

NEWSLETTER

TAX

JULY 2020

- Income Tax
- Goods and Services Tax
- Important Rulings



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Income Tax

1. Amendments in Rule 31A, FORM 26Q & FORM 27Q

CBDT

Notification No.43 /2020 dated 03.07.2020 & Notification No 54/2020 24.07.2020

CBDT has made following amendments to Rule 31A, Form 26Q and Form 27Q , 31AA, 37BC and Form 27EQ:-

Amendments to Rule 31A(4) : Preparation of TDS return

In terms of provisions of section 194N, 194A(5), 194LBA(2A) & 197A(1D), particulars of amount paid or credited on which TDS was not deducted or deducted at lower rate are required to be reported in the TDS return.

Amendments to Form 26Q : TDS return for non-salary payments

1) New sections 194K, 194-O are inserted in Form 26Q.

2) New validation Codes or flags are provided for reporting of reasons for non-deduction or lower deduction of tax.

{Changes in relation to section 194K and section 194-O shall be effective from 1st July,2020 and 1st October,2020 respectively}

Amendments to 27Q : TDS return for payments to non-residents

1) New section **194N** is inserted in Form 27Q.

2) New validation Codes or flags provided for reporting of reasons for non-deduction or lower deduction of tax.

3) In case of a non-resident, non-availability of PAN or Aadhaar number is required to be mentioned in the TDS return.

{Changes in relation to section 194N shall be effective from 1st July, 2020 }

Amendments to 27EQ : TCS Return (Rule 31AA)

TCS return will now include the details of amount received or debited on which tax was not collected.

{Changes effective from 1st Oct, 2020 }

Amendments to Rule 37BC { [Relaxation from deduction of tax at higher rate under section 206AA]

Dividend payable to Non Residents: TDS rate will not be enhanced in case of PAN not being available.

{Changes effective from 1st Oct, 2020 }

[Notification No.43](#) [Notification No.54](#)

2. National Pension Scheme Tier-II – Tax saver Scheme,2020

CBDT

Notification No.45/2020 dated 07.07.2020

Central Government has notified the following scheme in terms of provisions of Section 80C(2)(xxv) of the Act,:

National Pension Scheme Tier II- Tax Saver Scheme, 2020

The assessee, being an employee of the Central Government, shall be eligible for deduction u/s 80C of a contribution to the specified account which has been activated by the authority (Pension fund Regulatory & Development Authority), on or after the date of commencement of this scheme. The minimum amount of

contribution to activate this account shall be **Rs 1000** and minimum amount of subsequent contribution shall be **Rs 250**.

The contribution made under this scheme shall have a lock in period of **three years** from the date of credit of amount to the specified account. The contribution made to the specified account shall not be permitted to be assigned, pledged or hypothecated during the lock-in-period.

[Effective from 7th July,2020}

[Notification No.45](#)

3. One Time Relaxation for Verification of Tax>Returns

CBDT

Circular No.13/2020 **dated 13.07.2020**

CBDT has provided a one time option to verify the Income tax returns for AY 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 which were uploaded electronically by the taxpayer within the time allowed under section 139 and which have remained incomplete due to **non-submission of ITR-V form for verification through the modes given below,**

- i) Through Aadhaar OTP
- ii) By logging into e-filing account through net banking
- iii) EVC through Bank Account Number
- iv) EVC through Demat Account Number
- v) EVC through Bank ATM
- vi) By sending a duly signed physical copy of ITR-V through post to the CPC

[Circular No.13](#)

4. Amendment in Rule 12CB of the Income tax Rules,1962

CBDT

Notification No.55/2020 **dated 28.07.2020**

CBDT has substituted the rule 12CB with the following rule:

Rule 12CB: stipulates as under

Person responsible for crediting or making payment on the behalf of Investment fund shall furnish the following statement of income paid or credit by Investment fund

- a) To its unit holder in **Form No.64C by 30th June** of the financial year following the previous year during which income is paid or credited.
- b) To the Principal Commissioner or Commissioner of Income tax in **Form No. 64D by 15th June** (Earlier it was 30th November) of the financial year following the previous year during which income is paid or credited.

Accordingly , Form No.64C & 64D have been substituted with the new forms as specified in the notification.

[Notification No. 55](#)

5. Extension of due date of furnishing ITR for AY 2019-20 & other relaxation

CBDT

Notification No.56/2020 **dated 29.07.2020**

The Government had brought the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 on 31st March, 2020 which extended various time limits of Income tax compliances due to outbreak of COVID-19.

In order to provide further relief to the taxpayer, the Government has made further amendment in the aforesaid Ordinance

- a) Extension of time limit for furnishing **belated/revised ITR for FY 18-19 till 30th September,2020** {Earlier it was extended till 31st July,2020}.
- b) New proviso inserted stipulating that tax paid BY July 31,2020 for AY 20-21 by senior citizen having no income from Business/profession will be deemed to be the advance tax. Thus after this payment if tax

remaining to be paid is less than Rs 1 lakh , no interest under 234A will be leviable for AY 20-21 Notification No.56
6. Amendment in Rule 11UAC of the Income tax Rules
CBDT Notification No.40/2020 dated 29.06.2020
<p>Vide notification no.96/dated 11.11.2019 , CBDT had inserted Rule 11UAC which lays down the class of persons exempt under clause XI of the proviso to clause (x) of section 56 (2).</p> <p>The said amendment provides that any immovable property, being land or building or both, received by a resident of an unauthorized colony in the National Capital Territory of Delhi, where the Central Government has regularized the transaction, is exempted from income tax under the head 'income from other sources.'</p> <p>Vide this notification, CBDT has further amended the above rule as under</p> <p>If any person receives the following property for a consideration less than its fair market value, the fair value as exceeding the consideration would not be taxable under the head "Income from other sources"</p> <p>a) Unquoted shares of a company and its subsidiary and the subsidiary of such subsidiary received by a shareholder, where:</p> <ol style="list-style-type: none"> i) The National Company Law Tribunal ('NCLT'), on an application moved by the Central Government under Section 241 (i.e. Oppression & Mismanagement) of the Companies Act, 2013 has suspended the Board of Directors of such company and has appointed new directors nominated by the Central Government; and ii) Share of company and its subsidiary and the subsidiary of such subsidiary has been received pursuant to a resolution plan approved by the NCLT under Section 242 of the Companies Act, 2013 <p>b) Equity shares of Yes Bank Limited, received by the investor banks, allotted under the Yes Bank Reconstruction Scheme (at a price specified in the said Scheme).</p> <p>{ Effective from AY 2020-21 }</p> <p>Notification No.40</p>
7. Amendment in Section 9A(3) of the Income tax Act [pertaining to certain activities not to constitute business connection in India]
CBDT Notification No.41/2020 dated 30.06.2020
<p>Section 9A(3) lays down various conditions on fulfilment of which investment fund will be an eligible investment fund under the said section and activities thereof shall not constitute business connection in India. The following conditions among others are specified in the said section:</p> <p>e) the fund has a minimum of 25 members who are, directly or indirectly, not connected persons.</p> <p>f) any member of the fund along with connected persons shall not have any participation interest, directly or indirectly, in the fund exceeding 10%;</p> <p>g) the aggregate participation interest, directly or indirectly, of ten or less members along with their connected persons in the fund, shall be less than 50%</p> <p>Vide this notification, CBDT has provided exemption from the conditions as mentioned above in the clause (e) , (f) and (g) of section 9A(3) to the Investment fund set up by a category-I Foreign portfolio investor registered under Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.</p> <p>{Effective from 23rd September,2019}</p> <p>Notification No. 41</p>
8. Insertion of New Rule 11UAD in Income tax Rules,1962
CBDT Notification No.42/2020 dated 30.06.2020
<p>CBDT has inserted Rule 11 UAD to prescribe the class of persons (as below) to whom provision of section 50CA(pertaining to FMV as full value of consideration in case of transfer of unquoted shares) shall not apply:</p>

- **An assessee, on transfer of unquoted shares of a company** and its subsidiary and the subsidiary of such subsidiary company, where
 - i) the Tribunal, on an application moved by the Central Government under section 241 of the Companies Act, 2013, has suspended the Board of Directors of such company and has appointed new directors nominated by the Central Government under section 242 of the said Act; and
 - ii) share of such company and its subsidiary and the subsidiary of such subsidiary has been transferred pursuant to a resolution plan approved by the Tribunal under section 242 of the Companies Act, 2013 after affording a reasonable opportunity of being heard to the jurisdictional Principal Commissioner or Commissioner.

** a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company;*

{Effective from AY 2020-21}

[Notification No.42](#)

<u>Goods and Services Tax</u>	
1. CGST (Eighth Amendment) Rules, 2020	
CBIC Notification No. 58/2020 of Central Tax – dated 01.07.2020	
<p>CBIC has amended the following rules of the CGST Rules:</p> <p>Rule 67A : Nil Return in GSTR 3B or Nil Details of outward supplies in GSTR-1 can now be filed through a short messaging service using the registered mobile number and the said return shall be verified by a One Time Password facility.</p> <p><i>[Effective from 1st July,2020]</i></p> <p>Notification No.58</p>	
2. Extension of due date for furnishing FORM GSTR 4 for FY 2019-20	
CBIC Notification No. 59/2020 of Central Tax – dated 13.07.2020	
<p>Due date for furnishing FORM GSTR 4 for FY 2019-20 has been further extended up to 31st August, 2020 (Earlier it was 15th July 2020)</p> <p>Notification No.59</p>	
3. Amendment in FORM GST INV-01 (E-Invoice)	
CBIC Notification No. 60/2020 of Central Tax – dated 30.07.2020	
<p>CBIC has further amended FORM GST INV-01 pertaining to E-invoice a with new form as prescribed in the notification.</p> <p>Notification No. 60</p>	
4. Exemption to certain class of registered persons from issuing E-invoices	
CBIC Notification No. 61/2020 of Central Tax – dated 30.07.2020	
<p>Vide Notification No. 13/2020 dated 23.03.2020, CBIC had specified the classes of registered person who were exempted from issuing E-Invoice and capturing dynamic QR code and also specified the threshold limit of turnover Rs 100 crores exceeding which provision of issuing E-Invoice would be applicable.</p> <p>CBIC has further extended the benefit of above exemption to “Special Economic Zone unit” and also increased the threshold limit from Rs 100 crore to Rs 500 crore</p> <p>Notification No. 61</p>	
5. Conditional waiver of late fees for the period from July 2017 to July 2020	
CBIC Notification No. 57/2020 of Central Tax – dated 30.06.2020	
<p>CBIC has capped the maximum late fee at Rs 500 per return (GSTR 3B), for the tax periods as below, filed after the deadlines given in notification 52/2020 dated 24th June 2020 but before 30th September 2020,</p> <p>1) For turnover more than Rs 5 crore: May 2020 – July 2020 2) For turnover equal to or below Rs 5 crore: February 2020 – July 2020</p> <p><i>(i.e. Rs 250 under CGST Rs 250 under SGST per return)</i></p> <p>In case of nil return (GSTR 3B) ,late fee is fully waived off irrespective of the turnover threshold.</p> <p><i>{Effective from 25th June,2020}</i></p> <p>Notification No.57</p>	

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.



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