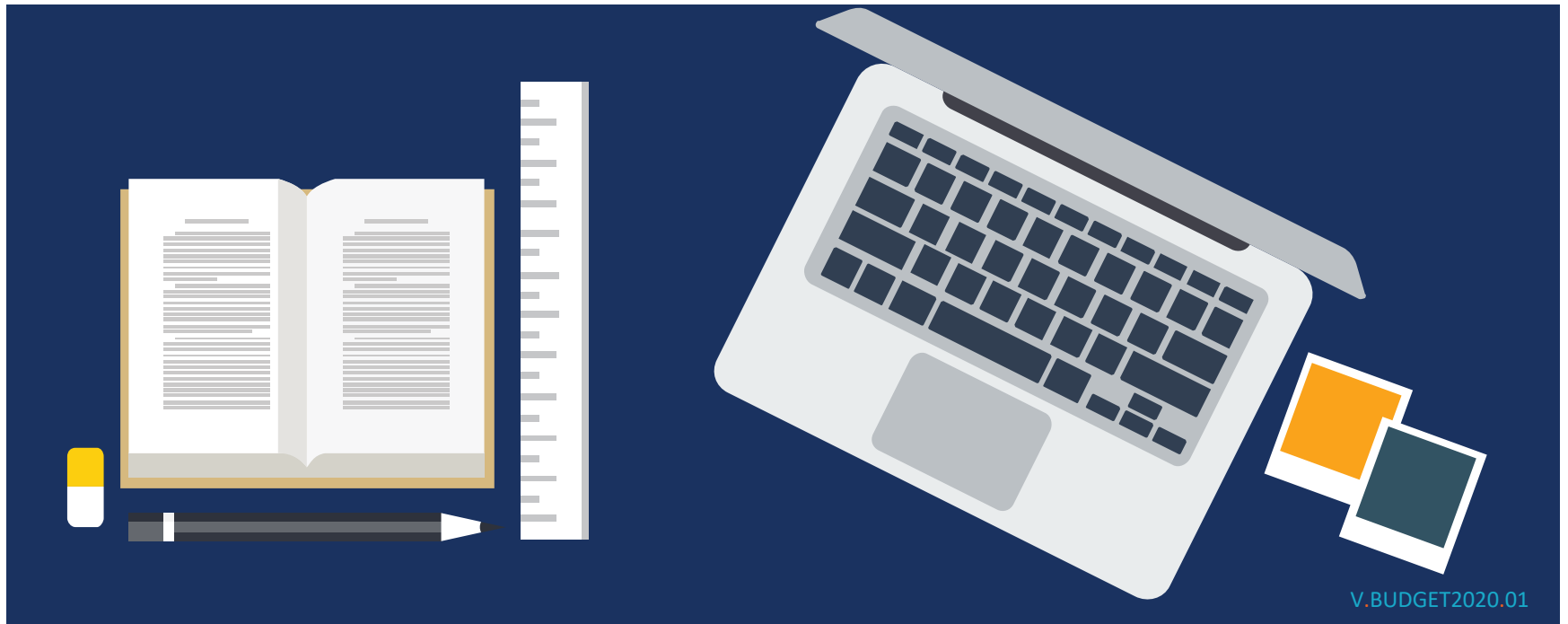




LABHYANSH
ACCOUNTING SIMPLIFIED

ACCOUNTING, BOOKKEEPING & COMPLIANCE
OUTSOURCING SERVICES

BUDGET'2020



V.BUDGET2020.01

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.

THANK YOU



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