Key Analysis of Direct Tax Proposal

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1. Changes in Income Tax Rates

1.1 Income Tax rates for Individual/HUF:

New Regime (Section 115BAC) of tax has been introduced with an view to simplify the tax structure. The new **tax rate of Individuals/HUF** is as under: -

a) **Tax Rates**

	Old Scheme		New Scheme	
Type of Assessee	**Slab Rate**	**Tax Rate**	**Slab Rate**	**Tax rate**
Individual below 60 years of age/HUF	Up to 2,50,000 2,50,000 – 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 5% 20% 30%	Upto Rs 2,50,000 Rs 2,50,001 - 5,00,000 Rs 5,00,001 - 7,50,000 Rs 7,50,001 - 10,00,000 Rs 10,00,001 - 12,50,000 Rs 12,50,001 - 15,00,000 Above Rs 15,00,000	Nil 5% 10% 15% 20% 25% 30%
Senior Citizen (60 – 80 yrs)	Up to 3,00,000 3,00,000 – 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 5% 20% 30%	**Note:** This scheme can be opted by Senior and Super Senior citizens also.	
Super Senior Citizen	Up to 5,00,000 5,00,000 – 10,00,000 Above 10,00,000	Nil 20% 30%		

Note: **Rebate u/s 87A** of **Rs.12,500**/- is available to only individual having **income below Rs.5,00,000**/-(after deduction under Ch-VIA).

a) **Conditions for availing option:**

It is an optional scheme and the conditions for availing the scheme are as under:

1.Changes in Income Tax Rates….

i) Conditions for exercising options

In case of Individual/HUF having		
Particulars	No Business income	Business income
Time to exercise option	Along with return of income	Anytime before due of return filing
Options to exercise	Can be exercised Every year	Only once(opt-out only once)
Again Opt-in possibility	No restriction can opt-in and opt-out every year	Once opt-out of the scheme, then cannot opt-in again

ii) Conditions for availing scheme

No deduction or exemption is claimed under following:

a. Leave Travel Concession
b. House-rent allowance
c. Special allowance
d. Allowances to MP or MLA
e. Deduction of Rs.1500/- in case of minor income
f. SEZ – established units
g. Deduction of any capital nature u/s 35AD
h. Standard Deduction u/s 16 of Rs.50,000/- and professional tax
i. Housing Loan interest (Self-occupied)
j. Additional depreciation
k. 1/3 of Family pension
l. Chapter – VIA deduction other than Contribution made by employer in NPS and in respect of additional employees
m. Set – off of loses brought forward in case of business income

Alternative Minimum Tax (AMT) shall not be applicable to individual/HUF exercising the option of Section 115BAC.

> **“Individual and HUF has options to be governed by anyone scheme. A detailed analysis is required to choose the most beneficial scheme for each case.”**

Example of the changes is as under:

Example showing tax payable under Old Scheme and New Scheme

Particulars	Old Scheme	New Scheme
Income from salary	**7,00,000**	**7,00,000**
Less:		
Std Deduction	50,000	Not Available
Professional Tax	2,400	Not Available
HRA	Available	Not Available
LTA	Available	Not Available
Total income under Salary	**6,47,600**	**7,00,000**
Income under House Property (Self Occupied)	**-**	**-**
Less:		
Interest on Housing Loan	2,00,000	Not Available
Total income under House Property	**(2,00,000)**	**-**
Income under Business or Profession		
Profit	6,00,000	6,00,000
Less:		
Addittional Depreciation	25,000	Not Available
Brought Forward Loss	30,000	Not Available
Total income under Business or Profession	**5,45,000**	**6,00,000**
Income from Other Sources		
Interest	2,00,000	2,00,000
Gross Total Income	**11,92,600**	**15,00,000**
Deduction under Chapter VI-A		
80C	(1,50,000)	-
80D	(25,000)	-
80TTA	(10,000)	-
Total Income	**10,07,600**	**15,00,000**
Tax Payable	**1,14,780**	**1,75,000**

Conclusion:

1) Tax payable under New Scheme is higher as compared to Current Scheme.

2) This is an example with assumptions, actual scenario to be analysed on case to case basis

1.Changes in Income Tax Rates....

b) Surcharge – Individual, HUF, AOP, BOI, AJP (No Change)

Taxable Income range	Rate of Surcharge
Up to 50 lakhs	Nil
50 lakhs – 1 crore	10%
1 crore – 2 crores	15%
2 crores – 5 crores	25%
Above 5 crores	37%

Note: The surcharge is applicable as per taxable income range.

This surcharge is applicable on taxes calculated

1.2 Tax rates for Domestic Companies

Assessee	FY 2019-20	FY 2020-21	Turnover Criteria
Domestic Company	25%	25%	Turnover Below **400 crores** in Prev. year i.e. in 2017-18
Domestic Company	30%	30%	Other Than above
Domestic Company	22%	22%	Subject to certain conditions. No turnover criteria. (Section 115BAA)
Domestic Company	15%	15%	Manufacturing Company incorporated after 01.10.2019 and commenced manufacturing before 31.03.2023.(Section 115BAB)
Domestic Company	15%	15%	Power Generation Company incorporated after 01.10.19 and commenced generation before 31.03.2023.(Section 115BAB)

Note: There is no change in rates of surcharge.

1.3 Tax rates for Partnership Firms (No Change)

Currently **Partnership Firms is taxed @ 30% + 12% surcharge (on taxable income above 1 crore), there is no change in rate of tax or surcharge.**

> **"No changes are proposed in the taxes applicable on partnership firms and companies."**

1.4 Tax rated for Resident Co-Operative Societies/Banks (w.e.f. 01.04.2020)

In case of **Resident Co-Operative Societies(Co-operative Banks),** there is introduction of **New Regime** with a view to bring companies and Co-operative societies at par **(Section 115BAD):**

Currently Co-operative Societies are taxed @ 30% in old scheme which is proposed to be reduced to 22% in new scheme. (Subject to conditions below)

No deduction or exemption is claimed under following:

a. SEZ – established units
b. Deduction of any capital nature u/s 35AD
c. Additional depreciation
d. Chapter – VIA deduction **other than** in respect of additional employees
e. Set – off of loses brought forward in case of business income

The societies will have option to choose any one scheme and in case a co-operative society chooses new scheme and then they shall not have the option to opt-out later on so it is once in lifetime option.

Alternative Minimum Tax (AMT) shall not be applicable to Co-operative Society exercising the option of Section 115BAD.

"Now Co-Operative banks which do not take deduction under any of above provisions can take the benefit of low tax rate of 22%."

1.5 Health & Education cess @ 4% on TAX + SURCHARGE.

(No Change)

2.CHANGES FOR SALARISED PERSONS

2.1 Section – 17 - Employers contribution to recognized provident fund, superannuation fund and national Pension scheme

Currently there is separate limits for contribution by Employer in following funds:

Name of the fund	Limit
Provident Fund	12% of salary
Superannuation fund	Rs.1,50,000/- annually
National Pension Scheme	10% of salary

But there is no combined limit for all the three funds. Thus it is proposed that a **combined limit of Rs.7,50,000/-** shall be provided and any amount of contribution in above 3 funds exceeding **Rs.7,50,000/- and interest on such amount** shall be taxable as perquisite in hands of employees and TDS is required to be deducted on such amount.

"Check in your case whether your contribution is more than the limit, if yes take care to stay in the limit."

3.CHANGES FOR BUSINESS AND PROFESSION

3.1 Section 44AB – Audits of account of persons carrying on business(Not for Professional)

Currently any person having turnover above **Rs.1 crore from business activities** is required to get accounts audited under section 44AB before due date of income tax return filing.

It is proposed that the limit of Rs.1 crore to be **increased to Rs.5 crore** if following conditions are satisfied:

i) total amount received(like sales + loans + capital receipt + other receipt) in cash during the relevant financial year shall not be more than 5% of total amount received.

AND

ii) total amount paid(like purchases + advances + capital payment + expenses) in cash during the relevant financial year shall not be more than 5% of total amount paid.

Note:

1) Both the above conditions should be satisfied

Example:

Scene	**Total Receipt**	**Receipt in cash Out of total receipt**	**Total Payment**	**Payment in cash out of total payment**	**Eligibility**
1	2 crore	15 lakh (7.5%)	1 crore	7 lakh (7%)	Not eligible
2	2 crore	10 lakh (5%)	1 crore	7 lakh (7%)	Not eligible
3	2 crore	10 lakh (5%)	1 crore	4 lakh (4%)	Eligible
4	2 crore	15 lakh (7.5%)	1 crore	4 lakh (4%)	Not eligible

2) Total amount paid and total amount received can be derived from cash flow statement for the year

> **"This change will help MSMEs to ease from burden of audit and encourage non-cash economy."**

3.CHANGES FOR BUSINESS AND PROFESSION….

3.2 Change in Due Date of Submission of Audit Report & Income tax return.

Currently tax audit report is required to be submitted along with income tax return filed.

It is proposed that the tax audit report shall be submitted 1 month prior to filing of income tax returns. So effectively tax audit report to be submitted before 30th September and income tax return to be filed before 31st October.

4.CHANGES FOR CAPITAL GAINS

4.1 Section 43CA, 50C and 56 - Increase in safe harbor limit

Currently in case of sale of immovable property, if the jantri value is higher than the actual sale consideration, then jantri value is to be considered as sale consideration and the difference is taxable as capital gains. In case of recipient of the immovable property, such difference is taxable as gift under "Other Sources".

However difference up to **5%** of the sale consideration is allowed.

It is proposed to increase the limit of **5% to 10%** of the sale consideration.

4.2 Section 55 – Cost of Acquisition of assets being Land or Building or both acquired before 01.04.2001.

Currently Fair Market Value(FMV) as on 01.04.2001 is to be considered as cost of acquisition in case of assets being land or building or both acquired before 01.04.2001. and the FMV was based on valuation report of property valuer, which gave rise to disputes.

It is proposed that the FMV of the assets as on 01.04.2001 shall not exceed the jantri value of such assets wherever available.

> **"Thus, valuation report from Valuer will not be allowed in areas where Jantri value is available as on 01.04.2001."**

> **"In Gujarat, Jantri rates were declared in 1999, hence valuation report from Valuer will not be considered for cost of acquisition and Jantri value will be considered as cost."**

5.CHANGES FOR OTHER SOURCES

5.1 Section 57 and 115O - Removing Dividend Distribution Tax (DDT) and taxing the same in hands of recipient (w.e.f. 01.04.2020)

Currently any domestic company who declares, pays or distributes dividend is required to pay DDT @ 17.65% and the same is not taxable in hands of recipient.

It is proposed to remove the DDT and the dividend shall be taxable in hands of recipient at the slab rate applicable to the person under the head Income from Other Sources. Following are the changes proposed with relation to Dividend income:

Sr. No.	Section	Change Proposed
1	10	Dividend shall not be exempt in the hands of final recipient and will be taxable under the Income from Other Sources u/s 56.
2	80M	Set-off will be allowed of dividend paid by subsidiary company to holding company.
3	57	Interest expense shall be allowed as deduction against dividend income up to maximum 20% of such dividend.
4	115	Dividend is also taxable in hands of Foreign Companies and Non-Resident.
5	115BBDA	Exemption of Rs.10 lakh dividend is not available thus whole amount of dividend received is taxable

Dividend income will be taxable at the following rates:

Taxable Income for Individual	Tax Rate	Surcharge	Ed. Cess	Dividend taxable @
2.5 lakh to 5 lakhs	5%	Nil	4%	5.2%
5 lakhs to 10 lakhs	20%	Nil	4%	20.8%
10 lakhs to 50 lakhs	30%	Nil	4%	31.2%
50 lakhs to 1 crore	30%	10%	4%	34.32%
1 crore to 2 crores	30%	15%	4%	35.88%
2 crores to 5 crores	30%	25%	4%	39.00%
Above 5 crores	30%	37%	4%	42.74%

"Dividends declared and paid before 31.03.2020 shall not attract the above-mentioned tax rates and DDT will apply."

6.CHANGES IN NON-RESIDENT TAXATION

6.1 Section – 6 – Change in conditions of Residential status of Individual

Particulars	Current Provision	Proposed Provision
Days of stay in India (OCI or PIO holder)	Less than 182 days stay in India, then Non-resident	Less than 120 days stay in India, then Non-resident
Resident but Not Ordinary resident in India (All NRI)	Been Non-resident in India in 9 out of 10 previous years preceding that year or Stayed in India for total 729 days or less during 7 previous years preceding that year	Been Non-Resident in India in 7 out of 10 previous years preceding that year.
Deemed Resident of India **Note:** **More clarification from CBDT is expected on the deemed residency concept. So kindly contact us before taking any decision.**	No such provision	It is proposed that **citizen of India** who is not liable to tax in any country in world shall be deemed to be resident in India. Further press release was issued on 02.02.2020 by CBDT clarifying that *only income earned by NRI from Indian Business or Profession will be taxable.* Hence Indians who are bonafide workers in other countries, including in Middle East, will not be taxed in India for such salary earned.

"Indians who otherwise qualified as non-residents in India as well as in other jurisdictions will be impacted by the proposal. This change will remove the non-taxability of High Net Worth Individuals who were non-resident globally."

7.CHANGES IN DEDUCTION UNDER CHAPTER-VIA

7.1 Section 80EEA – Extending Time limit

The existing provisions of section 80EEA of the Act provide for a deduction of Rs.1,50,000/- in respect of interest on loan taken from any financial institution for acquisition of an affordable residential house property where the loan is sanctioned before 31.03.2020.

It is proposed to extend the limit from 31.03.2020 to 31.03.2021

7.2 Section 80IBA – Extending Time limit

The existing provisions of section 80IBA of the Act provide for a deduction of 100% profit from affordable housing projects where the project is approved by competent authority before 31.03.2020.

It is proposed to extend the deadline for approval from 31.03.2020 to 31.03.2021

"Both above changes will have effect to boost the affordable housing projects."

7.3 New Section 80M – Deduction of amount of dividend distributed by one domestic company to another domestic company

Currently the dividend is not taxable in hands of recipient and thus there is no such provisions.

It is proposed that a deduction shall be allowed from gross total income of a domestic company of an amount equal to dividend received from another domestic company if the amount of such dividend is distributed by first company before one month of due date of filing of return of income. **This deduction is also available to companies who opt to pay tax at 22% or 15% as the case may be.**

"With this change the cascading tax (Tax on Tax) on dividend will be removed."

8.CHANGES IN TDS PROVISIONS

8.1 Section 194 – TDS on payment of dividend to RESIDENT

Currently the dividend income is exempt in hands of recipient thus there is no provision for deduction of tax at source.

It is proposed that the dividend shall now be taxable in the hands of recipient thus tax is required to be deducted at source on dividend paid above **Rs.5000/- @ 10%**.

8.2 Section 194A – TDS on interest on other than securities

Currently there is no tax deducted at source if interest is paid by a co-operative society **(other than co-operative bank)** to its members or to other co-operative society.

It is proposed that the large co-operative societies which has turnover/gross receipt above Rs.50 crores is required to deduct tax at source of its members or other co-operative society if the amount of interest is greater than Rs.50,000/- for senior citizen and Rs.40,000/- in any other case.

8.3 Section 194C – TDS on payments made to contractors

Currently any labour contract carried out where goods for the contract are supplied by the customer then TDS is required to be deducted. But some assesses used this to escape tax by supplying the goods from associated enterprise to the contractor for work contract.

It is proposed that in order to curb the escape route, the purchase of goods from associated enterprise shall also be covered under this section and the whole contract shall be defined as “Work” and TDS to be deducted on whole contract amount including the goods.

However, in case of purchase of material is from other than customer or it’s associated enterprise, then the same is still not covered under Works Contract and TDS is not required to be deducted.

8.CHANGES IN TDS PROVISIONS....

8.4 Section 194J – TDS on fees for Professional and technical services

Currently there is 10% tax deducted at source on fees paid for Professional or Technical Services.

It is proposed that the rate of tax deducted at source in case of fees for **technical services only** shall be reduced to 2% from 10%.

The rate of tax deducted at source on Professional services such as Advocate, Chartered Accountant, etc. will remain the same at 10%.

8.5 New Section 194O – TDS on E-commerce transactions

Currently there is no liability of tax deduction on E-commerce operators like Flipkart, Amazon, etc. on the amount paid towards sale of goods by small seller on such platform.

It is proposed that the E-commerce operators shall deduct tax at source @ 1% on the amount of sales of goods or services by a e-commerce participant (i.e.seller).

If the e-commerce participant is **Individual or HUF** then E-commerce operators shall deduct tax at source @ 1% if the amount of sales of goods or services exceeds Rs.5 Lakhs.

In case of No PAN then TDS is required to be deducted @ 5% instead of 1%.

Lower rate certificate can be applied for this section.

8.6 Section 195 – TDS on payment of dividend to NON-RESIDENT

Currently the dividend income is exempt in hands of recipient thus there is no provision for deduction of tax at source.

It is proposed that the dividend shall now be taxable in the hands of recipient thus tax is required to be deducted at source on dividend paid @ 30% or rates applicable as per DTAA, whichever is lower.

8.CHANGES IN TDS PROVISIONS….

8.7 Changes in turnover limit for TDS deduction applicability:

Currently TDS is required to be deducted only if in the preceding previous audit was conducted u/s 44AB.

It is proposed that if turnover of any entity in the preceding previous year is more than 1 crore in case of business and Rs.50 lakh in case of profession, then all TDS/TCS compliance is required to be made for the following nature of payment or receipt:

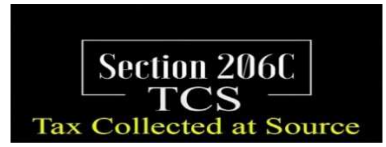
Sr. No.	Section
1	194A – TDS on Interest
2	194C – TDS on contractor
3	194H – TDS on Commission
4	194I – TDS on Rent
5	194J – TDS on Technical and Professional services
6	206C – TCS on sale of Alcohol, Liquor, forest produce, scrap, etc.

Example:

If your business turnover is 1.5 crore and you have filed income tax return u/s 44AD for FY 2019-20, now you are required to comply TDS provisions for FY 2020-21 which was not required earlier as your turnover is more than Rs.1 crore.

"With all the above changes there will be requirement of enhanced compliance and reporting under TDS even for those persons whose accounts are not audited".

9.CHANGES IN TCS PROVISIONS



9.1 Section 206C – TCS on foreign remittances through Liberalized Remittance Scheme (LRS)

Currently tax collected at source (TCS) is applicable only in case of business of trading in alcohol, liquor, forest produce, scrap etc.

It is proposed that in case of foreign remittance under Liberalized Remittance Scheme of amount above Rs.7,00,000/-, the banks shall be liable to collect tax at source @ 5% on the amount of remittance.

> **"This change will block extra 5%, of the person who is remitting the fund outside India even for the personal reasons."**

9.2 Section 206C – TCS on Overseas Tour Program Package

Currently there is no tax collected at source on tour packages.

It is proposed that a seller of **International** tour package is required to collect tax at source @ 5% from any buyer of the package. There is no limit of value of tour package thus any amount of package purchased shall be liable for TCS.

The above TCS is not required to be collected if the buyer is liable to deduct tax at source.

> **"Alert: Now your international tour is reported".**

9.CHANGES IN TCS PROVISIONS....

9.3 Section 206C – TCS on sale of goods (w.e.f.01.04.2020)

Currently there is no tax collected at source on sale of **goods.**

It is proposed that a seller of **goods** is required to collect tax at source @ 0.1% if The amount of total sales, gross receipts or turnover of the seller is more than 10 crore in immediately preceding financial year i.e. for FY 2020-21, turnover of FY 2019-20 shall be considered.

Then TCS is collected from the buyers to whom sale above Rs.50 lakh(including GST) is made during the year. In case there is no PAN then TCS is required to be collected @ 1% instead of 0.1%.

These provisions are not applicable if the buyers are the Central Government, a State Government, local authority, an embassy, a High Commission, legation, commission, consulate and the trade representation of a foreign State.

"This new provision will result in increase in tax collection and reduce the liquidity of taxpayers along with enhanced compliance for non-audited entities."

"What will happen in the case of export sales is still not clear, clarification in this regards is awaited."

10.CHANGES FOR CHARITABLE TRUSTS

10.1 Section 10, 12AA, 35 and 80G – Registration of Charitable Trust or institutions like research association, universities, college, etc.

Currently charitable trust and institutions are required to get registered under Section 12AA or 10(23C) or 35 or 80G and such registration is granted once in lifetime and there is no uniform process for application of such registration.

For Trust who are currently registered

It is proposed that all the trust and institutions who are currently registered under Section 12AA or 10(23C) or 35 or 80G on or before 01.06.2020, needs to apply online **before 30.09.2020** for fresh registration which shall be valid for 5 years from the date of registration and will be required to be renewed 6 months before expire of every 5 years.

For New Application

In case of new registration of a charitable trust or institution a provisional registration will be issued for three years provided if you apply for final registration within 6 months from the start of activities or 6 months before the expiry of 3 years whichever is earlier and then it will be granted certificate for 5 Years.

New Section 12AB has been introduced to replace section 12AA w.e.f. 01.06.2020 for granting of registration etc. to charitable trusts or institutions.

> **"All the registrations related to Charitable Trust or Institutions are being digitalized under above provisions and there is new renewal requirements every five years resulting into more compliances."**

10.CHANGES FOR CHARITABLE TRUSTS….

10.2 Section 80G – Filling of statement of donation by Donee

Currently there is no provision for filing of statement of donation by Donee.

It is proposed that the entities receiving donation/sum will be required to furnish a return in respect of donations received and to issue a certificate to the donor/ payer (just like TDS return and certificates).

In case of failure to submit such statement , **late fees** of Rs.200 per day is levied under section **234G** of the Income Tax Act and a **penalty** of Rs.10,000/- to Rs.1,00,000/- is also levied under Section 271K of the Income Tax Act.

> **“With the above changes there shall not be any fake claim of donations made to any fake trust or institutions.”**

11.CHANGES FOR START-UPS

11.1 Section 80IAC – 100% deduction of Profit in case of eligible start-up

Currently an eligible start-up having turnover of less than 25 crores can avail deduction of 100% of its profit in any 3 consecutive years out of first 7 years.

It is proposed that the limit of turnover in case of eligible start-up to increase from Rs.25 crores to Rs.100 crores and can claim the deduction in any 3 consecutive years out of first 10 years.

11.2 Section 192 – Deferring the TDS on Employee Stock Option Plan of Start-ups

Currently TDS is required to be deducted on ESOP issued to employees of start-up at the time of exercise of the option considering it as perquisite u/s 17(2) of Income Tax Act.

It is proposed that in order to ease burden of tax payment of employees of eligible start-up, the tax on ESOP issued to employees during FY 2020-21 or later, shall be deducted at the earliest of following:

Within 14 days from;

i) 48 months from the end of assessment year in which ESOP is issued
ii) Date of sale of such ESOP
iii) Date on which the employees leaves the job

> **"The Government has immense faith in the start-ups and in order to provide an economic boost to them, the above changes are made."**

12. OTHER CHANGES

12.1 Changes in Due dates of following Sections:

Sr. No.	Section	Existing Provision	Proposed provision	
		Due of Audit Report and Return Filing	Audit Report submission date	Income tax Return filing due date
1	Audit Report u/s 10A – for entity in Free Trade Zone	30th September	30th September	31st October
2	Audit Report u/s 12A – for charitable trust	30th September	30th September	31st October
3	Audit Report u/s 44DA – for royalty paid to NRI having PE in India	30th September	30th September	31st October
4	Audit Report u/s 50D – capital gain in case of Slump sale	30th September	30th September	31st October
5	Audit Report u/s 80IA – deduction of profit from infrastructure development projects	30th September	30th September	31st October
6	Audit Report u/s 80IB - deduction of profit from other than infrastructure development projects	30th September	30th September	31st October
7	Audit report u/s 80JJAA – deduction of additional employees	30th September	30th September	31st October
8	Audit report u/s 115JB & 115JC- MAT & AMT	30th September	30th September	31st October

"Effectively there is no change in date of filing Audit Report but there is change in date of filing Income Tax return and both are not the same now."

12. OTHER CHANGES….

12.2 New Section 119A – Tax-payers Charter

Currently there is no such charter related to tax-payers

It is proposed that CBDT will issue a tax-payer charter in order to secure the rights of tax-payers.

12.3 Section 139 – Change in Due date of filing return

a) In case of Non-working partner of Audited Firm

Currently the due date of non-working partners of audited partnership firm is 31st July and for working partners is 30th September.

It is proposed that the due date of return filing in case of all partners of audited partnership firm shall be 31st October.

b) In case of all audited entities

Currently the due date of return filing for all audited entities is 30th September

It is proposed that the due date of return filing of all the audited entities shall be 31st October

12.4 Section 140 – Signature for filing return of income

Currently a return of income of any company or partnership firm can be signed only by its director or partner

It is proposed that any Authorised Person can sign the return of income of any company or partnership.

12.5 Section 143(3A) – E-assessment in cases u/s 144

Currently the assessment proceeding u/s 144 are conducted manually.

It is proposed that the assessment proceeding u/s 144 are to be conducted online.

12. OTHER CHANGES….

12.6 Section 203AA & New Section 285BB – Discontinuation of Form 26AS (w.e.f.01.06.2020)

Currently the details of all taxes paid and deduction are shown in Form 26AS of a person.

It is proposed that an annual information statement (Like Shares transactions, property transactions, Income, TDS, TCS etc.) showing information which is in possession of income tax authority including the taxes paid and deduction will be provided instead of simple Form 26AS.

12.7 Section 254 – Appeal proceeding before Income Tax Tribunal (ITAT)

Currently there is no pre-deposit of tax disputed condition for granting stay against the appeals pending before ITAT.

It is proposed that the assessee should deposit not less than 20% of tax disputed before granting any stay for the appeal pending before ITAT. Such stay cannot be of more than 180 days.

12.8 New Section 271AAD – Penalty for false entry or omission of entry

Currently there is no such provision for penalty on false entry or omission of entry.

It is proposed that a penalty of 100% shall be levied on false entry or omission of entry. The false entry is defined as under:

1) Forged invoice or false supporting voucher
2) Bogus bills of goods or service i.e. no actual supply of goods or service
3) Bogus bills of goods or service from a non-existing person

Further 100% penalty can also be levied on the person who so ever has supported and was involved in these transactions.

12.9 Section 274 – E-Penalty Proceedings in all cases

Currently the all penalty proceeding is conducted manually

It is proposed that all penalty proceeding will be conducted online.

13. FAQ on Vivad Se Vishwas Scheme,2020

The **Direct Tax Vivad Se Vishwas Bill**, 2020, tabled in the Lok Sabha on 05.02.2020 seeks to cut down on nearly 4.8 lakh tax disputes involving an amount of Rs 9.32 lakh crore by giving the taxpayers the facility to escape interest on the disputed tax amount and any penalty. Here is an **FAQ** to understand the same easily:

<table>
<tr><th>Sr. No.</th><th>Question</th><th>Answers</th></tr>
<tr><td>1</td><td>Who can apply in scheme?</td><td>Any person who has filed appeal before any of the following:

CIT(Appeals)
High Court
Supreme Court

and the appeal is pending as on 31.01.2020.</td></tr>
<tr><td>2</td><td>Appeal relates to:</td><td>The appeal can relate to ANY dispute where there is tax, interest, penalty or fees disputed of any amount for any period.</td></tr>
<tr><td>3</td><td>What is the immunity given?</td><td>No interest or penalty shall be payable on the amount of tax, interest, penalty or fees disputed.

No further proceedings under Income tax act or any other law for time being in force.</td></tr>
<tr><td>4</td><td>What amount is to be paid by what date?</td><td>The amounts to be paid is as under:
<table>
<tr><th>Date</th><th>Appeal relates to</th><th>Amount to be paid</th></tr>
<tr><td>Before 31.03.2020</td><td>Tax dispute</td><td>100% of tax disputed</td></tr>
<tr><td>After 31.03.2020</td><td>Tax dispute</td><td>110% of tax disputed</td></tr>
<tr><td>Before 31.03.2020</td><td>Interest, Penalty or Fees</td><td>25% of interest, penalty or fees disputed</td></tr>
<tr><td>After 31.03.2020</td><td>Interest, Penalty or Fees</td><td>30% of interest, penalty or fees disputed</td></tr>
</table>
</td></tr>
</table>

Sr. No.	Question	Answers
5	**Procedure**	**Following is the procedure for filing application:** **1)** A declaration is to be filed before CIT or Pr.CIT. **2)** Withdraw appeal before High Court or Supreme Court and furnish proof **3)** Appeal pending before ITAT and CIT(A) shall be deemed to be withdrawn **4)** Furnish undertaking of waiving all rights to seek any remedy or claim for this dispute **5)** CIT or Pr.CIT will pass order determining the amount payable within 15 days of filing declaration **6)** The assessee has to pay the amount determined within 15 days of receipt of this order and shall intimate the same to CIT or Pr.CIT. **7)** CIT or Pr.CIT will pass order in this regards the same shall be final
6	**In which cases the scheme cannot be availed?**	**In following cases the scheme cannot be availed:** 1) in case where search has been made 2) in case where prosecution has been initiated 3) in case of undisclosed foreign income or asset 4) in case where enhancement notice is issued by CIT(A) 5) in case where detention is ordered under Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 6) in case of prosecution is instituted under IPC, PMLA, Corruption, Benami and Narcotics


CA. SAURIN A. PATEL


CA. GHANSHYAM P. JAJAL


CA. NIKUNJ B. PATALIA


CA. NILAY R. BHAVSAR


CA. KALPESH G. MISTRY

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