

# INDIA BUDGET

## 2020

### A SYNOPSIS

**TaxCon™**

*TaxCon India Pvt. Ltd.*

*837 & 838, Sector 38,*

*Opposite HUDA Market,*

*Gurgaon 122 001*

Ph # (0124) 2658900

Fax # (0124) 2200838

Email: [tls@taxconindia.com](mailto:tls@taxconindia.com)

## CONTENTS

1. OVERVIEW- DIRECT TAX .....	2
2. OVERVIEW- INDIRECT TAX .....	3
3. BUDGETS HIGHLIGHTS- DIRECT TAX.....	4
4. BUDGETS HIGHLIGHTS- INDIRECT TAX.....	14
5. EFFECTIVE TDS RATES.....	16

## OVERVIEW- DIRECT TAX

1. There is no change in individual tax rates. However, a new tax incentive scheme has been proposed for individual and HUF with lower tax rates on satisfaction of certain conditions.
2. Change in residential status provisions for the Non-Resident.
3. Certain changes made related to Deferring Significant Economic Presence (SEP) proposal, Extending source rule & Rationalising the definition of royalty.
4. Existing trusts w.e.f. 01<sup>st</sup> June, 2020 to make fresh application through new online procedure for approval under section 12AB & 80G.
5. Govt. proposes deferment of tax payment by 5 years for employees on ESOPs received from start-ups.
6. Introduction of combined upper exemption limit in respect of employer's contribution to NPS, Superannuation fund and Recognised provident fund.
7. Increase in limit from 5% to 10% under Section 43CA, 50C and 56 of the Act.
8. Enhanced Tax audit limit under section 44AB for certain class of assesseees.
9. Time limit for sanctioning the loan for availing deduction u/s 80EEA for affordable housing extended by 1 year.
10. Cash donation limit reduced from Rs. 10,000 to Rs. 2,000 under section 80GGA.
11. Section 90(1)(b) and 90A(1)(b) amended to tackle Base Erosion and Profit Shifting to aligning purpose of entering into Double Taxation Avoidance Agreements (DTAA) with Multilateral Instrument (MLI).
12. The attribution of profit/income in the case of non-resident to PE shall also be determined under Safe Harbour Rules and APA to avoid the dispute u/s 92CB and 92CC.
13. Non-resident are exempted to file income tax return under section 115A having income from Royalty and FTS on which TDS has already been deducted.
14. No change in corporate tax rates, However modification in concessional tax scheme for domestic company under section 115BAA & 115BAB
15. The benefit of lower tax rate @ 22% under section 115BAB extended to the domestic company engaged in generation of electricity also.
16. DDT has been abolished and TDS @10% is applicable on dividend income.
17. 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.
18. Scope of Section 133A of the Act rationalised to conduct survey by the higher authorities only.
19. Due date for filing of return and certification i.e. TP, MAT, Tax Audit etc. has been changed.
20. Scope of section 143(3A) to include Best Judgment Assessment u/s 144 of the Act under E-Assessment Scheme 2019.
21. Non-resident not being a company, or a foreign company can also file his objections before Dispute Resolution Panel u/s 144C.
22. Widening the scope of TDS on Interest other than interest on securities extended to large co-operative society.

23. The TDS scope of “work” expanded and now also includes contract manufacturing where the raw material is provided by the associate of the assessee.
24. TDS on fees for technical services covered u/s 194J reduced to 2% from 10%.
25. Concessional withholding rate of 5% on interest payment to non-residents extended up to June 30, 2022.
26. TDS on e-commerce payment introduced @ 1%.
27. TCS on foreign remittance under Liberalised Remittance Scheme (LRS) exceeding Rs. 7 lacs @ 5% and also on overseas tour package @ 5%.
28. TCS @ 0.1% is applicable on sale of goods if total sales to one person is more than Rs. 50 lacs by a person having turnover more than Rs. 10 crores.
29. Faceless appeal & penalty to be introduced after faceless assessment in the Income-tax Act.
30. The ITAT can now grant the stay only in those matters wherein tax deposited is not less than 20% including interest, fees, penalty etc.
31. Penalty for false entry of invoice or omitted invoice @100% of such transactions.
32. Old section 203AA is deleted to introduce a new section 285BB from 1<sup>st</sup> June, 2020 which shall prescribe the new form similar to 26AS and manner with some additional information which is in the possession of an income-tax authority, and within such time, as may be prescribed.
33. ‘Vivad Se Vishwas’ scheme to be introduced to end pending litigation in the Income-tax Act.

#### **OVERVIEW- INDIRECT TAX**

34. Imposed health cess, by way of a duty of customs, on the imports of medical equipment keeping in view that these goods are now being made significantly in India.
35. Simplified GST Return shall be implemented from 1st April, 2020.
36. Refund process to be fully automated.

## BUDGET HIGHLIGHTS - DIRECT TAX

### I. PERSONAL TAX

#### **New Tax Incentive Scheme for Individual and HUF**

There is no change in the tax rates for FY 2020-21. However, on satisfaction of certain conditions, an individual or HUF shall have the option to pay tax in respect of the total income at following tax rates:

<b>Total Income (Rs)</b>	<b>Rate (%)</b>
Upto 2,50,000	Nil
From 2,50,001 to 5,00,000	5
From 5,00,001 to 7,50,000	10
From 7,50,001 to 10,00,000	15
From 10,00,001 to 12,50,000	20
From 12,50,001 to 15,00,000	25
Above 15,00,000	30

The condition for concessional rate shall be that the total income of the individual or HUF is computed without set off of any loss, without any exemption/deduction of LTA u/s 10(5), HRA u/s 10(13A), 10AA, Standard deduction u/s 16, Interest u/s 24 (Housing loan), 32AD, 33AB, 33ABA, any deduction under Chapter VI-A and exemption of meal vouchers. However, the following allowance shall be allowed: -

1. Transport Allowance granted to a divyang employee for office to/from home travel expenditure.
2. Conveyance Allowance for conveyance in performance of duties of an office;
3. Daily allowance for daily charges incurred by an employee on account of absence from his normal place of duty.
4. Any allowance for the cost of travel on tour or on transfer.

*This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

#### **Modification of residency provisions**

An individual who fulfils any one of the following two Conditions is called Resident under the provisions of Income Tax Act:-

**Condition 1:-** If he is in India during the relevant previous year for a period amounting in all to 182 days or more.

**Condition 2:-** If he was in India for a period or periods amounting in all to 365 days or more during the four years preceding the relevant previous year and he was in India for a period or periods amounting in all to 60 days or more in that relevant previous year.

However, explanation 1(b) to section 6 of the Act provides that for the Individual Non-Resident Indian coming to India, the sixty days mentioned in condition 2 shall be substituted with 182 days.

It is proposed to change the days to 120 days from 182 days under explanation 1(b) to section 6 of the Act. It is also proposed that an Indian citizen who is not liable to tax in any other country or territory shall be deemed to be resident in India.

Further the individual or HUF who is non-resident in India for 7 out of 10 previous years will be considered “not ordinarily resident” instead of 9 out of 10 previous years preceding that year.

*This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

#### **Introduction of combined upper exemption limit in respect of employer's contribution to NPS, Superannuation fund and Recognised provident fund**

It is proposed to provide combined upper exemption limit of Rs. 750,000 in respect of employer's contribution in a year to NPS, Superannuation fund and Recognised provident fund and any excess contribution will be taxable.

Further any annual addition by way of interest, dividend or any other amount of similar nature during the previous year to the balance at the credit of the fund or scheme may be treated as perquisite to the extent it relates to the employer's contribution which is included in total income.

*This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

#### **Increase in limit from 5% to 10% under Section 43CA, 50C and 56 of the Act.**

Section Reference	Old Provision	Amendment Made
43CA , 50C and 56	<p>Where the consideration received for transfer of land or building or both, is less than the value provided by stamp valuation authority in respect of such transfer, the value so adopted for the purpose of computing profits and gains from transfer of such assets, be deemed to be the full value of consideration.</p> <p>However, where the value received is not less than the 5% of the value adopted for the purpose of payment of stamp duty, the amount of consideration received shall be deemed to be the full value of the consideration.</p>	<p>Now, the Limit of 5% has been increased to 10%.</p> <p>Where the value received is not less than the 10% of the value adopted for the purpose of payment of stamp duty, the amount of consideration received shall be deemed to be the full value of the consideration.</p>

*This amendment will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

**Enhanced tax audit limit under section 44AB for certain class of assessees.**

It is proposed to extend the threshold limit of total turnover or receipts from Rs. 1 Crores to Rs. 5 Crores for the assessee where the:-

- (i) aggregate of all receipts in cash during the previous year does not exceed 5% of such receipt; and
- (ii) aggregate of all payments in cash during the previous year does not exceed 5% of such payment.

Further it is also proposed that tax audit report may be furnished by the said assessees at least one month prior to the due date of filing of return of income.

*These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-21 and subsequent assessment years*

**Rationalization of provisions of section 55 of the Act to compute cost of acquisition.**

For computing capital gains in respect of an asset acquired before 1st April, 2001, the assessee was allowed to have an option of either to take the fair market value of the asset as on 1st April, 2001 or the actual cost of the asset as cost of acquisition.

It is proposed to rationalise the provision and to insert a proviso sub-clause (ii) of clause (b) of Explanation under clause (ac) of sub-section (2) of the said section to provide that in case of a capital asset, being land or building or both, the fair market value of such an asset on 1st April, 2001 shall not exceed the stamp duty value of such asset as on 1st April, 2001 where such stamp duty value is available.

*These amendments will take effect from 1st April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

**Extending time limit for sanctioning of loan for affordable housing for availing deduction under section 80EEA of the Act.**

The existing provisions of section 80EEA of the Act provide for a deduction in respect of interest on loan taken from any financial institution for acquisition of an affordable residential house property. The deduction allowed is up to Rs. 1,50,000 and is subject to certain conditions. One of the conditions is that loan has been sanctioned by the financial institution during the period from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2020.

In order to continue promoting purchase of affordable housing, the period of sanctioning of loan by the financial institution is proposed to be extended to 31<sup>st</sup> March, 2021.

*This amendment will take effect from 1<sup>st</sup> April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

**Filing of statement of donation by donee to cross-check claim of donation by donor**

It is proposed that the deduction under section 80G/ 80GGA to a donor shall be allowed only if a statement is furnished by the donee who shall be required to furnish a statement in respect of donations received and in the event of failure to do so, fee and penalty shall be levied. This standardization may be similar to the provisions relating to the tax collection/ deduction at source, which already exist in the Act.

*These amendments will take effect from 1<sup>st</sup> June, 2020.*



## **II. CORPORATE TAX**

### **Deferring Significant Economic Presence (SEP) proposal**

Finance Act, 2018, inter alia, provides that the “significant economic presence” (SEP) of a non-resident in India shall constitute "business connection" in India and SEP for this purpose, shall mean:

(a) transaction in respect of any goods, services or property carried out by a non-resident in India including provision of download of data or software in India, if the aggregate of payments arising from such transaction or transactions during the previous year exceeds such amount as may be prescribed; or

(b) systematic and continuous soliciting of business activities or engaging in interaction with such number of users as may be prescribed, in India through digital means.

It was also provided that only so much of income as is attributable to the transactions or activities mentioned at para 2(a) and (b) shall be deemed to accrue or arise in India.

However, since discussion on this issue is still going on in G20-OECD BEPS project, these numbers have not been notified yet. G20-OECD report is expected by the end of December 2020. In the circumstances, it is proposed to defer the applicability of SEP to starting from assessment year 2022-23.

### **Extending source rule**

According to the discussion going on in international forum, countries generally agree that income from advertisement that targets Indian customers or income from sale of data collected from India or income from sale of goods and services using such data collected from India, needs to be accounted for in Indian revenue.

Hence, it is proposed to amend the source rule to clarify this position.

*This amendment will take effect from 1<sup>st</sup> April, 2021 and will, accordingly, apply in relation to the assessment year 2021-22 and subsequent assessment years.*

### **Rationalising the definition of royalty**

Currently, due to exclusion of consideration for the sale, distribution or exhibition of cinematographic films from the definition of royalty, such royalty is not taxable in India even if the DTAA gives India the right to tax such royalty. Such a situation is discriminatory against Indian residents, since India is foregoing its right to tax royalty in case of a non-resident from another country without that other country offering similar concession to Indian resident.

Accordingly, the definition of royalty provided under section 9(1)(vi) is proposed to change to cover consideration for the sale, distribution or exhibition of cinematographic films under the ambit of royalty.

Therefore, now consideration received for the sale, distribution or exhibition of cinematographic films under the ambit of royalty proposed to deemed accrue and arise in India and shall be taxable in India.

#### **Deferring TDS or tax payment in respect of Employee stock option scheme (ESOP) of startups**

It is purposed to boost startups, tax burden on employees due to tax on Employee Stock Options to be deferred by five years or till they leave the company or when they sell, whichever is earliest. In financial year 2020-21 or subsequent financial year, eligible startup shall deduct or pay tax on such income within fourteen days:

- (i) after the expiry of 48 months from the end of the relevant assessment year; or
- (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or
- (iii) from the date of which the assessee ceases to be the employee of the person;

whichever is the earliest on the basis of rates in force of the financial year in which the said specified security or sweat equity share is allotted or transferred.

The said amendment shall be available to an eligible start-up, if the total turnover of its business does not exceed Rs. 100 crore in any of the financial years from the year of incorporation.

Consequently, amendment has been made in section 156, 191 and 192 of the Income Tax Act, 1961.

#### **Rationalization of provisions of start-ups**

In order to promote investment in eligible start-ups, it is proposed to amend the section 80IAC so as to-

- (a) the deduction shall be available to an eligible start-up for a period of three consecutive assessment years out of 10 years instead of 7 years beginning from the year in which it is incorporated;
- (b) the deduction under the said section shall be available to an eligible start-up, if the total turnover of its business does not exceed Rs. 100 crore instead of Rs. 25 crores in any of the previous years beginning from the year in which it is incorporated.

#### **Modification in concessional tax scheme for domestic company under section 115BAA & 115BAB**

Currently deduction under heading “C” of chapter VI-A was only disallowed to calculate taxable income to take benefit of lower tax rate.

But now it is proposed to amend section 115BAA & 115BAB to replace word “under heading “C” of chapter VI-A” with “Chapter VI-A other than 80JJAA or 80M” to disallow all the deduction under chapter VI-A retrospectively from AY 2020-21. Therefore, no deduction under chapter VIA shall be allowed except 80JJAA or 80M while calculating taxable income.

**Dividend Distribution tax ruled out**

It is proposed to abolish section 115O for removing DDT and to adopt the classical system of taxation under which dividend from domestic company and dividend on units of mutual fund / business trust shall be taxable in the hands of receiver and the company/MF/Trust shall be liable to deduct TDS @ 10% under section 194 if the payment of dividend exceeding Rs. 5,000.

The receiver of the dividend shall be liable to pay tax according to the normal provision of the Act as applicable and shall not be allowed to claim expense against income from dividend more than 20% of the dividend income.

Further, in order to remove cascading effect, it is proposed to insert new section 80M to allow deduction for the dividend received by domestic holding company from its domestic subsidiary company.

**Due Date for the filing Income Tax return and Certification changed**

It is proposed to change due date of filing income tax return from 30<sup>th</sup> September to 31<sup>st</sup> October for the Company, other person whose accounts are required to be audited and partner of the firm whose accounts are required to be audited.

Further, it is also proposed to file tax audit report, MAT certificate and Transfer pricing certificate at least one month prior to the due date of filing of return of income where it is applicable.

*These amendments will take effect from 1st April, 2020 and will, accordingly, apply in relation to the assessment year 2020-21 and subsequent assessment years*

**Amending definition of “work” in section 194C of the Act**

It is proposed to amend the definition of “work” u/s under section 194C to provide that in a contract manufacturing, the raw material provided by the assessee or its associate shall fall within the purview of the ‘work’ under section 194C. Associate is proposed to be defined to mean a person who is placed similarly in relation to the customer as is the person placed in relation to the assessee under the provisions contained in clause (b) of sub-section (2) of section 40A of the Act.

*This amendment will take effect from 1st April, 2020.*

**Reducing the rate of TDS on fees for technical services (other than professional services)**

It is proposed to reduce rate for TDS in section 194J in case of fees for technical services (other than professional services) to 2% from existing 10%. The TDS rate in other cases under section 194J would remain same at 10%.

*This amendment will take effect from 1st April, 2020.*

### **Introduction of Section 194-O of the income- tax Act, 1961 ("the Act") for deduction of tax at source ("TDS") while making payment to e-commerce participants**

It is proposed to introduce to track the income of the actual e-commerce participants who are selling good/services online using e-commerce websites and this section brought in all e-commerce participants. Some of the key takeaways on this section are as under:-

- a. TDS deducted and paid - 1% of gross amount of Sale;
- b. Time of deduction - Earlier of credit to the name of e-commerce operator or payment;
- c. Applicable on all payment to resident e-commerce participant;
- d. This provision applies even in case of direct payment to the e-commerce participant by purchaser;
- e. No deduction if ecommerce participant is Individual/HUF having income less than Rs. 5 lacs and furnished PAN/Aadhar;
- f. TDS not to be deducted under any other provisions;
- g. E-Commerce Operator is any person who owns, operates or manages digital or electronic facility or platform for supply of goods or services over digital or electronic network.
- h. E-Commerce participant is any person resident in India selling goods or providing services through digital or electronic facility or platform.

Consequential amendments are being proposed in section 197 (for lower TDS), in section 204 (to define person responsible for paying any sum) and in section 206AA (to provide for tax deduction at 5% in non-PAN/ Aadhaar cases).

*This amendment will take effect from 1<sup>st</sup> April, 2020.*

### **Extending the scope of TCS (Tax collected at source)**

Section 206C of the Act provides for certain payments on which recipient is required to collect additional money as tax and pay it to the government. The scope of this section has been amended by the Budget to include the following:-

- a. Receipt by bank of an amount or aggregate of amount exceeding Rs. 7 Lacs in a year from a buyer under Liberalised Remittance Scheme ("LRS");
- b. Receipt of any amount from the buyer by a seller of an overseas tour program package.

The above entities are required to collect 5% of such amount as income tax from a buyer. Overseas tour program package has been defined to mean any package which offer visit to country than India and include expenses for travel, hotel stay, boarding or lodging or any other similar expenditure.

Further, TCS at the rate of 0.1% will be applicable on sale of goods if total sales to one person is more than Rs. 50 lakh by a person having turnover of more than Rs. 10 crore.

The provisions will not apply in case buyer is liable to deduct TDS under provisions of the Act or the buyer is a government, embassy, high commission etc. (to collect TCS at 10% for LRS & overseas tour and 1% on sale of goods in non-PAN/Aadhaar cases).

*This amendment will take effect from 1st April, 2020.*

### **Provision for e-appeal**

It is proposed to reduce personal interface with tax officers by introducing faceless appeals. The e-appeal scheme with line of e-assessment scheme and empowering Central Government to notify an e-appeal scheme for disposal of appeal so as to impart greater efficiency, transparency and accountability.

Such directions are to be issued on or before 31st March 2022. It is proposed that every notification issued shall be required to be laid before each House of Parliament.

*This amendment will take effect from 1<sup>st</sup> April, 2020.*

### **Clarity on stay by the Income Tax Appellate Tribunal (ITAT)**

It is proposed to provide that ITAT may grant stay under the first proviso subject to the condition that the assessee deposits not less than 20% of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnish security of equal amount in respect thereof.

It is also proposed to substitute second proviso to provide that no extension of stay shall be granted by ITAT, where such appeal is not disposed of within the said period of stay as specified in the order of stay. However, on an application made by the assessee, a further stay can be granted, if the delay in not disposing of the appeal is not attributable to the assessee and the assessee has deposited not less than 20% of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnish security of equal amount in respect thereof. The total stay granted by ITAT cannot exceed 365 days.

*This amendment will take effect from 1st April, 2020.*

### **Penalty for fake Invoice**

It is proposed to introduce the new section 271AAD related to levy of penalty on a person, if it is found during any proceeding under the Act that in the books of accounts maintained by him there is a (i) false entry or (ii) any entry relevant for computation of total income of such person has been omitted to evade tax liability. The penalty payable by such person shall be equal to the aggregate amount of false entries or omitted entry. It is also propose to provide that any other person, who causes in any manner a person to make or cause to make a false entry or omits or causes to omit any entry, shall also pay by way of penalty a sum which is equal to the aggregate

amounts of such false or omitted entries. The false entries is proposed to include use or intention to use:

- (a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or
- (b) invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or
- (c) invoice in respect of supply or receipt of goods or services or both to or from a person who do not exist.

*This amendment will take effect from 1<sup>st</sup> April, 2020.*

#### **Provision for e-penalty**

It is proposed to launch the e-penalty scheme in line with e-assessment scheme 2019 to reduce the personal interface with tax officers. The Central Government may notify an e-scheme for the purpose of imposing penalty to impart greater efficiency, transparency and accountability by

- (a) eliminating the interface between the Assessing Officer and the assessee in the course of proceedings to the extent technologically feasible;
- (b) optimising utilisation of the resources through economies of scale and functional specialisation;
- (c) introducing a mechanism for imposing of penalty with dynamic jurisdiction in which penalty shall be imposed by one or more income-tax authorities.

Such directions are to be issued on or before 31<sup>st</sup> March 2022. It is proposed that every notification issued shall be required to be laid before each House of Parliament.

*This amendment will take effect from 1<sup>st</sup> April, 2020.*

#### **‘Vivad Se Vishwas’ scheme to be introduced to end pending litigation in the Income-tax Act**

A taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays by 31<sup>st</sup> March, 2020. Those who avail this scheme after 31<sup>st</sup> March 2020, will have to pay some additional amount.

*The scheme will remain open till 30<sup>th</sup> June, 2020.*

## BUDGET HIGHLIGHTS - INDIRECT TAX

### Amendments in sections of CGST Act

1. To exclude from the ambit of the Composition scheme certain categories of taxable persons, engaged in making-
  - (i) supply of services not leviable to tax under the CGST Act, or
  - (ii) inter-State outward supply of services, or
  - (iii) outward supply of services through an e-Commerce operator. (*Section 10*)
2. To provide authority to proper officer for cancellation of registration which has been obtained voluntarily under section 25(3) (*Section 29*)
3. Inserted new sub-section to empower the jurisdictional tax authorities to extend the date for application of revocation of cancellation of registration in deserving cases. (*Section 30*)
4. The word “specified categories of supplies” included in proviso to sub section 2 of section 31.
5. A certificate of tax deduction at source shall be issued in such form and in such manner as may be prescribed and to omit the corresponding provision of late fees for delay in issuance of TDS certificate (*Section 51*)
6. Inserted new sub section (1A) to make the beneficiary of the transactions of passing on or availing fraudulent Input Tax Credit liable for penalty equivalent to the tax evaded on the person who commits such specified offences (*Section 122*)
7. To make the offence of fraudulent avail of input tax credit without an invoice or bill a cognizable and non-bailable offence; and to make any person who commits, or causes the commission and retains the benefit of transactions arising out of specified offences liable for punishment. (*Section 132*)
8. Time extended from 3 years to 5 years, from the commencement of Act, enabling Government to issue clarifications for removal of difficulties (*Section 172*)

**Similar and Consequential amendments are proposed in IGST Act/ SGST Act/ UGST Act.**

*The above amendments shall be made effective from the date of notification*

## Retrospective amendments

1. GST Exemption is being given on fishmeal (HSN 2301), for the period 01.07.2017 to 30.09.2019. However, GST paid on supply of fishmeal during the period shall not be refunded
2. Concessional 12% GST during the period 01.07.2017 to 31.12.2018 is provided, on pulley, wheels and other parts (HSN 8483) and used as parts of agricultural machinery of headings 8432, 8433, and 8436. However, GST paid at any other higher rate shall not be refunded
3. The refund of accumulated credit of Compensation Cess on tobacco products arising out of inverted duty structure in Compensation Cess has been disallowed effect from 1.7.2017 onwards. Accordingly, no refund on account of inverted duty structure shall be admissible on tobacco products for any period.

---

*Disclaimer: This is for private circulation only. Every effort has been made to provide the correct information for the facility of our clients. Specific advice/clarification should be obtained in case there is any doubt relating to the proposed amendments.*



TDS RATE CHART FOR FINANCIAL YEAR 2020-2021			Payment made to	
			Resident Individual/HUF	Resident other than Individual/HUF
			Rate	Rate
Section	Nature	Threshold Limits		
193	Interest on Securities	Payment exceeds Rs. 10,000/- & in case of debentures Rs. 5,000/- during the financial year	10	10
194	Dividend	Payment exceeds Rs. 5000 during the financial year	10	10
194 A	Interest from a Banking Company	Payment exceeds Rs. 40,000/- during the financial year except for senior citizens. For Senior Citizens, threshold limit is Rs. 50,000/-	10	10
194 A	Other Interest	Payment exceeds Rs. 5,000/- during the financial year	10	10
194 B	Winning from Lotteries	Payment exceeds Rs. 10,000/- during the financial year	30	30
194BB	Winning from horse race	Payment exceeds Rs. 10,000/- during the financial year	30	30
194C	Payment to Contractors/Sub-contractors or Advertisement	Payment exceeds Rs. 30,000/- per contract or aggregate of payments exceeds Rs. 100,000/- during the financial year	1	2
194C	Contractors/ Sub-contractors in transport business	A person who is not owning more than 10 goods carriage at any time during the previous year and furnished a declaration to this effect along with his PAN then NO TDS otherwise TDS applicable as per prescribed rates	1	2
194D	Insurance Commission*	Payment exceeds Rs. 15,000/- during the financial year	5	5
194H	Commission/ Brokerage	Payment exceeds Rs. 15,000/- during the financial year	5	5
194I	Rent of land, building or furniture	Rent exceeds Rs. 2,40,000/- per land lord during the financial year	10	10
194I	Rent of plant, machinery or equipment	Rent exceeds Rs. 2,40,000/- during the financial year	2	2
194IB	Rent paid by Individual or HUF (other than covered under tax audit)	Rent exceeds Rs. 50,000/- p.m. during the financial year (TDS can be deducted one time at the year)	5	5
194J	Fees for Professional Services including director fees**	Total fees exceed Rs. 30,000/- during the financial year	10	10
	Fees for Technical Services	Total fees exceed Rs. 30,000/- during the financial year	2	2
194IA	Transfer of certain immovable properties (other than agricultural land)	Total payment exceed Rs. 50 Lacs	1	1
194M	Payment to Contractors/Sub-contractors or for Fees for Professional Services by Individual & HUF	Total payment exceed Rs. 50 Lacs	5	N/A
194O	Payment of certain sums by e-commerce operator to e-commerce participant	On gross amount of sale of goods or provision of services or both exceed Rs. 5 Lacs	1	1

\* No TDS on insurance agent if the Form 15G/15H filed

\*\* 2% TDS will be applicable instead of 10% on payment to Call Centres

**Note** The rate of TDS will be applicable @ 20% or the rates specified in the relevant provision of the Act, whichever is higher where PAN is not quoted.

In case of TDS u/s 194O wherein the PAN is not quoted by the deductee, TDS will be applicable@5%.