

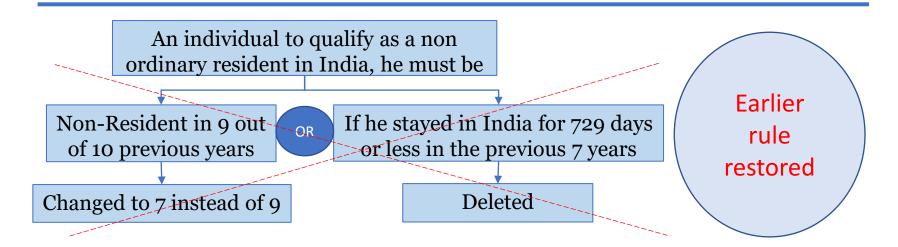
#### **Contents**

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# Residential status u/s 6



Condition determining the residential status of an Indian citizen or a person of Indian origin (with total income other than from foreign sources\* of more than 15 lacs) who being outside India comes to visit India has been reduced from 182 days to 120 days

Any Indian citizen (with total income other than from foreign sources\* of more than 15 lacs) who is not liable to tax in any other country due to his domicile, residence or any other criteria of similar nature shall be deemed to be resident of India



<sup>\* &</sup>quot;income from foreign sources" means income which accrues or arises outside India (except income derived from a business controlled in or a profession set up in India).



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# New Tax Regime

#### Option to pay tax at lower rates u/s 115BAC



#### Only deductions available:

- Transport allowance to divyang
- Conveyance, travel and daily allowance
- Employer contribution to NPS u/s 8oCCD(2)
- 8oJJAA
- AMT not applicable

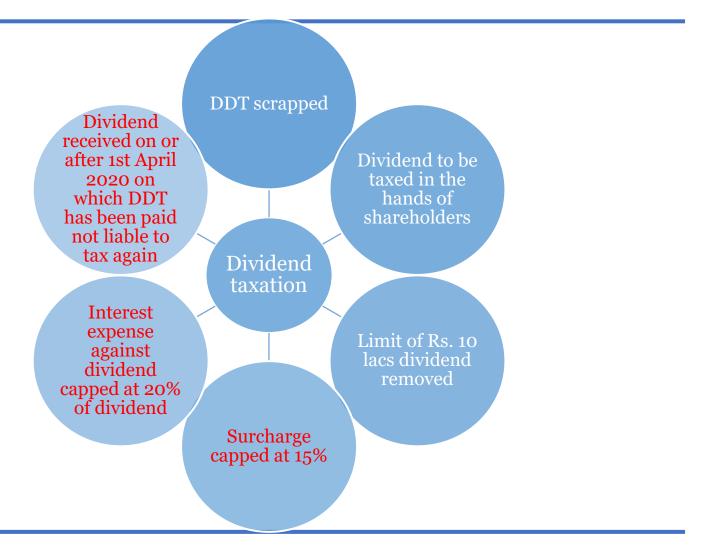
Tax-payers opting for the New Personal Tax Regime will have to forgo the following:

- Standard Deduction u/s 16
- LTA
- HRA
- 24b Interest on self occupied property
- 8oC to 8oU
- Employee contribution to NPS
- 8oCCD(1B) NPS
- 8oD
- 8oTTA & 8oTTB
- Brought forward losses because of above

For Individuals/HUF having business income, scheme once exercised to be valid for subsequent years (with a one-time option to change without any option to come back).



#### **Personal tax - Dividend**





#### **Personal tax - Others**

43CA, 50C, 56 – variation increased from 5% to 10%

FMV taken as cost of acquisition must not exceed the stamp duty of such asset as on 1.4.2001 where stamp duty is available u/s 55

Aggregate contributions exceeding 750,000 by the employer towards recognized provident fund, NPS, approved superannuation fund is now taxable. Interest/dividend on such taxable contribution will also be taxable

Personal Tax 80EEA - Time limit for sanction of loan for affordable housing extended from 31 March 2020 to 31 March 2021



#### **Business taxation**

Anomaly in 35AD(4) removed to allow depreciation u/s 32 to 115BAA and 115BAB companies

80M to remove cascading effect of dividend

80M (dividend cascading) extended to 115BAA and 115BAB

80IBA – Affordable housing projects approval extended to 31 March 2021

115BAB to include electricity generation corporates

Dividend income from domestic company or income from units of mutual fund taxable in hands of shareholders instead of DDT



# **Equalization levy**

Equalization levy @ 2% of amount receivable (to be deposited quarterly) by <u>non-resident</u> e-commerce operator for e-commerce supply or services\* made or provided or facilitated by it

to a person **resident** in India

to a **non-resident** in relation to

to a person who buys such goods or services or both using **internet protocol address located in India** 

sale of advertisement, which targets a customer, who is resident in India or a customer who accesses the advertisement though internet protocol address located in India

**sale of data**, collected from a person who is resident in India or from a person who uses internet protocol address located in India

<sup>\*</sup> Not taxable under the Income tax Act



# **Equalization levy (cont..)**

#### **Definitions**

"E-commerce operator" means a non-resident who owns, operates or manages digital or electronic facility or platform for online sale of goods or online provision of services or both

#### "E-commerce supply or services"

means—

- (i) online sale of goods owned by the ecommerce operator; or
- (ii) online provision of services provided by the e-commerce operator; or
- (iii) online sale of goods or provision of services or both, facilitated by the ecommerce operator; or
- (iv) any combination of activities listed in clause (i), (ii) or clause (iii);';



### **Equalization levy (cont..)**

#### **Exceptions**

E-commerce operator making or providing or facilitating e-commerce supply or services has a **PE in India** and such supply or services are effectively connected with such PE

Equalization levy is leviable under section 165 (online advertisement and related activities) Sales, turnover or gross receipts of the ecommerce operator from such supply or services is less than **2 crore** during the previous year



# **TDS**

Section	Amendment
194	In case of the domestic company declaring dividend to residents the companies are obligated to withhold tax@ 10%, if dividend exceeds 5,000
194A	<ul> <li>TDS on interest by cooperative societies applicable where –</li> <li>Total receipt of society exceeds 50 cr in previous year, and</li> <li>Estimated interest payable exceeds 40,000 (50,000 for senior citizen) in a year</li> </ul>
194C	In case of works contract @2% to cover cases where contract manufacturing involves raw material provided from related parties
194J	Withholding tax on technical services (to non-professionals) or royalty in nature of consideration for sale, distribution or exhibition of cinematographic films be reduced to 2% from 10%
194K	TDS @ 10% on income from units of Mutual Funds/administrator of specified undertaking/specified company exceeding 5,000 (not applicable on capital gains upon redemption)
194LC	TDS on interest on long-term bonds and RDBs issued after 1 April 2020 reduced to $4\%$ from $5\%$



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# TDS (cont..)

Section	Amendment
194N	<ul> <li>Substituted old section - Cash withdrawal from banking company, cooperative society carrying banking business, or post office</li> <li>Filed returns for all 3 years (for which due date has expired) preceding the year in which payment is made - @ 2% of cash exceeding 1 Cr</li> <li>Not filed</li> <li>@2% of cash withdrawn between 20 lacs to 1 Cr</li> <li>@ 5% for cash withdrawal exceeding 1 Cr</li> </ul>
1940	<ul> <li>W.e.f. 1 Oct 2020, ecommerce operator to deduct TDS @1% (@5% for non-PAN) for sale of goods/services on the portal</li> <li>Individual and HUF participants with less than Rs 5 lakh turnover are exempted upon furnishing PAN/Aadhar</li> <li>No TDS to be made again on which deduction made under this section, except for payments for hosting advertisements or providing any other services</li> <li>E-commerce operator to be deemed to be person responsible for paying to e-commerce participant</li> </ul>
195	TDS on dividend to Non-residents capped at 20% (max surcharge 15%)



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#### **TCS**

W.e.f. 1 Oct 2020, in liberalized Remittance scheme the authorized dealers is to collect tax **@5%** (10% for non-PAN) on remittances made outside India

Exceptions

TCS on payment for overseas tour package to be collected by seller

Payments (except for overseas tour package) upto 7 lacs in a year

Payments (except for overseas tour package) upto 7 lacs where amount exceeds 7 lacs in a year

@0.5% of the education loan remitted outside India (covered under 80E)

TCS already collected by seller

TDS deducted by buyer on purchase

As may be notified



### TCS (cont..)

W.e.f. 1 Oct
2020, TCS @
0.1% (1% for
non-PAN) of
sale for sellers
(with sales
exceeding 10
cr.) receiving
any
consideration
in excess of 50
lakhs from a
buyer

Not applicable

on

Goods exported out of India

Goods imported into India

TDS deducted by buyer on purchase

Liquor, tendu, forest produce, scrap, minerals [206C(1)]

Motor vehicle [206C(1F)]

Foreign remittance [206C(1G)]



#### International taxation

Section 9 – SEP deferred to AY 2022-23

94B – Thin capitalization rules not to apply in case of Indian branch of foreign bank

115A - No need to file return, if TDS is deducted as per Income tax Act on FTS and royalty income of foreign companies

Safe harbor to be applicable on transfer price or income, deemed to accrue or arise under section 9(1)(i), declared by the assessee. Safe harbor rules and APA provisions to be extended to attribution of profits to a PE

Dispute resolution panel route under section 144C now is also available for Non-Residents as well as where return was not filed

Government purpose of entering into DTAA aligned with MLI by stipulating the central government can enter into agreement with any country outside India or specified country for avoidance of double taxation and reduced taxation through tax evasion



### **Startups**

Tax on ESOPs to employees of startups deferred. To be collected within 14 days of the **earliest** of the following:

5 years from end of year of exercise

Sale of ESOP

Assessee ceases to be employee of the start-up

For the start-ups to qualify for the **tax holiday** 

the total business turnover limit has been increased from 25 crore to **100 crore** 

Eligibility period for the claiming such deduction in three consecutive years has been expanded to **10 years** from incorporation from the existing 7 years



# Assessments and dispute resolution

- In case of information received form the prescribed authority, survey operations can now be conducted with the prior approval of the Joint commissioner or Joint Director
- Faceless e-assessment will eliminate the interface between the commissioner(appeals) and appellant, help optimize resources and create dynamic jurisdiction system
- E penalty would eliminate the interface between AO and the assessee and impart greater efficiency and transparency in levy of penalty
- Penalty to be imposed in case of false entry or entry omitted in the books (to evade tax) equivalent to the amount of entry in the hands of the Assessee as well as the person who caused the false entry or omission
- ITAT can grant stay with a minimum deposit/ security of 20% tax, interest, penalty, fee, etc.
- Taxpayers to pay only the disputed tax and can get the complete waiver of interest and penalty if such taxes are paid by 30 June 2020 under the New Dispute Resolution Scheme (Vivad se Vishwas Scheme). Scheme to be applicable for all types of appeals pending at any level



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# Annual compliances

Turnover limit for tax audit increased from 1 cr to 5 cr provided Aggregate of the cash receipts does not exceed more than 5 % of total sales or turnover and

Aggregate of the cash payments must not exceed 5% of all payments.

For Non-TP corporates and tax audit assesses (extended to all partners) Date of furnishing Form 3CD, MAT certificate – 30 September

Date of filing tax audit ITRs – 31 October

Date for furnishing Form 3CD, MAT certificate - 31 October

For TP corporates

Date for furnishing Form 3CEB - 31 October

Date of furnishing ITR-30 November

Return of income can now be verified by any other person as may be verified by the CBDT in addition to the current signatories



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### THANK YOU