

ClientCom02/20, May 14, 2020

Direct Tax Measures announced by Finance Minister

The Finance Minister, Smt. Nirmala Sitharaman has unveiled the action plan to release the 'Economic Package' of Rs. 20 Lakh Core after the announcement by Prime Minister Shri. Narendra Modi. The Finance Minister has announced several relaxations for the Micro, Small and Medium Enterprises (MSME) sector to provide them some sort of relief under COVID-19 pandemic.

List of Announcements:

1. Reduction in Rate of TDS/TCS by 25%

The TDS/TCS rates (given below) have been reduced by 25%. This is in order to increase liquidity and disposable funds for the detectors and business owners. It is estimate to increase liquidity by 50k crore.

- Applicable on all deductions (in case of TDS) and receipts (in case of TDS) made after **14th May 2020 to 31st March 2021**. Therefore, TDS on amount paid/credited and TCS on amount received/collected during this period will be at reduced rates.
- Applicable to **non-salaried specified payments** (enumerated below)
- Only on payments made to **residents**. Not applicable to deductions made u/s 195/194E etc.
- Where TDS/TCS is liable to be deducted/collected u/s 206AA for **non-furnishing of PAN/Aadhaar, relaxation is not available**. Old Rates to apply
- However, **no relaxation for payment of Advance Tax** to payee (in case of TDS) and payer (in case of TCS) yet. The lower TDS/TCS has to be made good by the payee/payer respectively by paying the difference as Advance Tax.
- Remember, for due dates of payment falling upto 29th June, 2020, interest at 0.75% p.m. is applicable if payment is made by 30th June 2020 as per the **Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020**

2. Immediate Release Of Refunds

All Pending refunds to **Charitable Trusts and Non-corporate businesses and professions** (incl. proprietorship, partnership, LLP and Co-operatives) shall be immediately.

3. Extension for filing Return of Income for FY 2019-20 to 30th November 2020

Due Date of all Income-tax returns for all assessees (whether corporate assessee or not, and whether tax audit applicable or not) for the Financial Year 2019-20 has been extended to 30th November 2020. Revised due date for filing return of income is as below:

Person	Old Date	Revised Date
i. Company ii. Persons applicable to Tax/other Audit under Law iii. Partner of a firm liable for Tax/other Audit under Law	31 th October 2020	30 th November 2020
Person liable for furnishing Transfer Pricing Report	30 th November 2020	30 th November 2020 (no change)
Other Assesses	31 st July 2020	30 th November 2020

4. Extension for furnishing Tax Audit Report to 30th October 2020

Similarly, the due date for furnishing tax audit report under section 44AB of the IT Act which was 30th September 2020 has been extended to 31st October 2020. Revised due date for furnishing tax audit report is as below:

Report	Old Date	Revised Date
Tax Audit Report	30 th September 2020	31 st October 2020
Transfer Pricing Report	31 st October 2020	31 st October 2020 (no change)

5. Deferment of Time barring assessment

Assessment getting time barred on 30th September, 2020 and 31st March 2021 would now be completed by 31st December, 2020 and by 30th September 2021 respectively.

6. Extension of period to pay amount under Vivad se Vishwas to 31st December 2020

The last date for payment (**without additional amount**) under the Vivad se Vishwas Scheme has been extended from 30th June 2020 to **31st December 2020**

Revised Rates of TDS

Section	Nature of Income	Rate of TDS applicable for the period	
		01-04-2020 to 13-05-2020	14-05-2020 to 31-03-2021
193	Interest on Securities	10%	7.5%
194	Dividend	10%	7.50%
194A	Interest other than interest on securities	10%	7.50%
194C	Payment to Contractors	1%: If deductee is an individual or HUF 2%: In any other case	0.75%: If deductee is an individual or HUF 1.50%: In any other case
194D	Insurance Commission	10%: If deductee is domestic Company 5%: In any other case	7.50%: If deductee is domestic Company 3.75%: In any other case
194DA	Payment in respect of life insurance policy	5%	3.75%
194EE	Payments in respect of deposits under National Savings Scheme	10%	7.5%
194F	Payments on account of re-purchase of Units of Mutual Funds or UTI	20%	15%
194G	Commission and other payments on sale of lottery tickets	5%	3.75%
194H	Commission and Brokerage	5%	3.75%
194-I	Rent	10%: If rent pertains to hiring of immovable property 2%: If rent pertains to hiring of plant and machinery	7.50%: If rent pertains to hiring of immovable property 1.50%: If rent pertains to hiring of plant and machinery
194-IA	Payment for acquisition of Immovable property	1%	0.75%
194-IB	Payment of rent by Individual or HUF	5%	3.75%
194-IC	Payment for Joint Development Agreements	10%	7.5%

194J	Royalty and Fees for Professional or Technical Services	<p>2%: If royalty is payable towards sale, distribution or exhibition of cinematographic films</p> <p>2%: If recipient is engaged in business of operation of call Centre</p> <p>2%: If sum is payable towards fees for technical services (other than professional services)</p> <p>10%: In all other cases</p>	<p>1.50%: If royalty is payable towards sale, distribution or exhibition of cinematographic films</p> <p>1.50%: If recipient is engaged in business of operation of call Centre</p> <p>1.50%: If sum is payable towards fees for technical services (other than professional services)</p> <p>7.50%: In all other cases</p>
194K	Payment of Dividend by Mutual Funds	10%	7.5%
194LA	Payment of Compensation on acquisition of Immovable Property	10%	7.5%
194LBA(1)	Payment of Income by Business Trust	10%	7.5%
194LBB(i)	Payment of Income by Investment Fund	10%	7.5%
194LBC(1)	Income by Securitisation Trust	<p>25%: In case of Individual / HUF</p> <p>30%: In case of Others</p>	<p>18.75% in case of Individual / HUF</p> <p>22.5% in case of others</p>
194M	Payment to contractor, commission agent, broker or professional by certain Individuals or HUF	5%	3.75%
194O	TDS on E- Commerce participants	1% (w.e.f 01-10-2020)	0.75%

Revised Rates of TCS

Section	Nature of Receipt	Rate of TCS applicable for the period	
		01-04-2020 to 13-05-2020	14-05-2020 to 31-03-2021
206C(1)	Alcoholic liquor for human consumption	1%	0.75%
206C(1)	Timber obtained under Forest lease Timber obtained by any mode other than under a forest lease Any other forest produce not being timber or tendu leaves	2.5%	1.875%
206C(1)	Tendu leaves	5%	3.75%
206C(1)	Minerals, being coal or ignite or iron ore	1%	0.75%
206C(1)	Scrap	1%	0.75%
206C(1C)	Parking Lot	2%	1.50%
206C(1C)	Toll Plaza	2%	1.50%
206C(1C)	Mining & quarrying	2%	1.50%
206C(1F)	Sale of Motor vehicle above 10 Lakhs	1%	0.75%
206C(1H)	Sale of any other goods in excess of Rs. 50 Lakhs	0.10%	0.075%

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