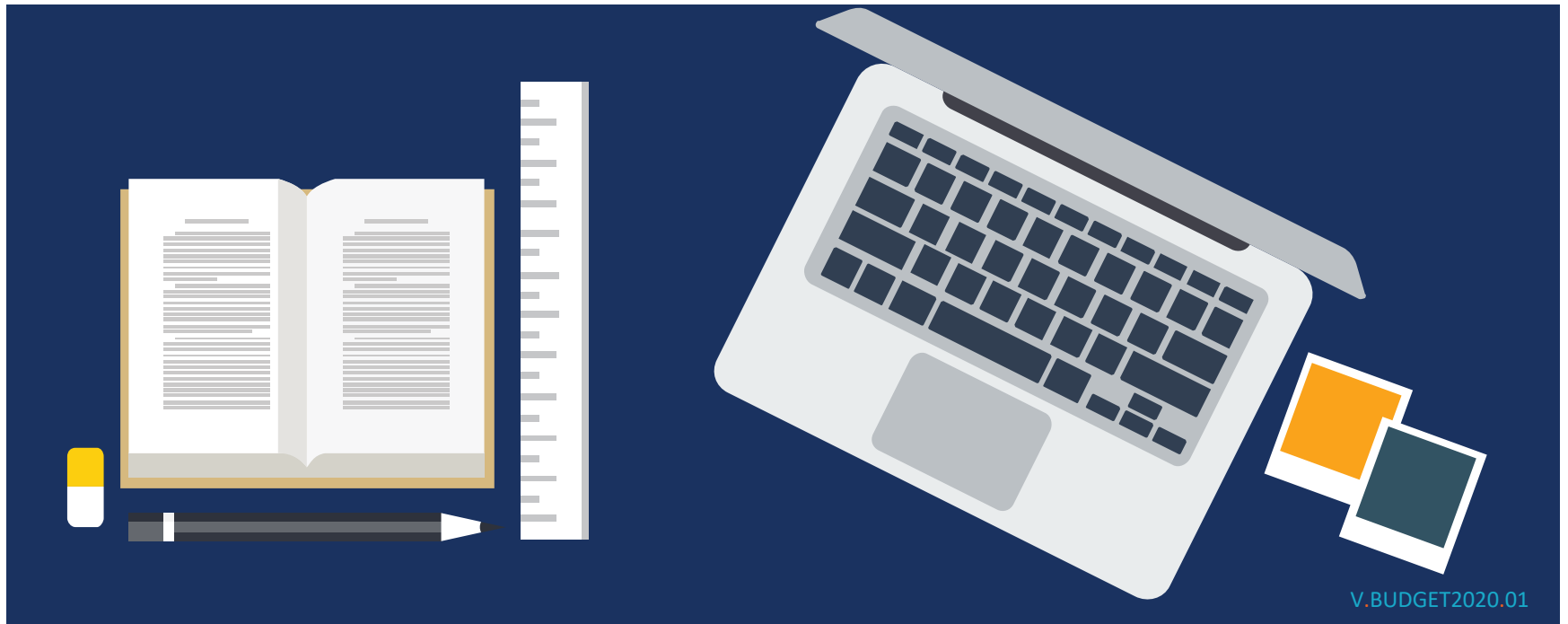




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# BUDGET'2020



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# BUDGET'2020



## INDEX

|   | <i>Slide#</i> |
|---|---------------|
| • FM Speech                             | 2             |
| • Budget At A Glance                    | 3             |
| • Changes in Audit Criteria & Due Dates | 5             |
| • Changes in TDS Provisions             | 6             |
| • Changes in TCS Provisions             | 8             |
| • Other Direct Tax Changes              | 9             |
| • New Tax Regime - Individual/HUF       | 11            |
| • Impact for Non-Residents              | 14            |
| • Impact for Corporate/SME              | 15            |
| • Impact for Trust/Societies            | 19            |
| • IT Procedural Changes                 | 21            |
| • GST Changes                           | 22            |
| • Highlights of Economic Survey         | 24            |

## FM SPEECH

Finance Minister Nirmala Sitharaman on Saturday, 1<sup>st</sup> February'2020 unveiled the budget for fiscal 2020-21, FM said her Budget 2020 is woven around three themes-- Aspirational India to boost the standard of living, Economic development for all and Building a humane and compassionate society.

'This is the Budget to boost people's incomes and enhance their purchasing power. Only through higher growth we can achieve that and have our youth gainfully and meaningfully employed. Let our businesses be innovative, healthy and solvent with use of technology.'

FM said, 'Fundamentals of the economy are strong and that has ensured macroeconomic stability. Inflation has been well contained. Banks saw a thorough cleaning up of accumulated loans of the past decade and then they were recapitalized. Companies were provided an exit through the IBC. Several steps on the formalization of the economy were taken up.'

# BUDGET'2020 AT A GLANCE



- ✚ Simplified and new income tax regime as an option to the old regime.
- ✚ New direct tax dispute settlement scheme would be launched
- ✚ Simplified GST return shall be implemented from 1st April 2020. Refund process to be fully automated.
- ✚ The government proposes to amend the Companies Act to decriminalize civil offences. FM asserted that "tax harassment" would not be tolerated.
- ✚ Turnover threshold for tax audit of MSMEs increased.
- ✚ Dividend Distribution Tax removed, and classical system of dividend taxation adopted.
- ✚ Concessional corporate tax rate of 15 % to new domestic companies in manufacturing and power sector. Concessional tax rate for cooperatives proposed.
- ✚ Tax benefits to Start-ups by way of deduction of 100 % of their profits are enhanced by increasing turnover limit and period of eligibility.
- ✚ Issuance of Unique Registration Number to all charity institutions for easy tax compliance.
- ✚ Health cess to be imposed on imports of medical equipment given these are made significantly in India.
- ✚ Deposit Insurance Coverage to increase from Rs. 1 lakh to Rs. 5 Lakh per depositor.

# BUDGET'2020 AT A GLANCE



- ✚ Eligibility limit for NBFCs for debt recovery under SARFAESI Act proposed to be reduced to asset size of Rs. 100 crore or loan size of Rs. 50 Lakh.
- ✚ Scheme to encourage manufacturing of mobile phones, electronic equipment and semi conductor packaging.
- ✚ Extension of invoice financing to MSMEs through TReDs.
- ✚ NIRVIK Scheme for higher export credit disbursement launched.
- ✚ Proposal to sell balance holding of government in IDBI Bank. Disinvestment in LIC also proposed through Public Issue.
- ✚ Separation of NPS Trust for government employees from PFRDAI.
- ✚ Specified categories of government securities would be opened for non resident investors
- ✚ FPI Limit for corporate bonds to be increased to 15 %.
- ✚ New debt ETF proposed mainly for government securities.
- ✚ Extension of time limits pertaining to the tax benefits for affordable housing.
- ✚ Tax concession for sovereign wealth fund of foreign governments and other foreign investments.

# BUDGET'2020 CHANGES IN AUDIT CRITERIA & DUE DATES



## **Rationalization of Tax Audit Provisions** *(Effective from AY 2020-21)*

In order to reduce compliance burden on SMEs, it is proposed to increase the threshold limit u/s 44AB for a person carrying on business from Rs. 1 Crore to 5 Crore 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.

## **Change in Due Date for Filing Tax Audit/Other Reports** *(Effective from AY 2020-21)*

To enable pre-filing of returns in case of persons having income from business or profession, it is required that the tax audit report may be furnished by the said assesseees at least one month prior to the due date of filing of return of income. This requires amendments in act regarding due date of filing of audit report. Thus, provisions of section 10, section 10A, section 12A, section 32AB, section 33AB, section 33ABA, section 35D, section 35E, section 44AB, section 44DA, section 50B, section 80-IA, section 80-IB, section 80JJAA, section 92F, section 115JB, section 115JC and section 115VW of the Act are proposed to be amended accordingly.

## **Change in Due Date for Filing Income Tax Return** *(Effective from AY 2020-21)*

Further, the due date for filing return of income under section 139(1) is also proposed to be amended by providing 31st October of the assessment year (as against 30th September) as the due date for Company, assessee liable to audits and partners of Firm.

The Bill, also proposed to remove the distinction between a working and a non-working partner of a firm with respect to the due date.

# BUDGET'2020 CHANGES IN TDS PROVISIONS



## **Monetary limit for applicability of TDS** *(Effective from 1st April, 2020)*

It is proposed to amend sections 194A, 194C, 194H, 194I and 194J of the act so that reference to the monetary limit specified in clause (a) or clause (b) of section 44AB of the Act is substituted with Rs. 1 crore in case of the business or Rs. 50 lakh in case of the profession, as the case may be.

## **TDS on Technical Services** *(Effective from 1st April, 2020)*

TDS shall be applicable at the rate of 2% under section 194J for the technical services (other than professional services). TDS rate in other cases shall continue to remain at 10%.

## **TDS on Interest from Co-Operative Banks** (Effective from 1st April, 2020)

A Co-operative society shall be liable to deduct TDS under section 194A if:

- Turnover of the society exceeds 50 crore
- Interest Paid exceeds Rs. 50,000 (Payee being Senior Citizen) or 40,000 (Others)

## **TDS on E-Commerce Transactions** *(Effective from 1st April, 2020)*

In order to widen and deepen the tax net by bringing participants of e-commerce within tax net, it is proposed to insert a new section 194-O in the Act so as to provide for a new levy of TDS at the rate of 1%.

TDS is to be paid by e-commerce operator for sale of goods or provision of service facilitated by it through its digital or electronic facility or platform. The tax is required to be deducted on gross amount of such sales or service or both exceeding Rs. 5 lakh.

# BUDGET'2020 CHANGES IN TDS PROVISIONS



## TDS on Dividend

(Effective from 1st April, 2020)

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.

## Definition of “Work” Amended

(Effective from 1st April, 2020)

It is proposed to amend the definition of “work” 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. Such transactions are subject to tax deduction.

## Other TDS Changes

(Effective from 1st April, 2020)

|   |                            |
|---|----------------------------|
| Dividend income paid by business trust to unit holder – u/s 194LBA  | :10%(5% on Interest to NR) |
| Any income in respect of units of a Mutual Fund or units to residents exceeding Rs. 5,000 – u/s 194K  | :10%                       |
| Dividend paid to Non-residents which is earlier exempted under 115-O – u/s 195  | :At applicable rates       |
| Income in respect of units of a Mutual Fund of non-residents- u/s 196A  | :20%                       |
| Income from Foreign Currency bonds or shares of Indian Company – u/s 196C   | :10%                       |
| Income of Foreign Institutional Investors from Securities- u/s 196D   | :20%                       |
| Interest payable to a non-resident, in respect of monies borrowed in foreign currency, by way of issue of any long term bond or RDB listed in stock exchanges in IFSC - u/s 194LC | :Reduced to 4% from 5%     |
| Interest payable to a FII or QFI in respect of the investment made in municipal debt security -u/s 194LD  | :5%                        |

# BUDGET'2020 CHANGES IN TCS PROVISIONS



## Monetary limit for applicability of TCS (Effective from 1st April, 2020)

It is proposed to amend sections 206C of the act so that reference to the monetary limit specified in clause (a) or clause (b) of section 44AB of the Act is substituted with Rs. 1 crore in case of the business or Rs. 50 lakh in case of the profession, as the case may be.

## Finance bill proposed to widening the scope of section 206C to include TCS on following: (Effective from 1st April, 2020)

- ✦ An authorised dealer receiving an amount or an aggregate of amounts of Rs. 7,00,000/- or more in a financial year for remittance out of India under the Liberalised Remittance Scheme (LRS) of RBI, shall be liable to collect TCS rate of 5% from the buyer. In non PAN/Aadhaar cases the rate shall be 10%. The above TCS provision shall not apply if the buyer is liable to deduct TDS under any other provision and he has deducted such amount.
- ✦ TCS on overseas tour package shall be at 5%. In non PAN/Aadhaar cases rate shall be 10%.
- ✦ A seller of goods is also liable to collect TCS at the rate of 0.1% on consideration received from a buyer in a previous year in excess of Rs. 50 Lakhs. In non-PAN/ Aadhaar cases the rate shall be 1%. Seller whose total sales, gross receipts or turnover from the business carried on by it exceed Rs. 10 Crore during the financial year immediately preceding the financial year, shall be liable to collect such TCS.

No such TCS is to be collected, if the seller is liable to collect TCS under other section or the buyer is liable to deduct TDS and has deducted such amount. No TCS is to be collected from the Central Government, a State Government and an embassy, a High Commission, legation, commission, consulate, the trade representation of a foreign State, a local authority or any other person as notified.



# BUDGET'2020 OTHER DIRECT TAX CHANGES



## Upper Limit for Employer Contribution (Effective from AY 2021-22)

It is proposed to provide a combined upper limit of Rs. 7,50,000/- in respect of employer's contribution in a year to NPS, superannuation fund and recognised provident fund and any excess contribution is proposed to be taxable. Consequently, it is also proposed that any annual accretion 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.

## Tax Deferment for ESOP Income (Effective from 1<sup>st</sup> April 2020)

Eligible Startups under 80-IAC shall be required to deduct TDS under 192 on perquisite relating to exercise of ESOP within 14 days from earlier of :

- ✦ After expiry of 48 months from end of AY
- ✦ From date of sale of such specified security
- ✦ From date of assessee ceases as employee

## Abolition of Dividend Distribution Tax (Effective from AY 2021-22)

It is proposed to abolish Dividend Distribution Tax (DDT) and moving to classical system of taxing dividend in the hands of shareholders/unit holders. Accordingly, dividend or income from units are taxable in the hands of shareholders or unit holders at the applicable rate and 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 % of the dividend or income from units.

## Time Extension for Sanctioning of Loan for Affordable Housing (Effective from AY 2021-22)

Incentive u/s 80EEA for first time buyers to invest in residential house property whose stamp duty value does not exceed Rs. 45 lakh. To promote 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.

## BUDGET'2020 OTHER DIRECT TAX CHANGES



### **Increase in Safe Harbour Limit on Sale of Immovable Property** *(Effective from AY 2021-22)*

It is proposed to enhance the variation limit given under sections 43CA, 50C and 56 of the Act to 10% of the consideration (existing 5%).

Where the consideration declared to be received or accruing as a result of the transfer of land or building or both, is less than the Stamp Duty value, the stamp duty value shall be deemed to be the full value of consideration for the purpose of computing profits and gains from transfer of such assets, subject to difference of 5% in the value. Now proposed to increase the above mentioned 5% limit to 10%.

### **Penalty Provisions for False Invoices/Entries** *(Effective from 1st April, 2020)*

It is proposed to introduce a new provision in the Act to provide for a 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 false entry or 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 entries or omitted entry.

### **FMV for Immovable Property acquired before 1<sup>st</sup> April 2001** *(Effective from AY 2021-22)*

For computing capital gains in respect of an asset acquired before 1st April, 2001, the assessee has been allowed 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 amend section 55 of the Act 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.

## BUDGET'2020 NEW TAX REGIME INDIVIDUAL/HUF



On certain conditions, an individual or HUF have the option to pay tax in respect of the total income at following rates:  
(Effective from AY 2021-22)

| Total Income (Rs.)    | Tax Rate (Optional)* | Existing Tax Rate*   |
|-----------------------|----------------------|--|
| Upto 2,50,000         | NIL                  | NIL  |
| 2,50,001 – 5,00,000   | 5%                   | 5%<br>(NIL up to Rs. 3,00,000 for Senior Citizen and<br>Rs. 5,00,000 for Super Senior Citizen) |
| 5,00,001 – 7,50,000   | 10%                  | 20%  |
| 7,50,001 – 10,00,000  | 15%                  | 20%  |
| 10,00,001 – 12,50,000 | 20%                  | 30%  |
| 12,50,001 – 15,00,000 | 25%                  | 30%  |
| Above 15,00,000       | 30%                  | 30%  |

\*Excluding surcharge and cess.

- ✚ If new tax regime is opted by Individual or HUF, most of perquisites, deductions and exemptions are not being allowed to be setoff with income. (Refer subsequent slides)
- ✚ In case, individual or HUF not opted for above rates, taxes will be payable as per existing slab rates.

# BUDGET'2020 NEW TAX REGIME INDIVIDUAL/HUF



## Eligible to avail following Deductions/ Allowances:

- Deduction u/s 80CCD(2): Employer contribution on account of employee in notified pension scheme.
- Deduction u/s 80JJAA: For new employment
- Transport Allowance granted to a divyang employee to meet expenditure for the purpose of commuting between place of residence and place of duty
- Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office;

## Not eligible to avail following Deductions / Allowances /perquisites:

- ✦ Leave Travel Concession u/s 10 (5)
- ✦ House Rent Allowance u/s 10 (13A)
- ✦ Some of the allowance u/s 10 (14)
- ✦ Allowances to MPs/MLAs u/s 10 (17)
- ✦ Allowance for income of minor u/s 10 (32)
- ✦ Standard deduction, deduction for entertainment allowance and employment/professional tax u/s 16
- ✦ Free food and beverage through vouchers provided to the employee
- ✦ Deduction from family pension u/s 57 (iia)
- ✦ Interest u/s 24 in respect of self-occupied or vacant property referred to in section 23(2)
- ✦ Any deduction under chapter VIA (like u/s 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, etc)

## BUDGET'2020 NEW TAX REGIME INDIVIDUAL/HUF



### Eligible to avail following Deductions/ Allowances: (Cont....)

- Any Allowance granted to meet the cost of travel on tour or on transfer;
- Daily Allowance to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty.

### Not eligible to avail following Deductions / Allowances /perquisites: (Cont....)

- ✦ Exemption for SEZ unit u/s 10AA
- ✦ Additional depreciation u/s 32 (1) (ia)
- ✦ Deductions u/s 32AD, 33AB, 33ABA
- ✦ Various deduction for donation for or expenditure on scientific research u/s 35
- ✦ Deduction u/s 35AD or u/s 35CCC
- ✦ Set off of loss or depreciation attributable to any of the deductions referred above
- ✦ provisions relating to AMT shall not apply to such individual or HUF having business income. Also not eligible to carry forward and set off of AMT credit

### Other Key Points:

- ✦ Individual & HUF not having Business Income: Option shall be exercised for every previous year.
- ✦ Individual & HUF having Business Income: Option once exercised shall be valid for that previous year and subsequent years.
- ✦ Loss under the head income from house property for rented house shall not be allowed to be set off under any other head and would be allowed to be carried forward.

# BUDGET'2020 IMPACT FOR NON-RESIDENTS



## **Modification of Residence Provisions** *(Effective from AY 2021-22)*

The Finance Bill proposed to modify residency provisions as under :

- ✚ An individual or HUF shall be said to be “not ordinarily resident” in India in a previous year, if the individual or the manager of the HUF has been a non-resident in India in 7 out of 10 previous years preceding that year.
- ✚ An Indian citizen or person of Indian origin shall be said to be “Resident in India” in the previous year if visiting India for 120 or more days *(changed from existing 182 days)* and 365 or more days in prior 4 previous years.
- ✚ An Indian citizen who is not liable to tax in any other country or territory shall be deemed to be resident in India for purpose of taxation.

## **ITR Filing Exemptions to Non-Residents** *(Effective from AY 2020-21)*

A Non-resident, shall not be required to file return of income under section 139 of the Act if his total income consists of only dividend or interest income and technical fees or royalty income provided TDS on such income has been deducted at the rates not lower than the rates given under section 115A.

## **Relaxation for Non-Resident Banks for disallowance of Interest** *(Effective from AY 2021-22)*

Provisions of Interest limitation under section 94B would not apply to interest paid in respect of a debt issued by a lender which is a permanent establishment (PE) of a non-resident, being a person engaged in the business of banking, in India.

# BUDGET'2020 IMPACT FOR CORPORATE/SME



## **Modifications in Concessional Corporate Taxes** *(Effective from AY 2020-21)*

It is proposed to amend the provisions of section 115BAA and section 115BAB to allow deduction under section 80JJAA (Deduction in respect of New Employment Generated) and section 80M (Dividend received), in case of domestic companies opting for concessional 15% or 22% tax rate under these section.

## **Tax Benefits to Start Ups** *(Effective from AY 2021-22)*

The existing provisions of section 80-IAC of the Act provide for a deduction of an amount equal to 100% of the profits and gains derived from an eligible business by an eligible start-up for 3 consecutive A.Y. out of seven years, at the option of the assessee, subject to the condition that the eligible start-up is incorporated on or after 1st April 2016 but before 1st April 2021 and the total turnover of its business does not exceed Rs. 25 crores.

In order to further rationalise the provisions relating to start-ups, it is proposed to amend section 80-IAC of the Act so as to provide that-

- ✦ the deduction under the said section 80-IAC shall be available to an eligible start-up for a period of 3 consecutive A.Y. out of 10 years beginning from the year in which it is incorporated;
- ✦ 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 crores in any of the previous years beginning from the year in which it is incorporated..

## **Time Extension for Approval of Affordable Housing Project** *(Effective from AY 2021-22)*

The existing provisions of section 80-IBA of the Act provides that where the gross total income of an assessee includes any profits and gains derived from the business of developing and building affordable housing projects, there shall, subject to certain conditions specified therein, be allowed a deduction of an amount equal to 100% of the profits and gains derived from such business. But, the conditions contained in the said section prescribes that the project is approved by the competent authority during the period from 1<sup>st</sup> June, 2016 to 31st March, 2020.

In order to incentivize building affordable housing to boost the supply of such houses, the period of approval by the competent authority is proposed to be extended to 31st March 2021 u/s 80-IBA.

## **Rationalizing the provisions of Section 35AD** *(Effective from AY 2020-21)*

- ✦ Under the existing provisions of law, a domestic company which opted for concessional tax rate under section 115BAA or section 115BAB of the Act, which does not claim deduction under section 35AD, may also be denied normal depreciation under section 32 due to operation of sub-section (4) of section 35AD.
- ✦ It is proposed to amend section 35AD to make the deduction thereunder optional. It is further proposed to provide that no deduction will be allowed in respect of expenditure incurred under sub-section (1) in any other section in any previous year or under this section in any other previous year, if the deduction has been claimed by the assessee and allowed to him under this section.
- ✦ This implies that a company opting for concessional tax rate of 22% is eligible for normal depreciation u/s 32.



# BUDGET'2020 IMPACT FOR CORPORATE/SME



## Others

- ✚ **Widening Commodity Transaction Tax (CTT):** It is proposed to amend Chapter VII of the Finance Act, 2013, to align the provisions of CTT with the changes in commodity derivative market. Moreover, in order to encourage the commodity transactions, settled by physical or actual delivery of goods, it is proposed to amend CTT rates for new commodity derivative products. *(Effective from 1st April, 2020)*
- ✚ It is proposed to defer Significant Economic Presence (SEP) proposal, Extending source rule, Aligning exemption from taxability of Foreign Portfolio Investors (FPIs), on account of indirect transfer of assets, with amended scheme of SEBI, and also rationalising the definition of royalty.
- ✚ It is proposed to amend section 194LC & 194LD of the Act to extend the period of concessional rate of withholding tax and also to extend this concessional rate to listed bonds & municipal debt securities. *(Effect from 1st April, 2020)*
- ✚ Proposed to rationalisation of the provisions of section 49 and clause (42A) of section 2 of the Act in respect of segregated portfolios *(Effective from AY 2020-21)*
- ✚ In order to address the issue faced by the amalgamated public sector banks and public sector General Insurance Companies, it is proposed to extend the benefit of Section 72AA of the Act (Allowing carry forward of losses or depreciation in certain amalgamations). *(Effect from 1st April, 2020)*
- ✚ It is proposed to have Safe Harbour Rules and APA for the attribution of profits to the PE u/s 9(1)(i) in accordance with rule 10 of the Rules which may result in avoidable disputes in a number of cases.

# BUDGET'2020 IMPACT FOR CORPORATE/SME



- ✦ **Electricity generation Eligible for Concessional Tax Rate:** New Section 115BAD is inserted to allow co-operative society to avail lower tax rate of 22% plus cess/surcharges (*Effective from AY 2021-22*)
- ✦ **Insurance Companies Allowability of deduction u/s 43B on Payment Basis:** It is proposed to insert a proviso to provide that any sum payable by the insurance companies which is added back u/s 43B shall be allowed as deduction in computing the income in the previous year in which such sum is actually paid. (*Effective from AY 2020-21*)

# BUDGET'2020 IMPACT FOR TRUST/SOCIETIES



## **Co-Operative Societies Eligible for Concessional Tax Rate** *(Effective from AY 2021-22)*

New Section 115BAD is inserted to allow co-operative society to avail lower tax rate of 22% plus cess/surcharges

## **Rationalization of Registration/Approval of Trusts** *(Effective from 1st June, 2020)*

The Finance bill has proposed to rationalising the process of registration/approval of trusts, institutions, funds, university, hospital etc and also required filling of statement by doner. Such proposed amendments are provided as under-

- ✦ Exemption under clause (46) or 23(C)(1) of section 10 shall be allowed to an entity even if it is registered under section 12AA subject to the condition that the registration shall become inoperative. If the entity wishes to make it operative in the future, it needs to file an application.
- ✦ An entity approved, registered or notified under clause (23C) of section 10, section 12AA or section 35 of the Act, as the case may be, shall be required to apply for approval or registration or intimate regarding it being approved, as the case may be, and on doing so, the approval, registration or notification in respect of the entity shall be valid for a period not exceeding five previous years at one time calculated from 1st April, 2020.
- ✦ An entity already approved under section 80G shall also be required to apply for approval and on doing so, the approval, registration or notification in respect of the entity shall be valid for a period not exceeding five years at one time
- ✦ An entity making fresh application for approval under clause (23C) of section 10, for registration under section 12AA, for approval under section 80G shall be provisionally approved or registered for three years on the basis of application without detailed enquiry even in the cases where activities of the entity are yet to begin

# BUDGET'2020 IMPACT FOR TRUST/SOCIETIES



## **Filling of Statement by Trusts** *(Effective from 1st June, 2020)*

The Finance bill has proposed to requires filling of statement by doner. Such proposed amendments are provided as under-

- ✦ Entities receiving donation/sum require to furnish a statement in respect thereof, and to issue a certificate to the donor/payer. In case of failure to do so, fee and penalty shall be levied.
- ✦ Deduction under section 80G/ 80GGA to a donor shall be allowed only if a statement is furnished by the donee in respect of donations received
- ✦ Similar to section 80G of the Act, deduction of cash donation under section 80GGA shall be restricted to Rs 2,000/- only

# BUDGET'2020 PROCEDURAL CHANGES



## **Annual Financial Statement** *(Effective from 1st June, 2020)*

It is proposed to introduce a new section 285BB in the Act to provide “Annual Financial Statement” to the assessee by uploading the same in the registered account of the assessee. Such statement will contain multiple information in respect of a person which are in possession of the authorities such as sale/purchase of immovable property, share transactions etc.

## **Provisions of E-Best Judgement Assessment** *(Effective from 1st April, 2020)*

Section 143 of the Act providing the manner for processing and assessment of return of income (ITR) and E-assessment Scheme, 2019 was notified under sub-section (3A) of said Section. It is now proposed to amend sub-section (3A) of section 143 of the Act to expand the scope so as to include the reference of section 144 of the Act relating to best judgement assessment.

## **Provisions of E-Appeal & E-Penalty** *(Effective from 1st April, 2020)*

In order to ensure that the reforms initiated by the Tax Department to eliminate human interface from the system reach the next level, it is imperative that e-appeal and e-penalty schemes be launched on the lines of existing E-assessment scheme.

## **Taxpayer’s Charter** *(Effective from 1st April, 2020)*

It is proposed to insert a 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.

## **Clarity on Stay by ITAT** *(Effective from 1st April, 2020)*

It is proposed to provide that ITAT may grant stay subject to the condition that the assessee deposits not less than 20% of the amount demanded.

# BUDGET'2020 GST CHANGES



- ✚ It is proposed to extend time limit provided for removal of difficulties from 3 years to 5 years, with effect from 1<sup>st</sup> July 2017.
- ✚ It is proposed to provide for levy of Health Cess at the rate of 5% as duty of customs on all imported medical devices.
- ✚ It is proposed to provide for retrospective exemption from CGST/IGST/UGST on supply of fishmeal, during the period from 1<sup>st</sup> July, 2017 up to 30<sup>th</sup> September, 2019.
- ✚ further proposed to retrospectively levy CGST/IGST/UGST at the reduced rate of 12% on supply of pulley, wheels and other parts (falling under heading 8483) and used as parts of agricultural machinery of headings 8432, 8433 and 8436, during the period from the 1<sup>st</sup> July, 2017 to 31<sup>st</sup> December, 2018.
- ✚ No refund shall be made of the tax which has already been collected.
- ✚ It is now proposed that dealer in goods will not be entitled to composition scheme, if he undertakes the following supplies:
  - Services not leviable to GST
  - Inter-state supply of services
  - Supply of services through electronic commerce operator
- ✚ **Amendment to Input tax credit u/s 16(4):** It is now proposed that time limit for claiming ITC in respect of debit note will be earlier of:
  - Due date of furnishing return for September month following the end of financial year to which such debit note pertains
  - Date of filling the relevant annual return

# BUDGET'2020 GST CHANGES



- ✦ **Amendment to Cancellation of registration u/s 29:** Presently GST legislation does not allow person registered voluntarily to apply for cancellation of registration. It is now proposed to allow such person to apply for cancellation of registration
- ✦ **Condone the delay in applying for revocation of cancellation:** It is proposed to empower:
  - Additional Commissioner or Joint Commissioner to condone the delay for application for such revocation by 30 days
  - Commissioner to condone such delay by additional 30 days
- ✦ Empower the Government to notify the categories of services or supplies in respect of which tax invoice shall be issued and to make rules regarding the time and manner of its issuance.
- ✦ **Amendment to TDS u/s 51:** To empower the Government to make rules to provide for the form and manner in which a certificate of TDS shall be issued.
- ✦ **Penalty (u/s122) and Punishment for offences (u/s 132):** It is now proposed to levy penalty equal to amount of tax evaded or ITC availed of or passed claimed on:
  - Beneficiary (i.e. counter-party) of above referred transactions
  - Person at whose instance such transactions are conducted
- ✦ Proposed to give retrospective effect to the notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 708(E), dated the 30th September, 2019 with effect from 1<sup>st</sup> July, 2017.

# HIGHLIGHTS OF ECONOMIC SURVEY



**\$2.7 trillion**

India's GDP in nominal prices was Rs. 190.1 lakh crore (US\$ 2.7 trillion) in 2018-19

**\$2.9 trillion**

The size of the economy is estimated at US\$ 2.9 trillion in 2019-20

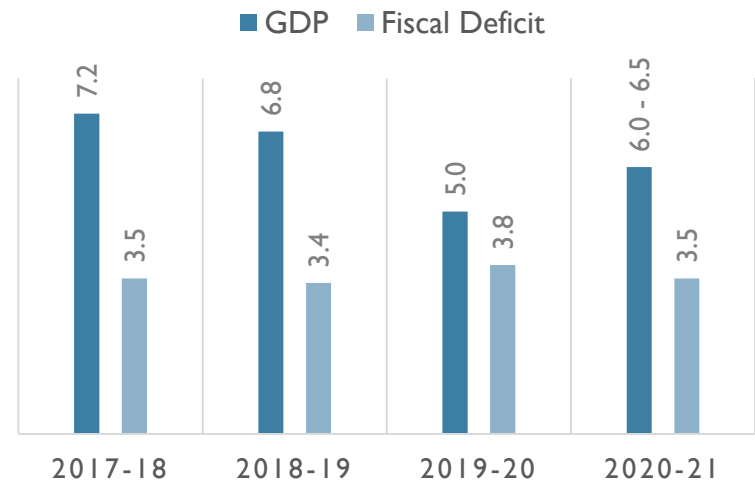
**\$5 trillion**

The economy is poised for a rebound towards the US\$ 5 trillion goal in Year 2024-25.

## Expected growth rate 2020

**6.0 to 6.5%**

GDP growth of India expected to strongly rebound in 2020-21 to grow in the range of 6.0 to 6.5 %.





# HIGHLIGHTS OF ECONOMIC SURVEY



- ✦ Year 2019 was a difficult year for the global economy with world output growth estimated to grow at its slowest pace of 2.9 %
- ✦ Amidst a weak environment for global manufacturing, trade and demand, the Indian economy slowed down with GDP growth moderating to 4.8 % in H1 of 2019-20
- ✦ Based on CSO's first Advance Estimates of India's GDP growth for 2019-20 at 5 %, an uptick in GDP growth is expected in H2 of 2019-20.
- ✦ A sharp decline in real fixed investment induced by a sluggish growth of real consumption has weighed down GDP growth from H2 of 2018-19 to H1 of 2019-20
- ✦ India's external sector gained further stability in H1 of 2019-20, with a narrowing of current account deficit (CAD) as percentage of GDP from 2.1 in 2018-19 to 1.5 in H1 of 2019-20, impressive foreign direct investment (FDI), rebounding of portfolio flows and accretion of foreign exchange reserves.
- ✦ Headline inflation rose from 3.3 % in H1 of 2019-20 to 7.35 % in December 2019-20 on the back of temporary increase in food inflation, which is expected to decline by year end.
- ✦ The deceleration in GDP growth can be understood within the framework of a slowing cycle of growth. The financial sector acted as a drag on the real sector.
- ✦ During the first eight months of 2019-20, the Revenue Receipts registered a higher growth compared to the same period last year, which was led by considerable growth in Non-Tax revenue.
- ✦ During 2019-20 (upto December 2019), the gross GST monthly collections has crossed the mark of Rs. 1 lakh crore for a total of five times.
- ✦ Structural reforms undertaken in taxation during the current financial year include change in corporate tax rate and measures to ease the implementation of GST.
- ✦ Going forward, considering the urgent priority of the Government to revive growth in the economy, the fiscal deficit target may have to be relaxed for the current year.
- ✦ Net FDI inflows have continued to be buoyant in 2019-20 attracting US\$ 24.4 billion in the first eight months, higher than the corresponding period of 2018-19. Net FPI in the first eight months of 2019-20 stood at US\$ 12.6 billion.
- ✦ The repo rate was cut in four out of five meetings held in 2019-20 (till December). The repo rate has been cut by 110 bps in 2019-20 so far.
- ✦ Bank credit growth slowed down in 2019-20 and stands at 7.1 % (YoY) as of December 20, 2019, as compared to a growth of 12.9 % in April 2019.
- ✦ The growth (YoY) of loans from NBFCs declined from 27.6 % in September 2018 and 21.6 % in December 2018 to 9.9 % at end September 2019.
- ✦ As on end December 2019, Rs. 1.58 lakh crore were realizable in cases resolved under Corporate Insolvency Resolution Processes.

# THANK YOU



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