

# BUDGET

# 2020



## Quick View Direct Tax Proposals

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# Income Tax Rates

Total Income	Existing	Proposed (Option)
Individual, HUF, AOP, BOI ( <i>Conditions in next slides</i> )		
0 - 2,50,000	Nil	Nil
2,50,001 - 5,00,000	5%	5%
5,00,001 - 7,50,000	20%	10%
7,50,001 - 10,00,000		15%
10,00,001 - 12,50,000	30%	20%
12,50,001 - 15,00,000		25%
More than 15,00,000		30%

- \* There is no change in Surcharge and Cess.
- \* The scope of Sec. 115BAB (15%) is expanded to include the companies engaged in the business of generation of electricity
- \* There is no change in Tax rate of Company, Firm, LLP

# Conditions...1 : List of Exemptions / Deductions not allowed

- Leave Travel Allowance
- House Rent Allowance
- Standard Deduction of Rs.50,000 available to salaried tax payers
- Entertainment Allowance and Professional Tax u/s 16
- Deduction of Rs.15,000 from Family Pension
- Set off of House Property Loss against any other head of income
- All Chp-VI A Deductions except deduction u/s 80CCD(2) and u/s 80JJAA
- No set off of Brought Forward Loss or Unabsorbed Depreciation
- No deduction for Additional Depreciation
- No deduction or exemption u/s 10/10AA/24(b)/32AD/33AB/33ABA/35AD/35CCC
- No deduction or exemption for allowances or perquisites

# Conditions... 2

- Individual or the HUF with business Income
  - *Option once exercised for a previous year shall be valid for that previous year and all subsequent years.*
  - *The option can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the individual or HUF shall never be eligible to exercise option under this section*
  
- Individual or the HUF without business Income
  - *Option to be exercised for every previous year*
  
- **Depreciation** shall be allowed for any subsequent year so however, that where there is a depreciation allowance in respect of a block of asset which has not been given full effect to prior to the assessment year beginning on 1st April, 2021, corresponding adjustment shall be made.

# Sec-139 Due dates of Return of Income

Type	Due Dates	
	Existing	Proposed
Income Tax Return (w/o Audit)	31 <sup>st</sup> July	No Change
Income Tax Return (with Audit)	30 <sup>th</sup> September	31 <sup>st</sup> October
Audit Report	30 <sup>th</sup> September	30 <sup>th</sup> September
Income Tax Return (Working Partner)	30 <sup>th</sup> September	31 <sup>st</sup> October
Income Tax Return (Non-working Partner)	31 <sup>st</sup> July	31 <sup>st</sup> October

## Deposit Insurance Coverage

Particulars	Old Regime	New Regime
Deposit Insurance and Credit Guarantee Corporation (DICGC)	Rs. 1,00,000	5,00,000

# Applicability of Tax Audit Provisions

Turnover or Gross Receipts	Profit and gains	Existing Tax Audit Applicable?	Proposed Tax Audit Applicable?	
			Cash Receipts / Payments*	
			Upto 5% of total	> 5% of total
Upto 1 crores	< 8% (or 6%)	Yes (44AD)	Yes (44AD)	Yes (44AD)
	8% (or 6%) or more	No	No	No
1 - 2 crores	< 8% (or 6%)	Yes (44AD)	Yes (44AB)	Yes (44AB)
	8% (or 6%) or more	No	No	No
2 - 5 crores	Upto 8%(or 6%)	Yes (44AB)	No	Yes (44AB)
	>8% (or 6%)	Yes (44AB)	No	Yes (44AB)

Receipts / Payments = Sales, turnover or gross receipts / Expenditure

# Residential Status

## ■ Residence Of India

Particulars	Existing	Proposed
Indian Citizen living in india	182 days or more in a year OR 60 days or more in a year AND 365+ days in 4 years	No Change
Foreign or Indian Citizen comes on visit to India (NRI / PIO)	182 Days or more in a year	120 Days or more in a year

## ■ Not Ordinary Residence

Particulars	Existing	Proposed
Individual / HUF	Non Resident in India in nine out of ten preceding previous years or Seven preceding previous years been in India for 729 Days or less	Non Resident in India in seven out of ten preceding previous years

- An Individual being a citizen of India, shall be deemed to be resident in India in any previous year, if he 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.

# Dividend Distribution Tax (DDT) Removed

- DDT not applicable to domestic companies
- Dividend income Taxable in the hands of shareholders / unitholders at the applicable tax rate

## Vivad se Vishwas Scheme

- Under this scheme, a taxpayer would be required to pay only the amount of the disputed taxes and will get **complete waiver of interest and penalty** provided he pays by 31<sup>st</sup> March, 2020.
- Those who avail this scheme after 31<sup>st</sup> March, 2020 will have to pay some additional amount. The scheme will remain **open till 30<sup>th</sup> June, 2020**.

## Provision for E-Appeal

- It is proposed to empower Central Government to notify an **e-appeal scheme for disposal of appeal** by an appellate system with dynamic jurisdiction by one or more Commissioner (Appeals)



# Extending Time Limit For Affordable Housing Project Under Section 80-IBA

Particulars	Existing	Proposed
Deduction of an amount equal to 100% of the profits and gains derived from Building and developing Affordable Housing.	Project approved by the competent authority up to 31st March, 2020.	Project approved by the competent authority upto 31st March, 2021

## Interest on loan for affordable housing (Section 80EEA)

Particulars	Existing	Proposed
Deduction Upto Rs. 1,50,000 in respect of Payment of Interest on Loan taken for Affordable Housing	Loan sanctioned upto 31st March, 2020.	Loan sanctioned upto 31st March, 2021

# Start Ups: Section 80-IAC Tax Incentive

Particulars	Existing	Proposed
Period For Claiming Deduction of 100% on Net Profit for 3 Consecutive Assessment Years	Within 7 Years from the Incorporation	Within 10 Years from the Incorporation
Turnover Limit for Availment of Deduction	Upto 25 Crore	Upto 100 Crore

## Cost of Acquisition (asset acquired before 01.04.2001)

Existing	Proposed
Fair Market Value as on 1-4-2001 or Actual cost at the option of the assessee.	Fair Market Value as on 1-4-2001 or Actual cost at the option of assessee <i>subject to Fair Market value shall not exceeds Stamp Value as on 1-4-2001.</i>

# Employee Stock Option Plan (ESOP) taxability for Employees

Particular	Existing	Proposed
ESOPs taxed as perquisites under section 17(2).	Tax on perquisite is required to be paid at the time of exercising of option.	tax on such income should be paid within fourteen days – (i) after the expiry of forty eight months from the end of the relevant assessment year; or (ii) from the date of the sale of such specified security or sweat equity share by the assessee; or (iii) from the date of which the assessee ceases to be the employee of the person; Whichever is the Earliest

## Penalty

Section	Particulars	Penalty
271AAD	Books of accounts found to have - False entry - Omission of an entry to evade tax liability	Equal to the aggregate amount of such false or omitted entry
271K	Failure to furnish Statements (with reference to sec. 35, 80G)	Rs.10,000 to 1,00,000

# TDS

Section	Particular	Existing	Proposed
194C	Payment to the contractors	Expression 'work' defined	'work' expanded to include supply according to requirements of the manufacturer, even if raw material is supplied by associate enterprise of such customer
194J	Any person other than Individual/HUF	Professional Service, Remuneration, Fees, Commission, Royalties, Technical Services : TDS Rate 10%	Professional Service, Remuneration, Fees, Commission, Royalties :TDS Rate 10% Technical Services : TDS Rate 2%
194O	Sale done by the Participants through e-commerce platform	--	1% on gross amount

# Thank You

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