



UNION BUDGET 2020

Changes in Income Tax Act

(Passed in Lok Sabha on 23rd March 2020)

Applicable from

Financial Year 2020-2021

Changes in Income Tax Act



The Direct Tax – Vivad Se Vishwas

- ✓ All disputes relating to Income Tax pending before Supreme Court, High Court, Income Tax Appellate Tribunal (ITAT), Commissioner (Appeals) are eligible.
- ✓ All disputes pending before the above authorities as on 31/01/2020 shall be eligible.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act




The Direct Tax – Vivad Se Vishwas

- ✓ A person whose case writ / SLP is pending before HC or SC are eligible.
- ✓ A person in whose case any order has been passed but the time limit of filing of appeal has not expired on 31/01/2020 are also eligible.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act


Steps in – Vivad Se Vishwas

- 
- i) ■ Withdrawal of the appeal / petition and furnish proof.
 - ii) ■ Filing of declaration before the designated authority in Form-1 online on the e-filing portal.
 - Undertaking for waiving of right to pursue any direct or indirect legal remedy in Form-2 online on the e-filing portal.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

Steps in – Vivad Se Vishwas

- 
- iii) Tax payable shall be determined and a certificate in Form-3 shall be granted by the department within 15 days from the date of filing declaration.
 - iv) Payment of taxes, within 30 days.
 - v) Intimate the designated authority about the payment made in Form-4.

Applicable from
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Changes in Income Tax Act

Steps in – Vivad Se Vishwas

vi) If taxes already paid, excess shall be refunded.

No interest shall be granted, on refund.

vii) Designated Authority shall pass an appropriate order full And final settlement of Tax Arrear in Form-5.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

The Direct Tax – Vivad Se Vishwas

Type of case	Amount payable up to 30-06-2020
<u>Cases relating to disputed tax, interest chargeable and penalty on such disputed tax</u>	
<u>An appeal by a taxpayer where search and seizure have occurred, and the disputed tax does not exceed Rs. 5 crores.</u>	Disputed tax plus 25% of disputed tax.
<u>An appeal by a taxpayer, in any other case.</u>	Disputed tax.
<u>Note : Where 25% of disputed tax, exceeds the total of interest and penalty, such excess amount shall be ignored.</u>	

**Applicable from
Financial Year 2020–21**

Changes in Income Tax Act

The Direct Tax – Vivad Se Vishwas

Type of case	Amount payable up to 30-06-2020
<u>Cases relating to disputed tax, interest chargeable and penalty on such disputed tax</u>	
An <u>appeal</u> by the <u>department</u> , where <u>search</u> and <u>seizure</u> have occurred and the disputed tax does <u>not exceed Rs. 5 crores.</u>	50% of disputed tax plus 12.5% of disputed tax.
An <u>appeal</u> by the <u>department</u> , in any <u>other case.</u>	50% of disputed tax.
<u>Note</u> : Where 12.5% of disputed tax, <u>exceeds</u> the total of <u>interest</u> and <u>penalty</u>, such excess amount <u>shall be ignored</u>	

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

The Direct Tax – Vivad Se Vishwas

Type of case	Amount payable up to 30-06-2020
<u>Cases relating to disputed interest, penalty and disputed fee.</u>	
If an appeal by the <u>taxpayer.</u>	25% of disputed interest, penalty or fee.
If an appeal is by the <u>department.</u>	12.5% of disputed interest, penalty or fee.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act*

Scope of TCS expanded (Effective from 1/10/2020)

Goods & Services liable to TCS

New Provision

**PAN /
Aadhar
furnished**

**PAN / Aadhar
not furnished**

**Remittance of Forex under LRS
exceeding Rs. 7 lakh in a financial
year excluding the below
exceptions:**

5%

10%

**1) Remittance for overseas tour
travel package of any amount**

5%

10%

**2) Remittance for foreign
education through loan obtained
from specified institutions**

0.5%

10%

**Applicable from
Financial Year 2020–21**

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Changes in Income Tax Act*

Scope of TCS expanded (Effective from 1/10/2020)

Goods & Services liable to TCS

	New Provision	
	PAN / Aadhar furnished	PAN / Aadhar not furnished
Overseas tour travel package	5%	10%
Sale of goods excluding import and export in excess of Rs. 50 lakh in financial year*	0.1%	1%

***This provision shall be applicable to a person whose turnover, gross receipts or sales exceeds Rs. 10 Crore.**

**Applicable from
Financial Year 2020–21**

Changes in Income Tax Act



✓ Section 194A requires deduction of Tax at Source TDS from Interest Income.

Newly inserted Section 194A(5) enables issuance of Lower Tax Deduction at Source Certificate.

Existing arrangement of Form No. 15H and 15G shall continue as it is, the Lower TDS Certificate provisions are over and above the existing provisions.

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

The taxability in case of REITs or InvITs NOT OPTING for Sec 115BAA (Old Tax Regime)

Tax on business trust and its unit holder

Income	Business Trust		Unit holders	
	Taxability	Tax Rate	Taxability	Tax Rate
Interest from SPV	Exempt	---	Taxable	Applicable Rates
Rental Income of REITs	Exempt		Taxable	
Dividend from SPV	Exempt		Taxable	
Rental Income of InvITs	Taxable	42.744%	Exempt	---
Capital Gain	Taxable	42.744% (Except those taxable U/s. 111A and 112)	Exempt	
Any other income	Taxable	42.744%	Exempt	

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

The taxability in case of REITs or InvITs OPTING for Sec 115BAA (New Tax Regime)

Tax on business trust and its unit holder				
Income	Business Trust		Unit holders	
	Taxability	Tax Rate	Taxability	Tax Rate
Interest from SPV	Exempt	---	Taxable	Applicable Rates
Rental Income of REITs	Exempt		Taxable	
Dividend from SPV	Exempt		Exempt	
Rental Income of InvITs	Taxable	42.744%	Exempt	---
Capital Gain	Taxable	42.744% (Except those taxable U/s. 111A and 112)	Exempt	
Any other income	Taxable	42.744%	Exempt	

Applicable from
Financial Year 2020–21

Changes in Income Tax Act

✓ Tax treatment of listed REITs & InvITs on transfer of units

Short Term	Less than 36 months	Tax @ 15% (after payment of STT) U/s. 111A
Long Term	More than 36 months	Tax @ 10% (after payment of STT) U/s. 112A

**Applicable from
Financial Year 2020–21**

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Disclaimer

This Presentation contains independent views of Kothari & Co. (A division of Ashutosh Financial Services Pvt. Ltd.) on the subject on the basis of the amended provisions of the Income Tax Act.

Such views should not be relied or acted upon without seeking specific professional advice.

Thank you...

Questions ?



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