NEWSLETTER NO 20 – UNION AND STATE BUDGET 2020

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As we all know, budget is a larger term which makes us understand the direction of the Government towards various spendings and incomes of the country. Analysts make out meaning and effects of various initiatives taken by Government. So, if you are knowledgeable, you can be an analyst. Or else, you can become a news journalist.

But, being Chartered Accountants, we are generally restricted to income tax and GST amendments when it comes to Budget. Even I am not expert in Macro economics and therefore, I am also more happy discussing Income tax provisions

INCOME TAX RELATED IMPORTANT AMENDMENTS IN UNION BUDGET 2020:

Amendments Applicable from FY 2020-21

1. **This was second full budget presented by FM Mrs Nirmala Sitaraman. It was longest ever budget speech. It lasted for 2 hours 41 minutes before it was abruptly ended due to her ill health. It was presented on Feb 1, 2020.**

2. These are only proposals till assent of President is received. Unless otherwise provided, these proposed amendments shall be applicable from financial year 2020-21, ie, assessment year 2021-22.

3. The existing tax structure is maintained as it is including EC, surcharge etc except that maximum surcharge applicable (in case of Individual, HUF, AOP, BOI, Art Juridical Person) shall not exceed 15% in respect of income from dividend or income chargeable u/s 111A or 112A.

   However, an additional and optional scheme of taxation is introduced in which lower rate of tax is proposed by abolishing many deductions which are otherwise available in old regime.

4. Sec 2(13A): Definition of Business Trust amended. Now, it is not necessary that such trust should be listed on a recognized stock exchange.

5. Sec 6: Amendment in definition of Residence in India. In case of person coming to visit India, limit of 182 days of stay is reduced to 120 days for those having total income (other than income from foreign sources) exceeds Rs 15 lacs (condition of Rs 15 lacs added at the time of passing of bill). The limit of 182 days remains same in case of person leaving from India for work.

   Another important amendment in Sec 6 is that if an Indian citizen is not liable to tax in any country by reason of his domicile or residence, then such person shall be deemed to be resident in India.

6. Sec 9: Amendment in provisions related to income deemed to accrue or arise in India.

7. Sec 10(23C): This amendment is proposed to be effective from Jun 1, 2020. Any entity registered under clauses (iv), (v), (vi) or (via), would have to re-apply within 3 months of this provision coming in force. Also, they would have to apply for renewal before 6 months of expiry. In case of new approvals, it should be applied at least one month prior to commencement of previous year for which approval is sought.

   The approvals as above would be for a period of 5 years.
   Provisional registration shall be for a period of 3 years.

8. Amendment in Sec 12A:

   - Existing registered trusts u/s 12A or 12AA shall have to apply for registration again within 3 months of this amendment coming into force (which is expected to come in force from June 1, 2020. Accordingly, all registered trusts would have to apply again before Aug 31, 2020). On application, it is expected that no further questions would be asked and it would be granted registration u/s 12AB for a period of five years. Once registered, its registration shall be effective from the AY from which such trust was earlier granted registration.

   - Fresh registration shall be u/s 12AB and it shall be for a period of 5 years. They will have to apply at least six months prior to their expiry.

   - Where the trust is provisionally registered u/s 12AB, then it will have to apply at least before six months of its expiry or within 6 months of commencement of its activities. Once registered, its registration shall be effective from the AY from which such trust was provisionally registered.

- Where the trust registration has become inoperative due first proviso to Sec 11(7), then it will have to apply at least before six months prior to commencement of the assessment year from which it is sought to be made operative.

- Where the trust or institution has adopted or undertaken modifications of the objects which do not conform to the conditions of registration, the trust shall apply for registration within a period of **thirty days** from the date of said adoption or modification.

- In any other case, the trust shall apply for registration at least one month prior to the commencement of the previous year from which the registration is sought.

9. Fresh Section 12AB inserted:

   On receipt of application for registration, the Commissioner shall call for such documents or information from the trust or make such inquiries as he thinks necessary in order to satisfy himself about –
   - Genuineness of activities,
   - Compliance with requirements of any other law as are material for achieving its objects

   Fresh registration (first registration under this newly inserted section) shall be granted for three years and its renewal (including for existing registered ones) shall be granted for five years. Provisional registration shall be granted for a period of three years.

10. Sec 17(2): Employer's contribution to an employee's EPF, NPS and Superannuation fund in excess of Rs 7.50 lacs would be taxable. Till now, it was tax free if it was upto certain percentage of salary.

    Further, income or dividend received on such excess contribution would also be taxable.

11. Till now, due date for audit u/s 44AB and due date to file ITR are same. Now it is proposed that due date for audit would be one month before due date for filing ITR. Due date for filing ITR in audit cases has been proposed as October 31. In many sections, there is provision to file some audit report or statement along

with ITR. Due to this change of due date for audit and ITR, there is consequential amendment in many sections. Those are:

Section No	Particulars
32AB	Investment Deposit Account
33AB	Tea, Coffee, Rubber Development Account
33ABA	Site Restoration Fund
35D	Amortisation of certain preliminary expenses
35E	Deduction for expenditure on prospecting etc for certain minerals
50B	**Special provision for computation of capital gain in case of slump sale**
80IA	Deduction for undertakings engaged in infrastructure development
80IB	Deduction for undertakings engaged in other than infrastructure development
80JJAA	Deduction in respect of employment of new employee
92F	Specified date for Sec 92, 92A, 92B, 92C, 92D and 92E
115JB	MAT @ 18.50% of book profit for companies
115JC	AMT @ 18.50% of book profit for other than companies
115VW	Option for tonnage tax by shipping companies

12. Sec 35(1): The scientific research institutions etc are also made liable to file a statement containing such particulars as may be prescribed and for such period as may be prescribed. If they don't file such statement, their approval shall be withdrawn.

13. Sec 35AD: Deduction in respect of expenditure on specified business:

    In view of optional scheme of taxation, this section relating to 100% deduction of capital expenditure in specified business would be applicable only if it is so opted by the assessee.

14. Sec 43(5): Speculative transaction: The word 'recognised association' wherever occurs has been replaced with 'recognised stock exchange'.

15. Sec 43CA: In case of sale of land or building (being stock in trade), Difference in stamp duty value of upto 5% over the value adopted by assessee was to be ignored. Now, this is raised to 10%.

16. Sec 44AB: One fantastic amendment related to audit requirement. In addition to existing provisions, audit would not be applicable upto turnover of Rs 5 crore if following conditions are satisfied:

- Receipts in cash do not exceed 5% of gross receipts (including received for sales).
- Payments in cash do not exceed 5% of total payments (including payments for goods purchase, capital purchases and for expenses).

17. Sec 49 – Cost with reference to certain modes of acquisition:

    Sub-sec (2AG) and (2AF) inserted to provide for mode of computing cost of acquisition of a unit or units in case of segregated portfolio and main portfolio.

18. Sec 50C: In case of sale of land or building (being capital asset), difference in stamp duty value of upto 5% over the value adopted by assessee was to be ignored. Now, this is raised to 10%.

19. Sec 55 – In case of capital asset acquired before Apr 1, 2001, cost of acquisition may be taken as fair market value (FMV) as on Apr 1, 2001. Now it is proposed that such FMV not to exceed the stamp duty valuation as on Apr 1, 2001.

    However, it is problem that some states started valuation for stamp duty from year 2005.

20. Sec 56(2)(x): if any property is received from any person (non-relative) for a value less than stamp duty value, then such difference is treated as income. For this purpose, difference upto 5% transaction value is to be ignored. This limit has now been raised to 10%.

21. Sec 57 – Deductions: Deduction of only interest expenses shall be allowable against Dividend income, Income in respect of units of Mutual Fun specified under Sec 10(23D) or income in respect of units of specified company defined in Sec 10(35). Further, such interest deduction shall not be more than 20% of such income.

    This seems to be a good proposal as it would desist people to borrow for investing in shares. It may prevent speculation and avoid cascading effects in case of loss in shares.

22. Sec 72AA – Provisions related to carry forward and set off of losses in case of amalgamation of banking company: The existing section is replaced with all new section. Not discussed here being not related to our routine practice.

23. 80EEA – Deduction in respect of interest on loan taken for certain house property: This additional deduction of Rs 1.50 lacs was proposed in Finance Act

2019. Last date to avail the loan has been extended from Mar 31, 2020 to Mar 31, 2021.

24. 80G: Trusts issuing 80G receipts shall have to file the periodic return for the same and shall have to issue a certificate to the donor in the prescribed form. Donor shall get the deduction on the basis of such statement filed by the Trust.

    Also, amendments proposed for renewal of 80G registration on the lines of Sec 12AB. Till now, registration was permanent.

25. 80GGA – Deduction in respect of donations for scientific research or rural development. It is proposed that the payee shall file statement on the lines of Sec 80G. Also, cash donation limit reduced from Rs 10,000 to Rs 2,000.

26. Sec 80IAC – Special provision for specified business (start ups): They could avail exemption in any consecutive 3 years out of first 7 years of its existence. Now, it is relaxed to any consecutive 3 years out of first 10 years of its existence. Turnover limit is also relaxed from Rs 25 crore to Rs 100 crore.

27. 80IBA – Deductions in respect of profits and gains from housing projects: This section was amended last year and it looks to me very attractive. 100% income deduction if certain conditions are fulfilled. Last date for approval of project extended from Mar 31, 2020 to Mar 31, 2021.

28. Sec 80M – Deduction in respect of certain inter-corporate dividends revived.

29. Sec 90 – Agreement with foreign countries or specified territories: Amendment made so that such treaties are not used for tax evasion either directly or indirectly.

30. Sec 90A – Adoption by central Govt of agreement between specified associations for double taxation relief: Similar amendments as in Sec 90 above proposed.

31. Sec 92CB: Safe harbor rules made applicable to income referred to in Sec 9(1)(i).

32. Sec 92CC – Advance Pricing Agreement: Sub-sections 1, 2, 3 and 9A substituted.

33. Sec 94B – Limitation on interest deduction in certain cases: Sub-sec (1) of Sec 94B shall not apply to interest paid in respect of a debt issued by a lender which is a PE in India of a non-resident, being a person engaged in the business of banking.

34. **Sec 115BAC: This is one of the most important amendments of Budget 2020.**

Optional scheme of taxation is proposed for Individual and HUF under this Section from FY 2020-21. Following are important points:

- Given below relaxed slab of taxation would be applicable:

Sl No	Income From	Income To	Rate of tax (%)	Min - MaxTax Amt (Rs)
1	Nil	2,50,000	Nil	Nil
2	2,50,001	5,00,000	5	Nil – 12,500
3	5,00,001	7,50,000	10	12,500 – 37,500
4	7,50,001	10,00,000	15	37,500 – 75,000
5	10,00,001	12,50,000	20	75,000 – 1,25,000
6	12,50,001	15,00,000	25	1,25,000 – 1,87,500
7	15,00,001	and Above	30	1,87,500 plus 30% of excess amount

- In lieu of above relaxed slabs, following exemptions and deductions would not be available:

Sl No	Sec No	Particulars
1	10(5)	Travel concession or assistance received from employer.
2	**10(13A)**	**House Rent Allowance**
3	**10(14)**	**Some allowances (other than as may be prescribed). It mainly contains transport allowance.**
4	**10(17)**	**Allowances received by MLA/ MP etc**
5	10(32)	Deduction of Rs 1,500 in respect of minor child.
6	10AA	Spl provisions in respect of newly established Units in Special Economic Zones
7	**16**	**Deductions from salaries – Standard deduction, Ent allowance, Prof tax etc.**
8	**24(b)**	**Interest of Rs 2 lacs on loan taken for house. It will be only in respect of property referred to in Sec 23(2) (ie self occupied or deemed to be self occupied).**
9	32(1)(iia)	Additional depreciation of 20% related to new machinery or plant
10	32AD	Inv in new plant and machinery in notified backward areas in certain states
11	33AB	Tea, Coffee, Rubber Development Account
12	33ABA	Site Restoration Fund
13	35(1)(ii)	Deduction of 1.5 times of sum paid to research association

14	35(1)(iia)	Deduction of any sum paid to a company to be used by it for scientific research
15	35(1)(iii)	Deduction of any sum paid to a research association having specified objects
16	35(2AA)	Deduction of sum paid to National Laboratory, IIT etc
17	35AD	100% deduction in respect of capital expenditure on specified business
18	35CCC	Expenditure on agricultural extension project
19	57(iia)	Std deduction from family pension income – 1/3rd or Rs 15,000 whichever is less
20	**Any Sec of Ch VI-A**	Deduction shall be available under following three sections: • Deduction u/s Sec 80CCD(2) shall be available. • Deduction u/s Sec 80JJAA shall be available. • Subject to fulfilment of certain conditions, deduction u/s 80LA shall be available. Deduction shall not be available under other sections of Chapter VI-A: • Ch VI-A contains sections from 80A to 80U. Major sections being 80C, 80CCD, 80D, 80DD, 80E, 80EEA (addl interest on house property), 80EEB (electric vehicle), 80G, 80IA, 80IB, 80TTA, 80TTB, 80U.

- Set off of any loss or depreciation brought forward from any earlier year would not be allowed if it is related to any of the above exemptions/ deductions.

- Set off of any loss under the head house property would not be allowed with any other head.

- Depreciation u/s 32 (other than additional depreciation of 20% under clause (iia) of Sec 32(1) – related to new machinery or plant) shall be calculated or deemed to have been calculated for arriving at taxable profit. If depreciation is not provided in earlier years, then corresponding adjustments shall be done while opting for this new scheme.

- Any exemption or deduction for allowances or perquisite, by whatever name called, provided under any other law for the time being in force shall not be allowed.

- Deduction u/s 80LA shall be available to a unit in the International Financial Services Centre subject to fulfilment of conditions u/s 80LA.

- Option to opt for this new Scheme is to be exercised on or before due date for filing return of income u/s 139(1). In case of Individual/ HUF having business or profession income (word profession added at the time of passing of bill), the option once exercised would be applicable for all subsequent assessment years. In case of no business or profession income, the option may be exercised every year.

  Provided that the option exercised by person having business or profession income can be withdrawn only once (other than year for which option is exercised). Thereafter, such person shall never be eligible to opt for this Scheme if he has business or profession income. If, however, there is no business or profession income in any subsequent year, option would be available.

- Analysis:
  In case, there is no deduction available (which is allowed in old scheme), new scheme would be beneficial for all income brackets.

  If deduction amount foregone is Rs 1 lac, break even income is Rs 7 lacs. In case of higher income, new scheme would be beneficial. In case of lower income, old scheme would be beneficial.

  If deduction amount foregone is Rs 1.50 lac, break even income is Rs 8.50 lacs. In case of higher income, new scheme would be beneficial. In case of lower income, old scheme would be beneficial.

  If deduction amount foregone is Rs 2 lac, break even income is Rs 12.25 lacs. In case of higher income, new scheme would be beneficial. In case of lower income, old scheme would be beneficial.

  If deduction amount foregone is Rs 2.50 lac, it is beneficial to opt for old scheme. Break even income is Rs 15 lacs. In case of higher income, it is tax neutral.

  If deduction amount foregone is above Rs 2.50 lac, it is beneficial to opt for old scheme at any level of income.

- New scheme may discourage long term savings and housing.

- Logic behind new scheme seems that Government wants to disassociate social benefits from income tax which are majorly enjoyed by rich people. Now taxation would be straight without any benefits and Govt would decide where to spend that money, so that benefit may be extended only to the needy.

35. Sec 115BAD: This is also one of the most important amendments of Budget 2020.

Optional scheme of taxation is proposed for Co-operative Societies under this Section from FY 2020-21. Following are important points:

- Rate of tax would be 22% without any slabs.

- In lieu of above reduced tax rate, following exemptions and deductions would not be available:

Sl No	Sec No	Particulars
1	10AA	Spl provisions in respect of newly established Units in Special Economic Zones
2	32(1)(iia)	Additional depreciation of 20% related to new machinery or plant
3	32AD	Inv in new plant and machinery in notified backward areas in certain states
4	33AB	Tea, Coffee, Rubber Development Account
5	33ABA	Site Restoration Fund
6	35(1)(ii)	Deduction of 1.5 times of sum paid to research association
7	35(1)(iia)	Deduction of any sum paid to a company to be used by it for scientific research
8	35(1)(iii)	Deduction of any sum paid to a research association having specified objects
9	35(2AA)	Deduction of sum paid to National Laboratory, IIT etc
10	35AD	100% deduction in respect of capital expenditure on specified business
11	35CCC	Expenditure on agricultural extension project
12	Any Sec of Ch VI-A	Deduction shall be available under following one section: • Deduction u/s Sec 80JJAA shall be available. Deduction shall not be available under other sections of Chapter VI-A:

		• Ch VI-A contains sections from 80A to 80U. The most important section for co-operative societies being Sec 80P.

- Set off of any loss or depreciation brought forward from any earlier year would not be allowed if it is related to any of the above exemptions/ deductions.

- Depreciation u/s 32 (other than additional depreciation of 20% under clause (iia) of Sec 32(1) – related to new machinery or plant) shall be calculated or deemed to have been calculated for arriving at taxable profit. If depreciation is not provided in earlier years, then corresponding adjustments shall be done while opting for this new scheme.

- Deduction u/s 80LA shall be available to a unit in the International Financial Services Centre subject to fulfilment of conditions u/s 80LA.

- Option to opt for this new Scheme is to be exercised on or before due date for filing return of income u/s 139(1). The option once exercised would be applicable for all subsequent assessment years.

  The option once exercised cannot be withdrawn.

- Analysis: It appears that Govt wants to bring co-operative societies at par with co-operative banks to make a level playing field.

36. Sec 115BBDA: This Section levies tax on dividend of more than Rs 10 lacs received. Now, being dividend is made taxable from FY 20-21, applicability of this section restricted up to FY 19-20. Transitional dividend (ie dividend declared on or before Mar 31, 2020 but received after Mar 31, 2020 if applicable DDT on the same is paid.

37. Sec 115JC: Provisions of AMT (Alternate Minimum Tax) @ 18.50% of book profit shall not be applicable if assessee has opted for payment of tax u/s 115BAC or 115BAD.

38. Sec 115JD: This is corresponding section for tax credit for AMT. It will not be applicable if assessee has opted for payment of tax u/s 115BAC or 115BAD.

39. Sec 115O – Tax on distributed profits of domestic companies: Since dividend is made taxable in the hands of recipient, provisions related to DDT not applicable from FY 2020-21.

40. Sec 115R – Tax on distributed income to unit holders: Since income from units is made taxable in the hands of recipient, provisions related to tax on distributed income not applicable from FY 2020-21.

41. Sec 115TD: Tax on accreted income of Trusts: If registration u/s 12AA of a trust is cancelled, then tax at MMR is to be paid on accreted income. Due to addition of Section 12AB, references wherever occur for Sec 12AA have been changed to Sec 12AB.

42. New Sec 119A: The Board shall adopt and declare a Taxpayer's Charter and issue guidelines regarding the same. This may be one of the most important amendments in this budget if drafted and implemented well.

43. Sec 133A: Important amendment. Joint Commissioner had the power of survey. Now, such powers have been restricted.

    Now, survey can be authorized by Jt. Comm. if information has been received from such authority as may be prescribed.

    In case of survey without information from such authority, approval from Director or Commissioner of Income tax would be required.

44. Sec 139 – Return of income: Due date for filing ITR for working partner of audit firm is same as applicable for audit firm. Now, this condition is relaxed for any partner – the word 'working' is deleted.

    For the assessees for whom due date was September 30 has now been amended as October 31. So, no more – 'Happy Diwali' for CAs.

45. Sec 140: Till now, ROI in case of company was to be verified by Director only. Now, it is added that 'any other person as may be prescribed for this purpose'. Similarly, for partnership firms, instead of only partner, similar option extended.

46. Sec 143(3A): Till now, e-assessments were prescribed for scrutiny assessments u/s 143(3). Now, e-assessment procedures extended to Sec 144 (ie Best judgement assessment) also.

47. Sec 156: Taxation of ESOP received from eligible start up postponed by maximum of 48 months subject to conditions specified. Corresponding amendment in Sec 191 (Direct Payment), Sec 192 (TDS on salary) also.

48. Sec 194 – TDS on Dividends: It is re-introduced. TDS would be @ 10% if dividend amount exceeds Rs 5,000/-.

49. Sec 194A – TDS on interest: TDS provisions are applicable to Individuals and HUF who are subject to audit u/s 44AB. Due to change in limit for audit u/s 44AB, applicability of TDS provisions is changed. Now, TDS provisions would be applicable if turnover of Individual or HUF exceeds Rs 1 crore in case of business and Rs 50 lacs in case of profession.

    Similar amendment related to applicability of provisions of TDS deduction have been made in other sections also, viz, Sec 194C (Contracts), 194H (Commission or Brokerage), 194 I (Rent), 194J (Professional fees).

    Further, till now co-operative societies are not liable for deduction of TDS on payment of interest to their depositors. Now, if the total sales, gross receipts or turnover of co-op soc exceeds Rs 50 crore and interest amount exceeds Rs 40,000 or Rs 50,000 (in case of senior citizen), TDS would be deducted @ 10%.

50. Sec 194C: Very small amendment related to meaning of 'work'. Accordingly work shall include manufacture or supply of product according to requirement of customer by purchasing goods from such customer or relative [as per Sec 40A(2)(b)] of customer.

51. Sec 194J – Fees for professional or technical services: Till now, TDS rate was 10%. Now, it would be 2% for technical services and royalty in the nature of consideration for sale, distribution or exhibition of cinematographic films (added at the time of passing of bill) and 10% for professional services.

52. New Sec 194K: Similar section on the lines of Sec 194 (Dividend). Person paying to a resident income in respect of units shall deduct TDS @ 10% if such income exceeds Rs 5,000/-.

53. At the time of passing of bill, a fantastic amendment is done is Sec 194N (TDS on cash withdrawals). It will be effective from Jul 1, 2020.

    As per existing provision, TDS @ 2% to be deducted if cash withdrawal exceeds Rs 1 crore. Now, a proviso is added stating that if the withdrawer of cash has not filed its income tax returns for three consecutive years for which due date u/s 139(1) has elapsed, then TDS @ 2% would be deducted if cash withdrawal exceeds Rs 20 lacs upto Rs 1 crore; and TDS would be 5% if cash withdrawal exceeds Rs 1 crore.

It will be interesting to see how the banks/ co-op societies/ post office would update their data whether the assessee has filed its returns in last 3 years. Such a big compliance burden on them.

54. New Sec 194O – TDS by e-commerce operator: If amount of sale or service exceeds Rs 5 lacs, TDS would be deducted @ 1%. Would be applicable from Oct 1, 2020 (as passed by parliament).

    Provisions related to deduction of TDS at lower rate u/s 197 would be applicable for this TDS also.

    If PAN of deductee is not available with deductor, then instead of 20% TDS, it would be deducted @ 5% u/s 206AA.

    At the time of passing of bill, applicability of TDS in case of direct payment to E-commerce participants has been removed.

55. Sec 203AA relating to Form 26AS would be deleted wef June 1, 2020. Some new form is proposed u/s 285BB.

56. **New Clause (1G) inserted in Sec 206C – TCS by authorized dealer and overseas tour operator:** Would be applicable from Oct 1, 2020 (as passed by parliament).

    Authorised dealer who receives an amount or an aggregate amount exceeding Rs 7 lacs in a year for payment under liberalized remittance scheme shall collect TCS @ 5%. So, even if you are sending money for your child education, it would attract TCS.

    Also, seller of overseas tour program package shall collect TCS @ 5% without any basic exemption limit.

    TCS under clause shall not be collected if the buyer is liable to deduct TDS and has deducted such amount.

57. **New Clause (1H) inserted in Sec 206C – TCS by seller of Goods:** Would be applicable from Oct 1, 2020 (as passed by parliament).

    If aggregate value of sales in a year exceeds Rs 50 lacs to a particular person, TCS shall be collected @ 0.1% of sale consideration exceeding Rs 50 lacs. If PAN or Aadhar is not provided by buyer, then TCS would be @ 1% (u/s 206CC).

    For applicability of TCS under this clause, seller would mean a person whose turnover exceeded Rs 10 crore in immediately preceding previous year.

TCS shall not be collected under this clause on sale of motor vehicles (because it is already collected under clause 1F) or on which TCS is applicable under any other provision.

TCS under clause shall not be collected if the buyer is liable to deduct TDS and has deducted such amount.

58. Sec 206C: TCS provisions are applicable to Individuals and HUF who are subject to audit u/s 44AB. Due to change in limit for audit u/s 44AB, applicability of TCS provisions is changed. Now, TCS provisions would be applicable if turnover of Individual or HUF exceeds Rs 1 crore in case of business and Rs 50 lacs in case of profession.

59. New Sec 234G: Filing of certain statements has been newly prescribed for research associations and Trusts. Late fee of Rs 200 per day would be applicable if those are not filed within due dates. Such late fee would have to be paid before filing such statements.

60. Sub-sec (6B) inserted in Sec 250: Provision for e-appeals has been incorporated. It may be implemented by way of Notification.

61. Sec 254 – Orders of Appellate Tribunal: Part payment in tribunal appeal to be minimum of 20% of tax, interest, fee, penalty or any other sum payable.

62. New Sec 271AAD – False entry or Omission of any entry:

If there is any false entry or omission of entry to evade tax liability, penalty equal to amount of false entry or omitted entry is proposed.

Penalty would be applicable to non only the person who does it but also to the person who causes it.

63. New Sec 271K – Penalty for non furnishing of statements prescribed for research associations etc and for Trusts etc. Minimum Rs 10,000 and maximum Rs 1,00,000.

64. Sec 274 – Procedure for levying penalty: This process is also proposed to be electronic so that there is no interface. Thus, levying of penalty may become very common now.

65. New Sec 285BB: Income tax authority to provide an annual information statement in such form and manner as may be prescribed. This would probably replace the existing Form 26AS and it may contain much more information.

66. Sec 288: Definition of authorized representative expanded to now include 'any other person as may be specified'.

GST RELATED IMPORTANT AMENDMENTS IN UNION BUDGET 2020:

Central Goods and Service Tax, 2017

1. Amendment in Sec 10(2): Following persons shall not be eligible to opt for composition scheme for **services**:
   - making any supply of goods or services which are not leviable to tax under this Act;
   - making inter-state supply of goods or services.
   - making any supply of goods or services through an electronic commerce operator who is required to collect tax at source under section 52.

2. Important: Amendment in Sec 16(4): Provides time limit to claim ITC. Earlier, ITC could be claimed upto Sep 30 of next year return for invoice (or debit note related to such invoice) of a financial year. Now, such linking is removed. Now, ITC for a debit note can be claimed upto Sep 30 return of FY subsequent to FY in which such debit note is issued. It is illustrated with example:

   For FY 2020-21, last date to claim ITC would change as under:

Particulars	Invoice/ Debit Note	Date of issue	Last date to claim ITC by recipient
As per earlier law	Invoice	Dec 15, 2020	Sep 30, 2021
	Debit Note (related to above invoice)	Aug 12, 2021	Sep 30, 2021
As per proposed amendment	Invoice	Dec 15, 2020	Sep 30, 2021
	Debit Note (related to above invoice)	Aug 12, 2021	Sep 30, 2022

3. Important: Amendment in Sec 29: Scope for cancellation of registration expanded. Earlier, person registered u/s 25(3), ie, voluntary registration, could not apply for cancellation. Now, such person also can apply for cancellation in the same year of registration.

4. Sec 30: Application for revocation of cancellation is to be done within 30 days. Now such time can be further extended by 30 days by Additional or Joint Commissioner and by further 30 days by Commissioner.

5. Sec 31: Govt may specify categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed, any other document that may deemed to be invoice, or tax invoice may not be issued.

6. Sec 51: Sec 51(3) – TDS certificate to be issued in such form and such manner as may be prescribed. Sec 51(4) deleted, thereby there would not be any penalty even if deductor does not issue TDS certificate.

7. Important: Sec 122: Levies penalty on supplier in case of certain offences. Now, sub-sec (1A) inserted to provide that any person who taken advantage of that or at whose instance such transaction (offence) is conducted shall be liable to a penalty of an amount equal to tax evaded or ITC availed or passed on. It would be applicable for following offences covered by clauses (i), (ii), (vii) and (ix) of Sec 122(1):

   - supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply;

     (It means if anyone purchases without invoice, he would also be liable for penalty.)

   - issues any invoice or bill without supply of goods or services or both in violation of the provisions of this Act or the rules made thereunder;

   - takes or utilizes input tax credit without actual receipt of goods or services or both either fully or partially, in contravention of the provisions of this Act or the rules made thereunder;

   - takes or distributes input tax credit in contravention of section 20 (ISD), or the rules made thereunder.

It would be interesting to understand meaning of 'at whose instance' used in this Section. To my mind, it seems that it would include sham transactions in the name of employees etc.

8. Sec 132: Provides for punishment for certain offences. Earlier it was applicable to the person who commits the offence. Now it would include 'Whoever commits, or causes to commit and retain the benefits arising out of, any of the given offences'.
   Fraudulent claim of credit deleted from clause (e) of Sec 132(1) and added in clause (c) of same section. Thereby it is made liable for prosecution if amount of tax sought to be evaded is more than Rs 5 crore.

9. Sec 140: Transitional credit – Government has been empowered to prescribe the time limit within which they could allow transitional credit. It appears that this amendment is made in order to make the case of the Government stronger in courts of law.

10. Sec 172: Time limit for removal of difficulty order has been increased from 3 years to 5 years. So, we will keep having such orders till Jun 30, 2022.

11. Amendment in Para 4 of Sch II: Transfer of business assets is transfer of goods. The words 'whether or not for consideration' have been deleted because it was creating confusion whether even without consideration, it would be supply. Now, it would mean that first it has to be decided whether it is supply and then it will be treated as supply of goods.

12. Some changes in rates of GST:

    - Fishmeal (2301) shall not be liable to tax during Jul 1, 2017 to Sep 30, 2019.
    - 12% GST on supply of pulley, wheels and other parts (falling under 8483) and used as parts of agricultural machinery during Jul 1, 2017 to Dec 31, 2018.
    - Vide Noti 3/2019 Compensation Cess dt Sep 30, 2019, refund of compensation cess was disallowed in case of inverted duty structure for tobacco and manufactured tobacco substitutes. This amendment has now been made retrospective from Jul 1, 2017.

OTHER IMPORTANT POINTS RELATED TO UNION BUDGET 2020:

1. Direct collection increased from Rs 6.40 lac crore in FY 13-14 to Rs 11.40 lac crore in FY 18-19 (ie 78% increase).

IMPORTANT AMENDMENTS PROPOSED IN MAHARASHTRA BUDGET 2020:

1. Maharashtra State budget was presented by FM Mr Ajit Pawar on Mar 6, 2020. Following are important amendments:

    - 1% concession in stamp duty in Mumbai, Pune, Pimpri-Chinchwad and Nagpur.
    - Electricity charges for industrial use reduced from 9.3% to 7.5%.
    - Increase in VAT by Re 1 per litre on petrol and diesel.

Disclaimer:
All efforts have been made to ensure completeness of data. However, readers are advised to confirm from their own sources also. Further, interpretations given above are our personal opinions at M/s Umesh Agrawal and Associates. We are not responsible for any loss arising due to the above information.