



# BUDGET 2020: KEY HIGHLIGHTS



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## DIRECT TAX PROPOSALS

- Proposed income tax rates for Individuals and HUFs opting to forego certain exemptions and deductions:

Income (INR)	Existing Tax Rate (%) if not opting for new regime	New Tax Rate (%) if opting for new regime
0 - 5 lakhs	Nil (After taking rebate)	Nil (After taking rebate)
2.5-5 lakhs	5% (Only if Income exceeds 5 lacs)	Nil (After taking rebate)
5 - 7.5 lakhs	20%	10%
7.5 - 10 lakhs	20%	15%
10 - 12.5 lakhs	30%	20%
12.5 - 15 lakhs	30%	25%
Above 15 lakhs	30%	30%

Tax Payers can opt for the new rates by foregoing certain exemptions and deductions or continue with old regime.

Apparently, benefit if any, under this change does not look to be significant.

# KEY HIGHLIGHTS

- There is an option for the cooperative societies to be taxed at effective tax rate of 25.17% (including surcharge and cess) without the benefit of certain deductions and incentives. Also if the option is exercised, provisions relating to Alternate Minimum Tax shall not apply.
- The burden of tax on dividend is transferred to shareholders instead of the company by abolishing Dividend Distribution Tax. Due to this change the overall tax burden in the hands of high net worth individuals could be significantly higher.
- The turnover threshold for tax audit has been increased from INR 1 crore to 5 crores if the following conditions are fulfilled:
  - Cash receipts do not exceed 5 % of total receipts and
  - Cash payments do not exceed 5% of total payments
- Notional tax on value of property as per stamp duty laws chargeable under the head capital gains, business income and income from other sources will not be triggered if the difference in the value as per stamp duty laws and actual consideration is not more than 10% (earlier 5%) of sale consideration.
- Due date for filing of return of income if the books of accounts are subject to audit is extended to 31<sup>st</sup> October of the relevant assessment year. However, the due date for filing tax audit report is 30<sup>th</sup> September of the relevant assessment year.

# KEY HIGHLIGHTS

- An Indian Citizen who is not liable to tax in any other country shall be deemed to be a resident of India for the purpose of Income Tax.
- Relaxation for foreign companies from filing return of income is extended to royalty and fees for technical services.
- PAN to be allotted online instantly through Aadhaar Card.
- Substantial amendments in registration/ approval and compliance procedures by charitable institutions.
- Start-ups whose turnover does not exceed INR 100 crores are eligible for a deduction of 100% of profits for 3 consecutive years out of 10 years.
- Tax liability in the hands of employee on ESOP's of eligible start-up company has been deferred.
- Time limit for approval of affordable housing project eligible for deduction u/s 80IBA has been extended to 31<sup>st</sup> March, 2021.
- Time limit for sanction of affordable housing loan to claim additional deduction up to INR 1.5 lakhs for interest paid on such loans extended till 31<sup>st</sup> March, 2021.
- TDS in case of fees for technical services (other than professional services) reduced from existing 10% to 2%..

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- Concessional Tax Rate of 15% u/s 115BAB extended to companies engaged in the business of generation of electricity
- Deduction under Section 35AD is now optional for the companies who wish to opt for taxation u/s 115BAA and 115BAB.
- Stay may be granted by ITAT only if the assessee has paid 20% of the disputed demand.
- Income Tax Dispute Resolution scheme to be rolled out.

## GST PROPOSALS

- Simplified return with features like SMS based filing for nil return and improved input tax credit flow to be implemented from 1st April, 2020 as a pilot run.
- Dynamic QR-code capturing GST parameters proposed for consumer invoices.
- Electronic invoice to capture critical information in a centralized system to be implemented in a phased manner.

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

**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**.