

HIGHLIGHTS OF DIRECT TAX RELIEF ANNOUNCED ON 13-05-2020

- TDS rates for non-salaried specified payments made to residents and TCS rates for specified receipts is reduced by 25% of the existing rates. The revised rates will come into effect from 14-05-2020 and will be applicable till 31-03-2021. (Refer Page 2 to 7 for the reduced rates)
- The benefit of payment of 100% of taxes in dispute under Vivad se Vishwas scheme is further extended to 31-12-2020. The additional 10% will not be applicable if payments are made under the scheme by 31-12-2020.
- The due date for all the IT returns for the FY 2019-20 has been extended to 30-11-2020.
- The due date of Income tax audit for the FY 2019-20 has been extended to 31-10-2020.
- Pending IT refunds to charitable trusts and non-corporate assessee's to be released soon.
- Assessment proceedings getting time barred on 30-09-2020 is extended to 31-12-2020 and those getting time barred on 31-03-2021 is extended to 30-09-2021.

RATE OF TDS WITH EFFECT FROM 14-05-2020 TO 31-03-2021

Rates of Tax Deduction at Source (TDS)					
Section	Nature of Payments made to Resident	Threshold Limits (INR)	Payee		Notes
			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
192	Salary	N.A.	N.A.	*	N.A.
192A	Payment of accumulated balance due to an employee by RPF	50,000	N.A.	10.0%	1
193	Interest on Securities	2,500	7.5%	7.5%	2
194	Dividends	5,000 (only for Individuals)	7.5%	7.5%	N.A.
194-A	Other Interest	5,000	7.5%	7.5%	3 & 4
194-B	Winning from Lotteries	10,000	30.0%	30.0%	N.A.
194-BB	Winnings from Horse races	10,000	30.0%	30.0%	N.A.
194-C	Payment to Contractors / Sub-Contractors	Single Transaction = 30,000 Aggregate = 1,00,000	1.5%	0.75% / 1.5%	3,5 & 6
194-D	Insurance Commission	15,000	3.75%	3.75%	N.A.
194-DA	Payment in respect of Life Insurance Policy (other than amount in section 10(10D))	1,00,000	3.75%	3.75%	7

*At the rates applicable to particular slab of income including applicable Surcharge and Health & Education Cess.

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			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
194-E	Income arising to a Non-Citizen, Non-Resident Entertainer or Sportsmen	NIL	N.A	20.0%	N.A.
194-EE	Payment in respect of deposits under NSS	2,500	7.5%	7.5%	N.A
194-G	Commission etc. on the sale of lottery tickets	15,000	3.75%	3.75%	N.A.
194-H	Commission/Brokerage	15,000	3.75%	3.75%	3
194-I	Rent of machinery, plant or equipment	2,40,000	1.5%	1.5%	3
194-I	Rent of land, building, or Furniture	2,40,000	7.5%	7.5%	3
194-IA	Payment on transfer of certain immovable property other than agricultural land	50,00,000	0.75%	0.75%	N.A.
194-IB	Payment of Rent by Individuals/HUF (other than covered by Section 44AB)	50,000 p.m.	N.A.	3.75%	No TAN required
194- IC	Payment under Specified Agreement for Joint Development	NIL	N.A.	7.5%	N.A.
194-J	Professional Fees	30,000	7.5% / 1.5%	7.5% / 1.5%	3,8 & 9

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			Company, Partnership Firm / LLP / Co-op Society / Local Authority	Individual, HUF, AOP & BOI	
		Rates	Rates	Rates	
194-K	Payment to resident for income in respect of units of Mutual fund or Administrator of Specified Undertaking or Specified Company	5,000	7.5%	7.5%	10
194-LA	Compensation or Consideration for Compulsory Acquisition of Immovable Property (other than agricultural land)	2,50,000	7.5%	7.5%	11
194-LBA	Incomes form units of Business Trust.	NIL	5% / 7.5%	5% / 7.5%	12
194-LC	Interest Income paid to Non-Residents by Specified Companies or Business Trust	NIL	5% / 4%	5% / 4%	13
194-LD	Interest income paid to Non-Residents by certain Bonds and Government Securities.	NIL	5%	5%	14
194-M	Payment for contract /professional services by individual/ HUF. (other than those covered under 194C and 194J).	50,00,000	3.75%	3.75%	No TAN Required
194-N	Cash Withdrawn from bank, co-operative bank and post office.	1,00,00,000	2%	2%	15
194-O	Payment made by E-commerce operator to E-commerce Participant.	NIL	0.75% (wef 01.10.2020)	0.75% (wef 01.10.2020)	N.A.

RATE OF TDS WITH EFFECT FROM 14-05-2020 TO 31-03-2021

Notes:

1. TDS provisions u/s 192A applies when withdrawal of accumulated balance in RPF is to be included in the total income.
2. Threshold limit for interest paid on debentures is INR 5,000. Threshold limit for interest on 7.75% GOI Savings (Taxable) Bonds, 2018 is INR 10,000.
3. The provisions of following TDS / TCS Sections, which were linked to applicability of Tax Audit provisions, shall now apply if the Gross Receipts / Turnover is INR 1 Crore or more for Business and INR 50 Lakhs or more for Profession:
 - Section 194A, 194C, 194H, 194I, 194J and
 - Section 206C

Thus, irrespective of applicability of Tax Audit provisions, TDS / TCS provisions, as mentioned above, shall apply.
4. The threshold limit for TDS on interest income for Senior Citizens is INR 50,000 and in any other cases 40,000.
5. TDS is to be deducted @ 1.75% if the payee is an AOP or BOI. No TDS is applicable on payment to Contractor during the course of plying, hiring or leasing of goods carriages, where such contractor owns 10 or less goods carriages during the FY and furnishes declaration along with PAN.
6. Presently, definition of "work" includes manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer. In case the material is not purchased from such customer then the same is

not considered as work for the purpose of this section. The definition of "work" includes purchase of raw material from associate of the customer. The word Associate shall have the same relations as stated u/s 40A(2)(b).

7. Applicable only where amount is not exempt u/s 10(10D). Form 15G/15H can be given wherever applicable.
8.
 - a. Rate of TDS is 1.75% if the payee is engaged only in the business of operation of call centre.
 - b. TDS on Remuneration to Director which is not in the nature of Salary to be deducted @ 7.5%.
9. TDS rate under section 194J for payment of fees for technical services (except professional services) is 1.75%.
10. Units of Mutual Fund have been specified under section 10(23D) of Income Tax Act, 1961. "Administrator", "specified company" and "specified undertaking" are specified u/s 2 of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
11. No tax will be deducted if payment is made in respect of any award or agreement which has been exempted from levy of income-tax u/s 96 of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.
12. Interest payment from a SPV and Distribution of dividend by a Business Trust, to Resident unit holders shall be liable for TDS @ 7.5%. Whereas, in case of Non-Resident payee, TDS on dividend shall be @ 10% & that on interest payment shall be @ 5%.

RATE OF TDS WITH EFFECT FROM 14-05-2020 TO 31-03-2021

13. The period of concessional rate of TDS of 5 % has been extended till 1st July 2023 from existing 1st July 2020. The rate of TDS has been reduced to 4% in case of interest payable to a Non-Resident on borrowings in foreign currency from a source outside India, by way of issue of any long term bond or Rupee Denominated Bonds on or after 1st April, 2020 but before 1st July, 2023 and which is listed only on a recognised stock exchange located in any IFSC.
14. In case of FPIs and QFIs, the lower TDS rate of 5% has been extended to 1st July, 2023. The said concessional TDS rate shall also be applied to FII and QFI in respect of investment made in Municipal Bonds.
15. The threshold limit of INR 1 Crore is for aggregate cash withdrawn from an account during the FY.

RATE OF TAX COLLECTION AT SOURCE (TCS) WITH EFFECT FROM 14-05-2020 TO 31-03-2021

Sr. No	Section of the Income-tax Act	Nature of Receipts	Existing Rate of TCS	Reduced rate from 14/05/2020 to 31/03/2021
1	206C(1)	Sale of		
		(a) Tendu Leaves	5%	3.75%
		(b) Timber obtained under a forest lease	2.5%	1.875%
		(c) timber obtained by any other mode	2.5%	1.875%
		(d) Any other forest produce not being timber/tendu leaves	2.5%	1.875%
		(e) scrap	1%	0.75%
		(f) Minerals, being coal or lignite or iron ore	1%	0.75%
2	206C(1C)	Grant of license, lease, etc. of	2%	1.5%
		(a) Parking lot		
		(b) Toll Plaza	2%	1.5%
		(c) Mining and quarrying	2%	1.5%
3	206C(1F)	Sale of motor vehicle above 10 lakhs	1%	0.75%
4	206C(1H)	Sale of any other goods	0.1% (w.e.f 01.10.2020)	0.075% (w.e.f 01.10.2020)

‘न चोर हार्यं न च राज हार्यं न भात्रू
भाज्यं न च भारकारि
व्ययं कृते वर्धत एव नित्यं
विद्याधनं सर्वधनप्रधानम्’

Knowledge is the **Wealth** that:
The **Thief** cannot **Steal**,
The **King** cannot **Acquire**,
The **Brothers** cannot **Share**,
Does not Weigh on You,
Grows Forever as you share ,
Truly, **Knowledge** is the **Greatest Wealth**.

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This document summarizes the announcements made by the Hon'ble FM on 13-05-2020 and is prepared for privileged use of our clients. We recommend you to seek professional advice before taking action on specific issues,