

KEY CHANGES IN INCOME

TAX:

JULY 2020



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Executive Summary

Particular	Type
Changes in Rule 31A of Income Tax Rule for increasing the scope of statement of TDS Return	Notification
One-time relaxation for Verification of tax-returns for the Assessment years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 which are pending due to non-filing of ITRV form and processing of such returns	Circular
CBDT to start e-campaign on Voluntary Compliance of Income Tax for the F.Y-2018-19	Press Release
Exemption on income of specified person from an investment made in India for business of infrastructure sub-sectors mentioned in harmonized master list of infrastructure	Notification
New disclosures to be made by the authorized dealer in respect of TCS in Form 27EQ	Notification
Government has Extended the due date for filling of income tax return to September 30,2020 for the F.Y 2018-19 (A.Y 2019-20)	Notification

1. Changes in Rule 31A of Income Tax Rule for increasing the scope of statement of TDS Return

NOTIFICATION G.S.R. 429(E), DATED 3 JULY 2020

- 1) CBDT has made the consequential changes to Rule 31A and Form 26Q requiring deductor to furnish the particulars of the amount paid or credited on which tax was not deducted or deducted at a lower rate in view of the notification issued under sub-section (5) of section 194A or sub-section (1F) of Section 197A. Section 194A(5) has been inserted as an amendment to Finance Act 2020 which empowers the Central Government to notify the cases where no tax shall be deducted or the tax shall be deducted at the lower rate. Similarly Section 197A (1F) provides that no deduction of tax shall be made or deduction of tax shall be made at a lower rate by the deductor in cases notified by the Central Government.
- 2) More over few additional disclosure requirements have been introduced as follows:
 - a. Reporting of interest paid by Offshore banking units without deduction of tax
 - b. Reporting of tax deducted under 194J at concessional rate of 2%
 - c. Reporting of tax deducted by an e-Commerce operator under Section 194-O
 - d. Reporting of payment made to entities whose income is exempt from tax
 - e. Reporting of tax deducted from Income in respect of units of Mutual Fund
 - f. Reporting of tax deducted on cash withdrawal pursuant to Section 194N or First Proviso of Section 194N
 - g. Reporting of tax deducted from income distributed by a Business Trust.

AMRG Take

Finance Act 2020 brought about various changes related to deduction of TDS like concessional rate of 2% for TDS for fees for technical services, deduction of TDS by e-commerce operator, deduction of TDS on cash withdrawal etc. CBDT has now made the necessary revisions in TDS Forms to incorporate reporting for new sections of TDS inserted through Finance Act 2020.

2. One-time relaxation for Verification of tax-returns for the Assessment years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 which are pending due to non-filing of ITRV form and processing of such returns.

CIRCULAR NO.13/2020, DATED 13 JULY 2020.

CBDT has provided a one-time relaxation for Verification of income-tax returns for the Assessment Years 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 which are pending till date due to non-filing of signed ITR-V form to the CPC Bangalore or non-verification through online mode provided by Income Tax Department.

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In case a return is not verified in an aforesaid manner, the return is treated as an invalid return and it is not taken up for processing under sec 143(1) so in order to resolve the issue CBDT has provided this one time relaxation the last date for verification of which is September, 30 2020.

However, this relaxation shall not apply in those cases, where during the intervening period; Income-tax Department has already taken recourse to any other measure as specified in the Act for ensuring filing of tax return by the taxpayer concerned after declaring the return

AMRG Take

This relaxation will ensure that the returns for past 5 AYs are validated leading to quicker processing of cases involving refunds. However relaxation is not available for cases where Income Tax Department has already treated the returns invalid or taken any other recourse pursuant to Income Tax Act.

3. CBDT to start e-campaign on Voluntary Compliance of Income Tax for the F.Y-2018-19.

PRESS RELEASE FY 2018-19, DATED 20 JULY 2020

The Income tax Department had begun an e-campaign on voluntary compliance of Income tax from Monday, July 20, 2020 till the month-end focusing on taxpayers who are either non-filers or have discrepancies or deficiency in their returns for the FY 2018-19.

- The objective of the e-campaign is to facilitate taxpayers to online validate their tax/financial transaction information available with the I-T department and promote voluntary compliance, especially for the assessee for the F.Y. 2018-19 so that they do not need to get into notice and scrutiny process.
- Under the e-campaign the Income tax Department will send emails or text messages to identified taxpayers to verify their financial transactions related information received by the Department from various sources such as statement of financial transactions (SFT), tax deduction at source (TDS), tax collection at source TCS), foreign remittances (Form 15CC), GST, derivatives, mutual funds, etc.
- Under the e-campaign the taxpayers will be able to access details of their high value transaction related information on the designated portal. They will also be able to submit online response by selecting among any of these options: (i) Information is correct, (ii) Information is not fully correct, (iii) Information related to other person/year, (iv) Information is duplicate/included in other displayed information, and (v) Information is denied. There would be no need to visit any Income tax.

AMRG Take

Voluntary Compliance through E-Campaign will facilitate online validation of the taxpayer's financial transactions and other information available with the department through text messages and emails. This move can be seen as a step towards strengthening the faceless assessment procedure and would lead to faster disposal of cases.

4. Exemption on income of specified person from an investment made in India for business of infrastructure sub-sectors mentioned in harmonized master list of infrastructure

NOTIFICATION S.O. 2227 (E), DATED 6 JULY 2020.

The Finance Act 2020 has exempted income in the nature of dividend, interest and long term capital gains of notified Foreign Pension Funds, wholly owned subsidiary of Abu Dhabi Investment Authority and Sovereign Wealth Fund from their investment in Indian Infrastructure Companies. The exemption relates to investments which are made in the period between April 01, 2020 to March 31, 2024. Initially the scope of the infrastructure business included the following:

- A road including toll road, a bridge or a rail system;
- A highway project including housing or other activities being an integral part of the highway project;
- A water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;
- A port, airport, inland waterway, inland port or navigational channel in the sea;

Now the government has widened the scope of eligible infrastructure sectors by including all sectors as prescribed in the Harmonized Master List of Infrastructure Sub-sectors.

AMRG Take

Exemption of income arising to specified entities through investment in Infrastructural sectors will attract foreign investment in varied infrastructural sectors. Moreover through this amendment the scope of infrastructural sectors have been widened as a result of which more and more sectors have been included under the purview of this exemption. This will pave the way for foreign investments in these sectors leading to its development.

5. New disclosures to be made by the authorized dealer in respect of TCS in Form 27EQ

Notification no. 464(E), Dated July 24, 2020

CBDT has amended the provisions of TCS, and has stated to disclose the following matters in Form 27EQ.

- The collector if he is authorized dealer shall furnish particulars of amount received or debited on which tax was not collected:
 - from the buyer because of the reason that the amount or aggregate of the amounts being remitted by a buyer is less than seven Lakh rupees in a financial year and is for a purpose other than purchase of overseas tour program package.
 - Because the sum on an amount has been collected by the seller.
 - Because the buyer is liable to deduct tax at source under any other provision of this Act and has deducted such amount, or the buyer is Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.
- furnish particulars of amount received or debited on which tax was not collected from the buyer u/s 206 (TCS @0.1% on sale of any goods to buyer if the receipt exceeds 50 lakhs)
 - Because the buyer is liable to deduct tax at source under any other provision of this Act on the goods purchased by him from the seller and has deducted such amount.
 - or the buyer is Central Government, a State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to such conditions as may be specified therein.
- Further, Relaxation from deduction of tax at higher rate has been extended to those assesseees who have received payments in the nature dividend, if the deductee furnishes the details and the documents specified in sub-rule (2) of rule 32BC to the deductor.
- For the purposes of sub- section (1F) or, sub-section (1G) or, sub-section (1H) of section 206C, credit for tax collected at source shall be given to the person from whose account tax is collected and paid to the Central Government account for the assessment year relevant to the previous year in which such tax collection is made.

AMRG Take

Finance Act 2020 brought few inclusions in the purview of TCS provisions, like selling of overseas tour package, remittance out of India under Liberalised Remittance Scheme, Sale of any goods etc. CBDT has now made the necessary revisions in TCS Forms to incorporate reporting for new sections of TCS inserted through Finance Act 2020.

6. Government has extended the due date for filing of income tax return for the F.Y 2018-19 (A.Y 2019-20) to September 30, 2020.

Notification, Dated July 29, 2020

Due to the CoVID pandemic and to further ease compliances for taxpayers, CBDT has further extended the due date for filing of Income Tax Returns (original as well revised) for FY 2018-19 (AY 2019-20) from July 31, 2020 to September 30, 2020.

Also in case of resident senior citizen, paying any tax under self-assessment within due date (before extension) shall be deemed to be the advance tax.

AMRG Take

The government has provided a much needed breather to the taxpayers through this extension. Now taxpayers can file their belated and revised returns pertaining to FY 2018-19 up to September 30, 2020.

ABOUT AMRG

AMRG & Associates Chartered Accountants firm was established in INDIA in 1984 and has currently become one of the leading chartered accountant's firms in North India. The firm operates from its offices situated in Delhi, Mumbai, and Sydney and offers its clients a full range of services in the field of Direct tax, Indirect tax, Company laws, and labor law such as financial and business advisory, tax and regulatory, and risk advisory services.

AMRG & Associates has a client base of more than 250 companies & individuals which covers all the major sectors of the economy which include Infrastructure Sector, E-commerce Industry, Manufacturing Sector, travel & Tourism Services, Oil & Gas Sector, Education Sector, Banking Sector, Information Technology Services, and Financial Services. The firm's approach to service delivery helps to provide value-added services to clients. Our differentiation is derived from a rapid performance-based, industry-tailored, and technology-enabled business advisory services delivered by 100+ talented professionals in the country.

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We crave to build a better working world through our actions and by engaging with like-minded organizations and individuals. This is our sole purpose of existence as an organization.

We at AMRG are determined to provide the best services to our clientele and grow with the growth of our clients.

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