



**The Malad
Chamber of
Tax
Consultants**

MNW/I75/2018-20

Total Pages 24

Price ₹ 5/-

41 Years

MCTC Bulletin

"Every Passing Minute is Another Chance to Turn it Around"

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Vol. 1, No. 11

For members & private circulation only

May, 2020

President's Communiqué



Change is the law of life. And those who look only to the past or present are certain to miss the future.

- John Kennedy.

My Dear Professional Colleagues,

The quarantine life is seeming to be longer than we initially had expected it to be. We are at home since many weeks now. Thus, along with taking care of family and oneself, we should productively be involved in work as much as possible. It is necessary to be engaged in work in order to refrain ourselves from psychologically surrendering to Covid-news.

It gives me immense pleasure to announce that MCTC has already conducted four webinars in the last weeks. In almost all of them we received excellent response due to which the members who couldn't join it were also given the offer to be a part of our Live Youtube streaming. The response has been terrific for all the webinars. I thank every single member who attended the webinars because it is their support which helps us stay motivated and keeps our spirit high. It is our aim to spread education and be resourceful which is being harnessed in true sense. Most importantly, I would like to congratulate all speakers of webinars as well as the complete core team of MCTC who have worked hard to make everyone's quarantine extremely informative.

The difficult time of pandemic is upon us but as we know, change is inevitable. The post-corona period would be a new era with quite a few radical changes. The concept of WFH i.e work from home is making the headlines nowadays. What should our frame of mind be in these times of crisis? The first thing is to be taking utmost care of family and oneself. Our health should be our first priority. But along with it, we need to start working from home and try creating a conducive environment wherein WFH is almost as comfortable as working from office. Meetings and Staff discussions could be done on video calls. A balance between physical well-being and financial well-being is to be achieved. The use of latest technology to overcome the barrier of conventional working style is really need of the hour.

MCTC will continue showering knowledge with all interested members. We have already planned the upcoming few webinars. I would take this opportunity to request a few things to the members. The webinars are highly resourceful, thus I urge every member to utilize their time and our efforts. Those members who are consistently being a part of the webinars, I thank you a lot. Most of the attendees send us amazing words of appreciation and I can't thank them enough for this. It would be kind if you could send a topic for the webinars. All suggestions will be duly taken into consideration. Lastly, please take care of your near and dear ones. Help those who are in need. And, we are in this together!

Thank You

CA Viresh Shah
President

For Queries & Submission of Forms for Membership/Seminar please contact any of the following Office Bearers:

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NOTICE OF ELECTION

To
The Members,
The Malad Chamber of Tax Consultants

The Election of the President and Twelve Members of the Managing Committee for the ensuing year 2020-21 shall take place on Sunday, 05th July, 2020 at 10.00 am at SNTD Mahila College, Liberty Garden Road, Malad (West), Mumbai-400064.

Nominations in the prescribed form should be filed so as to reach not later than 6.00 p.m on Monday, 15th June, 2020.

FOR THE MALAD CHAMBER OF TAX CONSULTANTS

Sd/-

JIGNESH SAVLA / KISHORE THAKRAR
(HON. SECRETARIES)

Place: Mumbai

Dated: 18th April, 2020

1. Members in arrears of membership subscription shall not be entitled to contest the election or to propose or second any candidate for the election or to vote at the election.
2. Withdrawal of nomination for the elections can be made by the candidate on or before 6.00 p.m. of Saturday, 27th June, 2020.
3. The Managing Committee has appointed Shri J. D. Rawal AND Shri Rameshbhai Gandhi as Election Committee members for the election of the President and 12 Managing Committee Members.
4. Nomination for the post of President and Managing Committee Members may please be collected and sent to the office of Shri Brijesh M. Cholera, Shop No. 4, 2nd Floor, The Mall, Station Road, Malad-West, Mumbai-400064.
5. The voting, if required, will commence at 10.00 a.m. and end at 10.30 a.m.

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NOTICE OF ANNUAL GENERAL MEETING

To
The Members,
The Malad Chamber of Tax Consultants

Notice is hereby given that 41st ANNUAL GENERAL MEETING of THE MALAD CHAMBER OF TAX CONSULTANTS will be held on Sunday, 05th July, 2020 at 10.45 a.m. at SNDT Mahila College, Liberty Garden Road, Malad (West), Mumbai-400 064 to transact the following business :

AGENDA

1. To read and confirm minutes of the last Annual General Meeting held on 14th July, 2019.
2. To receive and adopt Audited Statement of Accounts of the Chamber for the year ended 31-03-2020 along with Auditors Report and Annual Report of the Managing Committee for the period from 14.07.2019 to 05.07.2020.
3. To appoint auditors for the year 2020-21 and to fix their honorarium.
4. To declare results of the election of the President and Twelve Members of the Managing Committee for the year 2020-21.
5. To transact any other business with the permission of the Chair.

FOR THE MALAD CHAMBER OF TAX CONSULTANTS

Sd/-

JIGNESH SAVLA / KISHORE THAKRAR

(HON. SECRETARIES)

Place: Mumbai

Dated: 18th April, 2020

Registered Office: B/6, Star Manor Apartment, 1st Floor,
Anand Road Extn., Malad (West), Mumbai – 400 064.

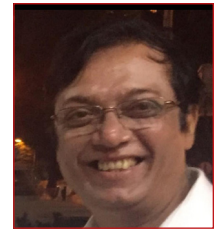
Notes

1. The report of the Managing Committee, Auditor's Report and Audited Statements of Account will be emailed to all separately and same will be available on our website. However, on request in writing, the same will be sent to the members.
2. If there is no quorum by 10.45 a.m., the meeting will be adjourned for half an hour and the adjourned meeting shall be held at the same place with the same agenda and the members present will form the quorum.
3. The queries, if any, on Accounts and Annual Report should be sent at least 3 days before the day of A.G.M. at the Administrative office c/o: Shri Brijesh Cholera, Shop No. 4, 2nd Floor, The Mall, Station Road, Malad (W), Mumbai-400064
4. Any member desiring to move any resolution at the Annual General Meeting should send the proposed resolution at the above administration office on or before 1st July, 2020.

DIRECT TAXES – LAW UPDATE

Compiled by CA Haresh P. Kenia

1 **Announcements of relief measures relating to statutory and regulatory compliance matters across sectors made by Union Finance Minister vide Press Release dated 24.03.2020 in view of COVID-19 outbreak**



The outbreak of Novel Corona Virus (COVID-19) across many countries of the world has caused immense loss to the lives of people, and accordingly, it has been termed as pandemic by the World Health Organisation and various Governments including Government of India. Social distancing has been unequivocally accepted to be the best way to contain its spread, leading to announcement of complete lockdown in the country. Keeping in view the challenges faced by taxpayers in meeting the compliance requirements under such conditions, the Union Finance Minister had announced several relief measures relating to statutory and regulatory compliance matters across sectors in view of COVID-19 outbreak on 24.03.2020 vide a press release.

Some of the important features and time limits which get extended by this PRESS NOTE are as under:-

- Due date extension: The last date to file ITRs for FY 18-19, extended to 30th June 2020 instead of 31st March 2020. For delayed payments of tax made till 30th June 2020, penal interest reduced from 12% to 9%.
- Aadhaar-PAN linking due date extended to the 30th June 2020.
- The date for making various investment/payment for claiming deduction under Chapter-VIA-B of IT Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclaime), 80G (Donations), etc. has been extended to 30th June, 2020. Hence the investment/payment can be made up to 30.06.2020 for claiming the deduction under these sections for FY 2019-20.
- The date for making investment/construction/purchase for claiming roll over benefit/deduction in respect of capital gains under sections 54 to 54GB of the IT Act has also been extended to 30th June 2020. Therefore, the investment/ construction/ purchase made up to 30.06.2020 shall be eligible for claiming deduction from capital gains arising during FY 2019-20
- The date for commencement of operation for the SEZ units for claiming deduction under deduction 10AA of the IT Act has also been extended to 30.06.2020 for the units which received necessary approval by 31.03.2020.
- Due dates for issue of notice intimation/notification/approval order/sanction order/filing of appeal/applications/reports any other documents and time limit for completion of proceedings by the authority and any compliance by the taxpayer including investment in saving instruments or investments for roll over benefit of capital gains under Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020
- It has provided that reduced rate of interest of 9% shall be charged for non-payment of Income-tax (e.g. advance tax, TDS, TCS) Equalization Levy, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT) which are due for payment from 20.03.2020 to 29.06.2020 if they are paid by 30.06.2020. Further, no penalty/ prosecution shall be initiated for these non-payments.
- Under Vivad se Vishwas Scheme, the date has also been extended up to 30.06.2020. Hence, declaration and payment under the Scheme can be made up to 30.06.2020 without additional payment. (Subsequently in may 2020, it was further extended to 31.12.2020.)

In order to give effect to the announcements made by the Union Finance Minister vide Press Release dated 24.03.2020, regarding several relief measures relating to statutory and regulatory compliance matters across sectors in view of COVID-19 outbreak, the govt has brought in an Ordinance on 31.03.2020 which provides for extension of various time limits under the Taxation and Benami Acts. It also provides for extension of time limits contained in the Rules or Notification which are prescribed/issued under these Acts.

- The Ordinance also made the another important announcement with respect to PM CARES FUND as under ;-

A special fund “Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund (PM CARES FUND)” has been set up for providing relief to the persons affected from the outbreak of Corona virus. The Ordinance also amended the provisions of the Income-tax Act to provide the same tax treatment to PM CARES Fund as available to Prime Minister National Relief Fund. Therefore, the donation made to the PM CARES Fund shall be eligible for 100% deduction under section 80G of the IT Act. Further, the limit on deduction of 10% of gross income shall also not be applicable for donation made to PM CARES Fund.

As the date for claiming deduction u/s 80G under IT Act has been extended up to 30.06.2020, the donation made up to 30.06.2020 shall also be eligible for deduction from income of FY 2019-20. Hence, any person including corporate paying concessional tax on income of FY 2020-21 under new regime can make donation to PM CARES Fund up to 30.06.2020 and can claim deduction u/s 80G against income of FY 2019-20 and shall also not lose his eligibility to pay tax in concessional taxation regime for income of FY 2020-21.

The press note dated 24.03.2020 and Ordinance dated 31.03.2020 also contained the similar relief measures with respect to indirect taxes and the same are not dealt with here.

2 Applications by payee u/s 195 and 197/ 206C(9) for Lower rate or Nil rate of deduction / collection for financial year 2020-21. – CBDT ORDER u/s119 of income Tax Act

- A Due to Outbreak of the Pandemic Covid -19 virus, there is severe disruption in the normal functioning of all including income tax department. The applications filed by the payee for financial year 2020-21 for lower rate of Deduction / Collection u/s 195, 197 /206C (9) for financial year could not be attended by TDS / TCS Officers causing hardship to the Tax Payers. Considering the constraints of the field officers and to mitigate the hardship of tax payees, the CBDT vide order dated 31.03.2020 , has issued the following directions / clarifications exercising its power u/s 119 of the act.
- B The following clarifications are issued.
- a) All the assesses who have filed application for lower or nil deduction of TDS/TCS on the Traces Portal for F.Y.2020-21 and whose applications are pending for disposal as on date and they have been issued such certificates for FY 2019-20, then such certificates would be applicable till 30.06.2020 of F.Y. 2020-21 or disposal of their applications by the Assessing Officers, whichever is earlier, in respect of the transaction and the deductor or collector if any, for whom the certificate was issued for F.Y. 2019-20.
 - b) In cases where the assessee could not apply for issue of lower or nil deduction of TDS/ TCS in the Traces Portal for the FY 2020-21, but were having the certificates for F.Y. 2019-20, such certificate will be applicable till 30.06.2020 of F.Y, 2020-21. However, they need to apply at the earliest giving details of the transactions and the Deductor/Collector to the TDS/TCS Assessing Officer as per procedure laid down in sub-para c) below, as soon as normalcy is restored or 30.06.2020, whichever is earlier.
 - c) In cases where the assessee has not applied for issue of lower or nil deduction of TDS / TCS in the Traces Portal, and he is also not having any such certificate for FY 2019-20, a modified procedure for application and consequent handling by the TDS/TCS Assessing Officer is laid down which is as under .

Application for Lower/Nil Deduction Certificate:

The applicant shall apply for the Lower / Nil deduction / collection certificate under sections 197 / 206C(9) of the Income Tax Act vide an e-mail addressed to the Assessing Officer concerned. The e-mail shall contain data/documents as under:

- Duly filled in Form 13 (Annexure I and/or Annexure III)

- The documents/information as required to be uploaded on TDS-CPC website while filling up of Form 13
- Projected Balance Sheet and P&L account of FY 2020-21
- Provisional Balance Sheet and P&L account of FY 2019-20
- Balance Sheet and P&L account of FY 2018-19
- For 26AS for FY 2019-20 & 2018-19
- ITR pertaining to FY 2018-19

For issue of certificates for lower/ nil deduction of tax under sections 195(2) and 195(3), the process of furnishing of applications will continue to be same with the modification that the applications will be filed via email and certificates will also be issued via email.

Issuance of the Certificate: The certificate(s) shall be issued up to 30.06.2020 or any other date (earlier than 30.06.2020) as specified by the AO. The Assessing Officer shall communicate the issuance of certificate vide mail containing specified information as per format specified. :

- d) On payments to Non-residents (including foreign companies) having Permanent Establishment in India and not covered by (a) and (b) above, tax on payments made will be deducted at the rate of 10% including surcharge and cess, on such payments till 30.06.2020 of F.Y. 2020-21, or disposal of their applications, whichever is earlier.

3 Applications by payee u/s 195 and 197/ 206C(9) for Lower rate or Nil rate of deduction / collection for financial year 2019-20. – CBDT ORDER u/s119 of income Tax Act

Due to Outbreak of the Pandemic Covid -19 virus, there is severe disruption in the normal functioning of all including income tax department. The applications filed by the payee for lower rate of Deduction / Collection u/s 195, 197 /206C (9) for financial year 2019-20 could not be attended in timely manner by TDS / TCS Officers. This may cause genuine hardship to the payees and buyers/licensees/lessees who have raised the invoice in FY 2019-20 but have not received the payment for the same till date. As payees and buyers/licensees/lessees were not able to intimate the rate of deduction/collection on such amount to the payer and seller/licensor/lessor, this has created uncertainty about the rate at which the tax is to be deducted/collected by the payer and seller/licensor/lessor at the time of crediting/debiting the amount in his books of account for FY 2019-20. Considering the constraints of the field officers and to mitigate the hardship of tax payees, the CBDT vide order dated 03.04.2020 , has issued the following directions / clarifications exercising its power u/s 119 of the act.

- In All the cases where assesses (payees or buyers/licensees/lessees) have timely filed application for lower or nil deduction of TDS/TCS on the TRACES Portal for F.Y.2019-20 and such applications are pending for disposal as on date, the applicant shall intimate, vide an e-mail addressed to the Assessing Officer concerned, the pendency of such applications for FY 2019-20 for the lower/nil deduction/collection certificate under sections 195, 197 or 206C(9) of the Income-tax Act along with the required documents and evidences of filing their application in TRACES Portal.
- The Assessing Officer shall dispose of the applications by 27.04.2020 and communicate to the applicant regarding the issuance/rejection of certificate vide email. The certificate issued for lower/ nil rate TDS or lower TCS shall be applicable for the amount credited/debited during the FY 2019-20 after the date of making of application u/s 195,197 or 206C(9) but remained unpaid or not received till the date of issuance of the certificate by the Assessing Officer.

4 Issuance of certificate u/s 195 and 197/ 206C(9) for Lower rate or Nil rate of deduction / collection –Clarification on order dated 31.03.2020 and 03.04.2020 issued u/s119. – CBDT clarification.

Representations have been received, seeking further clarifications on orders dated 31.03.2020 and 03.04.2020 issued under section 119 of the Act by CBDT regarding issuance of certificate for lower rate/nil deduction/collection of TDS/TCS u/s 195,197 and 206C (9) of the Act. The matter has been examined in the Board and following clarifications w.r.t. above are issued vide CBDT Order dated 09.04.2020.:

- Issue of validity period of lower/nil deduction/collection certificates of F.Y. 2019-20:
For the purpose of Para 2 (a) and 2 (b) of the order dated 31.03.2020, the lower/nil deduction/ collection certificates will be valid for the particular period for which these were issued for F.Y. 2019-20 and also for further period from 01.04.2020 to 30.06.2020 for F.Y. 2020-21 subject to conditions as mentioned in the order dated 31.03.2020. For example, if a certificate was issued for a period from 01.10.2019 to 15.12.2019, the same shall be valid for F.Y. 2019-20 for the period from 01.10.2019 to 15.12.2019, and for F.Y. 2020-21 the same shall be valid from 01.04.2020 to 30.06.2020 subject to conditions as mentioned in the order dated 31.03.2020.
- Issue of threshold/transaction limit for lower/nil deduction/collection certificates of F.Y. 2019-20:
For the purpose of Para 2 (a) and 2 (b) of the order dated 31.03.2020, threshold/transaction limit mentioned in lower/nil deduction /collection certificate issued for F.Y. 2019-20 will be taken fresh for period from 01.04.2020 to 30.06.2020 for F.Y. 2020-21 and the amount of threshold limit will be the same as was assigned for these certificates for F.Y. 2019-20 subject to other conditions mentioned in the order dated 31.03.2020.
- Issue of approval and communication of lower/nil deduction/collection certificates
Official emails or other electronic communication may be used by field authorities of Income Tax Department for internal approval for issue of lower/nil deduction/collection certificates and for communication of the same.
- Issue of new/different TAN mentioned for lower/nil deduction/collection application for FY 2020-21 or revision of rates mentioned in certificates of FY 2019-20:
In case the payee or buyer/licensee/lessee taxpayer had a certificate for lower deduction for FY 2019-20 and an application has been made for FY 2020-21 for a new / different TAN mentioned in the application, the relaxation as provided in Para 2(a) and 2(b) of the order dated 31.03.2020 shall not apply to such cases and they have to apply afresh as per procedure, mentioned in para (c) of the above mentioned order. Similarly, if the rates of TDS/TCS mentioned in old certificates are higher and the taxpayer wants revision of the rates in view of impact of Covid-19 outbreak on its business, the relaxation as provided in Para 2(a) and 2(b) of the order dated 31.03.2020 shall not apply to such cases and they will have to follow the procedure mentioned in the annexure of the above mentioned order and apply afresh.

5 **Submission of Form 15G and 15H for Financial Year-2020-21 – Order u/s 119 of Income Tax Act**

Due to Outbreak of the Pandemic Covid -19 virus, there is severe disruption in the normal functioning of all including functioning of Banks, other Financial institutions etc. In view of such situation there can be instances that some eligible persons may not be able to submit the Form 15G and 15H timely to the Banks, other Institutions etc. This would result into the deduction of TDS by the Banks and other Institutions even where there is no tax liability. To mitigate the genuine hardship of such persons, the CBDT issues following directions/clarifications by exercise of its powers u/s 119 of the Act.

In case if a person had submitted valid Forms 15G and 15H to the Banks or other Institutions for F.Y. 2019-20, then these Form 15G and 15H will be valid up to 30.06.2020 for FY 2020-21 also. It is reiterated that the payer who has not deducted tax on the basis of said Forms 15G and 15H, shall require to report details of such payments/credits in the TDS statement for the quarter ending 30.06.2020 in accordance with the provisions of rule 31A(4)(vii) of the Income-tax Rules, 1962

6 **Clarification regarding short deduction of TDS/TCS due to increase in rates of surcharge by Finance (No.2) Act, 2019**

The finance (No 2) Act, 2019 provided for increase in rate of surcharge from 15 % to 25%/37% as the case may be. The Finance (No.2) Bill, 2019 was tabled in Lok Sabha on 5th July, 2019 which was passed by both the houses of Parliament and became Finance (No.2) Act, 2019 which received assent

of the President on 1st August, 2019. The enhanced rates of surcharge were applicable from the 1st day of April, 2019 for previous year 2019-20 relevant to assessment year 2020-21.

- Several instances have come to the notice of the Central Government wherein deductors/ collectors were held to be an assessee in default for short deduction of TDS/short collection of TCS in cases where final transaction was done before laying of the Finance (No.2) Bill, 2019 in the Parliament, i.e. 5th July, 2019. Since the transaction was completed before the rates of enhanced surcharge were announced, it has been requested that in such cases, deductor or collector should not be held to be an assessee in default under section 201 of the Income-tax Act.
- The above issue has been examined by the Board and in this regard, it is clarified a person responsible for deduction/collection of tax under any provision of the Income-tax Act will not be considered to be an assessee in default in respect of transactions where:
 - ✓ Such transaction has been completed and entire payment has been made to the deductee/payee on or before 5th July, 2019 and there is no subsequent transaction between the deductor/collector and the deductee/payee in the financial year 2019-20 from which the shortfall of tax could have been deducted/collected by the deductor/collector;
 - ✓ TDS has been deducted or TCS has been collected by such deductor/collector on such sum as per the rates in force as per the provisions prior to the enactment of the Act
 - ✓ Such tax deducted or collected has been deposited in the account of Central Government by the deductor/collector on or before the due date of depositing the same
 - ✓ TDS/TCS statement has been furnished by such person on or before the due date of filing of the said statement

However, if the person fails to fulfill any of the conditions as laid down above, such a person will, with respect to short deduction/collection, not be eligible for benefit provided under this circular.

- Further, if the deductor/collector has deducted/collected shortfall of tax after 5th of July, 2019 from the transaction(s) made subsequently after the said date, interest, if any, for delay in deduction/collection of such tax shall not be levied.
- The above relaxation does not absolve the deductee/payee to pay proper tax including enhanced surcharge by advance tax or self-assessment tax and file return of income after paying such tax.

7 ***TDS on Salaries - Clarification in respect of option under section 115BAC of the Income-tax Act, 1961***

The CBDT Vide Circular no – C1 of 2020 dated 13.04.2020 clarified on the issue whether the provisions of section 115BAC of the Act are to be considered at the time of deducting tax on payment of salary made to employees during financial year 2020-21.

- The Finance Act, 2020 w.e.f the assessment year 2021-22, inserted the provision of section 115BAC which provided an option to pay concessional rate of tax subject to the condition that the total income shall be computed without specified exemption or deduction, set off of loss and additional depreciation. It also provided that a person, being an individual or a Hindu undivided family having income other than income from business or profession, may exercise option in respect of a previous year to be taxed under the said section 115BAC along with his return of income to be furnished under –section 139 (1) of the Act for each year.
- Representations expressing concern regarding tax to be deducted at source (TDS) has been received stating that as the option is required to be exercised at the time of filing of return, the deductor, being an employer, would not know if the person, being an employee, would opt for taxation under section 115BAC of the Act or not. Hence, there is lack of clarity regarding whether the provisions of section 115BAC of the Act are to be considered at the time of deducting tax.
- The CBDT vide circular no C1 of 2020 dated 13.04.2020 clarified that an employee, having income other than the income under the head "profit and gains of business or profession" and intending to opt for the concessional rate under section 115BAC of the Act, may intimate the deductor, being his employer, of such intention for each previous year and upon such intimation, the deductor shall

compute his total income, and make TDS thereon in accordance with the provisions of section 115BAC of the Act. If such intimation is not made by the employee, the employer shall make TDS without considering the provision of section 115BAC of the Act.

- It is also clarified that the intimation so made to the deductor shall be only for the purposes of TDS during the previous year and cannot be modified during that year. However, the intimation would not amount to exercising option in terms of sub-s 115BAC of the Act and the person shall be required to do so along with the return to be furnished under Section 139 (1) of the Act for that previous year. Thus, option at the time of filing of return of income under Section 139 (1) of the Act could be different from the intimation made by such employee to the employer for that previous year.
- It is further clarified that in case of a person who has income under the head "profit and gains of business or profession" also, the option for taxation under section 115BAC of the Act once exercised for a previous year at the time of filing of return of income under Section 139 (1) of the Act cannot be changed for subsequent previous years except in certain circumstances
- Accordingly, the above clarification would apply to such person with a modification that the intimation to the employer in his case for subsequent previous years must not deviate from the option under section 115BAC of the Act once exercised in a previous year.

8 ***CBDT Press note on reduction in withholding tax rates for residents***

Due to unprecedented and difficult times of global pandemic COVID-19, the Hon'ble Prime Minister announced, on 12 May 2020, that the Government of India is rolling out an *INR 20 trillion* economic stimulus package under the theme of "*Self-Reliant India Movement*" to provide relief to various sectors and drive the country towards self-reliance.

On 13 May 2020 the first tranche of various measures were announced by the FM. The FM announced direct tax relief measure by way of reduction in withholding tax rates for residents. FM also announced other relief measures of expeditious release of refunds for non-corporates and deferment of dates for certain compliances. The CBDT announced reduction in withholding taxes rates for residents through press release dated 13.05.2020.

The features of relief measure are as under:-

- The Press Release clarifies that in order to provide more funds at the disposal of taxpayers for dealing with the economic situation arising out of the COVID-19 pandemic, the rates for withholding/deduction of tax at source (TDS) for the specified non-salaried payments made to residents and collection of tax at source (TCS) for specified receipts have been reduced by 25% for the period from 14 May 2020 to 31 March 2021.
- The Press Release clarifies that legislative amendments with regard to the announcements on TDS/TCS rate reduction shall be proposed in due course. Considering the extraordinary unprecedented circumstances, as also the object to provide liquidity to taxpayers, the payers/payees may apply the reduced rates as per the Press Release without waiting for the legislative amendments which, most likely, will be retroactive covering the period from 14 May 2020 onwards.
- TDS on the amount paid or credited during the period from 14th May, 2020 to 31st March, 2021 shall be deducted at the reduced rates specified in the Press note. Similarly, the tax on the amount received or debited during the period from 14th May, 2020 to 31st March, 2021 shall be collected at the reduced rates specified in the Press Note.
- The Table to press note provides details of non-salaried payments to residents qualifying for reduced TDS rates till 31 March 2021. The rate of withholding of taxes for non-salaried specified payments (such as payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc.) made to residents shall be reduced by 25% of their existing rates.
- There is no reduction in TDS rates on payments to non-residents. Like Section 195, 194E etc.
- There are certain payments to which reduced rates of TDS does not apply Like –
 - ✓ Payment of accumulated balance due to an employee from Employees' Provident Fund Scheme, 1952 (statutory PF) - Section 192A.

- ✓ Winnings from lotteries, games, horse races etc., - Section 194B & 194BB.
- ✓ Cash withdrawals in excess of Rs1cr.from banks or post offices – Section 194 N
- The Table to press note also provides details of receipts qualifying for reduced TCS rates till 31 March 2021.
- There is no reduction in TCS rate @ 5% for payment to Authorised Dealers in excess of Rs 7 lakh towards Liberalised Remittance Scheme of Reserve Bank of India and payment to seller for overseas tour program package which shall come into effect from 1 October 2020.
- The Press Release clarifies that there shall be no reduction in TDS/TCS rate where tax is required to be deducted/collected at a higher rate due to non-furnishing of PAN/Aadhar
- The Income Tax Act permits payee/payers to obtain lower TDS/TCS certificates (LDC) from the Tax Authority, in which case the payer/payee can apply such lower rates. The Press Release is silent on the impact of reduction of TDS/TCS rates wherever such LDCs are available. The payers/payees can consider the reduced rates as announced by the Press Release or the rate as per LDC, whichever is lower. In the absence of any clarity in the Press Release, it may not be appropriate to consider LDC rate to have reduced by 25%.

The Following further compliance reliefs were announced to provide the much-needed liquidity to taxpayers in current difficult times and also facilitate tax compliances, post the lifting of lockdown in the country.

- ***Extension for benefit of settlement under the Direct Tax Vivad se Vishwas Act 2020 (VSV Act) without payment of additional tax:***

The benefit of settlement under VSV Act without payment of additional amount shall be extended from 30 June 2020 to 31 December 2020. Therefore, any settlement under VSV Act made on or before 31 December 2020 shall not require payment of additional 10% of the tax amount.

- ***Grant of immediate refunds***

All pending refunds to charitable trusts and non-corporate businesses/professions including proprietorship, partnership, Limited Liability Partnerships and co-operatives societies shall be issued immediately

- ***Extension for furnishing tax audit report for financial year 2019-20***

Due date of furnishing tax audit report for financial year 2019-20 for all taxpayers shall be extended from 30 September 2020 to 31 October 2020.

- ***Extension for furnishing tax returns for financial year 2019-20***

Due date of furnishing tax returns for Financial year 2019-20 for all taxpayers (whether corporate or non-corporate) shall be extended from 31 July 2020/31 October 2020, as the case may be, to 30 November 2020.

- ***Extension for period of limitation for completion of assessments***

The period of limitation in relation to assessments which are getting time barred on 30 September 2020 (i.e., for Assessment year 2017-18) shall be extended to 31 December 2020. Further, the period of limitation in relation to assessments which are getting time barred on 31 March 2021 shall be extended to 30 September 2021.

All the above measures will be implemented either through legislative amendments or through circulars/notifications by the Central Board of Direct Taxes.

- 9 ***Deferment of applicability of revamped registration procedure for charitable and research institutions***

The Finance Act 2020, has introduced a completely revamped registration procedure for all the existing registered charitable institutions and for taxpayers seeking new registration. It rationalized the procedure relating to approval/ registration/ notification of certain entities referred to in sections 10(23C), 12AA, 35 and 80G of the Act, with effect from 1st June, 2020. Under the procedure, in order to enjoy

continuity of the tax exemption for financial year 2020-21 and onwards, the existing registered charitable institutions are required to make an intimation to the Tax Authority within a period of three months from the date of applicability of revamped registration procedure i.e. on or before 31 August 2020.. Similarly, for all fresh registration applications made on or after 1 June 2020, registrations are to be granted only if such applications are made as per the revamped registration procedure. Similar provisions were also introduced in relation to registered research institutions and funds and institution for continuing/grant of registration for receiving donations which qualify for deduction in the hands of donors.

The Various representations were received in the finance ministry expressing concerns over the implementation of the new procedure from 1st June, 2020 due to the outbreak of novel corona virus (COVID-19) and consequent lockdown. There have been a number of requests to defer the applicability of the new procedure.

The CBDT vide press release dated 9 may 2020, in view of the unprecedented humanitarian and economic crisis, has decided that the implementation of new procedure for approval/ registration/ notification of certain entities shall be deferred to 1st October, 2020. Accordingly, the entities approved/ registered/ notified under section 10(23C), 12AA, 35 and 80G of the Income-tax Act, 1961 would be required to file intimation within three months from 1st October, 2020, i.e. by 31st December, 2020. Further, the amended procedure for approval/ registration/ notification of new entities shall also apply from 1st October, 2020. The necessary legislative amendments in this regard shall be proposed in due course.

10 ***Deferment of reporting of GAAR and GST particulars in the tax audit report till 31 March 2021.***

Section 44AB of the Income-tax Act, 1961 read with rule 6G of the Income-tax Rules, 1962 requires specified persons to furnish the Tax Audit Report (TAR) along with the prescribed particulars in Form No. 3CD. The existing Form No. 3CD was amended vide notification no. GSR 666(E) dated 20 th July, 2018 with effect from 20 th August, 2018. Amongst others, it introduced following two additional reporting requirements in TAR:

1. **Clause 30C of TAR: General Anti Avoidance Rule (GAAR)**

TAR requires to report whether a taxpayer has entered into an impermissible avoidance arrangement and if yes, it further requires to report the nature of such impermissible avoidance arrangement and the amount of tax benefit in the tax year arising, in aggregate, to all the parties to the arrangement.

2. **Clause 44 of TAR: Details relating to Goods and Service Tax (GST)**

TAR requires reporting of details of GST viz. break-up of total expenditure with GST registered and non-registered entities and for the former, it further requires the break-up of expenditure relating to exempt supply covered under the composition scheme and other registered entities.

However, the reporting under above clause 30C and clause 44 of the Tax Audit Report was kept in abeyance till 31 st March, 2019 vide Circular No. 6/2018 dated 17.08.2018, which was subsequently extended to 31 .03.2020 vide Circular No. 9/2019. Several representations were received by the Board with regards to difficulty in implementation of reporting requirements under clause 30C and clause 44 of the Form No. 3CD of the Income-tax Rules, 1962 in view of the Global Pandemic due to COVID-19 virus and requested for deferring the applicability of the above provisions.

The CBDT vide Circular No. 10-2020 [F. No. 37014219/20 18-TPL] dated 24th April, 2020, in view of the prevailing situation due to COVID- 19 pandemic across the country, decided that the reporting under clause 30C and clause 44 of the Tax Audit Report shall be kept in abeyance till 31 st March, 2021.

Thus, TAR issued till 31 March 2021 for any financial year (including financial year 2019-20) need not contain GAAR and GST particulars, reducing compliance burden on taxpayers and tax auditors

11 Revised Frequently Asked Questions in relation to Vivad Se Vishwas Act, 2020

The Direct Tax Vivad Se Vishwas Bill, 2020 (VSV Bill) was introduced in the Lok Sabha on 5 February 2020. VSV Bill, as introduced, resulted in various concerns among stakeholders. Some of these concerns were addressed by way of an amendment to VSV, which was passed by the Lok Sabha on 4 March 2020. However, there were also certain other concerns which required redressal by way of clarifications from the Government of India. In this regard, pending enactment of Bill into Act, the CBDT issued Circular No. 7/2020 on 4 March 2020 to clarify certain issues raised by stakeholders relating to the operation of the VSV Bill. Circular clarified that FAQs are subject to final approval and passing of the Bill and receiving presidential assent. In order to deal with such various concerns, CBDT issued circular in the form of 55 questions and answers explaining the scope of VSV. Subsequently, the VSV Bill was passed by the parliament and received presidential assent and was enacted into The Direct Tax Vivad Se Vishwas Act, 2020. Thereafter, CBDT also issued Notification No. 18 of 2020, F. No. IT(A)/1/2020-TPL notifying the Direct Tax Vivad Se Vishwas Rules, 2020 as well as Forms prescribed under such Rules.

There could have been a scope to challenge validity of the Circular issued prior to enactment of law and its binding effect. In view of the subsequent enactment and notification of the Rules/forms, and with a view to give legal effect to clarifications issued earlier, the CBDT has now reissued the Circular (Circular no -9) (revised Circular) reiterating 55 FAQs with following modifications to old Circular (Circular no-7).

- (i) Vivad se Vishwas referred to Direct Tax Vivad se Vishwas Act, 2020 in circular no 7. However, in this circular it refers to The Direct Tax Vivad Se Vishwas Act, 2020;
- (ii) Since clauses of the Act have now become sections in the Vivad Se Vishwas, the reference to “clause” in circular no 7 has been replaced with “section”;
- (iii) Reference to declaration form in circular no 7 has been replaced with referencing of relevant form, since rules and forms have now been notified; and
- (iv) Answer to question no 22 has been modified to reflect the correct intent of the law. Question 22 of the Circular no-7 suggested that cases where notice for initiation of prosecution has been issued with reference to tax arrears, such taxpayer has a choice to compound the offence under the Income Tax Act and opt for VSV. However, a case where prosecution has been instituted and is pending in court, is not eligible for being settled under VSV. The revised circular now clarifies that the disqualification from VSV applies only in case where prosecution has been instituted and not in case where mere notice of prosecution has been issued. In cases where prosecution has been instituted with respect to an assessment year, Taxpayer is not eligible to file declaration for such assessment year unless the prosecution is compounded before filing the declaration.

The Revised Circular has been issued under Section. 10 and Section. 11 of the VSV Act. Section. 10 of the VSV Act authorises the CBDT to issue such directions as it deems fit in relation to the operation of VSV. Section. 11 of the VSV Act, authorizes the Central Government to remove any difficulties in the operation of the VSV by way of an order which is not inconsistent with the provisions of the VSV Act.

12 Section 6 of Income Tax Act - RESIDENTIAL STATUS – Clarification of Residency under said section**CIRCULAR NO. 11 OF 2020 [F.NO.370142/18/2020-TPL], DATED 8-5-2020**

Due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19), the CBDT has decided that for the purposes of determining the residential status under section 6 of the Act during the previous year 2019-20 in respect of an individual who has come to India on a visit before 22nd March, 2020 and:

- (a) has been unable to leave India on or before 31st March 2020, his period of stay in India from 22nd March, 2020 to 31st March, 2020 shall not be taken into account; or
- (b) has been quarantined in India on account of Novel Corona Virus (Covid-19) on or after 1st March, 2020 and has departed on an evacuation flight on or before 31st March, 2020 or has been

unable to leave India on or before 31st March, 2020, his period of stay from the beginning of his quarantine to his date of departure or 31st March, 2020, as the case may be, shall not be taken into account; or

- (c) has departed on an evacuation flight on or before 31st March, 2020, his period of stay in India from 22nd March, 2020 to his date of departure shall not be taken into account.

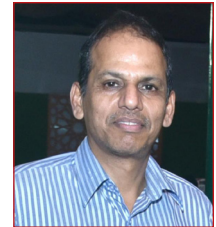
Further as the lockdown continues during the Financial Year 2020-21 and it is not yet clear as to when international flight operations would resume, a circular excluding the period of stay of these individuals up to the date of normalisation of international flight operations, for determination of the residential status for the previous year 2020-21 shall be issued after the said normalisation.



Analysis of Place of Supply

Compiled by CA Bhavin Mehta

In this month article I have tried to analysis place of supply in relation to AMC contracts between H.O. and its customer and H.O. and its branches located in different States.



Issue: M/s ABC having head office at Mumbai has entered into the contract for comprehensive AMC of Machinery with its various customers on a pan-India level and has obtained registration for each of its offices located in respective State. Under the instruction of M/s ABC, Mumbai, its offices supplies spares directly to customer located in same State/Region. Offices of M/s ABC keeps the spares on stock and sale basis. Determine the taxability under the GST in the hands of H.O. and its offices.

- A. Under the GST law offices of M/s ABC is considered as distinct entity in terms of section 25(4) of the CGST Act. In the present facts the contract is between M/s ABC Mumbai and its customers. Where M/s ABC various offices located across India supplies spares to customers. In other words, there are two contracts, one between M/s ABC Mumbai and customers for AMC and other between M/s ABC Mumbai and its various offices for supply of spares. The spares lying at various offices of M/s ABC are on stock and sales basis. Supply of spares by offices of ABC shall be considered as supply of goods and would be liable to GST at the appropriate rate applicable to such spares as per HSN. It is important to determine the place of supply of spares by ABC office to M/s ABC Mumbai. However, before we determine the place of supply of spares, let us first determine the taxability of AMC contract.
- B. To determine the taxability of AMC contract, we require to examine followings:
- (i) Whether it is a contract for supply of goods or supply of service or both;
 - (ii) Whether it is intra-state transaction of supply or inter-State supply?

Whether it is a contract for supply of goods or supply of service or both

- a) In the present facts, the contract is for machinery, which is presumed to be movable property. Annual maintenance of machinery without supply of material would be a pure service contract. However, in the present facts, the AMC contract is with material. In other words, the instant case involves both supply of service as well as supply of material. In terms of section 2(30) of the CGST Act, “composite supply” means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply. Section 2(90) of CGST Act defines “principal supply” means the supply of goods or services which constitutes the predominant element of a composite supply and to which any other supply forming part of that composite supply is ancillary. As per section 8(a) of CGST Act a composite supply comprising two or more supplies, one of which is a principal supply, shall be treated as a supply of such principal supply.
- b) In the present facts, the customer is interested in the final outcome of the contract i.e. maintenance of machinery, which is a supply of service. Thus the principal supply in such comprehensive AMC contract being service, it shall be considered as supply of service. The

rate of tax applicable to AMC contract shall be rate of tax applicable to maintenance service.

Whether it is intra-state transaction of supply or inter-State supply?

- a) Section 7 provide for Inter-State supply. As per sub-section (3) of section 7, subject to the provisions of section 12, supply of services, where the location of the supplier and the place of supply are in
- (i) two different States;
 - (ii) two different Union territories; or
 - (iii) a State and a Union territory,

shall be treated as a supply of services in the course of inter-state trade or commerce.

- b) Section 8 provide for Intra-State supply. As per sub-section (2) of section 8, subject to the provisions of section 12, supply of services where the location of the supplier and the place of supply of services are in the same State or same Union territory shall be treated as intra-State supply.
- c) Section 12 of IGST Act provides place of supply of services where location of supplier and recipient is in India. Section 12 provides for place of supply of services of various supplies. It also have residuary category under sub-section (2). Where the provision of service does not fall under any of sub-section (3) to (14), it would be covered under sub-section (2) of section 12, wherein the place of supply of service to registered person shall be location of the recipient of service.
- d) In the present facts, maintenance service of movable property (machinery) is not provided under any of sub-section (3) to (14) and therefore would be covered under residuary category, namely, sub-section (2), wherein the place of supply of service shall be the location of recipient of service. In the instant case, customers enters into the contract with M/s ABC Mumbai. The place of supply of service shall be location of the customer. Therefore, if the customer is located in Maharashtra, i.e. same State as that of location of M/s ABC Mumbai, the transaction would be considered Intra-State supply in terms of section 8(2) of IGST Act, and accordingly, CGST and SGST would be leviable. However, where the customers are located in different State, it would be considered as Inter-State transaction in terms of section 7(3) of IGST Act, and accordingly IGST would be leviable.

C. Now coming to supply of spares by various office of M/s ABC Mumbai, directly to customer, the nature of transaction is supply of goods.

- a) Sub-section (1) of section 7 of IGST Act pertains to inter-State supply of goods, which is reproduced below:

“(1) Subject to the provisions of section 10, supply of goods, where the location of the supplier and the place of supply are in –

- (i) two different States;
- (ii) two different Union territory; or
- (iii) a State and a Union territory,

shall be treated as a supply of goods in the course of inter-State trade or commerce.”

Sub-section (1) of section 8 of IGST Act provides of Intra-State supply of goods. It provides that subject to the provisions of section 10, supply of goods where the location of the supplier and the place of supply of goods are in same State or same Union territory shall be treated as intra-State supply.

- b) In the present facts, M/s ABC’s office located in other States supplies the spares to the customer/s located in their State on behalf of M/s ABC Mumbai. In order to determine the place of supply of goods by offices, we require to examine section 10 of the IGST Act, which pertains to place of

supply of goods other than supply of goods imported into, or exported from India.

c) In this respect, clause (b) of sub-section (1) of section 10 is reproduced below:

“(b) where the goods are delivered by the supplier to a recipient or any other person on the direction of a third person, whether acting as an agent or otherwise, before or during the movement of goods, either by way of transfer of documents of title to the goods or otherwise, it shall be deemed that the said third person has received the goods and the place of supply of such goods shall be the principal place of business of such person.”

The above provision is explained with the following illustration:

Mr. P of Chennai places order with Mr. Q of Mumbai for purchase of 100 mobile phone. Mr. Q in turn places order with Mr. R of Chennai to deliver 100 mobile on his behalf to Mr. P. As per clause (b) reproduced above, Mr. Q would be considered as third person on whose behalf Mr. R has delivered the goods to Mr. P. The place of supply of goods shall be place of such third person i.e. Mr. Q.

d) Now applying the above provision to the present facts, M/s ABC Mumbai directs (places order) to its office located in say Chennai, State of Tamil Nadu, where its (M/s ABC Mumbai) customer is located. Office of M/s ABC Mumbai delivers the goods directly to the customer in the same State but such delivery is on behalf of M/s ABC Mumbai. Therefore, the place of supply of goods shall be location of M/s ABC Mumbai i.e. Maharashtra (M/s ABC Mumbai qualifies as third person). In the instant case, the location of the supplier of goods and recipient of goods are in different State. Therefore, in terms of section 7(1) of IGST Act, the transaction would be considered as inter-State supply of goods and accordingly IGST would be leviable on supply of spares by offices of M/s ABC Mumbai.



Judicial Judgments

Compiled by CA Rupal Shah

Anik Industries Ltd. Vs. DCIT. [2020] 116 taxmann.com 385. ITAT Mumbai, 19 March 2020

No capital gains compensation received by a partner from other existing partners for reduction in profit sharing ratio

Facts of the case:

Assessee was a partner of 30% in a partnership firm. In the relevant AY, Assessee's share was reduced to 25% which was distributed amongst other existing partners. For this reduction, the assessee received a compensation of Rs. 4 Crores through its current account from other partners.

During assessment, the same was contended to be as a receipt chargeable to capital gain tax u/s 48. On first appeal the addition was confirmed on the grounds that relinquishment of the asset and the extinguishment of any rights therein are included as 'transfer' under the provisions of section 2(47) of the Act. Therefore, relinquishment or the extinguishment of the appellant's right over the share of profit in the firm from 30% to 25% and the consideration of a sum of Rs.4 crore received on account of same have to be necessarily treated as consideration received for transfer of capital asset. Hence the addition of Rs 4 crore was made u/s 45(1) of the Act.

On second appeal, The Tribunal noted that:

The business of the firm continues with the remaining partners including the assessee as per new profit-sharing ratio. Thus, it is neither a case of dissolution of firm nor payment on retirement of the partner of the firm.



Provisions of section 45(4) shall not be applicable as it was not a case of distribution of capital assets on the dissolution of firm rather it was a case of reduction in share of one partner which was taken over by existing partners. Neither provision of section 45(1) as the same comes into effect when there is profit arising from transfer of any capital asset.

In the case laws referred to by Ld. DR, the assessee had transferred his share in favor of a third party against consideration, which is not applicable here since there is only a re-adjustment of profit-sharing ratio inter-se between the existing partners.

Thus the compensation received shall not be chargeable to tax as capital gains and the appeal of the assessee is allowed.

Pr. CIT vs. Suzlon Energy Ltd., [2020] 115 taxmann.com 340, Gujarat HC, 11 February 2020

Allowability of Employee contribution to PF and ESIC paid after due date u/s 36(1)(va) but before filing of return

Facts of the case:

During the relevant assessment year, assessee had deducted but not deposited amounts of Rs. 15.2 Lakhs by 15th of the next month as prescribed under PF and ESIC Act and also u/s 36(1)(va) of the Income tax Act.

In assessment, the same was disallowed and also confirmed by CIT(A).

The Assessee contended that the relevant due date has to be seen not from the relevant month of salary but the one pertaining to its payment. If one followed this principle, the assessee had paid employees contribution in time and hence the expense ought to have been allowed.

On second appeal, ITAT allowed the above grounds and directed to allow the expenditure by placing reliance on the decision in the case of CIT v. Gujarat State Road Transport Corpn 366 ITR 170 (Guj).

High Court has held as under:

The expression "within fifteen days of the close of every month" must be interpreted as having reference to the close of the month, for which, the wages are required to be paid with corresponding duty to deduct employee's contribution and to deposit the same in the fund.

In view of the above and judgement of Jurisdictional High Court in case of CIT v. Gujarat State Road Transport Corpn 366 ITR 170 (Guj), appeal of the revenue is allowed.

OLD IS GOLD, NEW IS BOLD

Compiled by CA Rupal Shah

Background

In the first budget of Modi Government 2.0, announced by FM Nirmala Sitharaman, new taxation rates were specified for individuals and HUF. Today's article focuses on this change in taxation structure for individuals and HUF which has been popularly coined as 'new regime' of taxation. This regime has lesser rates of taxation but with a catch that lot of exemptions are taken away under new regime. The option of 'old regime' has been kept as it is to offer an option to the taxpayers.



Statistics

As per the Income tax return statistics issued by CBDT for AY 18-19, total of 5.87 crore returns were filed for AY 18-19 out of which 96% returns filers were individuals and HUF and out of the Gross total income declared of Rs. 51.33 Lakh crores 68% was contributed by individuals and HUFs. From the above data is very evident that Individuals and HUFs are major contributor to the Direct tax revenue of the country and hence a special attention was given to their taxation needs in the budget which has been appreciated by one and all.

Tax rate structure

For sake of revision, I am summarising the new and old tax rates for ready reference.

Total Income	Old Regime	New Regime
Upto 2,50,000	—	—
2,50,001 – 5,00,000	5% + HEC	5% + HEC
5,00,001 – 7,50,000	20% + HEC	10% + HEC
750,001 – 10,00,000	20% + HEC	15% + HEC
10,00,001 – 12,50,000	30% + HEC	20% + HEC
12,50,001 – 15,00,000	30% + HEC	25% + HEC
15,00,001 – 50,00,000	30% + HEC	30% + HEC
50,00,001 – 1 Crore	30% + 10%SC + HEC	30% + 10%SC + HEC
1 Crore – 2 Crore	30% + 15%SC + HEC	30% + 15%SC + HEC
1 Crore – 2 Crore	30% + 15%SC + HEC	30% + 15%SC + HEC
2 Crore – 5 Crore	30% + 25%SC + HEC	30% + 25%SC + HEC
Above 5 Crore	30% + 37%SC + HEC	30% + 37%SC + HEC

Deductions / Exemptions not available

As the popular saying goes, no lunch is free lunch, in availing the benefit of new regime, a taxpayer must forego a host of deductions and exemptions which were available to him/her in the old regime. The same are enlisted below:

Section	Particulars
10(5)	Leave travel concession
10(13A)	House rent allowance
10(14)	Special allowance detailed in Rule 2BB (such as children education allowance, hostel allowance, transport allowance, per diem allowance, uniform allowance, etc.);
10(17)	Allowances to MPs/MLAs
10(32)	Allowance of Rs. 1,500/- for clubbing of income of minor
10AA	Exemption for SEZ unit
16	Standard deduction, deduction for entertainment allowance and employment / professional tax
24	Interest under section 24 in respect of self-occupied or vacant property (loss under the head IFHP for rented house shall not be allowed to be set off under any other head and would be allowed to be c/f as per extant law);
32(1)(iia)	Additional depreciation
32AD	Additional depreciation on new Plant & Machinery
32AB	Allowance for investment deposit account
32ABA	Expenditure on telecommunication services
352AA(1)	Various deduction for donation for or an expenditure on scientific research
35AD	Deductions under specific business
35CCC	Deduction for agriculture extension project
57(iia)	Deduction from family pension income
Chapter VIA	Any deduction under chapter VI-A (like section 80C, 80CCC, 80CCD, 80D, 80DD, 80DDB, 80E, 80EE, 80EEA, 80EEB, 80G, 80GG, 80GGA, 80GGC, 80IA, 80-IAB, 80-IAC, 80-IB, 80-IBA, etc.). However, deduction under sub-section (2) of section 80CCD (employer contribution on account of employee in notified pension scheme) and section 80JJAA (for new employment) can be claimed.
Set off of any loss	Carried forward depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred to above; OR
	Under the head house property with any other head of income

Deductions / Exemptions available

1. Under section 10(14) only following shall be allowed
 - a. Transport allowance to divyang employee for commuting between place of residence and place of duty
 - b. Conveyance allowance
 - c. Allowance to meet the cost of travel on tour or on transfer
 - d. Daily allowance for ordinary daily charges on account of absence from normal place of duty
2. Deduction u/s 80LA shall be available to Individual / HUF having unit in International Financial Services Centre

Effective tax rate

The concept of effective tax rate is common in corporate taxation. However, in the present scenario the concept though not worded for individual taxation, has come down to specifically determining one’s effective tax rate in both regimes and then taking a decision.

Though the old regime has higher rates of taxation, there are a lot of options to reduce taxes by which one can reduce the taxable income thereby reducing effective tax rate for taxpayers.

Freedom of choice

Section 115BAC provides that individuals and HUFs not having business income can change their option of following new regime or old regime at the time of filing of return and the same can be changed every year. However individual and HUFs having business income will have to exercise this option once and then stick to it. They will not have flexibility to change the taxation regime every year.

Thus, it may seem that the choice for tax rates can be made after the end of financial year at the time of filing returns. However, that is not completely true. To save tax effectively and manage investments and savings, all individuals and HUFs will have to do the math at the beginning of the financial year and manage their tax saving measures and investments accordingly.

How to choose

A study of the rate structure will signify that taxable income below Rs. 500,000 and above Rs. 15,00,000 has the same rate of taxation. Also, gross total income upto Rs. 5,00,000 is fully exempt in view of the rebate of Rs. 12,500 given u/s 87A.

For persons in the income bracket above Rs. 15,00,000 if their deductions are less than 250,000 tax will be lower in new regime. If a taxpayer claims a deduction of Rs. 250,000 (standard deduction of Rs. 50,000, Rs. 1.5 lakhs u/s 80C and investment in NPS of Rs. 50,000), the tax will remain the same as the old one. This can be better understood from the following illustration:

	Old	New	Old	New	Old	New
Details	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)	Amt (Rs.)
Income	10,00,000	10,00,000	15,00,000	15,00,000	30,00,000	30,00,000
Deductions	2,50,000	-	2,50,000	-	2,50,000	-
Net income	7,50,000	10,00,000	12,50,000	15,00,000	27,50,000	30,00,000
Tax	62,500	75,000	1,87,500	1,87,500	6,37,500	6,37,500

Other factors also play a role to decide old regime vs. new regime for example a person may want to invest his money in instruments other than tax saving investments as they may provide higher flexibility and returns. Conversely, if a person that saves only for the sake of income tax deductions may not end up saving that money and spend it on consumerism.

Thus, it is imperative that all individuals and HUFs know their options and make an informed decision.

Role of tax professionals

The need of a tax professional now has become more important than ever before. As a tax professional our clients will need our help starting from advice about investments and exemptions to calculation of tax liability.

All tax professionals should strive to go that extra mile to help their clients estimate their annual income at the start of the year. They can help the clients decide the tax saving measures to be implemented in the year.

To summarise, normally we as tax professional were used to calculating tax liability of our individual and HUF clients during advance tax calculation but this working has shifted to start of the year much ahead of advance tax due dates.

Role of Employers for salaried individuals

Majority of the salaried individuals have their total tax liability deducted by way of TDS from their employers. With a view to guide the employer for TDS on salary and its effect on the changes being made in tax structures CBDT has issued a Circular No. C1 of 2020 vide notification no. F.No.370142/13/2020-TPL on 13 April 2020. By this Circular, employer is required to take a declaration from the employees regarding which tax regime is required to be followed for calculating his tax deduction.

If no declaration is received by the employee, employer is required to deduct TDS without considering the provisions of section 115BAC, that is as per the rates of income tax under old regime.

Such declaration shall be for the purpose of TDS to be deducted from Salary during the previous year only and cannot be modified during the year. However, such intimation shall be considered only for the purpose of TDS and not considered as final option to be exercised at the time of filing IT Return. Thus, at the time of filing return, the employee can change the option

Tax calculators

There are various online tools to facilitate comparison between tax liability under new regime and old regime. Income tax department also has brought out a tax comparison utility, which is available on the e-filing portal where an individual taxpayer can evaluate which option is better for him/her. The link is as under:

https://www.incometaxindiaefiling.gov.in/Tax_Calculator/

Bottomline

The changes introduced do not simplify the taxation rather they complicate it for Indian taxpayers. However, there is one thing to be careful about. The regime one picks should not decide whether one should invest and get insurance. Achieving life goals and securing family's future should be the reasons for investment and savings and not the tax benefits we derive from them.



STUDENTS' CORNER**JIO AND FACEBOOK- IT'S A PERFECT MATCH!***Compiled by Neel Randeria*

When the whole world is stressed about COVID-19, we were greeted with a surprise deal. Facebook invests \$5.7 Billion for a 9.99% stake in Reliance Jio. This amount is actually approx 43,574 crores rupees! Due to such investment, the valuation of Jio platforms is estimated to be Rs. 4.62 lakh crores. This deal was given a thumbs-up from the market participants on the next day of the deal. But, setting aside its implications on the stock movements of Reliance, this deal needs to be analysed in overall aspects. The significance of this deal is immense and it has the potential to affect almost all spheres of Indian E-commerce Ecosystem.

Analysis of this deal will be done in a manner wherein we can chalk out impact on everyone in an individualistic manner.

I. FACEBOOK

It's a huge company having under its umbrella not only Facebook but also- Whatsapp, Instagram, Oculus and many more. It has an eye on Indian users since many years. But why this deal? Earlier, Facebook had failed twice to capture the attention of Indian audience. Firstly, the free basics model introduced in 2015 was just procrastinated by government and never given a straight approval. Its encryption debate has had no sweet conclusion. Also, the second failure would be that it was unable to skim in its Whatsapp Pay concept to all the users. In fundamentals, Facebook is a strong company having 300 million users on FB app and 400 million users on Whatsapp. But, considering its previous endeavours to have a strong hold on Indian users, it has learnt that to enter and successfully capture the users of India it needs a strategic partner.

II. JIO

This company needs no introduction to any Indian. Its entry in the telecom sector just took the industry on storm. It has more than 388 million subscribers. Such subscriber base in such a short span of time is a miracle. But, this miracle forced Jio to borrow exorbitant sums of money. Till last year, Jio had about 1.5 lakh crore rupees in debt. As we know, Mukesh Ambani had promised shareholders to make Jio, debt free.

[actually, he had never promised to make JIO debt-free. He had promised to make it net-debt free. This means that company will still have debt but it will at no point of time have debt more than its cash. Thus, they will have debt only to the extent to which they can cover it with cash]

To fulfil the promise, Mukesh Ambani actually split Jio into 3 parts. One with tower infrastructure, another with fibre and then the third is Jio. This makes Jio a company with a debt of only Rs.40,000 crores.

This all points out that the funds from FB would be used to get rid of debt. But not only debt, it will also move towards its vision of bridging urban-rural divide. Mukesh Ambani announced its vision regarding Jio Mart. This would be assisted by FB to reach maximum grocery stores.

The stand-alone analysis gives us the insight of the deal's impact. The following awaits us springing from the deal.

1. As per the data of Retailer's Association of India, grocery industry of India is about \$375 Billion. The online component is just 0.2% having prominent players like Grofers and Bigbasket. Jio introducing JIO-Mart is all set to disrupt this industry as well. FB could just mobilize this by being a payment chain assistance in the form of Whatsapp Pay. This would also give Whatsapp Pay a comeback in India. JIO could easily help them with the regulatory hurdles.
2. A possible collaboration of the following can cause havoc-
 - Whatsapp Pay and JIO-Money
 - Oculus and JIO-AR. {Nita Ambani had shown keen interest in forwarding the JIO-AR wing of JIO in the recent AGM of Reliance}

So, as per you, is the largest FDI in tech sector of India, a threat to us as customers?

PRESIDENT COMMENT AFTER SUCCESSFUL OF STUDY CIRCLE NO 9 – 29/04/2020

Dear MCTC Members,

As a President, it is a proud moment for me to say that our today's webinar was a very successful one.

Some statistics of Today's Webinar:

We had close to **110** active participants who attended the Zoom Meeting

We had **140** unique viewers Live on Youtube.

Today we also tried to have a in-meeting poll from our participants about their ratings on the ongoing session whether Excellent/Good/Average/Bad.

75% voted as Excellent and

25% voted as Good.

0 votes for Average and Good.

I thank all the members of MCTC for their truly overwhelming response to our today's webinar and special Thanks to CA Ashit Shah as well!

Such reviews and excellent comments always motivate me to do the best for MCTC.

I expect everyone to keep supporting me and my team, for our future webinars as well.

I believe that we should keep enhancing our knowledge during this lockdown situation and I believe that:

Knowledge is when you learn something new every day.

Thank You.

CA Viresh Shah

President

PRESIDENT COMMENT AFTER SUCCESSFUL OF STUDY CIRCLE NO 10 – 02/05/2020

Dear MCTC Members,

As a President, it is a proud moment for me having another successful webinar today.

Some statistics of Today's Webinar:

■ We had close to **195** active participants who attended the Zoom Meeting (**from across the country**)

■ We had **200** unique viewers Live on Youtube.

Like last time, we again had the in-meeting poll from our participants about their ratings on the ongoing session whether Excellent/Good/Average/Bad.

■ **77% voted as Excellent**

■ 22% voted as Good.

■ 1% votes for Average and

■ 0 votes for Bad.

I thank all the members of MCTC for the amazing participation and a truly overwhelming response to our today's webinar and special Thanks to both our Panel Speakers and Moderator as well!

I am really grateful for such wonderful participation and appreciation for all the webinars hosted by MCTC

I expect everyone to keep supporting me and my team, for our future webinars as well.

I believe that we should keep enhancing our knowledge during this lockdown situation and I believe that:

Knowledge is when you learn something new every day.

Thank You.

CA Viresh Shah

President

PRESIDENT COMMENT AFTER SUCCESSFUL OF STUDY CIRCLE NO 11 – 9/05/2020

Dear MCTC Members,

As a President, it is a proud moment for me having another successful webinar yesterday by CA Manish Choksi

Some statistics of Yesterday's Webinar: STUDY CIRCLE NO 11

We had close to **177** active participants who attended the Zoom Meeting (from across the country)

We had **150** unique viewers **Live on Youtube.**

Our in-meeting polls suggest that

1) How did the participants like the arrangements by MCTC for webinars:

83% voted as Excellent

16% voted as Average.

1% voted as Not Satisfied.

2) How did the participants rate the Stock Market Webinar?

52% voted as Extremely Knowledgeable session

48% voted as "Learnt something new" from the session

I thank all the members of MCTC for the amazing participation and a truly overwhelming response to our today's webinar and special Thanks to our Speaker CA MANISH CHOKSI as well for a wonderful session.

I am really grateful for such wonderful participation and appreciation for all the webinars hosted by MCTC.

I expect everyone to keep supporting me and my team, for our future webinars as well.

I believe that we should keep enhancing our knowledge during this lockdown situation and I believe that:

Knowledge is when you learn something new every day.

Thank You.

CA Viresh Shah

President

PRESIDENT COMMENT AFTER SUCCESSFUL OF STUDY CIRCLE NO 12 – 12/05/2020

Dear MCTC Members,

As a President, it is a proud moment for me having another successful webinar today by CA Manish Gadia on GSTR 9 for FY 2018-19.

Some statistics of Today's Webinar:

We had close to **380** active participants who attended the Zoom Meeting (from across the country)

As of now, We have **826** views **on our Youtube Channel.**

Our in-meeting polls suggest that

1) Kindly rate the value addition from this webinar:

82% voted as Very Knowledgeable

18% voted as Average.

2) Kindly rate MCTC's arrangements for today's webinar

85% voted as Excellent

15% voted as Average

I thank all the members of MCTC for the amazing participation and a truly overwhelming response to our today's webinar and special Thanks to our Speaker CA MANISH GADIA as well for a wonderful session.

I am really grateful for such wonderful participation and appreciation for all the webinars hosted by MCTC.

I expect everyone to keep supporting me and my team, for our future webinars as well.

I believe that we should keep enhancing our knowledge during this lockdown situation and I believe that:

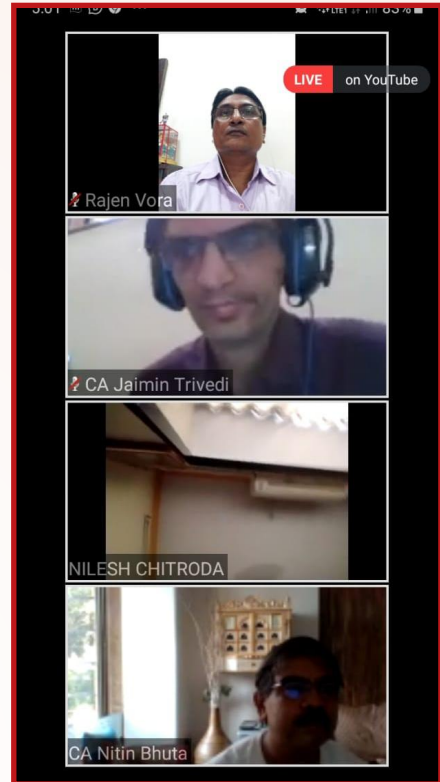
Knowledge is when you learn something new every day.

Thank You.

CA Viresh Shah

President

9th and 10th STUDY CIRCLE



Panel discussion of Current Practical issues in GST
 Saturday 2nd May 2020
 Speaker: CA. Janak Vaghani & CA. Nitin Bhuta
 Moderator: Bhavin Mehta.

1. Due to lockdown many practical issues have arisen which are hereunder:-
 I) Invoice is issued but goods are not removed from warehouse
 II) Invoice is issued goods are in transit and could not be delivered till 30th April and not likely to be delivered till lockdown is over

7. M/s LT Infrastructure (Contractor) registered in Mumbai enters into contract with M/s Sun Medicine (Employer) also registered in Mumbai and Indore to construct a building in Indore (M.P.). Since L T Infrastructure is registered under GST in state of Maharashtra will he be required to get registration in the state of M.P. in case all his procurement's are from Mumbai, Gujarat and M.P. will he loose ITC if he is not registered in MP?

11th STUDY CIRCLE

CURRENT STOCK MARKET STRATEGY

• 09 MAY 2020

• PRESENTATION BY :
 • CA MANISH CHOKSHI

• ORGANIZED BY :
 • MCTC

AUTO SECTOR- FALL BY 35% BSE30 FALL BY 25%

SECTOR	Security Name	% CHG	CLOSE
AUTO	ESCORTS LIMITED	-19%	740
AUTO	MRF LTD	-20%	58736
AUTO	BAJAJ AUTO LIMITED	-26%	2418
AUTO	EXIDE INDUSTRIES LTD	-29%	146
AUTO	HERO MOTOCORP LIMITED	-32%	1965
AUTO	AMARA RAJA BATTERIES LTD	-33%	544
AUTO	MAHINDRA & MAHINDRA LTD	-37%	385
AUTO	TVS MOTOR COMPANY LTD	-38%	309
AUTO	MARUTI SUZUKI INDIA LTD	-39%	4665
AUTO	EICHER MOTORS LTD	-40%	13897
AUTO	BOSCH LIMITED	-41%	9783
AUTO	ASHOK LEYLAND LTD	-48%	45
AUTO	MOTHERSON SUMI	-49%	77
AUTO	APOLLO TYRES LTD	-53%	90

12th STUDY CIRCLE

Prerequisite for GSTR 9

- Understanding of Accounting
- Understanding of the GST Laws
- IT Infrastructure
- Applicability of various notification, circulars, clarifications,
- Classification and nature of supplies
- Manner of availment of credit

Participants: CA Viresh Shah, CA Nitin Bhuzag, Manish Gada, Bhavin Mehta

Aggregate Turnover

2(6) means the aggregate **value** of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess

- Dealer of Second Hand Goods
- Air Travel Agent
- Forex Dealer
- Life Insurance
- Pure Agent – Reimbursement
- Sale of Capital Goods

Participants: CA Viresh Shah, CA Nitin Bhuzag, Manish Gada, Bhavin Mehta

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Printed by Kishor Dwarkadas Vanjara published by Kishor Dwarkadas Vanjara, on behalf of The Malad Chamber of Tax Consultants, and Printed at Finesse Graphics & Prints Pvt. Ltd., 309, Parvati Industrial Premises, Sun Mill Compound, Lower Parel, Mumbai-400 013. Tel. Nos.: 2496 1685/2496 1605 Fax No.: 24962297 and published at The Malad Chamber of Tax Consultants B/6, Star Manor Apartment, 1st Floor, Anand Road Extn., Malad (W), Mumbai-400 064. Adm. Off. Tel. 022-2889 5161

• Editor : Shri Kishor Vanjara

Associate Editor of MCTC Bulletin : Shri Brijesh M. Cholera

Posted at Malad ND (W) Post Office, Mumbai-400 064

Date of Publishing 3rd Week of Every Month
Date of Posting : 20th & 21st May, 2020

To

If undelivered, please return to :

The Malad Chamber of Tax Consultants,
B/6, Star Manor Apartment, 1st Floor,
Anand Road Extn., Malad (W),
Mumbai-400 064