercial Type, Commercial type electrical, electrical, Heat pump other than AC, Ice making machinery, Refrigeration equipment, Refrigeration farm tanks, other furniture, Air purifiers or Cleaners & Others	7.5%	15%

Sr. No.	Chapters	Descriptions	Customs Tariff Rate	
			Current Rate	From 2 nd Feb, 2020
		Water cooler, Vending Machine other than automatic & others	10%	15%
12.		ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF;		
	85	Uranium ores Electric inverter, Dip Bridge Rectifier, Battery chargers Voltage regulator and stabilizers (Other than automatic) Shavers, Hair Clippers, Hair removing appliances. Electric space heating apparatus and electric, soil heating apparatus, Storage heating radiators Electro-thermic hairdressing or hand-drying, Electro-thermic hair-dressing or hand-drying equipment	10%	20%
	85	Soldering irons and guns, Machines and apparatus for resistance welding of metal, Automatic welding, machinery.	7.5%	10%
	85	Line telephone sets with cordless handsets - Push button type and Solar cells whether or not assembled in modules or panels.	0%	20%
13.	94	Seats, Furniture & Parts, Lamps and lighting fittings including Searchlights and spotlights and parts thereof.	10%	25%
14.	95	Tricycles, Scooters, Pedal Cars and similar Wheeled toys, dolls' carriages; dolls, Toys, reduced-size ("scale") models and similar Recreational models, working or not; puzzles of all kinds.	0%	60%
15.		MISCELLANEOUS MANUFACTURED ARTICLES		
	96	Brooms, Brushes, Mechanical floor sweepers, Mops and feather dusters; prepared knots and tufts for squeegees, Hand sieves and hand riddles.	0%	20%
	96	Hand sieves and hand riddles, Combs, hair-slides and the like, hairpins, curling, Vacuum flasks and other vacuum vessels.	10%	20%

* There is no changes in custom rates applicable in Preferential Areas.

K5 Levy of Medical Cess:

A new “Health Cess” has been introduced under Custom Tariff Act on import of the medical equipment falling under following chapter:

Chapter and description of Goods	From 2 nd Feb, 2020
All goods falling under Chapter No 9018, 9019, 9020, 9021 and 9022	5%

Amendment in the Customs Act, 1962

1. Now, the Central Government has power to prohibit the Importation or exportation of *any goods* for prevention of injury to the economy of the country. Earlier this right was restricted to Import and Export of Gold and Silver only. So, the scope of restriction has been widened to include any goods.
2. Earlier as per the Custom Act, 1962, recovery of duties and interest in certain cases like non-payment, part payment, erroneous refund was restricted to duties levied under Customs Act or Foreign Trade (Development and Regulation) Act, 1992. Now it is proposed to include custom duty and interest leviable thereon under any other law or scheme of the central government including Custom Act and Foreign Trade (Development and Regulation) Act.

3. Rules of Origin under Trade Agreement for Preferential Treatment :

Administration of Rules of Origin under Trade Agreement is being incorporated in the Customs Act which enables administration of the preferential tariff treatment regime under Trade Agreements. The proposed new agreement provides for certain obligations on importer and prescribes for time bound verification from exporting country in case of doubt.

Pending verification, preferential tariff treatment shall be suspended, and goods shall be cleared only on furnishing security equal to differential duty. In certain cases, the preferential tariff treatment may be denied without further verification.

Also, contravention of any rules made herein will also lead to confiscation of such imported goods.

4. Safeguarding Duty :

As a trade remedy against surge in imports of a commodity causing serious injury to a domestic industry, central government may make provisions for application of safeguard measures such as collecting safeguard duty in addition to any other duty.

Such safeguarding measure shall be applied only in the following cases :-

Sr. No.	Origination of Article	Share in Total Import
1.	Single Country	> 3%
2.	Multiple Country	>9%

The Central Government may refund the safeguard duty so collected if it is of the opinion that it does not have caused or threatened to cause serious injury to a domestic industry.

L - Advertisement guidelines under GujRERA:

To provide necessary guidance to the promoters of the Real Estate Project and to media organization and advertising industry intermediaries regarding the appropriate nature of compliance for advertisement of RERA Registered Projects, the GujRERA Authority has prescribed following guidelines :

L1 Newspaper-Either paper print or digital media and Brochures :

Advertisement in the newspaper either in paper format or digital media and advertisement in the brochures shall contain website address as www.gujrera.gujarat.gov.in and registration number of the promoter with the RERA department.

L2 Outdoor Publicity :

Large outside publicity billboards and hoardings shall contain website address as www.gujrera.gujarat.gov.in and registration number of the promoter with the RERA department which is easily readable with the bare eyes by viewer.

However small hoardings such as on road or on streetlight poles may contain abridged registration number i.e. last 8 digits of number along with the website address.

L3 Audio-Visual media :

Announcement on radio, digital media content shall mention abridged RERA registration number in clearly audible manner along with website address.

L4 Moreover, vide recent circular dated 4th January 2020.

The GujRERA Authority has prescribed that, “the font size of the GujRERA Registration and Website address of GujRERA will be equal or larger than the font size of the contact details” of the proposed project.

Table - II
TDS Rates for F. Y. 2020 - 2021 Tax Deducted at Source (See Notes)

Sec	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP, BOI	Firms	Co-op soc, Local Authority	Company
192	Salary	-	Basic Slab Rate	N.A.	N.A.	N.A.
192A	PF Withdrawal (Before 5 Years)	50,000	10	N.A.	N.A.	N.A.
193	Interest on Securities					
	Interest on Debentures or securities (Listed)	5,000*	10	10	10	10
	* In case of Individual resident only.					
	Interest on 8% savings (Taxable) Bonds 2019	10,000	10	10	10	10
	Any Other Interest on securities (Listed)	-	10	10	10	10
194	Dividend	5,000	10	10	10	10
194A	Interest other than interest on securities (cases other than below) Where the payer is	5,000	10	10	10	10
	(i) Banking Company	40,000***	10	10	10	10
	(ii) Co-op. society engaged in banking business*	40,000***	10	10	10	10
	(iii) Post office under a deposit scheme framed by CG	40,000***	10	10	10	10
	*** the said limit for senior citizen is ₹ 50,000.					
194B	Winning From Lotteries	10,000	30	30	30	30

Sec	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP, BOI	Firms	Co-op soc, Local Authority	Company
194BB	Winning - Horse Races	10,000	30	30	30	30
194C	Payment to Contractors / Sub-contractors / Advertising but other than transporter except who falls u/s 44AE of the Act. **for single transaction or if the consolidated amount during the year exceeds ₹ 1,00,000/-	30,000**	1	2	2	2
	*Payment to transporter who falls u/s 44AE of the Act (i.e. person who does not own more than 10 goods carriage) and provide declaration with PAN.	-	Nil	Nil	Nil	Nil
194D	Insurance Commission	15,000	5	10	10	10
194DA	Life Insurance Policy	Excess over Premium Paid	5	5	5	5
194E	Non-Resident sportsman / sports association / entertainer	-	20	20	20	NA
194EE	Deposits under NSS to Resident / Non-Resident	2,500	10	10	10	NA
194F	Repurchase of units of MF / UTI from Resident / Non-Resident	-	20	20	20	NA
194G	Commission on sale of lottery tickets to Resident / Non-Resident	15,000	5	5	5	5
194H	Commission on Brokerage to Resident	15,000	5	5	5	5

Sec	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP, BOI	Firms	Co-op soc, Local Authority	Company
194I	Rent to Resident					
	i) For machinery / plant / equipment	2,40,000	2	2	2	2
	ii) For land or building or furniture & fixtures	2,40,000	10	10	10	10
194J	Fees for Professional Services / Royalty Excluding Technical Services	30,000	10	10	10	10
	Call Centre Services	30,000	2	2	2	2
	Technical Services	30,000	2	2	2	2
194K	Income payable to resident in respect of Mutual Fund or UTI	5,000	10	10	10	10
194-IA	Payment on transfer of immovable property other than agricultural land.*	*50,00,000	1	1	1	1
	* Immovable property includes other amenities like club membership fee, car parking fee, electricity and water facility fees, maintenance fee, advance fee or any other charges of similar nature.					
194-IB	Rent Payable by Individual (Not covered u/s 194) For land or building or furniture & fixtures	50,000 P.M.	5	5	5	5
194LA	Compensation to Resident on acquisition of immovable property (Compulsory) (other than agriculture land)	2,50,000	10	10	10	10
194M	Payment to Contractors & Professional by Individual / HUF	50,00,000*	5	N.A.	N.A.	N.A.
	* Yearly payment of ₹ 50 Lakh or more & other than who deduct u/s 194C & 194J					
194N	Cash withdrawal from Banking company, cooperative bank or post office	1,00,00,000	2	2	2	2

Sec	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP, BOI	Firms	Co-op soc, Local Authority	Company
1940	TDS on E-commerce Transaction* *If PAN not available then rate is 5%	5,00,000 Single/ Aggregate	1*	1	1	1
195	Payment of other sums to a Non-Resident	Rate specified under Part II of First Schedule of Finance Bill, 2020 subject to provisions of DTAA				

TCS Rates for F. Y. 2020 - 2021

Sec	Nature of Payment	Threshold Limit (in ₹)	Individuals, HUF, AOP, BOI	Firms	Co-op soc, Local Authority	Company
206C	Overseas Remittance by Authorized Dealer	7,00,000	5	5	5	5
	Selling of overseas tour package	-	5	5	5	5
	Sales of Goods	50,00,000*	0.1	0.1	0.1	0.1
	*Those sellers whose turnover exceeds ₹ 10 Crores and receipts from buyers exceeds ₹ 50 Lakh					

Note:

1. Transporter means persons engaged in plying, hiring and leasing of Goods Carriages having Income u/s. 44AE and not owning more than 10 goods carriage. Nil rates will be applicable if the transporter quotes his PAN and furnishes

furnishes prescribed declaration.

2. In order to strengthen the PAN Mechanism, any person whose receipts are subject to deduction of tax at source i.e. the deductee, shall mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates :
 - (i) Prescribed in the Act;
 - (ii) at the rate in force i.e. the rate mentioned in the Finance Act; or
 - (iii) 20%



Will it be the 'Rise of the fallen giant economy'?

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