

MAY 2020

NEWSLETTER

TAX

- Income Tax
- Goods and Services Tax
- Important Rulings



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<u>INCOME TAX</u>	
1. Amendment in Mutual Agreement Procedure laid down in the Income Tax Rules, 1962	
<div> <div>CBDT</div> <div>Notification No.23/2020 dated 06.05.2020</div> </div>	
<p>CBDT has substituted rule 44 G with effect from 6th May 2020.</p> <p>Highlights of the new rule 44G are as under:</p> <p>1. Assessee, being a resident of India if aggrieved by any action of the tax authorities of any country or specified territory outside India for the reason that, according to him, such action is not in accordance with the terms of agreement with such other country or specified territory, he may make an application to the Competent Authority in India seeking to invoke the mutual agreement procedure, if provided in such agreement, in Form No. 34F.</p> <p>The Competent Authority in India shall endeavor to arrive at a mutually agreeable resolution of the tax disputes, in accordance with the agreement between India and the other country or specified territory within an average time period of 24 months.</p> <p>2. If a resolution is so arrived, the assessee shall communicate his acceptance or non-acceptance within 30 days.</p> <p>3. An Assessee, upon the acceptance of the resolution, shall withdraw any appeal filed in this regard and pay the tax determined by the Assessing officer (AO) after giving effect to the resolution.</p> <p>4.</p> <p>5. Form 34F (revised) seeks details of remedy sought along with documentary evidence, if any, in addition to any information which are related specifically to the assessee</p> <p>6. Rule 44H has been omitted under this amendment.</p> <p>Notification No.23</p>	
2. Amendment in Safe harbour rules of Income Tax Rules, 1962	
<div> <div>CBDT</div> <div>Notification No.25/2020 dated 20.05.2020</div> </div>	
<p>CBDT has amended the following rules of the Income Tax Rules 1962:</p> <p>1) Rule 10TD (3B): Applicability of the provisions of sub-rules (1) and (2A) pertaining to eligible international transaction under Safe harbour option, has been extended till AY 2020-21 {Earlier it was applicable till AY 2019-20}</p> <p>2) Rule 10TE(2): Sub-rule 2 will not be applicable to the option for safe harbour which has been validly exercised under sub-rule (3B) of rule 10TD.</p> <p>(Effective from 1st April 2020)</p> <p>Notification No.25</p>	
3. Income-tax (10th Amendment) Rules, 2020	
<div> <div>CBDT</div> <div>Notification No.29/2020 dated 27.05.2020</div> </div>	
<p>CBDT has amended the following rule of the Income Tax Rules, 1962.</p> <p>Rule 10V : Guidelines for application of Section 9A.</p> <p>A) Sub rule 11 inserted which states that provision of sub rule (5) to sub rule (10) pertaining to determination of arm's length in respect of any remuneration paid by the eligible investment fund to an eligible fund manager under section 9A & maintaining documents related to it, shall not be applicable on or after 1st April 2019.</p> <p>B) Sub rule 12 inserted which has notified the method for computing the remuneration to be paid by the</p>	

fund to a fund manager.

- C) **Sub rule 13 inserted** which has **notified Form No. 3CEJA** for furnishing report duly verified by the accountant on the fulfillment of conditions by an eligible investment fund.

{Effective from 27th May 2020}.

[Notification No.29](#)

4. Clarification in respect of residency under section 6 of the Income-tax Act, 1961

CBDT

Circular No.11/2020 dated 08.05.2020

Individuals who had come on a visit to India during FY 2019-20 for a particular duration and intended to leave India before the end of the previous year for maintaining their status as non- resident or not ordinary resident in India, have been forced to prolong their stay in India due to declaration of the lockdown and suspension of international flights owing to outbreak of Novel Corona Virus (COVID-19).

In order to avoid genuine hardship in such cases, **CBDT** has provided the following relief, in determining the residential status for FY 19-20 under section 6 of the Act, to 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 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*

[Circular No.11](#)

5. Clarification in respect of prescribed electronic modes under section 269SU of the Income Tax Act, 1961

CBDT

Circular No.12/2020 dated 20.05.2020

As per **section 269SU**, any person having a turnover exceeding **Rs 50 crore from the business**, is required to provide the facilities for accepting payment through prescribed **electronic modes**.

Vide notification no.105/2019 dated 30.12.2019, CBDT had prescribed the prescribed electronics modes (such as RuPay Debit Card, UPI (BHIM UPI) & UPI QR Code (BHIM UPI QR Code).

Representation was received from stakeholders indicating that such prescribed electronic modes are **generally applicable in case of B2C business** but not feasible in B2B business due to lower limit of per transaction per day in such modes.

In view of above, CBDT has clarified that the provisions of section 269SU of the Act shall **not be applicable to a specified person having only B2B transactions** (i.e. no transaction with retail customer/consumer) if **at least 95%** of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by any mode other than cash.

[Circular No.12](#)

6. Reduction in rate of Tax Deduction at Source (TDS) & Tax Collection at Source (TCS)

CBDT & Ministry of Finance

Press Release dated 13.05.2020

The Finance Minister has announced the following relief measures in respect of Income tax compliance in view of COVID-19 pandemic.

- 1) Reduced** the rates of **TDS for the non-salaried specified payments** made to **residents** and the rate of **TCS** by **25%** for the period from **14th May, 2020 to 31st March, 2021** and

2) Extended the Income tax return filing due date till 30th November 2020 and Tax audit date till 30th October 2020. .

3) The timeline for payment of disputed arrears without attracting additional 10% amount under the Vivad se Vishwas Act has been extended from June 30, 2020 to December 31, 2020.

The revised TDS/TCS rates and Income tax return/Tax audit due dates are highlighted in [Annexure](#) to this News Letter.

[CBDT Press release](#) [MOH Press release](#)

7. Notification of Revised Form 26AS

CBDT
Notification No.30/2020 **dated 28.05.2020**

CBDT has amended the following rules of the Income Tax Rules 1962:

1] Rule 31AB pertaining to issue of Annual statement of Tax deducted or collected (Form 26AS) has been omitted.

2] New rule 114-I has been inserted to **replace Form 26AS** with the new Annual Information Statements (AIS) with **effect from 1st June 2020**.

The Annual Information Statements is a **comprehensive version of Form 26AS** as it contains following details in addition to tax deducted or collected at source:

Sr No	Nature of information in Form 26AS
1	Tax deducted at Source or collected at source
2	Specified financial transaction like dealing in Shares and Mutual Funds
3	Payment of Advance Tax, Self- Assessment taxes paid
4	Demand and refund pending for past years
5	Pending proceedings in CIT& ITAT. HC and SC
6	Completed proceedings and related Order
7	Information received under an agreement referred to in section 90 or section 90A of the Income-tax Act,1961 – Income Tax Paid in Other Country (other than India)
8	Relief obtained by Assessee under Double Taxation Avoidance Agreement (DTTA) with other Country

The AIS will be uploaded on the e-filing account registered by the assessee in the designated portal.

[Notification No.30](#)

8. Instant PAN through Aadhaar based e-KYC

Ministry of Finance
Press Release **dated 28.05.2020**

The facility of obtaining instant PAN through Aadhaar based e-KYC has been launched .

The process of applying for instant PAN is as under:

- a) Log on to e-filing home page of the Income tax department.
- b) Click on the “**Instant PAN through Aadhaar**”.
- c) Select from the following option :
 - i) Get New PAN
 - ii) Check Status/Download PAN
- d) Enter the Aadhaar number.
- e) Click on the Generate Aadhaar OTP

- f) Enter the OTP received on the Aadhaar linked mobile number & select check box
- g) Click on "Validate Aadhaar OTP and continue"
- h) Verify the Aadhaar e-KYC details
- i) Agree to consent
- j) Submit the request for PAN allotment
- k) Success message along with 15 digit acknowledgement number is displayed on the screen and also sent through SMS and email (if available and validated with Aadhaar)
- l) View the Status/download the PAN by entering Aadhaar number & OTP. e-PAN is also sent to the applicant on email id if it is registered with Aadhaar.

[Press Release](#)

<u>GOODS AND SERVICES TAX</u>	
1. CGST (Fifth Amendment) Rules, 2020	
CBIC Notification No. 38/2020 of Central Tax – dated 05.05.2020	
CBIC has amended the following rules of the CGST Rules,2017:	
<p>1] Rule 26(1): A registered can furnish the return under section 39 in FORM GSTR3B verified through electronic verification code (EV) during the period from the 21st April, 2020 to the 30th June, 2020, <i>[Effective from 21st April,2020]</i></p> <p>2] Rule 67A : Nil Return in GSTR 3B 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. However the effective date for this amendment is yet to be notified .</p> <p>Notification No.38</p>	
2. Amendments in special procedure for corporate debtors undergoing the corporate insolvency resolution process.	
CBIC Notification No. 39/2020 of Central Tax – dated 05.05.2020	
CBIC has made the following amendment in the notification no.11/2020 issued on 21 st March 2020:	
<p>1] New Proviso: The class of persons shall not include such corporate debtors who have furnished the statements under section 37 and the returns under section 39 of the CGST Act,2017 for all tax periods prior to the appointment of IRP/RP.</p> <p>2] The class of persons shall, with effect from the date of appointment of IRP / RP, be treated as a person distinct of the corporate debtor, and shall be liable to take a new registration in each of the States or Union territories where the corporate debtor was registered, within 30 days of the appointment of the IRP/RP or by 30th June, 2020, whichever is later.</p> <p>Notification No.39</p>	
3. Extension of the validity of e-way bills.	
CBIC Notification No. 40/2020 of Central Tax – dated 05.05.2020	
CBIC has <i>extended the validity of E-way bills</i> generated on or before the 24 th March, 2020 and where the period of validity expires during the period 20 th March, 2020 to the 15 th April, 2020, <i>till the 31st May, 2020.</i>	
Notification No.40	
4. Extension of due date for furnishing FORM GSTR 9/9C for FY 2018-19	
CBIC Notification No. 41/2020 of Central Tax – dated 05.05.2020	
Due date for furnishing FORM GSTR 9/9C for FY 2018-19 has been further extended up to 30th September, 2020 (Earlier it was 30th June 2020)	
Notification No.41	
5. Extension of due date for furnishing FORM GSTR-3B for the taxpayers registered in Ladakh and Jammu & Kashmir	
CBIC Notification No. 42/2020 of Central Tax – dated 05.05.2020	
CBIC has extended the due date of filing GSTR 3B for such registered person whose principal place of business is in the Union territory of J&K & Ladakh.	
The extended due date for filing the FORM GSTR-3B are as under:-	

Principal Place of Business	Months	Extended due date
Jammu & Kashmir	Nov19 - Feb 20	24 th March,2020
Ladakh	Nov19 - Dec 19	24 th March,2020
Ladakh	Jan 20 - Mar 20	20 th May,2020

(Effective from 24th March 2020)

[Notification No.42](#)

6. Effective date for Section 128 of Finance Act, 2020 notified

CBIC Notification No.
43/2020 of Central Tax – **dated 16.05.2020**

The Central Government has appointed **18th May, 2020**, as the date on which the provisions of **section 128** pertaining to power to waive penalty or fee or both, shall come into force.

[Notification No.43](#)

7. Clarification in respect of certain challenges faced by the registered persons in implementation of provisions of GST Laws in respect of Insolvency and Bankruptcy Code,2016

CBIC Circular No.
138/2020 of Central Tax – **dated 6.05.2020**

Vide circular no.136/06/2020 & 137/07/2020 dated 13th April 2020 , CBIC had clarified various issues regarding the CoViD 19 related relief measures announced by the Government for facilitating taxpayers in meeting the compliance requirements under various provisions of the CGST Act 2017

Post issuance of the said clarifications, certain challenges being faced by taxpayers in adhering to the compliance requirements under various other provisions of the CGST Act were brought to the notice of the Board. ,

Vide this circular, **CBIC has now further re-clarified these issues.**

[Circular No.138](#)

Annexure-I

Income Tax

Reduction in rate of Tax Deduction at Source (TDS)

Nature of Payment	New Rates applicable from 14th May 2020*	Existing Rates
192 – Salaries	Slab Rates	Slab Rates
193 – Interest on Securities	7.5%	10%
194 – Dividend other than the dividend referred in Section – 115 O	7.5%	10%
194A – Interest other than interest on securities - Others	7.5%	10%
194A – Banks (Time Deposit), Deposits in Co-Operative banks	7.5%	10%
194A – Banks (Recurring Deposit)	7.5%	10%
194C – Payment to Contractor	Individual/HUF :0.75% Others :1.5%	Individual/HUF : 1% Others : 2%
194D – Insurance Commission	3.75%	5%
194DA – Payment in respect of Life insurance policy	3.75%	5%
194EE – Payment out of deposit under national saving scheme	7.5%	10%
194F – Repurchase units by MF'S	15%	20%
194G – Commission on lottery	3.75%	5%
194H – commission on Brokerage	3.75%	5%
194 I(a) – Rent (Land, Building, Furniture & fitting)	7.5%	10%
194 I(b) – Rent (Plant, Machinery and Equipment's)	1.5%	2%
194 IA –Transfer of certain immovable property other than agriculture land	0.75%	1%

194 IB – Payment of Rent on Land building or both by Individual or HUF	3.75%	5%
194 IC – Payment of Monetary consideration under Joint development agreement	7.5%	10%
194 J – Professional Fees for technical services or royalties	1.5%	2%
194 J – Professional Fees for all other services	7.5%	10%
194 K – Payment of any income in respect of units of M.F as per Section 10(23D) or Units of administrator or from a specified company	7.5%	10%
194 LA – TDS on compensation for compulsory acquisition of immovable property	7.5%	10%
194 LBA(1) – Payment of Income by Business Trust	7.5%	10%
194 LBB (i) – Payment of Income by Investment fund	7.5%	10%
194 LBC – Income in respect of investment made in a Securitisation Trust	Individual/HUF:18.75 % Others: 22.5%	Individual/HUF : 25% Others : 30%
194 M – Payment of commission , Brokerage, contractual fees, Professional fees to a resident person by an individual or a HUF who are not liable to deduct TDS	3.75%	5%
194 O – Applicable for E- Commerce operator for the sale of goods or provision of services	0.75%	1%

2. Reduction in rate of Tax Collected at Source (TCS)

Section	Nature of Receipts	New Rates applicable from 14th May 2020*	Existing rate of TCS
206 C(1)	Sale of		
	a) Tendu Leaves	3.75%	5%
	b) Timber obtained under a forest lease	1.875%	2.5%
	c) Timber obtained by any other mode		
	d) Any other forest product not being Timber/Tendu leaves	1.875%	2.5%
	e) Scrap	1.875%	2.5%
	f) Minerals, being coal or lignite or iron ore		
206 C (1C)	Grant of license, lease etc of	0.75%	1%
	a) Parking lot	0.75%	1%
	b) Toll Plaza	1.5 %	2%
	c) Mining and quarrying	1.5 %	2%
206C(1F)	Sale of motor vehicle above 10 lakhs	1.5 %	2%
206C(1H)	Sale of any other goods	0.75%	0.1%

3. The revised due dates of the Income tax return filing and Tax audit are as under:

S.No.	Taxpayer	Existing Due Dates	Extended Due Date
1.	Individual	31 st July 2020	30 th November 2020
2.	Individual to whom requirement of tax audit applies	30 th September 2020	
3.	Partner of a firm to whom requirement of tax audit applies	30 th September 2020	
4.	Company and person other than a company, to whom transfer pricing provisions do not apply	30 th September 2020	
5.	Company and person other than a company, to whom transfer pricing provisions applies	30 th November 2020	

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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