

LOVI MEHROTRA & ASSOCIATES

CHARTERED ACCOUNTANTS

MONTHLY UPDATE FOR MAR 2020

(Circulars/Notifications released in March 2020)

30th March 2020

[Income Tax](#)

[GST](#)

[Customs Duty](#)

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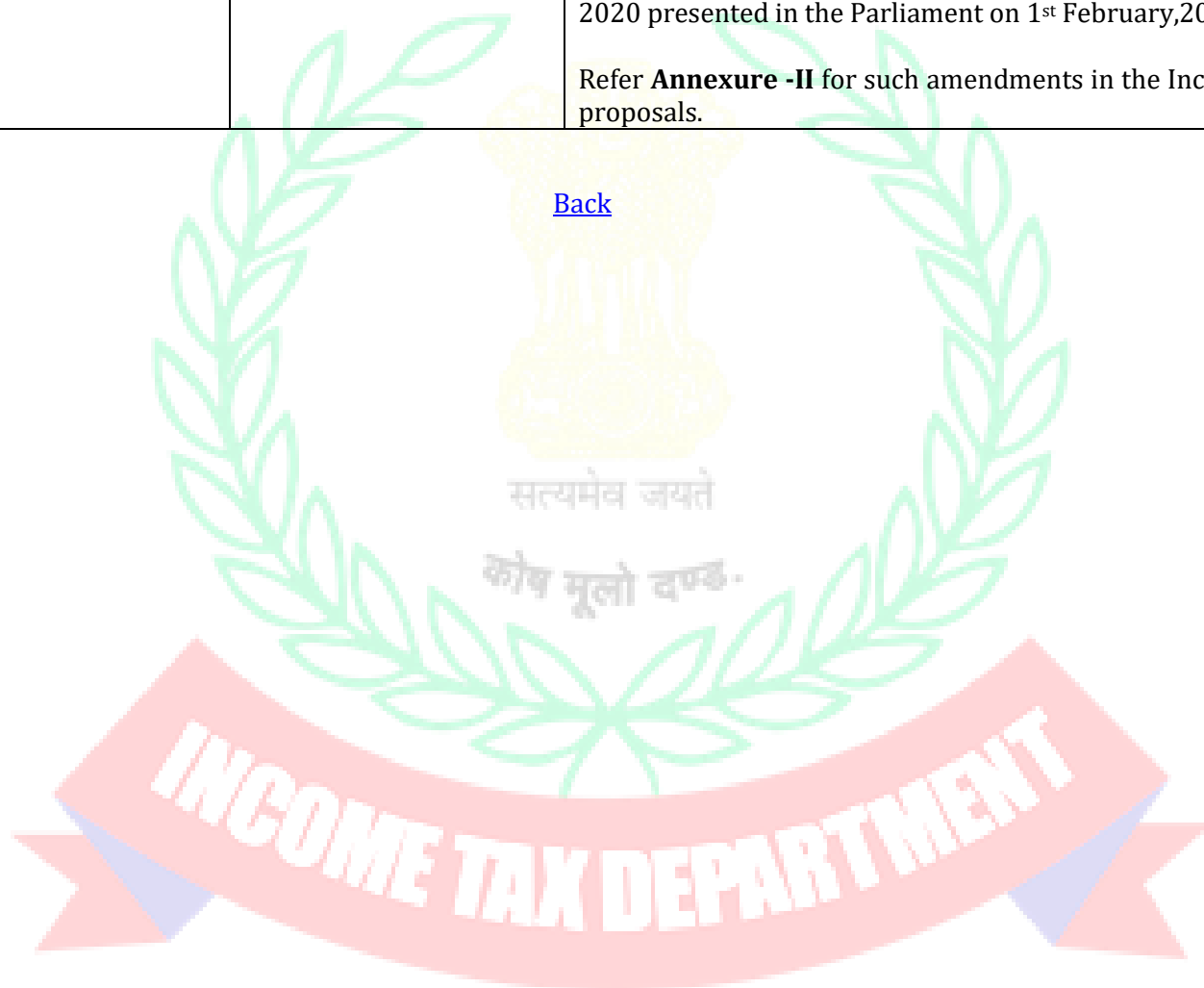
I. INCOME TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBDT Notification No.14/2020 dated 04.03.2020	Agreement for The exchange of information and assistance in collection with respect to taxes	In exercise of power conferred u/s 90(1) of the Income tax Act 1961, the Central Government has notified all provisions of the agreement signed on 28 th Feb 2020 between <i>the Government of the Republic of India and the Government of Brunei Darussalam</i> for exchange of information and assistance in collection with respect of taxes. Notification No. 14
2.	CBDT Circular No.7/2020 dated 04.03.2020	Clarifications on provisions of the Direct Tax Vivad se Vishwas Bill, 2020	Vide this circular, CBDT has issued clarifications in respect of various provision of the Direct Tax Vivad se Vishwas Bill, 2020. Circular No.7
3.	CBDT Notification No.15/2020 dated 05.03.2020	Amendment in Rule 17C of the Income-tax (7 th Amendment) Rules, 2020.	Vide this circular, CBDT has inserted a new clause (va) in Rule 17C of the Income tax Rules 1961 (<i>Forms or modes of investment or deposits by a charitable or religious trust or institution</i>) <u>New clause inserted</u> (va) investment made by a person, authorised under section 4 of the Payment and Settlement Systems Act, 2007, in the equity share capital or bonds or debentures of a company a) Which is engaged in operation of retail payment system or digital payments settlement or similar activities in India and abroad and is approved by the RBI b) In which at least 51% of equity shares are held by National Payments Corporation of India Notification No.15
4.	CBDT Notification No.16/2020 dated 15.03.2020	Notification of securities under section 47 of the Income tax Act 1961	CBDT has notified the following securities under sub clause (d) of clause (viib) of Section 47 of the Act , transfer of which ,by a non-resident on a recognised stock exchange located in any International Financial Service Centre in consideration paid or payable in foreign currency will not be considered as transfer under the Act : a) foreign currency denominated bond; b) unit of a Mutual Fund; c) unit of a Business trust; d) foreign currency denominated equity share of a company; e) unit of Alternative Investment Fund,

			<p>[Effective from 1st April 2020]</p> <p>Notification No.16</p>						
5.	CBDT Notification No. 4707/2020 F.No. Pr.CCIT (Intl.Tax)/Delhi/VSV/Designated Authority/ dated 18.03.2020	Notification of Designated Authority under the Direct Tax Vivad se Vishwas Act, 2020	<p>CBDT has specified jurisdictional Commissioners of Income Tax as “Designated Authority” under the Direct Tax Vivad se Vishwas Act, 2020.</p> <p>[Effective from 18.03.2020]</p> <p>Notification</p>						
6.	CBDT Notification No. 18/2020 dated 18.03.2020	The Direct Tax Vivad Se Vishwas Rules, 2020	<p>Central Government has notified the Rules under The Direct Tax Vivad Se Vishwas Act 2020.</p> <p><u>Highlights of the rules are as under:</u></p> <ul style="list-style-type: none">a) Defines “dispute” and other relevant termsb) Declaration to be made in Form - 1c) Undertaking to be furnished in Form - 2d) Issue of Certificate by Designated Authority electronically in Form-3e) Intimation of payment along with proof of withdrawal of appeal, objection etc to be made in Form-4f) Form-1, Form-2 & Form- 4 to be furnished electronically under digital signatureg) Order by designated authority in respect of payment of amount payable by the declarant in Form-5 <p>Notification No.18</p>						
7.	Press release dated 24.03.2020	Announcement of Finance Minister for several relief measures relating to Statutory and Regulatory compliance matters in view of COVID-19 outbreak .	<p>The Union Finance & Corporate Affairs Minister Smt. Niramla Sitharaman announced several important relief measures in respect of Income tax compliance in view of COVID-19 outbreak.</p> <p><u>These relief measures are as under</u></p> <p>A] Last date for filing Belated & Revised ITR for FY 18-19 extended till 30th June, 2020 [Earlier 31st March, 2020].</p> <p>B] Interest for delayed payments of the following taxes made between 20th March 2020 to 30th June 2020, has been reduced to 9% from 12 %/18 % per annum without any late fee/penalty.</p> <table><tr><th>Nature of Tax</th><th>Old Interest Rate (per annum)</th><th>Reduced Interest Rate (per annum)</th></tr><tr><td>Default in payment of Advance Tax (Section 234B)</td><td>12%</td><td>9%</td></tr></table>	Nature of Tax	Old Interest Rate (per annum)	Reduced Interest Rate (per annum)	Default in payment of Advance Tax (Section 234B)	12%	9%
Nature of Tax	Old Interest Rate (per annum)	Reduced Interest Rate (per annum)							
Default in payment of Advance Tax (Section 234B)	12%	9%							

			Default in payment of Instalments of Advance Tax (Section 234C)	12%	9%
			Failure to deduct TDS (Section 201)	12%	9%
			Failure to pay TDS deducted (Section 201)	18%	9%
			Failure to collect TCS/ delay in payment {Section 206C(7)}	12%	9%
			Failure to pay equalisation levy/delay in payment (Section 170)	12%	9%
			Failure to pay STT/delay in payment (Section 104)	12%	9%
		<p>C] Aadhaar-PAN linking date extended from 31st March, 2020 to 30th June, 2020.</p> <p>D] Vivad Se Vishwas Scheme extended up-to 30th June 2020, No additional charge of 10% up-to 30th June 2020. , Earlier the disputed tax without additional charge of 10%.was to be deposited by 31st March</p> <p>E] Due dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, 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 scheme where the time limit is expiring between 20th March 2020 to 29th June, 2020 extended up to 30th June 2020.</p>			

8.	The Finance Act, 2020 dated 27th March 2020	The Finance Act, 2020	<p>The Finance Act, 2020 has received assent of the President on the 27th March, 2020 with certain amendments in the proposals made in respect of Income tax in the Finance Bill 2020 presented in the Parliament on 1st February, 2020.</p> <p>Refer Annexure -II for such amendments in the Income tax proposals.</p>
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II. GOODS AND SERVICE TAX

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBIC Notification No. 8/2020 of Central Tax - dated 02.03.2020	Central Goods and Services Tax (Second Amendment) Rules, 2020.	<p>CBIC has substituted sub rule 2 of Rule 31A which states that the value of supply of lottery shall be deemed to be 100/128 of the face value of ticket or of the price as notified in the Official Gazette by the Organising State, whichever is higher.</p> <p>Notification No. 8</p>
2.	CBIC Notification No. 9/2020 of Central Tax - dated 16.03.2020	Exemption to foreign airlines from furnishing reconciliation Statement in FORM GSTR-9C	<p>CBIC has exempted the "foreign airlines companies" covered under section 381(1) of the Companies Act, 2013, from furnishing the reconciliation statement in FORM GSTR-9C.</p> <p>Provided that a statement of receipts and payments for the financial in respect of its Indian Business operations duly authenticated by a practicing Chartered Accountant, shall be furnished for each GSTN by the 30th September of the year succeeding the financial year.</p> <p>Notification No.9</p>
3.	CBIC Notification No. 10/2020 of Central Tax - dated 23.03.2020	Special procedure for taxpayers in Dadra and Nagar Haveli and Daman and Diu consequent to merger of the two UTs	<p>In the wake of merger of Union territory of Daman and Diu with Dadra and Nagar Haveli effective 27th January, 2020, CBIC has notified a special procedure for such persons whose principal place of business was in the erstwhile Union territory of Daman and Diu or in the erstwhile Union territory of Dadra and Nagar Haveli till the 26th January, 2020</p> <p>The aforesaid persons shall follow the special procedure as specified in the notification till 31st May, 2020.</p> <p>Notification No. 10</p>
4.	CBIC Notification No. 11/2020 of Central Tax - dated 23.03.2020	Special procedure for corporate debtors undergoing the corporate insolvency resolution process under the Insolvency and Bankruptcy Code, 2016	<p>CBIC has notified a special procedure for corporate debtors undergoing corporate insolvency resolution process and the management of whose affairs are being undertaken by Interim resolution professionals (IRP) or resolution professionals (RP),</p> <p>The aforesaid persons shall follow the special procedure as specified in the notification from the date of the appointment of the IRP/RP till the period they undergo the corporate insolvency resolution process,</p> <p>Notification No. 11</p>

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
5.	CBIC Notification No. 12/2020 of Central Tax - dated 23.03.2020	Waiver of the requirement for furnishing FORM GSTR-1 for FY 2019-20.	CBIC has waived the requirement for furnishing FORM GSTR-1 (containing details of outward supplies) & Form GST CMP-08 (containing details of self-assessed tax payment) for FY 2019-20 for taxpayers who could not avail the option of special composition scheme under notification No. 2/2019 dt 07.03.2019 and have furnished GSTR -3B for FY 2019-20. Notification No.12
6.	CBIC Notification No. 13/2020 of Central Tax - dated 23.03.2020	Exemption to certain class of registered persons from issuing e-invoices	CBIC has exempted the following classes of registered persons from issuing E-invoices and capturing dynamic QR code: a) Insurance Company b) Banking Company c) Financial Institution including a non-banking financial company d) Goods Transport Agency (GTA) e) Passenger Transport Service Supplier f) Supplier supplying service of admission to exhibition of cinematograph films in multiplex screens Further, the implementation date of E-Invoicing (i.e. Generation of IRN - Invoice Reference Number) applicable for such registered person whose aggregate turnover exceeds INR 100 crores , has been extended to 01.10.2020 (earlier date being 01.04.2020). Notification No.13
7.	CBIC Notification No. 14/2020 of Central Tax - dated 23.03.2020	Extension of the date for implementation of QR Code	CBIC has extended the date of implementation of QR Code B2C Invoicing applicable for such registered person whose aggregate turnover exceeds INR 500 crores, to 01.10.2020 (earlier date being 01.04.2020) Notification No.14
8.	CBIC Notification No. 15/2020 of Central Tax - dated 23.03.2020	Extension of the time limit for furnishing of the annual return specified under section 44 of CGST Act, 2017 for the financial year 2018-2019.	CBIC has extended the due date for furnishing annual return (Form GSTR 9) for FY 2018-19 till 30th June 2020. [earlier date being 31.03.2020) Notification No. 15
9.	CBIC Notification No. 16/2020 of Central Tax - dated 23.03.2020	The Central Goods and Services Tax (Third Amendment) Rules, 2020	CBIC has amended certain rules of the CGST rules 2017 which will be called Central Goods and Services Tax (Third Amendment) Rules, 2020. <u>Highlights of the amendments are as under:</u> 1] Authentication of Aadhaar number for grant of

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
			<p>registration under GST. <i>{Rule 8 (4A) effective from 1st April 2020}</i></p> <p>2] Physical verification of the principal place of business by the proper officer if Aadhaar authentication fails before grant of registration or due to any other reason after the grant of registration. <i>{Rule 9 & 25 effective from 1st April 2020}</i></p> <p>3] Change in procedure for reversal of ITC in respect of capital goods. <i>{Rule 43 (1) effective from 1st April 2020}</i></p> <p>4] Aggregate Turnover limit for filing GST Reconciliation Statement (GSTR-9C) i.e. GST Audit has been increased from INR 2 Crore <i>to INR 5 crores</i> for F.Y. 2018- 19. <i>{Rule 80 (3) }</i></p> <p>Note - Aggregate Turnover limit for filing Annual GST return (GSTR-9) will remain INR 2 crores and registered persons with aggregate turnover between INR 2 crores to INR 5 crores need to file GSTR-9 but not GSTR-9C.</p> <p>5] Refund allowed both in Cash & Credit ledger in case of excess or wrong payment of tax <i>{Rule 86(4A) }</i></p> <p>6] Ceiling fixed for the value of the export supplies for the purpose of calculation of refund on zero rated supplies <i>{Rule 89(4C) }</i></p> <p>7] Recovery of refund of unutilised input tax credit or integrated tax paid on export of goods where export proceeds not realised within the period allowed under FEMA Act, 1999 including any extension of such period. <i>{Rule 96A}</i></p> <p>Notification No.16</p>
10.	CBIC Notification No. 17/2020, 18/2020 & 19/2020 of Central Tax – dated 23.03.2020	Specification of Classes of person & Effective Date for Aadhar Authentication for registration	<p>CBIC has notified that the <i>individual, authorised signatory of all types, managing and authorised partner and Karta of Hindu undivided family</i> shall undergo authentication of Aadhaar number in order to be eligible for GST registration with effect <i>from 1-4-2020</i>.</p> <p>However, if these individuals do not have a Aadhaar number, then alternate means of identification to serve this purpose will be offered to them as specified in Rule 9 of the CGST Rules, 2017.</p> <p>Further, such <i>persons who are not the citizens of India shall not be a part of this amendment</i>. These class of persons needs to follow a different approach as given in rule 8 of the CGST Rules, 2017.</p>

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			Notification No.17 Notification No.18 Notification No.19												
11.	CBIC Notification No. 20/2020, 21/2020, 22/2020, 23/2020, 24/2020, 25/2020 and 26/2020 of Central Tax – dated 23.03.2020	Extension of due date for furnishing FORM GSTR-1, GSTR-3B and GSTR-7 for registered persons in Jammu and Kashmir.	<p>The due date of filing the following GST Forms by a registered person whose principal place of business lies in the state of Jammu & Kashmir has been extended:</p> <table><tr><th>GST Form</th><th>Extended due date of filing</th></tr><tr><td>GSTR-1 (Qtr: July-Sep’2019)</td><td>24th March,2020</td></tr><tr><td>GSTR-1 (Qtr: Oct-Dec’2019)</td><td>24th March,2020</td></tr><tr><td>GSTR-1 (Month : July’19 to February’2020)</td><td>24th March,2020</td></tr><tr><td>GSTR-3B (Month : July’19 to February’2020)</td><td>24th March,2020</td></tr><tr><td>GSTR-7 (Month: July’2019 to February’2020)</td><td>24th March,2020</td></tr></table> Notification No. 20 Notification No. 21 Notification No. 22 Notification No. 23 Notification No. 24 Notification No. 25 Notification No. 26	GST Form	Extended due date of filing	GSTR-1 (Qtr: July-Sep’2019)	24 th March,2020	GSTR-1 (Qtr: Oct-Dec’2019)	24 th March,2020	GSTR-1 (Month : July’19 to February’2020)	24 th March,2020	GSTR-3B (Month : July’19 to February’2020)	24 th March,2020	GSTR-7 (Month: July’2019 to February’2020)	24 th March,2020
GST Form	Extended due date of filing														
GSTR-1 (Qtr: July-Sep’2019)	24 th March,2020														
GSTR-1 (Qtr: Oct-Dec’2019)	24 th March,2020														
GSTR-1 (Month : July’19 to February’2020)	24 th March,2020														
GSTR-3B (Month : July’19 to February’2020)	24 th March,2020														
GSTR-7 (Month: July’2019 to February’2020)	24 th March,2020														
12.	CBIC Notification No. 02/2020 of Central Tax – dated 26.03.2020	Reduction in CGST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft	<p>CBIC has reduced the CGST rate on Maintenance, Repair and Overhaul (MRO) services in respect of aircraft from 18% to 5% with full ITC.</p> <p>[Effective from 1st April 2020]</p> Notification No.02												
13	CBIC Circular No. 133/03/2020 of Central Tax – dated 23.03.2020	Clarification on issues in respect of apportionment of input tax credit (ITC) in cases of business reorganization	<p>CBIC has issued clarification on various issued raised by taxpayers in respect of apportionment of input tax credit in the event of merger, demerger, amalgamation or change in the constitution/ownership of business.</p> <p><u>Highlights of such clarification are as under</u></p> <p>A] To apportion the ITC pursuant to a demerger, the value of assets of the new units is to be taken at the State level (at the level of distinct person) and not at all-India level. (Rule 41(1))</p>												

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			<p>B] The transferor is required to file FORM GST ITC-02 only in those States where both transferor and transferee are registered and not in all states.</p> <p>C] The formula for apportionment of ITC given in proviso to rule 41 (1), shall be applicable for all forms of business re-organization that results in partial transfer of business assets along with liabilities and not only in case of demerger.</p> <p>D] The ratio of value of assets as determined under proviso to rule 41 (1), shall be applied to the total amount of unutilized input tax credit (ITC) of the transferor i.e. sum of CGST, SGST/UTGST and IGST credit and need not be applied separately to each of head of ITC.(CGST/SGST/IGST)</p> <p>E] The apportionment formula shall be applied on the ITC balance of the transferor as available in electronic credit ledger on the date of filing of FORM GST ITC - 02 by the transferor.</p> <p>F] The value of assets should be taken as on the "appointed date of demerger",</p> <p>Circular No.133/03</p>
14.	CBIC Circular No. 134/04/2020 of Central Tax - dated 23.03.2020	Clarification on issues in respect of issues under GST law for companies under Insolvency and Bankruptcy Code, 2016	<p>CBIC has issued clarification on various issues raised by taxpayers in respect of GST law for companies under Insolvency and Bankruptcy Code, 2016</p> <p><u>The clarification deal with the following issues:</u></p> <ul style="list-style-type: none"> a) GST dues before CIRP (Insolvency process) period , b) GST registration cancellation of corporate debtor c) IRP/RP obligation to file returns before CIRP period d) Availment of ITC for invoices by persons who are availing supplies from the corporate debtors undergoing CIRP e) New registration to be taken by the corporate debtor during the CIRP period <p>Circular No.134/04</p>
15.	GST Council Press release dated - 14.03.2020	39 th Meeting of the GST Council	<p>Recommendations made during 39th Meeting of the GST Council held on 14th March, 2020 are highlighted in Annexure-I to this News Letter.</p>

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
16.	Press release dated 24.03.2020	Announcement of Finance Minister for several relief measures relating to Statutory and Regulatory compliance matters in view of COVID-19 outbreak.	<p>The Union Finance & Corporate Affairs Minister Smt. Niramla Sitharaman announced several important relief measures in respect of GST compliance in view of COVID-19 outbreak.</p> <p><u>These relief measures are as under</u></p> <p>A] <u>Aggregate annual turnover less than Rs. 5 Crore</u> Due date of filing <u>GSTR-3B for</u> Feb, March & April'2020 extended till 30th June 2020 without any interest, late fee, and penalty</p> <p><u>Aggregate annual turnover more than Rs. 5 Crore</u> Taxpayer can file <u>GSTR-3B till 30th June 2020 but</u> the same would attract <i>reduced rate of interest @ 9 % per annum</i> from 15 days after due date (current interest rate is 18 % per annum) without any late fee and penalty</p> <p>C] <u>Date for opting composition scheme</u> extended till 30th June 2020. Further, the last date for making payments (CMP-08) for the quarter ending 31st March, 2020 [earlier 18.4.2020] and filing of return (GSTR 4) for 2019-20 (earlier 30.04.2020) by the composition dealers <i>extended till 30th June 2020.</i></p> <p>D] <u>Due date for issue of</u> notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws <i>where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.</i></p> <p>E] <u>Payment date under Sabka Vishwas Scheme</u> extended till 30th June, 2020(earlier date 15.01.2020). No interest for this period shall be charged if paid by 30th June, 2020.</p>

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III. CUSTOMS DUTY

S.NO.	CIRCULAR/ NOTIFICATION NO.	PARTICULARS	SHORT SUMMARY
1.	CBIC Notification No. 27/2020-Cus (NT) dated 19.03.2020	Rate of Exchange	CBIC has notified the rate of exchange of conversion of foreign currency for import and export of goods for 20 currencies specified in Schedule I & Schedule II effective from 20-03-2020. Notification No. 27

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Annexure-I

Goods & Service Tax

Recommendations made during 39th Meeting of the GST Council held on 14th March, 2020

A] **Interest for delay in payment of GST** to be charged on the net cash tax liability w.e.f. 01.07.2017 (Law to be amended retrospectively).

B] Where registrations have been cancelled till 14.03.2020, **application for revocation** of cancellation of registration can ***be filed up to 30.06.2020*** (extension of period for application as a one-time measure to facilitate those who wish to conduct business).

C] Annual Return:

i) Relaxation to MSMEs from furnishing of Reconciliation Statement in FORM GSTR-9C, for the financial year 2018-19, for taxpayers having aggregate turnover below Rs. 5 crores;

ii) Extension of due date for filing of Annual return (GSTR 9) and the Reconciliation Statement (GSTR 9C) for financial year 2018-19 to ***June 30 2020***.

iii) **No Late fees to be levied** for delayed filing of the Annual return and the Reconciliation Statement for financial year 2017-18 and 2018-19 for taxpayers with aggregate turnover less than Rs. 2 crores.

iv) A new facility called **'Know Your Supplier'** to be introduced so as to enable every registered person to have some basic information about the suppliers with whom they conduct or propose to conduct business.

D] Deferment of e-wallet Scheme:

a. Extension of the time to finalize e-Wallet scheme up to 31.03.2021; and

b. Extension of the present exemptions from IGST and Cess on the imports made under the AA/EPCG/EOU schemes up to 31.03.2021.

E] **Continuation of existing system** of furnishing FORM GSTR-1 & FORM GSTR-3B till September, 2020;

F] Other new initiatives:

i) Seeking information return from Banks

ii) To curb fake invoicing and fraudulent passing of ITC, restrictions to be imposed on passing of the ITC in case of new GST registrations, before physical verification of premises and Financial KYC of the registered person.

Annexure-II

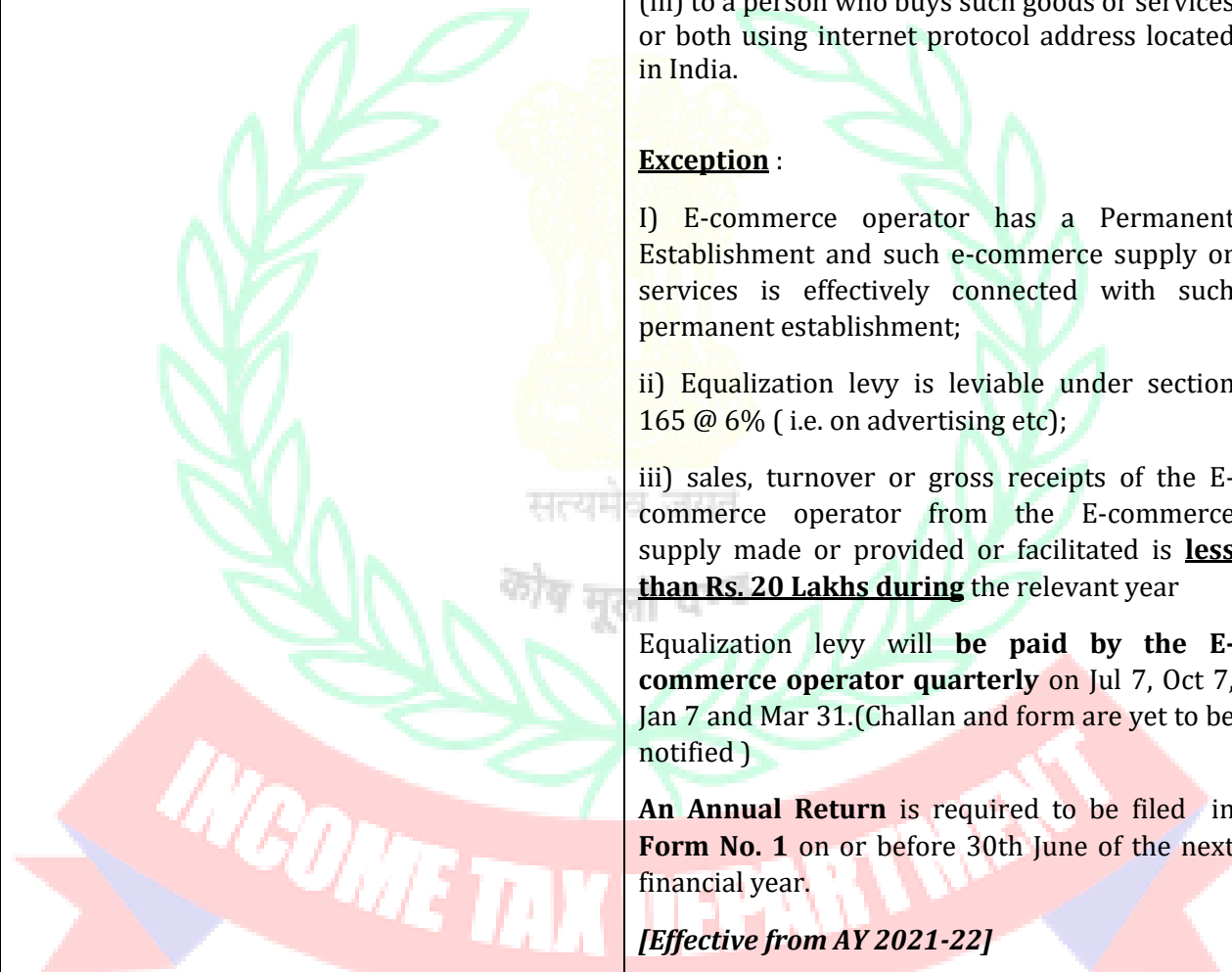
Income Tax

Changes made in the Income tax proposal brought in Finance Bill ,2020

Proposal in Finance Bill,2020 (Presented on 1 st February,2020)	Amendment in Finance Act,2020 (Assented by President on 27 th March,2020)
Explanation I to Section 6(1): Residential Status	
The period of 182 days if the individual is an Indian citizen who comes on a visit to India was proposed to be reduced to 120 days.	The period of 182 days if the individual is an Indian citizen who comes on a visit to India has been reduced to 120 days <i>if his total income other than income from foreign sources, exceeds Rs. 15,00,000 during the previous year</i> <i>[Effective from AY 2021-22]</i>
Explanation I to Section 6(1A): Residential Status	
An Indian citizen, who is not a tax resident in any other country or territory, even if on account of operation of different tax treaties or tax heaven status of the countries of his stay, <i>will be deemed to be a “resident” of India, and accordingly will be taxed in India on his global income.</i>	An Indian citizen who is not liable to tax in any other country or territory by reason of his domicile or residence or any other criteria of similar nature, having total income other than the income from foreign sources, exceeding Rs 15,00,000 during the previous year shall be deemed to be resident in India in that previous year, Aforesaid persons would also be considered as Not Ordinarily Resident (NOR). ‘Income from foreign sources’ has been defined to mean income which accrues or arises outside India (except income derived from a business controlled in or profession set-up in India.
SECTION 6 (3) : Residential Status	
A person is said to be “Not ordinarily resident” in India in any previous year, if such person is— a non-resident in India in seven out of the ten previous years preceding that year; or	<i>The original definition of NOR has been restored.</i> (which is as under) A person is said to be “Not ordinarily resident (NOR)” in India in any previous year if such person is— A non-resident in India in nine out of the ten

	previous years preceding that year, or has during the seven previous years preceding that year, been in India for a period of 729 days or less; or
New Section 80M : Deduction in respect of Intercompany Dividend	
Domestic company will be allowed a deduction of dividend received from other domestic company in case the first domestic company further declares and distributes the dividend to its investors on or before its due date of filing return of income u/s 139(1).	Deduction under section 80M also available in respect of dividends received by an Indian company from other domestic company, foreign companies, business trusts in case the first domestic company further declares and distributes the dividend to its investors on or before its due date of filing return of income u/s 139(1). <i>[Effective from AY 2021-22]</i>
Section 194J: TDS on Fee for Professional and Technical Service	
The rate for TDS in case of fee for technical services reduced to 2% [Earlier 10%]. The rate would remain 10% in case of professional services, royalty and other services.	The rate for TDS in case of fee for technical services and royalty in the nature of consideration for sale, distribution or exhibition of cinematograph films reduced to 2% [Earlier 10%]. The rate would remain 10% in case of professional services, royalty and other services. <i>[Effective from AY 2021-22]</i>
New Section 194K: TDS on Income from Mutual Fund	
No such exception was proposed.	The following exception has been included along with threshold limit of Rs 5000 No TDS on income upto Rs 5000 in the nature of capital gains in respect of units of mutual funds. <i>[Effective from AY 2021-22]</i>
Section 194N: TDS on Income from Mutual Fund	
No such change was proposed.	The aforesaid section has been substituted with the following TDS at the rate of 2% in case of aggregate withdrawal of cash in excess of Rs 1 crore in a financial year from an account maintained with bank, post office or a co-operative society engaged in business of banking Newly inserted proviso If the recipient has not filed ITR for 3 preceding

	<p>years immediately preceding the previous year in which the payment in cash is made to him,</p> <p>2% TDS- In case of cash withdrawals (from banks, etc.) exceeding Rs. 20 lakh but less than Rs 1 crore and;</p> <p>5% TDS- where withdrawals exceeding Rs 1 crore.</p> <p>[Effective from 1st July 2020]</p>
New Section 1940: TDS on Payment of certain sums by E-commerce operator	
<p>E-commerce operator shall deduct TDS @1% of the gross amount of sales or services or both, made to E-commerce participant (seller) . Tax shall be deducted at the time of credit or payment for sale or services by any mode whichever is earlier.</p> <p>Effective from 1st April, 2020</p>	<p>The provision of this section will be applicable from 1st October, 2020 instead of 1st April,2020.</p> <p>Further , a new clause (as below) has been inserted (Earlier this was not proposed). Rest of the provisions proposed are same.</p> <p>“E-commerce operator shall be deemed to be the person responsible for paying to e-commerce participant.</p>
Section 206C : Widening the scope of TCS	
<p>A] Tax shall be collected at source at the rate of 5% (10% if no PAN/Aadhaar) on following transactions:</p> <p>a. Sale of overseas tour package – TCS compliance to be done by seller of overseas package. No minimum threshold prescribed.</p> <p>b. Remittance of Rs. 7 lakhs or more in a financial year outside India under LRS Scheme of RBI</p> <p>B] Every person being seller, shall collect TCS at the rate of 0.1% (1% if no PAN/Aadhaar) from the buyer in case of sale of any goods other than the goods covered in 206C(1),(1F) & (1G), if consideration received during the previous year exceeds Rs. 50 lakh.</p> <p>Effective from 1st April 2020</p>	<p>The provisions of this section will be applicable from 1st October, 2020 instead of 1st April,2020.</p> <p>Further , new proviso as below has been inserted (Earlier this was not proposed). Rest of the provisions proposed are same.</p> <p>In case remittance is for loan obtained from financial institution for the purpose of pursuing education and if it exceeds Rs. 7 lakhs , TCS 0.5% is required to be deducted by the authorized dealer.</p>
New Section 165A : Charge of Equalization levy on e-commerce supply of services	
No such section was proposed.	2% Equalization levy will be charged on consideration received/ receivable by a non-resident e-commerce operator for online sale of

	<p>goods/ services or both by it or facilitated by it to</p> <p>(i) to a person resident in India; or (ii) to a non-resident in the specified circumstances as referred to in sub-section (3); or (iii) to a person who buys such goods or services or both using internet protocol address located in India.</p> <p><u>Exception :</u></p> <p>i) E-commerce operator has a Permanent Establishment and such e-commerce supply or services is effectively connected with such permanent establishment;</p> <p>ii) Equalization levy is leviable under section 165 @ 6% (i.e. on advertising etc);</p> <p>iii) sales, turnover or gross receipts of the E-commerce operator from the E-commerce supply made or provided or facilitated is <u>less than Rs. 20 Lakhs during</u> the relevant year</p> <p>Equalization levy will be paid by the E-commerce operator quarterly on Jul 7, Oct 7, Jan 7 and Mar 31.(Challan and form are yet to be notified)</p> <p>An Annual Return is required to be filed in Form No. 1 on or before 30th June of the next financial year.</p> <p><i>[Effective from AY 2021-22]</i></p>
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Disclaimer:

This is not a complete listing of all circulars/notifications issued during the month.

Instead it is only a listing of some of the circulars/notifications that we considered important