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Tax Updates



29th April 2020

KEY ANNOUNCEMENTS IN THE FIELD OF INCOME-TAX, GST AND CUSTOMS-DUTY

Forms for Exercise of Lower Income Tax Rate Option for Companies

Forms (Form 10IC and Form 10ID) for the exercise of lower Income Tax Rate option have been notified vide Notification No. 10/2020 dated 12/02/2020. The companies that wish to avail the beneficial rate of 22 percent under section 115BAA have to file Form 10-IC on or before the due dates mentioned in sections 139(1) i.e. on or before October 31 (extended by Finance Bill 2020 from September 30). Similarly, the new domestic manufacturing companies, incorporated after October 1, 2019, that wish to be taxed under the concessional tax rate of 15 percent under section 115BAB must file Form 10-ID on or before October 31.

[Notification No. 10/2020](#) dated 12th February 2020.

Charitable and Religious Trust

With regard to Charitable and Religious Trusts, the respective authorities have been given the power for condonation of delay u/s 119(2)(b) of the IT Act, 1961 in the filing of Returns of Income for AY 2016-17, 2017-18 and 2018-19, Form No. 9A and Form No. 10. Form 9A is required to be filed when a Charitable Organisation is not able to utilise 85% of its income due to the fact that such income has not been received in the previous year or for any other reason. In such a case, the organisation has an option to apply such income in the year of receipt or in the year, immediately following the year of accrual of income. Where 85% of the income is not applied to charitable or religious purposes, the Charitable Trust or Institution may accumulate or set apart either the whole or part of its income for a future application for such purposes by filing Form 10.

[Circular No. 06/2020](#) dated 19th February 2020.

Condonation of Delay in filing Form 10B by Trusts and Charitable Institutions

In addition to the above, it has been decided by the CBDT that where there is a delay of up to 365 days in filing Form No.10B for Assessment Year 2018-19 or for any subsequent Assessment Years, the Commissioners of Income-tax have the authority to admit such belated applications of condonation of delay u/s 119(2) of the Act and decide on merits. Form 10B is required to be filed where the accounts of a Trust or an Institution are required to be audited, the person in receipt of the income is required to furnish the said form along with the return of income for the relevant assessment year.

Circular No. 2/2020 dated 3rd January 2020.

GST on Aircraft

Maintenance, Repair and Overhaul (MRO) services in respect of aircraft to be taxed at 5% with full ITC. Further, the place of supply of B2B MRO services will be changed to the location of recipient.

[Notification No. 02/2020](#) dated 25th March 2020.

GST on Mobiles

GST rates to be increased from 12% to 18% for mobile phones and specified parts.

[Notification No. 03/2020](#) dated 25th March 2020.

Taxation of Non-residents

The government has now amended the provision of Income Tax to include only those Indian citizens who have stayed in the country for a period of 120 days or more and had total income, other than from foreign sources, exceeding Rs 15 lakh in the previous year. Further, such persons have been categorised as 'not ordinarily resident' if they reside in India for 120 days or more but less than 182 days.

[Finance Bill, 2020.](#)

COVID-19 Ordinance

Certain announcements have been 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 issued an Ordinance on 31.03.2020 to give effect to the said announcements and to provide for extension of various time limits under the Taxation and Benami Acts.

[Ordinance](#) Dated 31st March 2020.

❖ Direct Taxes & Benami Property

- The due date for the belated /revised filing of the income tax returns for the FY 2018-19 (AY 2019-20) is extended from 31st March 2020 to 30th June 2020.
- The date for Aadhaar-PAN linking is extended from 31st March 2020 to 30th June 2020.
- The time limit to avail the Vivad Se Vishwas scheme relating to Direct Tax Dispute Resolution is extended up to 30th June 2020. The waiver of the 10% additional charge continues up to 30th June 2020 instead of the earlier time limit of 31st March 2020.
- Interest at a reduced rate of 9% p.a. shall be charged instead of 12% or 18% p.a. towards the delayed payment/deposit of the following income tax levies, made between 20th March 2020 and 30th June 2020.
 - Advance Tax
 - Tax Deduction at Source (TDS)
 - Tax Collection at Source (TCS)
 - Self-assessment tax
 - Equalisation levy
 - Security Transaction Tax (STT)
 - Commodity Transaction Tax (CTT)

It is further clarified that there is no extension in the deadlines of the above-mentioned tax levies. However no late fee/penalty shall be charged for any delay relating to this period.

❖ Investment in Tax Saving Instrument

The date for making various investments / payment for claiming deduction under Chapter-VIA-B of IT Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclipaim), 80G (Donations), etc. has been extended to 30 June 2020. Hence the investments / payments can be made up to 30.06.2020 for claiming the deduction under these sections for FY 2019-20.

❖ Prime Ministers Cares Fund

Donations made to PM CARES Fund will be eligible for 100% deduction under section 80G of the IT Act. The donation made from 1 April 2020 to 30 June 2020 can be claimed as a tax deduction for the FY 2019-20. In case a taxpayer wants to claim the tax deduction for FY 2020-21, the deduction is allowed both under the old regime and new optional tax regime.

❖ Capital Gains

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 30 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 assessee and/or the tax authorities have got an extended time limit of up to 30th June 2020 where the time limit for the following compliance matter expires between 20th March 2020 and 29th June 2020:

- Issue of notice/intimation/notification/approval order/sanction order.
- Filing of an appeal/furnishing of a return/statements/reports or any other documents.
- The time limit for the completion of proceedings by the tax authority.
- Investment in saving instruments or investments for rollover benefit of capital gains under the Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalisation Levy law, and the Vivad Se Vishwas law.

❖ Special Economic Zones (SEZ)

The date for commencement of operation for the SEZ units for claiming deduction under section 10AA of the IT Act has also been extended to 30.06.2020 for the units which received necessary approval by 31.03.2020.

❖ Goods and Service Tax (GST)

- *Taxpayers with an annual aggregate turnover of up to Rs 5 crore:*

The time limits for filing GSTR-3B for February 2020, March 2020, and April 2020 have been extended up to the last week of June 2020. Accordingly, no late fee, interest or penalty shall be levied for them.

- *Taxpayers with an annual aggregate turnover of more than Rs 5 crore:*

Except for a reduced interest charge, the due dates of GSTR-3B for February 2020, March 2020, and April 2020 stand extended up to the last week of June 2020. No late fee or penalty shall be levied. Any tax payments made after a delay of 15 days from the original due dates will attract a reduced interest at 9% p.a. instead of 18% p.a.

- *Taxpayers registered under the composition scheme:*

The due date for filing the statement-cum-challan in CMP-08 for the last quarter of FY 2019-20, i.e. Jan-Mar 2020 is extended till the last week of June 2020. Similarly, the due date for filing GSTR-4 for FY 2019-20 is extended from 30th April 2020 to the last week of June 2020.

The last date for opting into the composition scheme for the FY 2020-21 has been extended from 31st March 2020 up to 30th June 2020.

- *Sabka Vishwas Scheme (Legal Dispute Resolution Scheme under GST):*

The last date to avail the above scheme under GST is extended up to 30th June 2020. No interest will be charged for this period if the dues are paid before 30th June 2020.

- *Procedural and Compliance*

The taxpayers and/or the tax authorities have got an extended time limit of up to 30th June 2020, where the time limit for the following compliance matter expires between 20th March 2020 and 29th June 2020: (The same applies for customs, excise and service tax as well)

- Issue of notice/notification/approval order/sanction order
- Filing of an appeal/furnishing of a return/statements/applications/reports or any other documents.

Income Tax Refunds

All pending income-tax refunds up to Rs 5 lakh have been issued since 8th April 2020 to all taxpayers. These income tax refunds would help Individuals and MSMEs to carry on their business activities without pay cuts and layoffs in Covid-19 pandemic situation.

[Press release](#) dated 8th April 2020

New ITRs for the FY 2019-2020 (Assessment Year 2020-2021)

Further, in order to enable income taxpayers to avail full benefits of various timeline extensions granted by the Government of India due to Covid-19 pandemic situation, the CBDT is revising the return forms for FY 2019-20 (Assessment Year 2020-21) which shall be notified by the end of this month.

[Press release](#) dated 19th April 2020

Clarification in respect of option under section 115BAC of the Income-tax Act, 1961

Employees intending to opt for the new concessional tax regime under section 115BAC of the IT Act should intimate 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 115 BAC of the IT 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 under the IT Act for filing Return of Income.

Option at the time of filing of return of income under sub-section (J) of section 39 of the Act could be different from the intimation made by such employee to the Employer / Deductor for that previous year.

[Circular C1](#) dated 13th April 2020

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