NEWSLETTER

TAX

SEPTEMBER 2020

- **Income Tax**
- **Goods and Services Tax**
- **Important Rulings**

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Income Tax

1. Amendment in Rule 29B

CBDT
Notification No.75/2020 **dated 22.09.2020**

CBDT has amended ***Rule 29B*** to include "***insurer"*** for the purpose of making application ***in Form 15C*** for grant of certificate to receive, any interest or other sum (other than dividends), without deduction of tax under section 195(1). Earlier only a banking company could make such an application.

Notification No.75

2. Faceless Appeal Scheme,2020

CBDT
Notification No.76/2020 **dated 25.09.2020**

CBDT vide notification no. 60/61 dated 13th August,2020 had amended the **E-assessment Scheme to Faceless Assessment Scheme** and provided regulatory guidance on assessment through new scheme.

CBDT has now notified ***"Faceless Appeal Scheme ,2020"*** effective **from 25th September,2020** whereby **appeals before the Commissioner (Appeals)** shall be conducted in a faceless manner. Under this scheme the National Faceless Appeal Centre will conduct e-appeal proceedings in a centralized manner. To support its functioning, Regional Faceless Appeal Centre and Appeal units have been set up across the country to facilitate the conduct of such proceedings.

Notification No. 76 & Notification No.77

3. Scrip wise reporting in Income tax return u/s 112A [Grandfathering Mechanism]

Press Release
Press release **dated 25.09.2020**

Section 112A provides that where the Long Term Capital Gain on the transfer of the Specified Assets exceeds Rs. 1,00,000, the amount in excess of Rs. 1,00,000 shall be chargeable to tax at the rate of 10%.

The Finance Act, 2018 allowed exemption to the gains made on the listed shares/specified units up to 31.01.2018 by introducing grandfathering mechanism for computation of long-term capital gains for these shares. As the grandfathering is to be allowed by comparing different values (such as cost, sale price and market price as on 31.01.2018) for each shares/units, there is a need to capture the scrip wise details for computing capital gains of these shares/units. The scrip wise details are not required in income tax return forms for AY 2020-21 for computation of capital gains/business income from shares/units which are not eligible for grandfathering.

Vide this press release, CBDT has clarified that the scrip wise details are not required in income tax return for AY 2020-21 for computation of capital gains/business income from shares/units which are not eligible for grandfathering.

Press Release

4. THE TAXATION AND OTHER LAWS (RELAXATION AND AMENDMENT OF CERTAIN PROVISIONS) BILL, 2020

The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance 2020 (the Ordinance) was promulgated on 31 March 2020, in order to ease compliance burden on taxpayers due to outbreak of COVID-19.

The Taxation and Other Laws (Relaxations and Amendments of certain Provisions) Bill 2020 (Taxation Bill 2020) was passed by Lok Sabha to replace the Ordinance and to further amend the Income-tax Act, 1961, Central Goods and Services Tax Act, 2017, Finance Act, 2019, the Direct Tax Vivad se Vishwas Act, 2020 and the Finance Act, 2020.

Key amendments proposed in the Taxation Bill 2020 are summarized in Annexure

5. Guidelines under section 194-0 (4) and section 206C (1-1) of the Income-tax Act, 1961

Circular
Circular No.17/2020 **dated 29.09.2020**

Finance Act,2020 had inserted section 194-O and section 206C(1H).

Section 194-O provides that E-commerce operator shall deduct TDS @ 1% on the gross amount of sale of goods or service facilitated through its digital or electronic facility platform.

Section 206C(1H) provides that a seller will collect TCS @ 0.1% from the buyer on sale consideration of goods exceeding Rs 50 lakh in a previous year.

(provisions of these sections were to be made effective 01 Oct 2020).

CBDT has issued guidelines on the implementation of the above provision.

The gist of such guidelines are as under:

a) TDS/TCS u/s 194O & 206C(1H) is not required to be deducted/collected on the following
  - i) Transactions in securities and commodities which are traded through recognized stock exchange or cleared and settled by the recognized clearing corporation including exchange located in International Financial Service Centre.
  - ii) Transactions in electricity, renewable energy certificates and energy saving certificates traded through power exchanges registered under CERC
  - iii) Payment gateway will not be required to deduct tax under section 194-0 of the Act on a transaction, if the tax has been deducted by the e-commerce operator on the same transaction.
  - iv) In years subsequent to the first year, if the insurance agent or insurance aggregator has no involvement in transactions between insurance company and the buyer of insurance policy, he would not be liable to deduct tax under section 194-0 of the Act for those subsequent years.

b) Calculation of threshold for FY 2020-21
  - i) Provisions of section 206(C)(1H) would apply on all sale consideration (including advance received for sale) received on or after 1st October 2020 even if the sale was carried out before 1st October 2020.
  - ii) Threshold of Rs 5 lakh or Rs 50 lakh given in section 194O & section 206(C)(1H) for applicability of the section, will be counted from 1st April 2020.

c) No adjustment on account of sale return or discount or indirect taxes including GST is required to be made for collection of tax under section 206C(1H) since the collection is made with reference to receipt of "sale consideration".

d) Provisions of section 206C(1H) shall not apply on sale consideration received for fuel supplied to non-resident airlines at airports in India.

Circular No.17

6. Extension of date for filing of belated and revised return for the AY 2019-20.

Order

Order No. F. No. 225/1 50/2020-ITA-U **dated 30.09.2020**

CBDT has further **extended the date for filing belated and revised income tax return** for the AY 2019-20 ***from 30th September,2020 to 30th November,2020.***

Order

GOODS AND SERVICES TAX

1. **Extension of due date of compliance by the Authority under Section 171**

CBIC Notification No. 65/2020 of Central Tax – **dated 01.09.2020**

CBIC has further extended the time limit for completion or compliance of any action, by any authority, under section 171, which falls during the period from the ***20th March 2020 to 29th November, 2020***, till ***30th November 2020 { Earlier the date was 31st August,2020}.***

Notification No.65

2. **Extension of due date of compliance by Any person under Section 31(7)**

CBIC Notification No. 66/2020 of Central Tax – **dated 21.09.2020**

CBIC has extended the time limit for completion or compliance of any action, by any person, under sub-section (7) of section 31 in respect of goods being sent or taken out of India on approval for sale or return, which falls during the period from the ***20th March, 2020 to the 30th October, 2020***, till ***31st October, 2020.***

Notification No.66

3. **Waiver of late fee for FORM GSTR-4**

CBIC Notification No. 67/2020 of Central Tax – **dated 21.09.2020**

CBIC has waived the amount of late fee payable under section 47 which was in excess of ₹250 and fully waived the late fee where the total amount of central tax payable is nil, for registered persons who failed to furnish the return in ***FORM GSTR-4*** for the quarters from ***July, 2017 to March, 2020*** by the due date but furnishes the return between ***22nd September, 2020 to 31st October, 2020***.

Notification No.67

4. **Waiver of late fee for FORM GSTR-10**

CBIC Notification No. 68/2020 of Central Tax – **dated 21.09.2020**

CBIC has waived the amount of late fee payable under section 47 which is in excess of ₹250 for the registered persons who faisl to furnish the return in ***FORM GSTR-10*** by the due date but furnishes the return between ***22nd September, 2020 to 31st December, 2020***.

Notification No.68

5. **Extension of due date for filing Form GSTR 9 & GSTR 9C of FY 2018-19**

CBIC has further **extended** the due date of **filing Form GSTR 9 & GSTR 9C for FY 2018-19** ***from 30th September,2020 to 31st October,2020*****.** The information has been provided through CBIC official twitter handle.

The notification is yet to upload on the GST portal.

Annexure-

Key amendments proposed in Taxation Amendment Bill, 2020

A. Due date of various compliances:

On 31 March 2020, the President had promulgated an Ordinance, to provide relaxation in certain provisions and extension of various due dates. On 24 June 2020, the Central Board of Direct Taxes (CBDT) had issued a Notification and a Press Release to further extend various due dates.

Originally, an extension was provided for due dates falling between 20 March 2020 and 29 June 2020. This was extended to 31 December 2020. Similarly, the time limit for completion or compliance of various actions falling under 20 March 2020 to 31 December 2020 was extended to 31 March 2021.

The Taxation Bill proposes to ratify such extensions and reliefs provided through the Ordinance and Notifications. The Taxation Bill does not provide any further relief or extension to taxpayers in relation to timelines for various compliances.

B. Lower tax deduction/collection in certain cases for limited period

CBDT, vide its press release dated May 13, 2020, reduced the rates for Tax Deduction at Source (TDS) by 25% for non-salaried specified payments made to residents during the period from 14 May 2020 to 31 March 2021.

The Taxation Bill proposes to include the aforesaid amendments in the Income Tax Act with retrospective effect from 14 May 2020.

C. Amendments to residency rules for Indian citizen or Person of Indian Origin

One of the conditions to trigger residency in India was that an individual should be present in India for at least 60 days in the relevant financial year and 365 days in past four years. In case of an individual being a citizen of India or Person of Indian Origin (PIO) who, being outside India, comes on a visit to India, the threshold is 182 days.

Finance Act, 2020 reduced this period of stay in India from 182 days to 120 days for an Indian citizen or a PIO having India sourced income exceeding INR1.5m. However, it was not clear whether such an individual needed to be based outside India and comes on a visit to India to trigger this rule.

The Taxation Bill proposes to clarify that the new rule will apply to an Indian citizen or PIO who, being outside India, comes on a visit to India.

D. Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES Fund)

The Taxation Bill seeks to provide tax exemption for contributions made to PM-CARES Fund, which was set up in March 20 in the wake of the coronavirus pandemic. Further, 100% deduction is available under Sec 80 G in respect of the sum contributed to PM CARES Fund.

E. New registration process applicable to charitable entities and research institutions

Finance Act 2020 had prescribed a new registration process wherein existing registered charitable entities and research institutions registered under various provisions of the Income Tax Act were required to make an application under new registration regime for continuing their registration.

The Taxation Bill proposes that provisions governing new registration regime for charitable entities and research institutions registered under various provisions of Income Tax Act shall be effective from 1 April 2021 (instead of 1 October 2020) and the old regime of registration will continue till 31 March 2021.

F. Capping of surcharge on dividend income of Foreign Portfolio Investors (FPIs)

The rate of surcharge levied on dividend income derived by FPIs (structured as Trusts, Association of Persons (AOP), Body of Individuals (BOI), individuals) has been capped at 15%, thereby reducing the **dividend tax** rate to 23.92% as opposed to erstwhile rate of 28.5%.

Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month. Instead it is only a listing of some of the circulars/notifications that we considered important.

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