

Union Budget 2020 – A Snapshot

- Optional Lower rates of taxation for Individual and HUF with conditions.
- Time limit for affordable housing loan sanction for availing deduction up to Rs.1,50,000/- extended by 1 more year.
- Safe harbour limit under section 43CA, 50C and 56 of the Act increased to 10%.
- Non-resident having income from royalty or FTS subjected to TDS, exempt from filing return.
- Exemption for employer's contribution in a year to NPS, superannuation fund and recognised provident fund is subject to a combined upper limit of Rs.7,50,000/-.
- Resident rule modified.
- Dividend is taxable in the hands of shareholders and DDT abolished.
- FMV of land and building as on 01-04-2001 shall not exceed guideline value.
- Trust, Institution, Fund provisions rationalised.

- Deduction for start-ups u/s.80IAC rationalised.
- Time limit for approval of affordable housing project for section 80IBA extended by 1 year.
- Conditions for offshore funds' exemption from "business connection" under section 9A relaxed.
- Concessional rate of tax @ 15% extended to business of generating electricity.
- Rigours of section 94B in restricting interest expense mitigated for PE of non-resident bank.
- Option is allowed to claim deduction u/s.35AD.\
- Carry forward of losses or depreciation is allowed in the case of bank, insurance co. amalgamation.
- Listing requirement is done away for business trusts.
- Attribution of profit to Permanent Establishment of a non-resident is covered in Safe Harbour Rules and Advance Pricing Agreements.
- Section 43B disallowance is allowed on payment basis for insurance companies also.
- Sale, distribution or exhibition of cinematographic films of non-residents is brought under "deemed income"
- Fixed monetary threshold limit for TDS obligation for Individual or HUF
- Concessional rate of withholding tax @5% u/s. 194LC & LD extended upto 1st July, 2023.
- Tax on Employee Stock Option Plan (ESOP) of start- ups is deferred.
- TDS rate for fees for technical services u/s. 194J is reduced to 2%.
- Interest paid by large co-operative society brought under TDS net.
- TDS obligation imposed on e-commerce operator.
- TDS provisions on supply of raw material by related entities in contract manufacturing tightened.
- Tax Collected at Source (TCS) imposed on foreign remittance through Liberalised Remittance Scheme (LRS), selling of overseas tour package and purchase of all goods and services above a threshold limit.

- E-assessment scheme is expanded to cover best judgement assessment.
- Dispute Resolution Panel (DRP) scope expanded
- E-appeal scheme introduced.
- Measures to prevent the possible misuse of powers to carry out survey
- Deposit of not less than 20% is mandatory for stay before ITAT.
- E-scheme for the purposes of imposing penalty proposed.
- CBDT to adopt and declare a Taxpayer's Charter.
- Penalty for fake invoice is introduced.
- Double Taxation Avoidance Agreements (DTAA) purpose is aligned with Multilateral Instrument (MLI).
- New provision for Significant Economic Presence (SEP) is to take effect from 01-04-2022.
- Threshold limit for tax audit is increased from one crore rupees to five crore rupees in certain cases.
- To enable prefilling of returns, audit reports are required to be furnished at least one month prior to the due date of return.
- Return due date for companies and tax audit assesses including partners (both working and non-working) of the firm is changed to 31st October.
- Annual financial statement featuring multiple information replaces Form 26AS
- Enabling provisions for specifying any person to file return or appear as an authorised representative.