

Ready to Grow

Union Budget 2020-21



BUDGET ANALYSIS

2020-21

BY
SHAH TEELANI & ASSOCIATES
CHARTERED ACCOUNTANTS

FOR PRIVATE CIRCULATION ONLY

THE BUDGET GROWING TABLE

Sr. No.	Particulars	Page No.
(A)	Budget Analysis 2020-21	
	1) Change in Rates of Taxation	1
	2) Provision relating to Tax Audit	3
	3) Dividend Distribution Tax Abolished	4
	4) Changes in provision relating to Business and Professions	6
	5) Changes in provision relating to Capital Gain	6
	6) Changes in provision relating to Salaries	7
	7) Provisions related to Carry Forward & Set Off of losses	7
	8) Provisions related to changes made in TDS & 26as	8
	9) Provisions related to Trusts & Deductions.	9
	10) Changes in provisions relating to Assessment & Penalty	10
	11) Changes in provisions related to Non-Residents	11
	12) Change in provisions of Custom Duty	12
	13) Change in provision of Excise Duty	13
	14) Change in provision of Goods and Service Tax	14
	15) Direct Tax Vivad se Vishwas Bill, 2020	16
(B)	Important Current Year Provisions for F.Y. 2019-20	
	1) Tax Rate Structure for the A.Y. 2020-21	18
	2) Provisions relating to Deduction from Total Income	21
	3) Following Other Deductions are available under Schedule – VIA	22
	4) Rates & Exemption limit of TDS	23
	5) Provision Relating to Capital Gain	25
	6) Provision Relating to Presumptive Taxation	26
	7) Provision relating to capital gain	26
	8) Restriction on CASH Transaction	27
	9) Useful Charts	27
	10) Depreciation Chart as per Income Tax	31
	11) Depreciation Chart as per Companies Act	32
(C)	IMPORTANT PROVISION RELATED TO GST	
	1) Penal Provision under GST	33

Disclaimer:

This budget 2018-19 handout provides general information on budget and does not express our views. This hand out is meant for general guidance and no responsibility for loss arising to any person acting or refraining from acting as a result of any material contained in this handout will be accepted by us. It is recommended that professional advice be taken based on the specific facts and circumstances. This handout does not substitute the need to refer to the original pronouncement. This handout is intended only for the use of our staff personnel, clients and associates and may contain confidential or privileged material. Any review, dissemination or other use of, or taking of any action in reliance upon by other than the intended recipient is prohibited. If you receive this by error, you may return the material.

1. Change in Rates of Taxation for FY 2020-21:

➤ **Change in rate of taxation for Individual and HUF**

On satisfaction of certain conditions, an individual or HUF shall, from AY 2021-22 onwards, have the option to pay tax in following manner

Total Income	Rate of Tax
Upto Rs 250000	Nil
From 250001 to 500000	5%
From 500001 to 750000	10%
From 750001 to 1000000	15%
From 1000001 to 1250000	20%
From 1250001 to 1500000	25%
Above 1500000	30%

Exercise of option for new Rates

- ✓ In case of **Individual or HUF having Business Income**,
 - Option once exercised for previous year i.e. AY 2021-22 shall be valid for that previous year and for all subsequent year. Once person withdrawn from new rates than after such withdrawal person cannot go again for new rates
- ✓ In case of **Individual or HUF having Other Than Business Income**,
 - can opt this option before due date of income tax return. The option will be for specific year only, can opt separately for each subsequent year.
- ✓ This option is optional, a person can continue in old tax rate regime.
- ✓ Section 115 JC also be amended the provision relating to AMT shall not be apply to such individual and HUF having business income and also carry forward and set off of AMT credit shall not apply.
- ✓ Individual and HUF opting for new taxation regime shall not be entitled to the following exemption/deductions
 - Leave Travel concession
 - House rent allowance
 - Some of allowance as per clause (14) of section 10
 - Allowance to MPs/MLAs
 - Allowance for income of minor
 - Exemption of SEZ unit contained in section 10AA
 - Standard deduction(Rs 50000), deduction for entertainment allowance and employment/ professional tax as contained in section 16
 - Interest under section 24 in respect of self occupied or vacant property.
 - Additional Depreciation under section 32(1)(iia)
 - Deduction under section 32AD, 33AB, 33ABA
 - Various deduction for donation for expenditure of scientific research
 - Deduction under section 35AD or section 35CCC
 - Deduction from family pension under section 57(iia)
 - Any deduction under chapter VIA except section 80CCD and 80JJAA

- ✓ Transport allowance, conveyance allowance, any allowance granted to meet the cost of travel on tour or on transfer, daily allowance to meet the ordinary charges incurred by an employee on account of absence from his normal place of duty shall be allowed

Example 1:

If Mr X having Rs 150,000 as deduction Under Chapter VIA (eg LIC, School Fee, PPF, mediclaim, Donation etc)

Taxable Income	Tax as per old Rate	Tax as per new Rate	Surplus/(Deficit)	Beneficial income
2,50,000	NIL	NIL	NIL	Old/new
5,00,000	NIL	NIL	NIL	Old/new
7,50,000	32,500	37,500	(5000)	Old
10,00,000	82,500	75,000	7,500	New
12,50,000	1,42,500	1,25,000	17,500	New
15,00,000	2,17,500	1,87,500	30,000	New
20,00,000	3,67,500	3,37,500	30,000	New

Example 2:

If Mr X having Rs150000 as deduction Under Chapter VIA (eg LIC, School Fee, PPF, mediclaim, Donation etc) and Rs 2,00,000 as Housing Loan Interest

Taxable Income	Tax as per old Rate	Tax as per new Rate	Surplus/(Deficit)	Beneficial income
2,50,000	NIL	NIL	NIL	Old/new
5,00,000	NIL	NIL	NIL	Old/new
7,50,000		37,500	(37,500)	Old
10,00,000	42,500	75,000	(32,500)	Old
12,50,000	92,500	1,25,000	(32,500)	Old
15,00,000	1,57,500	1,87,500	(30,000)	Old
20,00,000	3,07,500	3,37,500	(30,000)	Old

Example 3:

If Mr X having Rs150000 as deduction Under Chapter VIA (eg LIC, School Fee, PPF, mediclaim, Donation etc) and Rs 50,000 as Standard deduction.

Taxable Income	Tax as per old Rate	Tax as per new Rate	Surplus/(Deficit)	Beneficial income
2,50,000	NIL	NIL	NIL	Old/new
5,00,000	NIL	NIL	NIL	Old/new
7,50,000	22,500	37,500	(15,000)	Old
10,00,000	72,500	75,000	(2500)	Old
12,50,000	1,27,500	1,25,000	2500	New
15,00,000	2,02,500	1,87,500	15000	New
20,00,000	3,52,500	3,37,500	15000	New

Example 4:

If Mr X having Rs150000 as deduction Under Chapter VIA (eg LIC, School Fee, PPF, mediclaim, Donation etc) and Rs 50,000 as Standard deduction and 2,00,000 as Housing loan interest.

Taxable Income	Tax as per old Rate	Tax as per new Rate	Surplus/(Deficit)	Beneficial income
2,50,000	NIL	NIL	NIL	Old/new
5,00,000	NIL	NIL	NIL	Old/new
7,50,000	NIL	37,500	(37,500)	Old
10,00,000	32,500	75,000	(42,500)	Old
12,50,000	82,500	1,25,000	(42,500)	Old
15,00,000	1,42,500	1,87,500	(45,000)	Old
20,00,000	2,92,500	3,37,500	(45,000)	Old

➤ **Change in rate of taxation for Co-op Society**

- ✓ For Co-operative society option has been proposed under new section 115BAD to pay tax at the rate of 22% + 10% surcharge + 4% cess
- ✓ For being eligible following exemption/ deduction shall not be available:-
 - Deduction under provision of section 10AA
 - Deduction under provision of clause (iia) of subsection (1) of section 32
 - Deduction under provision of section 32AD
 - Deduction under provision of section 33AB or section 33ABA
 - Deduction under provision of sub-clause ii or iia or iii of subsection 1 or subsection 2AA of section of section 35
 - Deduction under provision 35AD or 35CCC
 - Deduction under provision of chapter VIA
- ✓ It is further proposed to amend section 115JC and 115JD so as to provide the provisions relating to AMT and carry forward and set off of AMT credit shall not apply to co-operative society on exercising the option under new section 115BAC.

2. PROVISION RELATING TO TAX AUDIT

- ✓ Under section 44AB of the Act, every person carrying on business is required to get his accounts audited, if his total sales, turnover or gross receipts, in business exceed or exceeds Rs. 1 crore in any previous year. In case of a person carrying on profession he is required to get his accounts audited, if his gross receipt in profession exceeds Rs. 50 lakh in any previous year. In order to reduce compliance burden on small and medium enterprises, it is proposed to increase the threshold limit for a person carrying on business from Rs. 1 cr to Rs. 5 cr in cases where,-
 - aggregate of all receipts in cash during the previous year does not exceed 5% of such receipt; and

- aggregate of all payments in cash during the previous year does not exceed 5% of such payment.
- ✓ It is further proposed to amend section 139 (1) to extend due date of filing return in case of all assesses required to get Tax Audit to 31st October. However, the Tax Audit report in form 3CA or 3CB along with form 3CD is required to be filed on or before 30th September.
- ✓ It is further proposed to remove the distinction of Working and Non-Working Partner for due date of filing of return of Income.
- ✓ Although there is increase in the limit of Audit u/s. 44AB from 1Crore to 5Crores, limit under TDS are still kept at 1Crores. Person is required to comply with the following provisions of the TDS if turnover exceeds 1 Crores.
 - TDS on Interest other than Interest on Securities u/s. 194A
 - TDS on payment made to contractors u/s. 194C
 - TDS on Commission or Brokerage u/s. 194H
 - TDS on payment of Rent u/s. 194-I
 - TDS on technical Fees for Professional or Technical Services u/s. 194J
 - TCS on Specified Products.

3. DIVIDEND DISTRIBUTION TAX ABOLISHED

- ✓ It is proposed to carry out amendments so that dividend or income from units are taxable in the hands of shareholders or unit holders at the applicable rate. Now, the domestic company or specified company or mutual funds are not required to pay any DDT. It is also proposed to provide that the deduction for expense under section 57 of the Act shall be maximum 20 per cent of the dividend or income from units.
- ✓ Further, a new section 80M has been inserted to remove the cascading affect, with a change that set off will be allowed only for dividend distributed by the company one month prior to the due date of filing of return, in place of due date of filing return earlier.
- ✓ Section 194 is also amended to include dividend for tax deduction at the rate of 10% with the threshold limit of Rs. 5,000 instead of Rs. 2,500 for dividend paid other than cash.
- ✓ For the removal of cascading effect for individual, section 80M is proposed to be introduced.
- ✓ It proposes to give deduction to the company for an amount of income by way of dividends received from another domestic company as does not exceed the amount of dividend distributed by the first mentioned company one month prior to the date of filing of return.
- ✓ It further proposes that where a deduction in respect of the amount of dividend distributed by the domestic company has been allowed in any previous year, no deduction shall be allowed in respect of such amount in any other previous year.

➤ TDS on dividend income

- ✓ In respect of company, its proposed to amend the sec 194 so as to bring the payment by any mode within the ambit of this section and also provide for deduction at 10% and it is also proposed to increase the threshold of Rs 2500 to Rs 5000.
- ✓ In respect of business trust (Section 194LBA) is liable to make deduction on dividend income paid to unit holder at 10% for resident, in respect of non-resident it would be 5% for interest and 10% for dividend.
- ✓ In respect of mutual fund/ Specified undertaking / Specified company a new section 194K has been inserted and its provide that any person responsible for paying to a resident any income in respect to
 - Units of mutual funds
 - Units from administrator of the specified undertaking
 - Units from the specified company
- ✓ Shall, at the time of such credit of such income to the account of the payee or at the time of payment there of any mode whichever is earlier. Deduct TDS at 10%. its also proposed to provide for a threshold of rs 5000 so that income below this amount not suffer tax deduction.
- ✓ In respect to Non-resident proposals in related to TDS are as follow
 - Amend section 195 to delete exemption provided to dividend to in section 115O
 - Amend section 196A to revive this applicability on TDS on income in respect of mutual fund. Its also proposed to substitute of —Unit Trust of India□ with —from the specified company defined in explanation to section 10(35)□ and —in cash or by the issue of a cheque or draft or by any other mode□ with —byany mode□ TDS is required to be made at 20%.
 - Amend Section 196C/196D To remove the exclusion provided to dividend u/s. 115-O. It is also proposed to substitute —In cash or by the issue of a cheque or draft or by any other mode□ with —byany mode□.TDS is required to be made at 10% u/s. 196C and 20% u/s 196D.

➤ Other amendment relating to dividend distribution tax

- ✓ Section 115O - to provides that dividend declared, distributed or paid after 1.4.2003 but on or before 31.3.2020 shall be covered under the provision of this section.
- ✓ Section 10(34)/10(35) - to provide that provision of this clause shall no apply to an income by way of dividend receive on or after 1.4.20
- ✓ Section 115R - to provide that the income distributed on or before 31.3.20 shall only be covered under the provision of this section.
- ✓ Section 10(23FC) - to amend this clause so that all dividends received or receivable by business trust for special purpose vehicle (SPV) is exempt.
- ✓ Section 10(23FD) - to exclude dividend income received by a unit holder from

business trust the exemption so that the dividend income is taxable in the hand of unit holder of business trust

- ✓ Section 115UA(3)- To delete reference to subclause (a) so that distributed income of the nature referred to in 10(23FC) and 10(23FCA) shall be deemed to be income of the unit holder and shall be charged to tax as income of the previous year. As a result, dividend income distributed by a special purpose vehicle to business trust would be taxed in the hands of the unit holder.
- ✓ Section 10(23D) - a mutual fund no longer required to pay additional tax
- ✓ Section 115BBDA - taxation on dividend income in respect of rs 10 Lacs in hands of shareholder at 10% Now, as the total income is taxable in the hands of recipient, it is proposed that the section is applicable only in respect of dividend declared, distributed or paid by a domestic company or companies on or before 31st March, 2020.
- ✓ Section 57 - to provides no deduction shall be allowed from dividend income or income in respect of unit of mutual fund or specified company other than deduction on account of interest expenses and in any previous year such deduction shall not exceed 20% of the dividend income or income from units included in the total income for that year without deduction u/s 57.

4. CHANGES IN PROVISION RELATING TO BUSINESS AND PROFESSIONS

- ✓ Deduction under section 35AD for capital expenditure incurred for setting up Cold Chain, Hotels, Hospitals and Fertilizer was allowed under 35AD and deduction under this section was mandatory, Amendment is made and deduction under section 35AD is made optional. As per Section 115BAA and section 15BAB company is not eligible for normal deduction if it claims deduction under section 35AD, therefore there was loss of depreciation claim to the company. (*Applicable from 1st April, 2021*)
 - Section 115BAA and 115BAB related to the concessional rate of taxation which will be applicable, if company does not claim deduction u/s. 35AD . No deduction will be allowed if expenditure already claimed as allowed expenses in any other sections in any previous years.
- ✓ Amortization of Preliminary expenses can be claimed u/s. 35D and deduction of prospecting Minerals u/s. 35E only if Audit Report for the first year is filed along with return of Income within the due date of filings such returns. (*Applicable from 1st April, 2021*)

5. CHANGES IN PROVISION RELATING TO CAPITAL GAIN

- ✓ Safe Harbour limit where consideration received for sale of land and building is less than Stamp Duty Valuation is increased from 5% to 10%. This changes are applicable to the section 43CA, 50C and 56. Difference in valuation of Stamp Duty and Sale

Consideration is taxable under the head Income from Other Source. (*Applicable from 1st April, 2021*)

- ✓ For Slump Sale, report shall be submitted to the Income Tax Officer, 1 month before the filing of return of Income, for verifying the Computation of Net Worth of the assessee, therefore Slump Sale every person has to submit audit report 1 month prior so that officer in charge can verify the correctness of computation of Slump Sale. (*Applicable from 1st April, 2020*)
- ✓ Previously Assets acquired prior to 2001 if sold, than valuation for Cost of Acquisition shall be Fair Market Valuation as on 01st April, 2001. Now Amendment is made and valuation of the Assets acquired after 01st April, 2001 shall be made at the Stamp Duty Valuation and FMV shall not exceeds the Stamp Duty Valuation. (*Applicable from 1st April, 2021*)

6. CHANGES IN PROVISION RELATING TO SALARIES

- ✓ Currently Any contribution by the Employer to the Account of Employees in recognized provident fund upto 12% of salary is exempted and similar 10% of deduction under NPS contributed by employer is also exempted.
 - However amendment is made wherein Any Contribution by Employer to Recognized Provident Fund exceeding Rs. 7,50,000 is taxable in the hands of Employees and even Interest Earned on Taxable Contribution is also taxable.
- ✓ Employee has to include Any Contribution in Excess of Rs. 750000 in his total income and further he has to include the Interest Earned in his taxable income on the Taxable Contribution which is included in his Total Income. (*Applicable from 01st April, 2021*)

7. PROVISIONS RELATED TO CARRY FORWARD & SET OFF OF LOSSES

- ✓ Carry forward and set off of accumulated losses and unabsorbed depreciation allowed in case of amalgamation of a banking company with another banking company is allowed to amalgamation of other banks also which is formed by nationalization of banks under the Banking Companies Act, 1970. (*Applicable from 1st April, 2021*)
- ✓ Currently additional deduction of Rs. 1,50,000 in respect of Interest on Loan taken for acquisition of affordable house property is available only if loan is sanctioned before 01st March, 2020. Now changes are made in section 80EEA and Deduction of Rs. 1,50,000 is also available if loan is sanctioned by 31st March, 2021. This deduction is available only on Purchase of First Home and stamp duty valuation should not exceed Rs. 45 Lacs.

8. PROVISIONS RELATED TO CHANGES MADE IN TDS & 26AS

- ✓ TDS on Technical services reduced from 10% to 2% under 194J section, however TDS on professional services will continue at the rate of 10%.
- ✓ Any interest paid or credited by co-operative society to a member or credited and paid to any other co-operative society and income credited or paid on deposits with primary agriculture credit society with co-operative society or bank shall liable for TDS at the rate of 10%.
 - Only those co-operative society will cover whose Turnover or Gross Receipts exceeds Rs. 50Crores In preceding financial year in which interest in paid or credited.
 - TDS shall be deducted if interest paid or credited exceeds Rs. 40,000 during the financial year and in case of senior citizen interest paid or credited exceeds Rs. 50000.
- ✓ TDS on Works contract is levied at the rate of 2% on other than individual and 1% on the individual for the contract works undertaken. However, if raw material are provided by the person than TDS was not deducted on such amount. Amendment is made and now onwards TDS shall be deducted on the Raw Material provided by the assessee or its associates for undertaking the contractual work.
- ✓ New Section 194K is inserted, wherein Mutual Fund Company is liable to deduct TDS at the rate of 10% on the payment to resident company for
 - Units of a Mutual Fund specified under clause (23D) of section 10 or
 - Units from the administrator of the specified undertaking or
 - Units from the specified company
- ✓ Shall pay at the time of credit of such income to the account of the payee or at the time of payment thereof by any mode, whichever is earlier. TDS shall be liable to deduct only if credit exceeds Rs. 5000.
- ✓ Business trust shall not require to Deduct TDS on the income being in nature of 10(23FC) or 10(23FCA). However, it shall continue to deduct TDS on dividend income paid to resident @ 10% and 5% to non-resident.
- ✓ Concessional rate of TDS u/s. 194LC at the rate of 4% on interest payable to non-resident shall be applicable if monies borrowed from outside India by way of issue of Rupee Denominated Bond before 1st July, 2020 to 1st July, 2023 and which are listed only on recognized stock exchange located in any IFSC.
- ✓ Concessional rate of TDS u/s. 194LD at the rate of 5% shall also applicable in respect of interest payable to FII or QFI in respect of the investment made in municipal debt security by SEBI and RBI
- ✓ New Section 194-O inserted to levy of TDS at the rate of 1% by E-commerce Operator to E-commerce participants. TDS is to be paid by E-commerce operator on sale of Goods or services. Any payment made by purchaser to E-commerce shall be liable for TDS if such amount exceeds by 5Lacs. This provisions is applicable only to

Individuals and HUF. Exemption is made, if such Individual or HUF has provided PAN/ADHAR than TDS shall not be deducted.

- ✓ TCS under section 206C shall also be applicable for any Outward Foreign Remittance done by Authorized dealer in exceeds of Rs. 700,000 during the year at the rate of 5%. If PAN or Adhar not Submitted than TCS shall be levied at the rate of 10%.
 - In case of seller of Overseas Tour Package receiving any amount from a person, such seller shall be liable to make TCS at the rate of 5% of amount of remittance.
 - TCS shall also be applicable if sale of any Goods exceeds Rs. 50Lacs in a year. TCS shall be levied at the rate of 0.1% of sale consideration. If Pan/Adhar not available than rate of TCS shall be 1%.
 - This provision will be applicable only to a seller having turnover exceeding Rs. 10 Crores in immediately preceding financial year.
- ✓ Institute or Trust have to submit the details of the donations received u/s. 80G through statement. If such statement are not filed in time than penalty u/s. 234G shall be levied at the rate of 200 Per Day. Further Assessing Officer can levy additional penalty between Rs. 10000 to Rs. 150000 on institute if it fails to furnish the statement u/s. 271K.
- ✓ Income Tax Department/ Authority shall upload in the 26AS of the assessee an annual information statement in such form and manner, which is in possession of the authority. 26AS shall contain all other details related to the assessee transaction and donation undertaken during the year, similar amendment made in section 285BB.

9. PROVISIONS RELATED TO TRUSTS & DEDUCTIONS.

- ✓ Amendment are made in Section 12A and Section 12AA which are claiming exemption under section 10(23C)(1) or section 10(46) if certain conditions are not complied with.
 - For the initial period fresh registration will be granted **Provisionally** for a period of 3 years, therefore the trust registered will need to make fresh application for the Exemption under 12A, 12AA or 80G. Fresh application shall have to apply within six Months of Start of Activities or Six Months prior to Expiry of Provisional Registration, whichever is earlier. This provisions is enacted to check whether trust or institute has complied with the conditions of such exemption or not.
 - For the existing institute or trust registered u/s. 12AA, 10(23C) or 35, will continue to have registration for the period of 5 years.
 - After expiry of 5 years such institute or trust has to apply for the Renewal of Registration under the new amended section of 12AB. Application for renewal shall be made to the Principal Commissioner or Commissioner.
 - Currently registration once taken shall be valid till it is not cancelled by the Authority. This amendment will ensure that trust shall comply with all the conditions for claiming the exemption. *(Applicable from 01st June, 2020)*

- ✓ Trust or Institute receiving the donation is required to furnish statement of Donation Receipt to the Income Tax Authority for Donor, and Donor will have prefill Donation in his Income Tax Return similar to form 26AS for claiming such donation.
 - The trust or institute failing to submit the timely statement shall be levied fees and penalty.
 - Deduction u/s. 80GGA shall be restricted to Rs. 2000 only in respect of donation given in cash.
 - Trust registered u/s. 80G shall also required to apply for approval which shall be valid for a maximum period of 5 Years at a time. The Application for approval shall be made to Principal Commissioner or Commissioner. *(Applicable from 01st June, 2020)*

- ✓ Amendment is made in all sections of 80IA, 80IAC, 80IB, 80IBA and 80JJA, that 100% deduction of profits and gains derived from such business shall be available only if audit report is filed before the due date. Further audit report format are specified under section 288 which is required from Chartered Accountants for claiming deductions. *(Applicable from 1st April, 2021)*

10. CHANGES IN PROVISIONS RELATING TO ASSESSMENT & PENALTY

- ✓ With a growing issue related to the assessment procedure and to enhance the efficiency of delivery system of the Income Tax Department, new section 119A is inserted which shall mandate Central Board of Direct Taxes to adopt a Taxpayers Charter. The details of the charter will be notified soon. It will cover the issues related to instructions and guidelines to income tax authorities for the administration of Charter.

- ✓ Survey under section 133A in case of the specific information received shall be carried out only by Joint Commissioner or Joint Director and such survey shall not conduct without prior approval of Joint Director or Joint Commissioner and in other case, no income tax authority below the rank of a Director or a Commissioner, shall conduct any survey without prior approval of the Director or the Commissioner.

- ✓ E-assessment shall also be applicable in Best Judgment proceeding under section 144 of the Income Tax Act.

- ✓ Income tax department shall conduct E-Appeal and will reduce the Interface between the Commissioner of Appeals and the Appellant in the course of appellate proceeding. Section 250 has been amended and E-Appeal is made in line with the E-Assessment Proceeding.

- ✓ New Section 271AAD inserted, which levies penalty for any False Entry or Omission of any entry which is relevant for computation of the Total Income of such person. Penalty shall be amount equal to the aggregate of false entries or omitted entries. False Entry includes use or intention to use
 - Forged or falsified documents such as a false invoice or in general a false piece of documentary evidence or

- Invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services both or
- Invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.

11. CHANGES IN PROVISIONS RELATED TO NON-RESIDENTS

- ✓ Person of Indian Origin or Indian Citizen shall be considered as resident of India, if he stays in India for more than 120 Days, which is reduced from current limit of 182 Days. Amendment are made in clause (b) of Explanation 1 of Section 6(1) of the Income Tax Act.
 - Therefore if person wants to become Non-Resident than he/she has to stay out of India for 240 Days. This provision will include only the Income Earned by such person in the India and not the Global Income which are earned outside India.
- ✓ Many Individual arranges their affairs in such a fashion that he is not liable to tax in any country or jurisdiction during a year, they are commonly known as stateless persons. Individual arranges the residential status in a manner to avoid paying taxes to any country/jurisdiction on the income they earn. In the light of the taxation of the stateless persons new clause (1A) to the section 6 is inserted which states that,
- ✓ –Individual, being an Indian citizen, shall be deemed to be resident in India for tax purposes, if he is not liable to tax in any other country or territory by reason of his domicile or residence.□
- ✓ Double Taxation Avoidance Agreement entered with foreign countries shall contain the clause for recovery of Income Tax under the laws of both India and foreign Country as per section 90. Further it shall contain the clause where Authority can Investigate and exchange the Information for prevention of evasion of Income Tax Chargeable under the laws of both India and that Foreign Country. (Applicable From 01st April, 2021).
- ✓ Even Section 90A is amended to empower the Central Government to adopt and implement an agreement between specified association in India for granting relief, avoidance of double taxation, exchange of information and recovery of Income tax.
- ✓ Income of Associate Enterprise located in India and Foreign Company is covered with the provision of Safe Harbour Rules wherein the Arm's Length Price is decided by the company. But there are various litigation in arriving the Arm's Length price by the Company and Income Tax Authority.
 - In order to avoid litigation section 92CC allows Advance Pricing Agreements (APA) with CBDT with any person to determine the Arm's Length Price in case of Transaction between Associate Enterprises.
 - Arm's Length Price under the Advance Pricing Agreements shall specify the manner in which the Price shall be determined in relation to the international transaction entered into by the person.

- Safe harbour Rules and Advance Pricing Agreements will provide Exact Tax Liability to all the Associates Enterprise in India and will reduce litigations in the matter of International Transactions.
- Further the Income earned u/s. 9(1)(i) regarding the Attribution of Profit of Permanent Establishment of Non-resident as per the provision of sections 92CB and 92CC shall also be covered under the rules of SHR and APA. (Applicable from 01st April, 2020)
- ✓ Non resident is exempted from filing Return of Income under Section. 139(1) of the Act, if its total income consists only Dividends, Interest Income, Royalty or FTS income and TDS on such income has been deducted. TDS on such income has been deducted at the rates not lower than the rate specified under section 115A. (Applicable from 1st April, 2021)
- ✓ Draft of the proposed order of assessment to the eligible assessee shall be applicable to non-resident not being a company, or any foreign company as per section 144C, it shall include cases where the assessing officer proposes to make any variation which is prejudicial to the interest of the assessee.
- ✓ Employee Stock Option Plan of Start ups are taxed as perquisite under Section 17(2) and tax is liable to pay at the time of exercising option of ESOP. In order to postponed the Tax liability on exercising the ESOP, tax shall be required to pay TDS or Tax within 14 Days
 - After the expiry of 48 Months from the end of relevant assessment year.
 - OR from the date of sale of such specified security or sweet equity shares by the assessee
 - OR from the date of which assessee cease to be the employee of the person, whichever is the earlier at the rates in force of the financial year in which ESOP is allotted. (Applicable from 1st April, 2020)

12. CHANGE IN PROVISIONS OF CUSTOM DUTY

- ✓ Major change are proposed in custom duty rates (wef 02.02.2020)
 - Custom duty on Solar cells not assembled and assembled is increase NIL to 20%
 - Custom Duty on Open cell for television set, Fingerprint readers for cell phones is increase NIL to 15%
 - Custom Duty on Food processing – walnuts, shelled is increase from 30% to 100%
 - Custom Duty on footwear is also be increase to 35% which was earlier 25%
 - Custom Duty on Various household items and appliances i.e kitchenware, water filters, combs, vacuum flasks, household fans, shavers, coffee maker, ovens, heaters, toasters. Is increase to 20% which was earlier 10%
 - Custom duty on Precious metals, compressor of refrigerator and AC is also increase 12.5%
 - Custom duty on Air circulator, industrial fans blowers, pressure vessel, welding machines is increase from 7.5% to 10%

- Custom duty on commercial refrigerators and freezers is also increase 7.5% to 15%
 - Custom duty on Water coolers, catalytic convertor is increase 10% to 15%
 - Custom duty on Furniture goods i.e. Seats, mattress, lamps & lighting is also increase to 25%
 - Custom duty on Commercial vehicles (other than electric vehicles) is also increase to 40%
 - Custom duty on Toys i.e. Tricycles, scooters, pedal-cars, dolls carriages is also increase to 60% which was earlier 20%
 - Custom duty on Newsprint, Uncoated paper used in printing newspaper, paper use in magazine is reduce from 10% to 5%
- ✓ Custom duty on Filing, cabinets, sign plates, nameplates, artificial flowers, glass beads is increase to 20% Social welfare surcharge is being exempted on cheese, bulbs, other live plants, almonds, walnuts, wheat, maize, chewing gum, orange juice, marble, travertine slabs, tiles, stones and commercial vehicles.
- ✓ The BCD exemption hitherto available on certain goods like butter ghee, whey, svegetable and edible oils, crude sunflower seed, glycerol, raw sugar up to prescribed threshold, chewing gum, preserved potatoes, wine, propane, phosphoric acid, instant print film, patent leather, CD- writers, MP3, Colour television picture tubes, water supply projects for industrial use for project import and many others notified vide notification No. 50/2017 stands withdrawn.
- ✓ A new section 51B is being inserted so as to provide for creation of an Electronic Duty Credit Ledger in the customs system. This will enable duty credit in lieu of duty remission to be given in respect of exports or other such benefit in electronic form for its usage, transfer etc. The provision for recovery of duties provided under Section 28AAA of Customs Act, 1962 are also being expanded to include such electronic credit of duties.
- ✓ Health Cess imposed on the import of Medical devices falling under headings 9018 to 9022, at the rate of 5% ad valorem on the import value of such goods as determined under Section 14 of the Customs Act, 1962. Any Export Promotion scrips shall not be used for payment of said Cess. Health Cess shall not be imposed on medical devices which are exempt from BCD.

13. CHANGE IN PROVISION OF EXCISE DUTY

- ✓ Major changes in excise duty are as follows (wef 02.02.2020)
- ✓ Excise duty on various type of filter cigarettes is increase to 200 to 735 per thousand which was earlier 90 to 235 per thousand
- ✓ Excise duty on various type of tobacco is increase to 25% to 60% which was earlier 10% to 45%

14. CHANGE IN PROVISION OF GOODS AND SERVICE TAX

- ✓ Section 2(114) Definition of Union territory - for Clause (c) and (d) following clause shall be substituted namely (c) Dadar and nagar haveli and daman and diu (d) ladakh it means Dadra and Nagar Haveli and Daman and Diu merged. Now the transaction between Dadra and Nagar Haveli & Daman and Diu will be Intrastate. And Ladakh added in list of Union Territories.
- ✓ Section 10(2)(b)(c)(d) Composition Scheme - In sub-section 2 in clauses (b), (c) and (d), after the words —of goods□, the words—or services□shall be inserted. This Amendment required due to insertion of second Proviso to Sec. 10(1) by CGST (Amendment) Act, 2018 which included that persons rendering Services of value not exceeding 10% of turnover in preceding F.Y or 5 lakh which ever is higher can opt for Composition u/s 10(1).
- ✓ To come in line with the said amendment, the word —or services□ has been inserted i.e. Person supplying Exempt Services, Interstate supply of services, Services provided through E-Commerce Operator, will be excluded from the purview of Section 10(1) and cannot opt for Composition.
- ✓ Section 16(4) time limit for credit availment - In section 16 of the Central Goods and Services Tax Act, in sub-section (4), the words —invoice relating to such□shall be omitted • Before the said amendment the time limit to avail input tax credit in respect of debit note was linked to its invoice i.e. when invoice relating to such debit note pertained but after the said amendment the debit note issuance date becomes relevant to consider the due date for entitling the credit.
- ✓ The same can be explained through the help of illustrations:
 - For Example debit note issued on 15.11.2019 (linked to invoice dated 1.3.2019) before amendment return for the month of September 2019, The credit was not getting availed for Debit notes issued after 6 months from end of Financial Year to which Invoice pertains to After amendment (invoice linked became irrelevant) Return for the month of Sep. 2020. The credit which was earlier not getting availed for Debit notes issued after 6 months from end of Financial Year to which Invoice pertains to will now be available.
- ✓ Section 29(1)(c) Cancellation of Registration - Earlier the section did not empower the proper officer to cancel the voluntary registration of person registered under section 25(3). By deletion of words —other than□ and making requisite changes in section 29(1)(c) the power is now granted.
- ✓ Section 30(1) proviso substituted Revocation of Cancellation - Before amendment the period of 30 days from date of service of cancellation order was available to apply for revocation of cancellation. i.e. when 30 days use to expire the cancellation could not be revoked.
- ✓ After the amendment the powers given to jurisdictional
 - Additional Commi-ssioner or the Joint Commi-ssioner to extend the period by 30 days i.e. (Max days=30+30)

- Commissioner, for a further period not exceeding thirty days i.e (Max days= 30 + 30+ 30)
- On Reasons recorded in writing and on sufficient cause being shown.
- ✓ Section 32(2) Proviso substituted Enabling provisions for giving power to Government to specify category of services for issuance of Tax Invoice within prescribed time and manner.
(The clause will be practically more understandable on issuance of related Notifications, as the government trying to cover invoicing issues of Service Sector e.g Banks etc.)
- ✓ Section 51(3) and section 51(4) Tax deduction source certificate - New Rules for Issuance of Tax deduction Certificate to be prescribed, penalty for non issuance clause deleted.
- ✓ Section 109(6) Amended to bring into force of the Jammu and Kashmir Reorganization Act, 2019 J&K under normal CGST Appellate Tribunal.
- ✓ Section 122(1A) inserted penalties - Amendment made to curb the practice of Fake Invoicing, the mediator / beneficiary also held liable with same degree of offence as Supplier or Receiver or Transporter or Warehouse etc. A word of Caution for all! e.g Practice was followed to convert Cash Sale Bills to make some other person take input tax credit against those invoices by amending the bills, without actual supplying goods/ services /both. Now, the person supplying amended bills, person availing credit and the person facilitating the same, all will be held liable for penal provisions.
- ✓ Section 132(1) punishment - This amendment has two aspects:
 - Causes to commit and retain the benefits arising out of Covers the Beneficiary /mediator being held liable with same degree of offence as Supplier or Receiver
 - (ii) for clause (c), the following clause shall be substituted, namely:-
—(c) avails input tax credit using the invoice or bill referred to in clause (b) or fraudulently avails input tax credit without any invoice or bill; □;
 - (iii) in sub-clause (e), the words —, fraudulently avails input tax credit □ shall be omitted.
 - Shifting of Fraudulent Availment of Input Tax Credit from (e) to (c) -Impact – Offence made cognizable and non-bailable offence, at par with the supply without invoice or fake invoice issuing provisions
 - Before Amendment the Fraudulent availment of Input Tax Credit was Non cognizable and bailable.
 - A word of caution for taking Any Other ITC in 3B returns without billing in support of it subject to Limits prescribed in Section 132(1) is punishable as Non cognizable and bailable offence.
- ✓ Section 140(1), 140(2), 140(3), 140(5), 140(6),140(7), 140(8), 140(9) Transitional credit provision - Retrospective Amendment w.e.f 01.07.2017 to overcome the effect of Judgements like Sidhartha Enterprises etc. allowing Transitional Credit based upon the ground that Rules cannot provide the Time Limit when in Act, there is No Time Frame Provided.
Procedural amendment in Act in Sections 140(1), (2),(3),(5),(6),(7),(8),(9) to include provision for Time Frame for Transitional Credit to be provided by Rules.

- ✓ Section 68(2) power to issue instructions - For Sec. 66(5) [Special Audit Fee] and Sec. 143(1) [Job work Procedure] jurisdictional commissioner to exercise powers, no approval of the Board required.
- ✓ Section 172(1) Removal of difficulties order issuance time period for another 2 years in totality 5 years from the date of commencement of the said Act extended.

15. DIRECT TAX VIVAD SE VISHWAS BILL, 2020

- ✓ The scheme is available only for those appeal which are pending before
 - Supreme Court or High Court
 - Income Tax Appellate Tribunal
 - Commissioner (Appeals)

Above appeal must be pending on or before 31st January, 2020. In other words the appeals must have been filed on or before the said date.

- ✓ Benefits of Schemes can be availed for the Pending Appeal based on
 - Disputed Tax for the demand raised in Assessment
 - Interest or Penalty in relation to Assessment
 - Re-assessment Order
 - Disputed Interest, Fees where there is no disputed Tax.
 - Defaults on Tax Deducted at Source or Tax Collected at Source (Fees or late Filing of Returns)
- ✓ It is irrelevant whether the demand amount is paid or not and stay is granted or not.
- ✓ This scheme is applicable to the appeal filed by the taxpayers or the Income Tax Authority.

➤ PROCEDURE FOR APPLICATIONS OF SCHEME

- Assessee has to file declaration in the Prescribed Form and Prescribed Manner. Person who file declaration shall be termed as –Declarant□ in this scheme.
- Assessee will furnish an undertaking that he will not avail any other alternative remedy under any other law or agreement.
- Once the Declaration is Filed, than Authority will issue a certificate to this effect and from that date, pending appeal shall be deemed to have withdrawn.
- After the receipt of declaration, the Commissioner of the Income Tax will pass as order to pay amount under his scheme which shall be final and conclusive only.
- The Commissioner will issue as certificate to the declarant in the prescribed form.
- The proof of withdrawals of such appeals or writ petitions in such cases shall be filed along with the declaration.

➤ TAX PAYMENT.

- As per the Provisions of the Bills, in appeals related to disputed tax, the declarant shall only pay the whole of disputed tax if payment is made before the 31st March, 2020 and for the payments made after the 31st day March 2020 but on or before the last date notified by Central Government, the amount payable shall be 110% of dispute tax.
- If payment is made after the 31st March, 2020 but on or before the last date notified by Central Government the amount payable shall be increased to 30% of disputed penalty, disputed interest or disputed fees.
- The declarant must pay the amount specified in the order within Fifteen Days and shall intimate the Commissioner about the payment of amount.
- No Interest or Penalty proceedings shall be initiated against the declarant in respect of the amount paid under this scheme.
- Any amount so paid shall not be refundable even if declaration is found to be void at later stage.
- Declaration filed by a person under the provisions of this bill shall be void
 - Furnishes any false material particulars.
 - Violates any of the conditions of this Bills.
 - Acts in violation of his undertaking given.

➤ WHO CANNOT AVAIL THE BENEFITS OF THE SCHEMES

- (i) Where the assessment is framed under a search and seizure proceedings,
- (ii) Where prosecution has been initiated before the declaration,
- (iii) In the case of foreign assets or foreign income,
- (iv) Where an assessment or reassessment is framed under receipt of information from a foreign country,
- (v) Where CIT(A) has issued an enhancement of tax demand notice,
- (vi) Where a detention order is issued against a person under the provisions of the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974.

B) IMPORTANT CURRENT YEAR PROVISIONS for F.Y. 2019-20**1. Tax Rate Structure for the A.Y. 2020-21****➤ Tax Rates for Individual, HUF**

Category	Exemption Limit	5%	20%	30%
Individual/HUF, AOP, BOI	2,50,000	2,50,001 to 5,00,000	5,00,001 to 10,00,000	Above 10,00,000
Senior Citizen (Age 60 to 79)	3,00,000	3,00,001 to 5,00,000	5,00,001 to 10,00,000	Above 10,00,000
Super Senior Citizen (Age Above 80)	5,00,000	NIL	5,00,001 to 10,00,000	Above 10,00,000

Note:-

- Surcharge is applicable as mentioned below

Income Slab	Rate
From 50 Lacs to 1 Crore	10%
Above 1 Crore to 2 Crore	15%
Above 2 Crore to 5 Crore	25%
Above 5 Crore	37%

- In addition to above additional tax at the rate of 10% of gross amount of dividend shall be paid resident assesses except domestic company & certain funds, trust, institutions etc if dividend received by them exceeds 10 Lacs per annum.
- Rebate u/s. 87A of Rs. 12500 for resident individual if net total income is less than Rs. 5 Lacs.
- Health and Education Cess will be levied 4%

➤ Company Assesseees

Sr. No.	Total Income	Rate of Tax (%)	Rate of MAT
1	Tax Rate for Domestic Co		
	✓ Total turnover or Gross Receipt during the FY 2017-18 does not exceed 400 Crore	25%	18.5%
	✓ Where it opted for section 115BA	25%	18.5%
	✓ Where it opted for section 115BBA	22%	18.5%
	✓ Where it opted for section 115BAB	15%	18.5%
	✓ Any Other domestic Co	30%	18.5%
	Tax Rate for Foriegn Co		18.5%
	✓ Royalty received from Govt or an indian concern in pursuance of an agreement made with the indian concern after March 31 1961 but before April 1, 1976	50%	18.5%
	✓ Any other income	40%	18.5%

✓ **Applicability of Surcharge and Education Cess**

Particular	Applicable to Companies			Rate
	Total Income	Less than 1 Crore	All	
Surcharge		1 Crore to 10 Crore	Domestic Foreign	7% 2%
		Above 10 Crore	Domestic Foreign	12% 5%

- Health and Education Cess will be levied 4%
- Rate of Surcharge in case of Company opting for taxability under section 115BAA or Section 115BAB shall be 10% irrespective of amount of total income.
- Surcharge shall be subject to marginal relief, marginal relief is available in case income exceed 1 Crore or 10 Crore as case may be to extent marginal tax exceeds marginal income.

➤ **Partnership Firm /Local Authority**

Sr. No.	Particular	Rate of Tax (%)	Rate of MAT
1	Partnership firm	30%	18.5%
2	Local Authority	30%	18.5%

- Health and Education Cess will be levied 4%
- If Total Income exceed 1 Crore than surcharge will be levied 12% of such tax.

➤ **Co-Operative Society**

Sr No	Amount of Total Income	Rate of Tax
1	Up to 10000 Rs	10%
2	From 10000 to 20000	20%
3	More than 20000	30%

- Health and Education Cess will be levied 4%
- If Total Income exceed 1 Crore than surcharge will be levied 12% of such tax.

➤ **Tax Rate for AOP & BOI**

Share of Members are Determinate			Share of Members are Determinate	
Members is an individual/HUF	Member is a Company		Members is an individual/HUF	Member is a Company
When None of Member has income in excess Basic exemption limit	When any of the member have income in Excess of Basic Exemption limit	When total income of member company is taxable at higher rate than the maximum Marginal Rate (i.e. in case of Foreign Companies)	Tax will be charged on the total income of AOP/BOI at Maximum Marginal Rate i.e. 35.88%	When income of AOP/BOI is taxable at rate higher than the maximum marginal rate then, the total income of AOP/BOI will be taxed at such higher rate. (i.e. in case of foreign Company)
AOP/BOI will be taxed at the slab rates as applicable to individual/HUF	AOP/BOI will be taxed at the Maximum Marginal Rate i.e. 35.88%	Tax will be charged on that portion of AOP/BOI at such higher rate		

➤ **Tax Audit Limit for Business and Profession.**

Particulars	Business			Professional	
	Section 44AD/ADA	Section 44AB	Section 44AE	Section 44AD/ADA	Section 44AB
Audit Not Required	Turnover is less than 2 Crores & Net Profit is 8%/6%* of turnover or More	Turnover is less than 1 Crore	Less than 10 Vehicles ` 7500 per month/part of month irrespective of vehicle capacity	Gross Receipts less than 50 Lacs & Net Profit is 50% of Gross Receipts or more	Gross Receipt is less than 50 Lacs
Audit Required	Turnover Exceeds 2 Crores & Profit is less than 8%/6%* of Turnover	Turnover is more than 1 Crore	10 or more vehicles OR Income is less than ` 7500 per month/per vehicle	Gross Receipts More Than 50 Lacs & Net Profit is less than 50% of Gross Receipts	Gross Receipt is more than 50 Lacs

* if Gross Receipt received by account payee cheque or account payee bank draft or use of ECS through a banking channel during the previous year.

2. Provisions relating to Deduction from Total Income

- following investments are allowed as deduction from total income of Individual and HUF upto maximum of ` 1,50,000/-. (Sec. 80C, 80CCC & 80CCD)

Nature of Investment	Applicability
Life Insurance Premium.	For Individual/HUF, payment should be made in the name of following persons: ✓ Individual / Spouse / Any child Premium paid to the extent of 10% of Sum Assured qualify for the deduction
Any payment for statutory or recognized provident fund	For Individual only.
Any payment in Public Provident Fund (PPF)	For Individual/HUF, payment should be made in the name of following persons: ✓ Individual / Spouse / Any child.
Investment in National Saving Certificate (NSC)	For Individual and HUF
Investment in Mutual Fund	For Individual and HUF Subscription to the notified units of any mutual fund covered u/s. 10(23D) shall be allowed as deduction
Tuition Fees.	For Individual only ✓ Expenses allowed for any two children of the Individual ✓ It is for full time education, paid to any school, college, university or other eligible institution ✓ Donation or development fees are not allowed
Repayment of Housing Loan	For Individual and HUF
Investment in Term Deposit	For Individual and HUF. ✓ For a fixed period of not less than 5 years with a schedule bank in accordance with the scheme notified by the central government
Investment In ✓ Specified Bonds Issued by NABARD ✓ Certain Pension Fund/Notified ✓ Time Deposit under Post Office (5 Year)	For Individual only
Deposit in Sukanya Samruddhi Account	For Individual and HUF
Investment in Infrastructure Bonds as notified	For Individual and HUF
Account under Senior Citizen Saving Scheme 2004 (SCSS)	For Individual only
Any sum paid as subscription to any Scheme ✓ Company engaged in providing long term finance for houses in India. ✓ Housing Board Constituted in India ✓ for the purpose of Development of cities/town	For Individual and HUF

3. Following Other Deductions are available under Schedule - VIA

80CCD (1B)	Additional Deduction for Contributed to NPS (<i>Note: Deduction Over and above 80 /CCC/CCD of ₹1,50,000</i>)(Subject to Maximum 10% of Salary of Employee)	Up to ₹ 50,000
80D	Medical Insurance ✓ Individual/Senior Citizen Preventive Health Check up	₹ 25,000/50,000 ₹ 5000
80DD	Medical Treatment(handicapped) ✓ Permanent Disability/Severe Disability (<i>Note:- Very Senior citizens above the age of 80 years, who are not covered by health insurance to be allowed deduction of ₹30,000 towards medical expenditure</i>)	₹ 75,000/1,25,000
80DDB	Medical Expenditure Specific Diseases ✓ Non Senior Citizen ✓ Senior Citizen/Super Senior Citizen	₹ 40,000 ₹ 1,00,000
80E	Interest on Loan for Higher Studies	Actual Interest on Loan
80EEA	Deduction on Interest on Housing Loan (Single Home) (<i>Note:- Value of residential house is not more than 35 Lacs</i>)	₹ 1,50,000
80EEB	Deduction on Interest on Loan taken for Purchase of Electric Vehicle (<i>Note:- Loan should have been taken between 01.04.2019 to 31.03.2023</i>)	₹ 1,50,000
80G	Deduction for Donation up to either 100% or 50% With/Without restriction of 10% of adjusted GTI (<i>Note:- Donation made in cash amounting to ₹2000 or more will not be allowed as a deduction.</i>)	Depending upon type of donation
80GG	Deduction on House rent Paid.	Lower of:- ✓ Rent Paid Less 10% of Total Income. ✓ ₹5,000 Per Month ✓ 25% of Total Income
80GGA	Donation to scientific research or rural development	Actual Amount
80GGB	Deduction of Contribution to Political Parties or Electoral Trust by Companies.	Actual Amount
80GGC	Deduction of Contribution of Political Parties or Electoral Trust by Individuals.	Actual Amount
80TTA	Deduction of Interest on Saving A/c	₹ 10,000
80TTB	Interest from banks/post office (including FD Interest)	₹ 50,000
80RRB	Income Received by way of Royalty in Respect of Patent.	₹ 3,00,000/- or income Received whichever is less
80QQB	Income Received By way of Royalty or Copyright.	₹ 3,00,000/- or income Received whichever is less
80U	Deduction for Disabled Person Physical Disability / Severe Disability	₹ 75,000/1,25,000

Note:-

- ✓ For person having income under Salaries, Standard deduction of ₹ 40,000 will be allowed. However, the exemption of Transport allowance amounting to ₹ 1600 p.m. and Medical reimbursement of ₹ 15000 is not allowed from AY 2019-20 onward
- ✓ All income based deduction as per section 80H to 80RRB shall be allowed only if return is filed within the time limit. It excludes the deduction claimed u/s 80C to 80GGC, same can be claimed if return is not filed in time.
- ✓ Sec 80IAC provides 100% deduction of income to the Eligible Start-up Companies for 3 assessment year. Eligible Start-up shall be companies or LLP incorporated between 01/04/2019 to 31.03.2021.
- ✓ Deduction u/s 80JJA allowed to the manufactures who employ new employee for a minimum period of 240 days during the year. Deduction shall be allowed to the manufacturer even if employee hired in last year continue to remain in employment in current year for more than 240 days (for apparel, footwear and leather industries employment is required for 150 days. The deduction is allowed 30% of additional employment cost.
- ✓ Sec 80PA where producer Company is exempt from 100% of income Tax for income accrued from marketing agriculture produce grown by its member. Benefit of exemption will be available from 01.04.2019 and same will continue to exempt up to 1.04.2025
- ✓ Sec 54GB provides exemption for long term capital gain on sale of residential house, if the net consideration is invested in subscription of equity shares of Eligible Start-up Companies.

4. Rates & Exemption limit of TDS

Sec	Nature of Payments made to resident	Threshold Limit	Company Firm	Individual HUF
192A	Pre Mature withdrawal from EPF	50000	10	10
192B	Salary (Other than Government Employee)	-	-	As per Slab Rates after providing Deduction of Chapter VI A
194	Deemed Dividends	2500	10	10
194A	Interest paid by Banks/Post Office* Interest paid by Others	40000 5000	10 10	10 10
194B	Winning from lotteries / Crossword Puzzle	10000	30	30
194BB	Winnings from horse race	10,000	30	30
194C	Payment to Contractors/ Advertisement/ Transporter**:- ✓ Single transaction ✓ Aggregate during FY	30000 100000	2 2	1 1
194D	Insurance commission	15000	5	5
194DA	Maturity of Insurance Policy	100000	1	1
194F	Repurchase units by MFs	-	20	20
194G	Commission – Lottery	15000	5	5
194H	Commission/ Brokerage	15000	5	5
194I	Rent Land / Building	240000#	10	10

Budget Analysis 2020-21

Shah Teelani & Associates

	Rent Plant/ Machinery	240000#	2	2
194IA	Transfer of Immovable Property , other than Agriculture Land	50,00,000	1	1
194IB	Rent payable by an individual/HUF not covered u/s 194I (w.e.f. 01.06.2017)	50000 p.m.	5	--
194IC	Payment of consideration (not in kind) under joint development agreement (w.e.f. 01.04.2017)	-	10	10
194J	Professional Fees	30000	10	10
	Director fee	-	10	10
	Payment to person engaged in the business of call centre (w.e.f.01.06.2017)	30000	2	2
194LA	Compensation on Property other than Agriculture Land	250000	10	10

*TDS is required to be deducted if Interest received by Senior Citizen from bank/ Co op Society/Post Office exceed ` 50,000

** TDS is not be deducted if Transport owing ten or less than ten goods carriage with Pan.

No TDS even if payment made exceeds `180000 provided landlord furnishes a self-declaration in prescribed Form 15G/15H to the payer (w.e.f 1.06.2016)

➤ TCS Description & Rates

Description	Rate%
Alcoholic Liquor for Hu man Consumption and Indian Made Foreign Liquor	1
Timber obtained under a forest lease or any other mode and other forest produce	2.5
Scrap and Minerals, being coal or lignite or Iron ore	1
Parking Lots, TolPlaza Lease and Mine Quarry Lease	2
Tendu Leaves	5
Bullion or Jewellery	1
Cash Purchase for Bullion exceeding 5 Lacs & Jewellery exceeding 5 Lacs	1
Cash Purchase for any Goods/Services Exceeding 5 Lacs	1
Motor Vehicle of value Exceeding ` 10 Lacs	1

Note:- If case of Non-Resident up to 1 Crore there will be Cess @ 3% and Above 1 Crore there shall be Surcharge @ 10% also. TDS is not applicable on Service Tax Part is Service Tax is shown separately.

➤ Various Important dates for TDS & TCS

Due Dates of Payment of TDS & TCS	
Tax Deductible between April to February	7 th of next month.
Tax Deductible in March	30 th April.
Due Dates for Filing TDS & TCS Return	
Period	Date of Filing
For 1 st Quarter ending on 30 th June	31 st July
For 2 nd Quarter ending on 30 th September	31 st October
For 3 rd Quarter ending on 31 st December	31 st January
For 4 th Quarter ending on 31 st March	31 st May

5. Provision Relating to Capital Gain

Particular	Short Term Capital Gain	Long Term Capital Gain
Sale transactions of equity shares/unit of an equity oriented fund which attract STT	15%	10%*
Sale Transaction Other Than Above mentioned		
Non-resident Individual	Slab rate	Listed - 20% Unlisted - 10%
Resident Individual	Slab rate	20% with indexation
Firm Including LLP (resident and non-resident)	30%	10% without
Resident Companies	30%	Indexation
Overseas financial organizations specified section 115AB	40% (corporate) 30% (Non-Corporate)	10%
FII's	30%	10%
Other Foreign Companies	40%	20%/10%
Local Authority	30%	20% with indexation
Co-operative Society	Progressive slab Rate	10% without Indexation

* For AY 2019-20 onwards, if the amount of Long Term Capital Gain (including LTCG on Units of Mutual Fund) in a year exceeds ` 1,00,000 the exceed amount above ` 1,00,000 is taxable at the rate of 10%

Note:-

- ✓ Unlisted shares of Company would be treated as short term capital assets if it is held for a period of 24 months or less immediately preceding the date of his transfer
- ✓ Long term capital on sale of listed mutual funds (other than equity oriented funds) will be taxed at the flat rate of 20%.
- ✓ The cost of acquisition of shares would be

Higher of :-

- I. Actual cost at which share are bought and
- II. Lower of following
 - a. Highest price of securities as on 31.1.2018 and,
 - b. Full value if consideration

Example:

If Mr X has Sale of 15000 equity shares of ABC Listed Company in different situations

(a) Sale Date	(b) Purchase Date	(c) Purchase Price	(d) Highest price as on 31.1.18	(e) Sale Price	(f) Lower of (d & e)	(g) Cost of Acquisition for LTCC Higher of (c & f)	(h) LTCC
01.02.2018	31.1.2017	100	90(ignore)	110	100	100	0
31.03.2018	01.04.2017	100	90	110	90	100	150000*

31.03.2018	or earlier	100	110	104	104	104	0
31.03.2018		100	107	107	107	107	0
31.03.2018		100	60	160	60	100	900000*
31.03.2018		100	60	60	60	100	(600000)

*Tax @ 10% on LTCG in excess amount above ` 1,00,000

6. Provision Relating to Presumptive Taxation .

All Resident Taxpayer

Business & Profession	Rate which income is presumed
a) Small Business [excluding (b)] Section 44AD(Note i,ii,iv,v)	Other than Cash 6% of gross T/o / Receipt Cash - 8% of gross T/o / Receipt
b) Playing, leasing or hiring of trucks (person should not have owned over 10 goods carriages at any time during the previous year) [Section 44AE](Note ii,iii,iv)	` 7500 per month/ part of month irrespective of vehicle capacity (from AY 2015-16 onwards)
c) Professionals (Section 44ADA)(Note i,ii,iv)	50% of gross receipt

Non Resident Tax Payers

Business	Rate which income is presumed
Shipping	7.5% gross receipts
Exploration of mineral oil	10% gross receipts
Operations of Aircraft	5% gross receipts
Trunk power projects	10% gross receipts

- I. The assessee is eligible for the option of presumptive Taxation if the gross receipt of the taxpayer does not exceed ` 2 crore in case of business and ` 50Lacs in case of profession
- II. All deductions/expenses (including depreciation) deemed to be allowed
- III. Additional deductions of partner's interest & remuneration in case of firm is allowed
- IV. The taxpayer can claim lower profits, if he keeps and maintains specified books of accounts and gets its actual audited u/s 44AB

Applicable to individuals, HUF and firm - excludes LLP tax payer availing deduction under section 10A/10AA/10B/10BA or chapter VI-A(C) of the Act

7. Provision relating to capital gain

Particular	AY 2019-20	AY 2020-21
Exemption on 2 nd self occupied House from Notional Rental Value	if an individual has 2 self occupied house property, value of 1 st considered as NIL other is taxable on notional (estimated) Rental	Income tax on 2 nd self occupied property will be exempt. Hence Notional rental value of two self occupied house property is

	Value	NIL
--	-------	-----

8. Restriction on CASH Transaction

Nature if Expenditure	IT Section	Ceiling Limit	In case of Violation
Capital - Payment of Fixed Assets Purchase	43	10000/- per day asset	The expenditure shall not be included in the cost of asset no depreciation benefit.
Payment of expenses on specified business	35AD	10000/- per day asset	No deduction shall be allowed in respect of such expenditure
Payment of business expenses	40A(3)	10000/- per day to a person	No deduction shall be allowed in respect of such expenditure
Payment made for plying, hiring of leasing goods carriage	Second proviso to 40A(3A)	35000/- per day to a person	No deduction shall be allowed in respect of such expenditure
Any payment received - in aggregate from a person in a day - in respect of single transaction - in respect of transactions relating to one event or occasion from a person	269ST	2,00,000/-	Penalty U/s 271DA equal to the amount of such payment received by a person

9. Useful Charts

➤ Cost of Inflection Index

F.Y.	Index	F.Y.	Index
2000-01	100	2010-11	167
2001-02	105	2011-12	184
2002-03	109	2012-13	200
2003-04	113	2013-14	220
2004-05	117	2014-15	240
2005-06	122	2015-16	254
2006-07	129	2016-17	264
2007-08	137	2017-18	272
2009-10	148	2018-19	280
		2019-20	289

➤ Carry Forward and setoff of Losses

Sr No	Type of Loss	Set off Under/Against	Carried forward for
1	House Property	All heads	8 years
2	Speculation	Speculation	4 years

Budget Analysis 2020-21

Shah Teclani & Associates

3	Unabsorbed Depreciation/ Cap Exp on SR/ Family Plan	Any Income (other than salary)	No Limit
4	Other business losses	All heads except salary head	8 years
5	Short Term Capital Losses	Short Term/ Long Term Capital Gains	8 years
6	Long Term Capital Losses	Long Term Capital Gains	8 years
7	Owning/ Maintaining race horses	Owning/Maintaining race horses	4 years
8	Specified Business u/s 35AD	Specified Business u/s 35AD	No Limit

Note :-

- ✓ No Loss can be set off against winning from lotteries, any sort of receipt from gambling or betting of any former nature.
- ✓ For Loss to be carried forward for future periods, Return of loss must be filed in time

➤ Partner Remuneration.

Book Profit	Amount deductible [u/s 40(b) for Business & Profession]
Loss	Maximum ` 1,50,000
Profit Upto `3,00,000	` 1,50,000 or 90% of Book Profit, whichever is more
Profit More than `3,00,000	90% of `3,00,000 and 60% of balance Book Profit

➤ Capital Gain - Sec 54 Exemption

Sec	Assets Sold	Assets Purchase	Time Limit	Exemption Amount
54	Residential House	Residential House*	For Purchase ✓ 1Year Before or ✓ 2Year After Sale For Construction Completed within 3 years from sale	Actual amount invested in new asset or capital gain whichever is less
54F	Long term other than Residential House	Residential House	Completed within 3 years from sale	Capital Gain ✗ <u>Investment in new asset</u> net Sale Consideration
54B	Agriculture Land	Agriculture Land	Purchase within 2 years of sale	Actual amount invested in Agriculture Land
54EC	Any Long term Capital Assets	Bonds of NHA1 or REC	Invest within 6 months of Sale	Max. Exemption is Rs. 50 Lacs
54GB	Residential House	Subscription of Equity Shares of Eligible Start up Companies	Before due date of furnishing return of income u/s 139(1)	Capital Gain ✗ <u>net Sale Consideration</u> Investment in new asset by eligible company
54EE	Any Long term Capital Assets	Gain to be re invested in long term specified assets to be notified by the Central Government to finance Start up	Invest within 6 months of Sale	Max. Exemption is Rs. 50 Lacs
54D	Long term or Short Term capital gain arising on transfer of	Gain to be re invested to acquire land or	Purchase within 3 years of sale	Actual amount invested in new asset or capital gain

	land and building forming part of an industrial undertaking which is compulsory acquired by government and was used for industrial purpose for a period of 2 years prior to its acquisition	building for industrial purpose		whichever is less
54G	Long Term or Short term capital gain arising on transfer of land, building, plant or machinery in order to shift an industrial undertaking from urban area to rural area	Gain to be re invested to acquired land, building, plant and machinery in order to shift an industrial undertaking to a rural area	Purchase within 1 years before or 3 years after the date on which transfer took place	Actual amount invested in new asset or capital gain whichever is less
54GA	Long Term or Short term capital gain arising on transfer of land, building, plant or machinery in order to shift an industrial undertaking from urban area to Special Economic Zone	Gain to be re invested to acquired land, building, plant and machinery in order to shift an industrial undertaking to any Special Economic Zone	Purchase within 1 years before or 3 years after the date on which transfer took place	Actual amount invested in new asset or capital gain whichever is less

* if amount of capital gain doesn't exceed 2 Crore the assessee can purchase or construct 2nd resident house properties from AY 2020-21, this concession is available only once in life time.

Assets	Duration of assets		Tax Rate	
	Short Term	Long Term	STCG	LTCG
Immovable Property e.g House Property	Less than 2 years	More than 2 years	Income tax slab rate	20.8% with indexation
Movable property e.g. Gold/ Jewellery	Less than 3 years	More than 3 years	Income tax slab rate	20.8% with indexation
Listed Shares*	Less than 1 years	More than 1 years	15.75%	Exempt
Equity oriented Mutual fund	Less than 1 years	More than 1 years	15.75%	Exempt
Debt Oriented Mutual fund	Less than 3 years	More than 3 years	Income tax slab rate	20.8% with indexation

* Applicable only for the shares sold through stock exchange in India on which Security transaction tax (STT) has been paid & Capital gain up to 1 Lacs.

Budget Analysis 2020-21

Shah Teelani & Associates

Tax Mentioned above are excluding surcharge @10% on oncome between 50 Lakh to 1 Crore & 15 on income above 1 Crore.

Interest Rates under Income Tax

Particular	Sec	Period	Rate(per month or part of it)
Income Tax Return			
Delay in submission	234A	From Due Date to Date of submission of Return	1%
Non Submission	234A	From Due Date to Date of completion of assessment u/s 144/147	1%
Advance Tax			
Failure to pay 90% of assessed tax	234B	From 1 st April of AY to completion of assessment	1%
Deferring Advance tax	234C	From Due Date to Date of next instalment	1%
TDS			
Failure to deduct	201(1A)	From required date for deduction to actual date of deduction	1%
Failure to deposit in time	201(1A)	From actual date of deduction to actual date of deposit	1.5%
TCS			
Failure to collect tax	206C(7)	From required date for collection to the actual date of collection	1%

Provision relating to GIFT

With effect from	Recipient	Nature of Receipt	Taxable Amount
01.10.2019	Individual/HUF*	Any sum of money without consideration > ` 50,000	Entire Amount Received
		Immovable property without consideration > ` 50,000	Stamp Value
		Other property without consideration FMV > ` 50,000	FMV
		Immovable/Other property FMV less consideration > ` 50,000	Excess Amount
01.06.2010	Company/Firm	Property being shares without consideration: FMV > ` 50,000	FMV
		Property being shares FMV less consideration: FMV > ` 50,000	Excess Amount

*If gift received from following situation thane it would not be tax.

Sr No	Money Received From
1	From any relative. Relative is defined to include following a. Spouse of the individual b. Brother or sister of the individual c. Brother or sister of the spouse of the individual d. Brother or sister of either of the parents of the individual e. Any lineal ascendant or descendant of the individual f. Any lineal ascendant or descendant of the spouse of the individual g. Spouse of the person referred above (b) to (f)
2	On the occasion of the marriage of the individual or
3	Under a will or by way of inheritance or
4	In contemplation of death of the payer or
5	From any local authority or
6	From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 or
7	From any trust or institution registered under section 12AA

10. Depreciation Chart as per Income Tax

	Nature of Assets	Rate
Building		
Block -1	Residential Building other than hotels and boarding houses	5
Block -2	Office, factory, godowns or building – not mainly residential purpose	10
Block-3	Temporary erection such as wooden structures	100
Furniture		
Block-4	Furniture – Any Furniture/fittings including electrical fittings	10
Plant & Machinery		
Block-5	Any Plant or Machinery (not covered by block 6,7,8,9,10,11 or 12) & motor cars (other than those used in a business of running them on hire) acquired or put to use on or after April 1, 1990	15
Block-6	Ocean going ships, vessels ordinary operating on inland waters including speed boat	20
Block-7	Buses, lorries & taxis used in business of running them on hire, machinery used in semi-conductor industry, moulds used in rubber & plastic goods factories	30
Block-8	Airplanes , Life saving medical equipments	40
Block-9	Containers made of Glass & plastic used as refills , new commercial vehicle which is acquired during Jan 1, 2009 & Sept 30, 2009 & is put to use before Oct1, 2009 for the purpose of business/profession	50
Block-10	Computer including computer software, Books (other than annual publication) owned by a professional	60
Block-11	Energy saving devices; renewal energy devices; rollers in flour mills, sugar work & steel industry	80
Block-12	Air pollution control equipments; water pollution control equipments; solid waste control equipments, recycling & resource recovery systems; books (being annual publications) owned by assesses carrying on a profession or books (may or may not be annual publications) carrying on business in running lending libraries.	100
Block-13	Intangible assets (acquired after march 31, 1998) – Know-how, patents, copyrights, trademarks, licenses, franchises & any other business or commercial rights of similar nature.	25

11. Depreciation Chart as per Companies Act

Nature of Assets	Useful Life	Rate (SLM)	Rate (WDV)
Building			
Building (other than factory building`s) RCC Frame Structure	60year	1.58%	4.87%
Factory Building & building other than RCC Frame Structure.	30 year	3.17%	9.50%
Fences, wells, tube wells	05 year	19.00%	45.07%
Plant and Machinery			
a. General rate applicable to Plant and Machinery not covered under Special Plant and Machinery	15year	6.33%	18.10%
I. Plant and Machinery other than continuous process plant not covered under specific	25year	3.80%	11.29%
II. Continuous process plant for which no special rate has been prescribed under (ii) below			
b. Special Plant and Machinery			
I. Plant and Machinery related to production and exhibition of Motion Picture Films Cinematograph films - Machinery used in The production and exhibition of cinematograph films, recording and reproducing equipment, developing machines, printing machines, editing machines, synchronizers and studio lights	13 year	7.31%	20.58%
II. Plant and Machinery used in glass			
✓ Plant and Machinery except direct fire glass melting Furnaces-recuperative and regenerative glass melting furnaces	8 year	11.88%	31.23%
✓ Plant and Machinery except direct fire glass melting furnaces - Moulds [NESD]	10year	9.50%	25.89%
✓ Float Glass Melting Furnaces [NESD]			
Furniture and fittings [NESD]			
a. General furniture and fittings	10 year	9.50%	25.89%
b. Furniture and fittings used in hotels, restaurants and boarding houses, schools, colleges and other education institutions, libraries, welfare centres, meeting halls, cinema houses, theatres	8 year	11.88%	31.23%
Motor Vehicles [NESD]			
a. Motor cycles, scooters and other mopeds	10year	9.50%	25.89%
b. Motor buses, motor lorries, motor cars and motor taxies used in a business of running them on hire	6 year	15.83%	39.30%
Office equipments [NESD]	5 year	19.00%	45.07 %
Computers and data processing units [NESD]			
a. Servers and networks	6 year	15.83%	39.30%
b. End user devices, such as, desktops, laptops, etc.	3year	31.67%	63.16%
Electrical Installation and Equipment [NESD]	10year	9.50%	25.89%
Bridges & Roads			
a. Bridges, culverts, bunders, etc	30year	3.17%	9.50%
b. Carpeted Roads- RCC	10year	9.50%	25.89%
c. Non-Carpeted Roads	3year	31.67%	63.16%
Ships			
a. Ocean Going Ships	25year	3.80%	11.29%
b. Bulk Carriers and liner vessels	20year	4.75%	13.91%
Aircrafts & Helicopters	20year	4.75%	13.91%
Laboratory Equipment			
a. General Laboratory equipment	10year	9.50%	25.89%
b. Equipment used in Educational Institutions	5year	19.00%	45.07%

C. IMPORTANT PROVISION RELATED TO GST

1. Penal Provision under GST

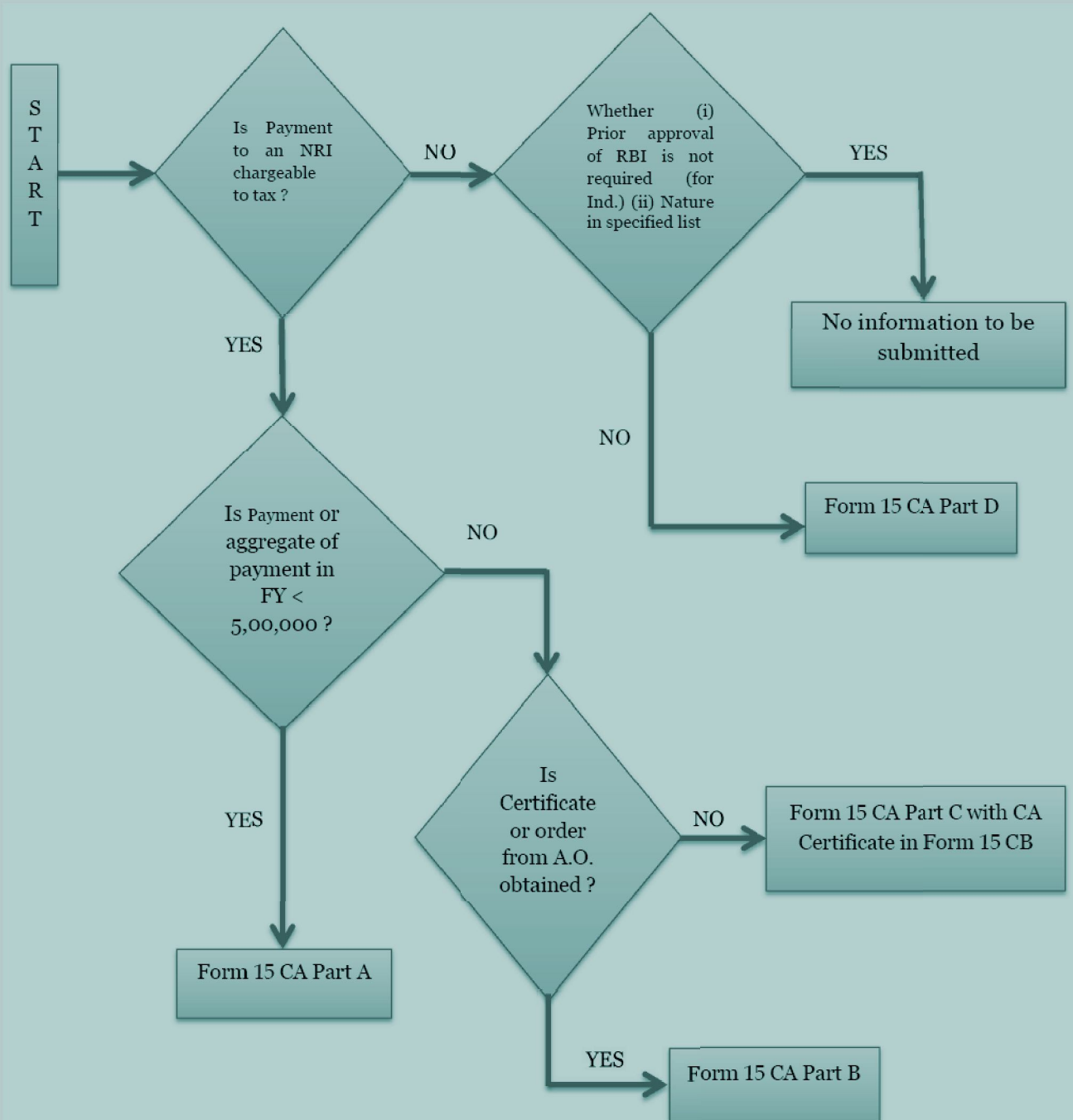
Type of Default	Penalty
GST Identification Number (GSTIN) to be mentioned on the name board	Up to ₹ 25,000
GST Registration Certificate to be displayed at prominent place of business at all places of business	Up to ₹ 25,000
Not Issuing Proper Invoice	₹ 25,000
Not maintaining proper Stock record	Up to ₹ 25,000
Availing Input Tax Credit based on wrong Invoice	Rs. 10,000 or 100% of ITC wrongly availed, whichever is higher + 24% Interest from date of availment to date of reversal
Paying CGST instead of IGST/SGST Paying SGST instead of CGST/IGST Paying IGST instead of CGST/SGST	Pay Tax under correct head with no interest and claim refund of tax paid under wrong head.
Not filing GSTR 3B on or before 20 th of next month	Rs. 20 (Rs. 10 SGST + Rs. 10 CGST) per day of delay in case
Not filing GSTR 1 on or before due date (penalty not yet auto – reflected in system)	of NIL returns. In other cases, Rs. 50 (Rs. 25 CGST + Rs. 25 SGST) per day of delay
Not obtaining registration within 30 days of date on which he is liable to get registered	Rs. 10,000 + ITC during the period of delay is lost
Invoice without Supply	Rs. 10,000 or 100% of tax evaded , whichever is higher
Supply without Invoice (Non- Issuance of Invoice)	Rs. 10,000 or 100% of tax evaded , whichever is higher
Collects GST but doesn't pay to Government within 3 months from due date	Rs. 10,000 or 100% of tax evaded , whichever is higher
General Penalty If any of the provisions are defaulted and nowhere penalty is specified, this general penalty provision may be resorted to.	Up to ₹ 25,000

Interest Provision under GST

Type of Default	Interest Rate
Tax Paid after Due Date	18%*
Excess ITC Claimed or Unmatched ITC	24%

*interest shall be calculated in such a manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid

FLOW CHART RELATING 15 CA/CB CERTIFICATE





प्रजानामेवभूत्यर्थसताभ्योबलिमग्रहीत्।
सहस्रगुणमुत्स्रष्टुमादत्तेहिरसंरविः ॥

“Surya, the Sun, collects vapour from little drops of water. So does the King.
They give back copiously. They collect only for people’s wellbeing.”
[Verse 18, Sarga 1 Raghuvamsa by Kalidasa]

SHAH TEELANI & ASSOCIATES

CHARTERED ACCOUNTANTS

302-303, Shubh House, Bh Jain Dairy, 77, Swastik Society,
Swastik Cross Road, Off C G Road, Ahmedabad-09

Tel.: 079-48492928-29, 9426341100

Web: www.shahteelani.com | Email: shahteelani@gmail.com