



Hinesh R. Doshi & Co. LLP Chartered Accountants

FOREWORD

The first year of the Modi 2.0 government was characterized by a drop in GDP growth rate, dull consumer demand, a crippling job market and decelerating private investments. Torn between this economic slowdown and a promise to become \$5 trillion economy in the forthcoming years, the Honourable Finance Minister, Smt. Nirmala Sitharaman presented her second Union Budget before the Indian Parliament on 1st February, 2020. With an anticipation of the GDP growth rebound, citizens were reminded that India is still the 5th largest economy in the world.

The Honourable Finance Minister, recited a small verse in Kashmiri, a poem by Pandit Dinanath Koul before elaborating on the theme of the Union Budget 2020.

***Saun Watan Gulzar Shalamaar Hyur
Dal Manz Pholvun Pamposh Hyuv
Navjavan-an-hund, Vushun Khumaar
Hyuv
Myon Watan, Chyon Watan
Saun Watan, Nundbony Watan***

***(Everything that we do, all of us do, is for
this beautiful country)***

The Union Budget 2020 pivots around the prominent themes which encourage the concept of "Ease of Living": which surrounds into 'Aspirational India', 'Economic Development' and 'Caring Society'. Under the theme of 'Aspirational India', action is to be taken with regards to Agriculture, Irrigation, Rural Development, Wellness, Water and Sanitation by intending to empanel more than 20,000 hospitals, and a focus on Education and Skills. Under the head of 'Economic Development', a focus on rapid growth of technology, infrastructure and schemes to encourage manufacturing sector with a proposition to invest USD 1.47tn in 6500 projects. Under the matter of 'Caring Society', women empowerment is promoted along with a boost to culture and tourism and methods to combat environment and climate change.

Along with economic schemes, tax related significant amendments were highlighted. These included a remarkable reduction in tax rates for individuals, scrapping of DDT in the hands of the payer, lowered rates of 15% for new manufacturing companies and 22% for the rest of the companies, making India an attractive avenue for foreign investors.

TABLE OF CONTENTS

DIRECT TAX PROPOSALS		
A	INDIVIDUAL TAXATION	
	Tax Rates for Individual/HUF/AOP/BOI/AJP	1
	Deduction of the amount of contribution by the employer	2
	Residential Status for Individual and HUFs	3
	Extending time limit for approval of affordable housing project	3
	Affordable housing project	3
	Taxation of Firms / Local Authorities	3
	Taxation of Co-operative societies	3
B	CORPORATE TAXATION	
	Taxation of Foreign Companies	4
	Taxation of Domestic Companies	4
	Dividend Distribution Tax (DDT) abolished	5
	Taxability of dividend income shifted to the hands of recipient	5
	Rationalisation of provisions relating to Tax Audit	5
	Providing an option to the assessee for not availing deduction under section 35AD	5
	Allowing carry forward of losses or depreciation in certain amalgamations	6
	Deduction for insurance companies	6
	Commodities Transaction Tax	6
	Modification of the definition of “business trust”	6
	Change in Due date for filing of returns	6
C	NON-RESIDENT TAXATION	
	Exempting non-resident from filing of return	7
	Modification in conditions for offshore funds’ exemption from “business connection”	7
	Excluding interest paid or payable to PE of a non-resident Bank for the purpose of disallowance of interest	7
	Purpose of DTAA aligned with Multilateral Instrument (‘MLI’)	7
	Deferment of SEP Proposal	8
	Extending Source Rule	8
	Exemption to FPIs from taxability on indirect transfer of shares	8
	Rationalizing the definition of ‘Royalty’	8
D	WITHHOLDING TAX PROVISIONS	
	TDS on Income by way of interest from Indian company	8
	TDS by way of Interest on certain bonds and government securities	8
	Reducing the rate of TDS on fees for technical services (other than professional services)	9
	Widening the scope of TDS on E-commerce transactions	9
	Enlarging the scope for tax deduction on interest income	9
	Amendment in the definition of ‘work’	9
	Consequential amendment on TDC/TCS provisions due to change in tax audit threshold	10
	Widening the scope of section 206C	10

E	START-UPS	
	Rationalizing of provisions for start-ups	11
	Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start- ups	11
F	CAPITAL GAINS	
	Increase in safe harbour limit in case of transfer of land or building	12
	Rationalization of cost of acquisition of immovable property	12
	Provisions regarding units in segregated portfolios in mutual fund schemes	12
G	TRANSFER PRICING	
	Amendment in Safe Harbour Rules	12
H	ASSESSMENT AND APPEALS	
	Taxpayers Charter	13
	Modification of e-assessment scheme	13
	Amendment in the scope of the Dispute Resolution Panel	13
	Provision for e-appeal	13
	Stay by the Tax Tribunal	13
	Provision for E-penalty	14
I	MISCELLANEOUS PROVISIONS	
	New penalty for fake invoice	14
	Rationalisation of provision relating to Form 26AS	14
	Providing check on survey operations	14
	Amendment in person responsible for verification of return of income	14
	Rationalisation of approval/registration process relating to trust, institution and funds	15
	Registration of trusts, institutions, and funds for tax exemption	15
	Approval of trusts, institutions, and funds	15
INDIRECT TAX PROPOSALS		
A	GOODS AND SERVICE TAX	16
B	CUSTOMS	17
C	EXCISE	25

DIRECT TAX PROPOSALS

A. INDIVIDUAL TAXATION

Tax Rates for Individual/HUF/AOP/BOI/AJP [Section 115BAC]

Income Slab (Rs.)	Individual (below 60 years)/ HUF/AOP /BOI/AJP	
	Old Tax rates	New Tax rates (Refer Note 1)
Upto 250,000	Nil	Nil
250,001 - 500,000	5%	5%
500,001 - 750,000	20%	10%
750,001 - 10,00,000	20%	15%
10,00,001 - 12,50,000	30%	20%
12,50,001 - 15,00,000	30%	25%
15,00,000 & above	30%	30%

Note 1:

◆ In order to opt for new regime, individual/ HUF (with no business income) shall have to opt along with the return of income within the due date prescribed u/s 139(1).

◆ However, in case of an individual and HUF (with income from business) the option can be exercised on or before the due date for furnishing of tax return.

- ◆ Option u/s 115BAC can be opted every year in case of Individual/HUF not having business income. In other case, once such option is exercised it can be withdrawn only once in subsequent year unless such Individual/HUF ceases to have Business Income.
- ◆ AMT will not be applicable if one opts for Section 115BAC. Consequentially, carry forward and set off of AMT credit, if any, shall not be allowed.
- ◆ The individual/HUF will not be able to set-off any loss carried forward or depreciation attributable to exemptions/deductions as mentioned in subsequent para. However, adjustment of the said depreciation allowance shall be made to the WDV of such block of asset as may be prescribed.
- ◆ In case one opts to pay tax under the new tax regime, the following exemptions cannot be claimed:

Section	Exemptions/deductions
10(5)	Leave travel concession applicable for persons in employment
10(13A)	House rent allowance applicable for persons in employment
10(14)	Applicable for persons in employment other than: <ul style="list-style-type: none"> - Transport allowance to divyang employee commuting between residence and office; - Conveyance allowance to meet expenses during conveyance on duty; - Any allowance to meet cost of travel on tour or transfer; - Daily allowance on account of absence from normal place of duty.
16	Standard deduction (INR 50,000), deduction for entertainment allowance and profession tax against salary income
10(17)	Allowances to MPs/MLAs
10(32)	Allowance for income of minor
10AA	Exemption for SEZ units
24	Interest on loan taken for self-occupied or vacant property
32(1)(iia)	Additional depreciation

Section	Exemptions/deductions
35(1)(ii), 35(1) (ia), 35(1)(iii), 35(2AA)	Donations or expenditure on scientific research
32AD,33AB,33ABA, 35AD,35CCC	Deductions u/s applicable to business income
57(ia)	Family pension
Sections of Chapter VIA	<ul style="list-style-type: none"> - Individual's contribution to recognised provident fund, approved superannuation fund, unit-linked insurance plan, life insurance premiums, tuition fees, repayment of principal amount of borrowed capital for house property, specified time deposits, equity-linked savings scheme, etc. (Section 80C) - Medical insurance premium payments (Section 80D) - Interest on borrowed capital (Section 80EE) - Donations for specified cases (Section 80G) - Any deduction under other Sections of Chapter VIA excluding deduction under Section 80CCD (2) and Section 80JJAA of the IT Act - However, deduction under Section 80LA of the IT Act shall be available subject to fulfilment of conditions contained therein
Others	Exemption in relation to free food and beverages through vouchers provided to employees as per Rule 3 of the IT Rules

- ◆ **Comparative analysis working (in excel format) is prepared and shared with this budget note for your ready reference.**

Deduction of the amount of contribution by the employer

Employees with high salary income design their salary package in a manner where a large part of their salary is paid by the employer in the below mentioned three funds. In order to curb undue tax benefit available to such employees, an upper limit has been proposed:

Sr. No.	Fund	Existing	Proposed
1.	Recognized Provident Fund	Employer's contribution exceeding 12% of salary is taxable as perquisite in the hands of employee	Combined annual upper limit of Rs. 7.5 lakhs for employer's contribution. Excess employer's contribution to be treated as taxable in the hands of employee.
2.	Approved Superannuation Fund	Employer's contribution exceeding Rs.15 Lakh is taxable as a perquisite in the hands of employee	
3.	National Pension Scheme	Taxpayer is allowed a deduction for employer's contribution: <ul style="list-style-type: none"> • Upto 14% of salary contributed by the government • Upto 10% of salary contributed by other employers 	

Amendment effective from: AY 2021-22



Residential Status for Individual and HUFs [Section 6]

Currently, the tax residence rules provide loopholes for High Net Worth Individuals and others, who may be an India citizen to not be liable for tax anywhere in the world. To remove this tax abuse, following changes are proposed to the tax residency provisions:

- ◆ Minimum period of stay of a person resident in India or a Person of Indian Origin visiting India is proposed to be reduced to 120 days from 182 days in one of the condition.
- ◆ Criteria for not ordinarily resident status for individual or HUF is proposed to modified as being non-resident in India in 7 out of 10 previous years, preceding that previous year vis-à-vis the current provision of 9 out of 10 previous years. The other condition for stay in India upto 729 days in preceding 7 years has been deleted.
- ◆ An Indian citizen not liable to tax in any other country or territory shall be deemed to be resident in India, thereby providing for 'stateless person'.

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

Extending time limit for approval of affordable housing project [Section 80-IBA]

- ◆ Existing provisions of section 80-IBA allows the assessee to claim deduction only if the competent authority has approved the project by 31st March, 2020.
- ◆ In order to incentivise affordable housing and to boost the supply of such houses, the period of approval of the project by the competent authority is extended to 31st March, 2021.

Amendment effective from: AY 2021-22

Affordable housing project [Section 80EEA]

- ◆ Section 80EEA provide for a deduction in respect of interest on loan taken from any financial institution for acquisition of an affordable residential house property. The deduction was allowed up to 31st March, 2020.
- ◆ In order to continue promoting purchase of affordable housing, the period is extended to 31st March, 2021. The said deduction is aimed towards first time buyers to invest in residential house property whose stamp duty does not exceed forty-five lakh rupees.

Amendment effective from: AY 2021-22

Taxation of Firms / Local Authorities

- ◆ No change in surcharge and education cess.

Taxation of Co-operative societies

- ◆ To be continued to be taxed at same specified rates as mentioned in FY 2019-20
- ◆ No change in surcharge and education cess
- ◆ However, as per new section introduced 115BAD, resident co-operative societies have option to pay tax @22% subject to satisfaction of certain conditions and provisions.

Amendment effective from: AY 2021-22

B. CORPORATE TAXATION

Taxation of Foreign Companies

- ◆ To be continued to be taxed at same specified rates as mentioned in FY 2019-20
- ◆ No change in surcharge and education cess

Taxation of Domestic Companies

The Taxation Law Amendment Act enacted on 12 December 2019 introduced new sections 115BAA and 115BAB to provide domestic companies an option to be taxed at the following concessional tax rates on fulfilment of certain conditions:

Particulars	Section 115BAA	Section 115BAB	Notes for new tax regime
Type of Business	Any business	New Manufacturing companies and electricity generation companies	1. Option once availed under new regime cannot be withdrawn subsequently. 2. Due date for filing return of Income as per section 139(1). 3. Set off and carried forward loss allowed except unabsorbed depreciation.
Eligibility	-	Set up and registered on or after 1.10.2019 and commence production before 31.03.2023	
Base Tax rate	22 %	15%	
Surcharge	10%	10%	
Cess	4%	4%	
Effective tax rate	25.168%	17.16%	
MAT	Not applicable	Not applicable	
Exemption / deductions	Not available	Not available	

Amendment effective from: AY 2020-21





Dividend Distribution Tax (DDT) abolished [Section 115-0]

- ◆ DDT is proposed to be abolished on dividends declared, distributed or paid on or after 1st April, 2020.
- ◆ Dividend is now proposed to be taxed in the hands of the shareholders or unit holders i.e. recipient.

Taxability of dividend income shifted to the hands of recipient [Section 80M, section 57, section 115BBDA]

- ◆ Section 80M is introduced to remove the cascading effect of taxes on dividend. This will allow set off only for dividend distributed by the Domestic company up to one month before the due date of filing of return
- ◆ Section 57 is amended to provide that no other deduction will be allowed from dividend income or income from units, other than interest expense. Such deduction shall not exceed 20% of the dividend or income in respect of specified units of the relevant year.
- ◆ Section 115BBDA which taxes dividend in excess of Rs. 10 lakhs in the hands of shareholders @ 10% will be applicable only for dividends declared, distributed or paid by a domestic company on or before 31 March 2020.

- ◆ Dividends received by business trust from SPV will now be taxable in the hands of unit holders and exempt in the hands of business trust.

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

- ◆ TDS @ 10% is proposed on dividend income u/s 194. Threshold for TDS deduction increased from Rs. 2,500/- to Rs. 5,000/- [Section 194]
- ◆ TDS @ 10% u/s. 194LBA will be applicable to business trust on dividend income paid to unit holder, both resident and non-resident. [Section 194LBA]
- ◆ No tax is required to be deducted in case dividend is paid by any mode other than cash and the dividend amount is within the threshold limit of Rs. 5,000/-

Amendment effective from: 1st April, 2020

Rationalisation of provisions relating to Tax Audit [Section 44AB]

Threshold limit for applicability of tax audit for persons carrying on business as small and medium enterprise is proposed to increase from Rs. 1 crore to Rs. 5 crores in cases where the aggregate of receipts and payments in cash does not exceed 5% respectively.

Amendment effective from: 1st April, 2020 i.e. AY 2020-21

Providing an option to the assessee for not availing deduction under section 35AD

- ◆ Deduction under section 35AD, 100% of capital expenditure (other than land, goodwill and financial assets) for specified business to be optional
- ◆ It has been clarified that the companies opting for concessional tax regime (and thus not claiming deduction under section 35AD) shall be entitled to claim normal depreciation.

Amendment effective from: AY 2020-21

Allowing carry forward of losses or depreciation in certain amalgamations

- ◆ Section 72AA of the IT Act provides for carry forward and set-off of accumulated losses and unabsorbed depreciation in case of amalgamation of banking companies.
- ◆ The section has been amended such that the benefit of this section flows to amalgamation of one or more corresponding new banks and in case of amalgamation of one or more government company engaged in general insurance business.

Amendment effective from: AY 2020-21

Deduction for insurance companies

It is proposed to allow deduction of expenditure incurred (which was disallowed earlier under section 43B) by an insurance company carrying on non-life insurance business in the FY in which the amount is actually paid.

Amendment effective from: AY 2020-21

Commodities Transaction Tax

As per an amendment proposed in the Finance Act, 2013, all commodity

derivatives based on prices or indices or options on goods other than agricultural commodities are proposed to be covered under the ambit of Commodities Transaction Tax ('CTT'), both on set off as well as delivery basis. Different rates of CTT are specified and whether the tax would be borne by the seller or purchaser.

Amendment effective from: 1st April, 2020

Modification of the definition of "business trust"

In order to align the definition of business trust under the IT Act with the Securities and Exchange Board of India (Infrastructure Investment Trust) [hereinafter referred to as 'SEBI (InvITs)'] Regulations where mandatory listing requirement for InvITs is done away, it is proposed to provide a similar status to private unlisted InvITs and Real Estate Investment Trust ('REIT') as public listed InvITs and REITs with regard to the tax treatment as per section 115UA of the IT Act.

Amendment effective from: AY 2021-22

Change in Due date for filing of returns [Section 139]

To enable pre-filing of returns, tax audit report is now required to be filed 1 month prior to the due date applicable for filing of return of income. Accordingly, the due dates for filing for various criteria are tabulated below:

Sr. No.	Criteria	Due Date Non-TP cases	Due Date TP cases
1	Form 3CD	30 th September	31 st October
2	Form 3CEB	NA	31 st October
3	Income Tax Return	31 st October	30 th November
4	Accountant's reports*	30 th September	31 st October
5	ITR for working and non-working partner of a firm	31 st October	NA

**required under section 10,10A,12A,32AB,33AB,33ABA,35D,35E,44AB,44DA,50B,80-IA, 80 IB,80JJAA,92F,115JB, 115JC,115VW*

Amendment effective from: 1st April, 2020 i.e. AY 2020-21

C. NON-RESIDENT TAXATION

Exempting non-resident from filing of return [Section 115A]

- ◆ As per section 115A, non-resident taxpayers are not required to furnish tax return in certain cases.
- ◆ Now section 115A has been amended increasing the scope. If the total income comprises of royalty or fees for technical services on which appropriate TDS has been deducted at applicable rates, then non-resident taxpayers are not required to furnish tax return.

Amendment effective from AY 2020-21

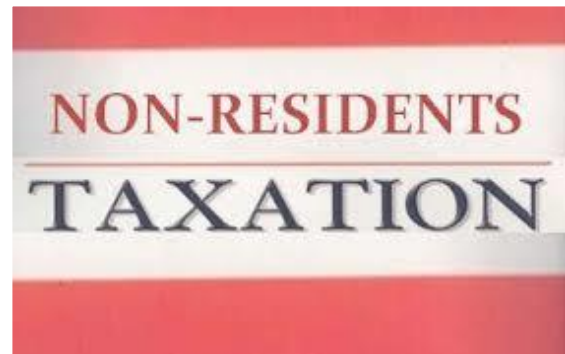
Modification in conditions for offshore funds' exemption from "business connection" [Section 9A]

- ◆ Fund managers acting on behalf of eligible funds in India are not considered as constituting a business connection in India if they fulfil certain conditions.
- ◆ It is proposed that the condition regarding maintaining minimum corpus of the fund of Rs.100 crores should be met within twelve months from establishment or incorporation of the fund, instead of the existing time limit of six months.
- ◆ It is also proposed that in determining the aggregate participation cap of 5% by residents in India, the contribution made by the eligible fund manager up to Rs. 25 crores should not be considered during the first 3 years of operation.

Amendment effective from: AY 2020-21

Excluding interest paid or payable to PE of a non-resident Bank for the purpose of disallowance of interest [Section 94B]

It is proposed to amend section 94B of the Act so as to provide that provisions of interest limitation would not apply to interest paid in respect of a debt issued



by a lender which is a PE of a non-resident, being a person engaged in the business of banking, in India.

Amendment effective from AY 2021-22

Purpose of DTAA aligned with Multilateral Instrument ('MLI') [Section 90 and 90A]

- ◆ India has ratified and deposited the MLI on 25 June 2019, as a result of which the MLI has come into force for India on 1 October 2019 and its provisions will now be applicable on India's DTAA's from FY 2020-21 onwards.
- ◆ Article 6 of the MLI provides for modification of the Covered Tax Agreements (i.e. DTAA covered by MLI) to include the intention of eliminating double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance including treaty shopping arrangements.
- ◆ In order to align the intent of MLI, it is proposed to provide that DTAA's should not create opportunities for non-taxation or reduced taxation including through treaty shopping.

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

Deferment of SEP Proposal [Section 9]

- ◆ As per Finance Act, 2018 the “significant economic presence” (SEP) of a non-resident in India shall constitute “business connection” in India. SEP of non-resident in India will be determined on the basis of aggregate amount of payments for specified transactions and the number of users.
- ◆ These numbers have not been notified as G20-OECD report is expected by end of December 2020 and is thus proposed to defer the applicability of SEP provisions.

Amendment effective from: 1st April, 2022 i.e. AY 2022-23

Extending Source Rule [Section 9]

- ◆ It is proposed to extend the source rule for SEP in case of non-resident in India to include:
 - o income from advertisement that targets Indian customers or
 - o income from sale of data collected from India or
 - o income from sale of goods and services using such data collected from India

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

Exemption to FPIs from taxability on indirect transfer of shares [Section 9]

- ◆ It is proposed to clarify that the existing exemption from the applicability of indirect transfer provisions is available to Category I and Category II FPIs as per SEBI (FPI) Regulations, 2014, prior to their repeal.
- ◆ Further, the said exemption is proposed to be made applicable to an asset or a capital asset held by a non-resident by way of investment in Category-I Foreign Portfolio Investor under the SEBI (FPI) Regulations, 2019 made under SEBI Act, 1992.

Amendment effective from: 1st April, 2020

Rationalizing the definition of ‘Royalty’ [Section 9]

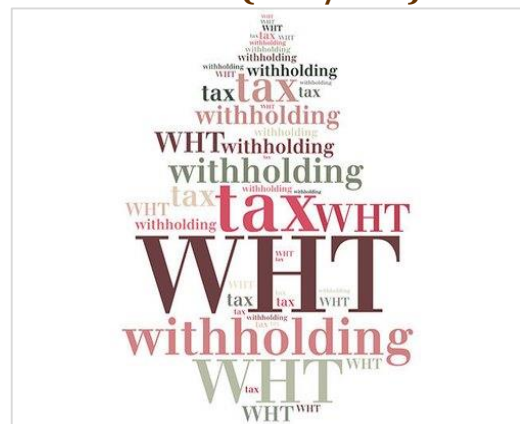
- ◆ The existing definition of ‘Royalty’ does not include consideration for

the sale, distribution or exhibition of cinematographic films. Due to this exclusion, such royalty is not taxable in India even if DTAA gives the right to tax such royalty.

- ◆ The definition of ‘royalty’ is amended to include consideration for the sale, distribution or exhibition of cinematographic films in order to rationalize the definition in lines with DTAA.

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

D. WITHHOLDING TAX PROVISIONS (TDS/TCS)



TDS on Income by way of interest from Indian company [Section 194LC]

- ◆ The period of concessional rate of withholding tax under section 194LC has been extended up to 30th June 2023.
- ◆ Further, in order to attract fresh investment, it is proposed to reduce withholding tax rate @ 4% in respect of interest payable to non-residents on RDBs and long term infrastructure bonds listed on recognized stock exchanges in IFSC.

Amendment effective from: 1st April, 2020

TDS by way of Interest on certain bonds and government securities [Section 194LD]

- ◆ The period of concessional rate of withholding tax under section 194LD has been extended up to 30th June 2023.

- ◆ Also the above concessional rate of 5% has been extended to interest paid on municipal bonds, up to 30th June 2023.

Amendment effective from: 1st April, 2020

Reducing the rate of TDS on fees for technical services (other than professional services) [Section 194J]

- ◆ Section 194J requires to deduct TDS on fees for professional services, fees for technical services, remuneration paid to directors excluding salary, royalty, payments in the nature of non-compete fees. The applicable rate is 10%
- ◆ It is proposed to reduce the rate of withholding tax on fees for technical services (other than professional services) paid to a resident to 2% from the existing rate of 10%.

Amendment effective from: 1st April, 2020

Widening the scope of TDS on E-commerce transactions [Section 194-0]



- ◆ A new section 194-0 has been introduced to cover a person who owns, operates or manages a digital or electronic facility or platform for e-commerce (e-commerce operator) while making payment to a person resident in India (e-commerce participant) selling goods or providing services or both using such digital or e-commerce platform or facility.
- ◆ An e-commerce operator is required to withhold tax on sale of goods or services on the payments to an e-commerce participant who

is a resident of India at 1% at the time of payment or credit, whichever is earlier.

- ◆ If the e-commerce participant does not have Permanent Account Number ('PAN') or Aadhaar number, then the rate of withholding tax is proposed at 5%.
- ◆ No tax will be required to be withheld if all the following conditions are satisfied:
 - The e-commerce participant is an individual or HUF.
 - The amount of sale does not exceed Rs.5 Lakh.
 - The e-commerce participant has furnished its PAN or Aadhaar number to the e-commerce operator.

Amendment effective from: 1st April, 2020

Enlarging the scope for tax deduction on interest income [Section 194A]

Section 194A a co-operative society is required to deduct tax at the time of payment or credit of interest income to its deposit holders if both the following conditions are fulfilled:

- The total sales, gross receipts or turnover of such co-operative society exceeds Rs.50 crores in the preceding FY; and
- The amount of interest paid or credited exceeds Rs. 50,000/- in case of payment to a senior citizen and Rs. 40,000/- in any other case

Amendment effective from: 1st April, 2020

Amendment in the definition of 'work' [Section 194C]

- ◆ Currently, the definition of 'work' under Section 194C includes manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer within the definition.
- ◆ The definition is proposed to be amended to include the raw

material procured by the assessee or its associate.

- ◆ Associate is proposed to mean a person who is placed similarly in relation to the customer as is the person placed in relation to the assessee under the provisions contained in 40A(2)(b) the Act.

Amendment effective from: 1st April, 2020

Consequential amendment on TDC/TCS provisions due to change in tax audit threshold [Section 194A, 194C, 194H, 194I, 194J and 206C]

- ◆ Presently, TDS/TCS provisions are not applicable to individuals and HUFs, in case tax audit u/s. 44AB is not applicable to them.
- ◆ It is proposed to amend the TDS and TCS provisions u/s. 194A, 194C, 194H, 194I, 194J and 206C respectively to delete the reference of threshold limit and propose to specify turnover limit of Rs. 1 crore for business and Rs. 50 lakhs for profession respectively of such individual or HUF.

Amendment effective from: 1st April, 2020

Widening the scope of section 206C

- ◆ The scope of section 206C has been widened to collect tax at source at 5% at the time of receipt/debiting the account of the buyer, whichever is earlier by the following persons:
 - An authorised dealer who receives, in aggregate, an amount exceeding Rs.7 lakhs for remittance out of India from a buyer under the Liberalized Remittance Scheme;
 - A seller of an overseas tour package while receiving amounts from the buyer of such package.



- ◆ Further, it is proposed to amend section 206C to collect tax at source on sale of goods above the specified limit as under:
 - A seller whose total sales, gross receipts or turnover exceeds Rs.10 crores during the preceding FY is liable to collect tax at source at 0.1% on consideration received from a buyer in excess of Rs.50 lakhs, other than on sale of motor cars and foreign tour packages.
 - In case of non-availability of PAN and Aadhaar, the seller will have to collect tax at 1%.

Amendments effective from: 1st April, 2020

E. START-UPS



Rationalizing of provisions for start-ups [Section 80-IAC]

As per section 80-IAC eligible start-up can avail deduction of an amount equal to 100% of the profits and gains derived from eligible business as follows:

Sr. No.	Particulars	Existing	Proposed
1	Time frame to claim the deduction	3 consecutive AY out of 7 years from incorporation	3 consecutive AY out of 10 years from incorporation
2	Turnover limit	Upto Rs.25 crore	Upto Rs.100 crore

Amendment effective from: AY 2021-22

Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start-ups [Section 17(2)]

- ◆ Currently ESOPs are taxed as perquisites under section 17(2) of the Act. The taxation of ESOPs is split into two components:
 - Tax on perquisite as income from salary at the time of exercise.
 - Tax on income from capital gain at the time of sale.
- ◆ In order to ease the burden of payment of taxes by the employees of the eligible start-ups or TDS by the start-up employer, it is proposed to amend section 192
- ◆ Payment of the tax to be made within 14 days from the earliest of the following:
 - Expiry of 60 months from the end of the FY in which such specified security is allotted or transferred.
 - Date of sale of such specified security/sweat equity shares.
 - Date on which the employee ceases to be an employee of the Start-up, which issued the securities/sweat equity shares.
- ◆ Similar amendments have been carried out in section 191,156,140A of the Act.

Amendment effective from: 1st April, 2020

F. CAPITAL GAINS

Increase in safe harbour limit in case of transfer of land or building [Section 43CA, 50C & 56(2)]

- ◆ In connection with Section 43CA, 50C & 56(2) X, transactions in real estate, if the consideration value is less than circle rate by more than 5 %, the difference is counted as income both in the hands of the purchaser and seller.
- ◆ Now the safe harbour limit in case of such transactions have been increased to 10%.

Amendment effective from: AY 2021-22

Rationalization of cost of acquisition of immovable property [Section 55]

- ◆ Currently, Section 55 gives an option to the assessee to take the 'cost of acquisition' of asset either as the actual cost of acquisition or the fair market value as on 1st April, 2001.
- ◆ It is now proposed to provide that the fair market value shall not exceed the stamp duty value as on 1st April, 2001, where such stamp duty value is available and where the capital asset is land or building or both.

Amendment effective from: 1st April, 2021 i.e. AY 2021-22

Provisions regarding units in segregated portfolios in mutual fund schemes [Section 49A, 2(42A)]

- ◆ SEBI now permits creation of segregated portfolios within the debt and money market mutual fund schemes. The unit holders in the main scheme are allotted the same number of units in the segregated portfolio.
- ◆ Therefore, for taxation purposes, the period of holding of the units in the segregated portfolio will include the earlier period of holding of the units in the main scheme.
- ◆ Further, for computing the "cost of acquisition" of the units in the segregated portfolio, the "cost of acquisition" of the units in the main scheme will be pro-rated in the ratio

of the NAV of the assets transferred to the segregated portfolio.

- ◆ Simultaneously, the "cost of acquisition" of the units in the main scheme will be reduced by the "cost of acquisition" of the units in segregated portfolio.

Amendment effective from: 1st April, 2020 i.e. AY 2020-21

G. TRANSFER PRICING

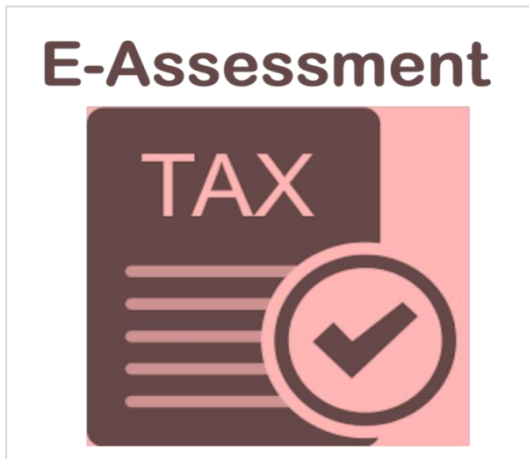
Amendment in Safe Harbour Rules [Section 92CB, 92CC]



- ◆ Section 92CB and section 92CC is proposed to be amended to cover determination of attribution to PE within the scope of Safe harbour rules (SHR) and Advance pricing Authority (APA).
- ◆ A non- resident would now be able to take shelter under the safe harbour rules (to be prescribed) for determining profit attributable to its PE in India. A non-resident taxpayer could also approach APA authorities to seek certainty around profit attribution. Currently, APA provides transfer pricing certainty for almost 9 years, 5 years forward and 4 years of roll-back.

Amendment effective from: AY 2020-21

H. ASSESSMENT AND APPEALS



Taxpayers Charter [Section 119A]

- ◆ A new section 119A is inserted in the IT Act to empower the CBDT to adopt and declare a Taxpayer's Charter and issue such orders, instructions, directions or guidelines to other tax authorities for the administration of Charter
- ◆ This is to enumerate Tax payer's right and to develop trust.

Amendment effective from: 1st April, 2020

Modification of e-assessment scheme [Section 143, 144]

In order to enhance efficiency, transparency and accountability, section 143 is amended to include best judgement assessment under section 144 such that it will also form a part of the e-assessment scheme.

Amendment effective from: 1st April, 2020

Amendment in the scope of the Dispute Resolution Panel [Section 144C]

- ◆ Scope of Section 144C has been expanded as follows:
 - The words 'variation in the income or loss returned' has replaced with 'any variation which is prejudicial to the interest of such taxpayer'

- The definition of eligible taxpayer to include all non-resident taxpayer as against only foreign companies at present.

Amendment effective from: 1st April, 2020

Provision for e-appeal [Section 250 (6B)]

- ◆ Section 250(6B) is inserted in the IT Act which empowers to notify a new e-scheme for disposal of appeal on the lines of E-Assessment Scheme 2019.
- ◆ Such a scheme shall be aimed at eliminating the interface between the first appellate authority and the taxpayer in the course of appellate proceedings, optimum utilisation of government resources through economies of scale, functional specialisation and introducing an appellate system with dynamic jurisdiction in which appeal shall be disposed of by one or more Commissioner (Appeals).

Amendment effective from: 1st April, 2020

Stay by the Tax Tribunal [Section 254(2A)]

- ◆ Currently first and the second proviso to Section 254(2A) provides that the ITAT may, after considering the merits of the application made by the assessee pass an order of stay.
- ◆ An additional condition has been imposed that the assessee should deposit not less than 20% of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of this Act, or furnish security of equal amount in respect thereof.

Amendment effective from: 1st April, 2020

Provision for E-penalty [Section 274(2A)]

- ◆ Section 274(2A) is inserted in the IT Act which empowers to notify e-scheme for penalty proceedings.
- ◆ Such scheme shall be aimed at eliminating the interface between the taxpayer and the tax authorities, optimum utilization of government resources through economies of scale, functional specialization and introducing a mechanism for imposing of penalty with dynamic jurisdiction.

Amendment effective from: 1st April, 2020

I. MISCELLANEOUS PROVISIONS

New penalty for fake invoice [Section 271AAD]

- ◆ In order to discourage fraudulent claim of ITC, a penalty equal to the aggregate amount of false entries or omitted entry is proposed to be levied if:
 - a false entry or
 - an omission of entry has been made by a person in the books of accounts to evade tax liability.
- ◆ Penalty will also be levied to the persons who causes or makes to cause a false entry or omission of entry.
- ◆ The false entry is proposed to include use or intention to use –
 - forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or
 - invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both; or
 - invoice in respect of supply or receipt of goods or services or both to or from a person who do not exist.

Amendment effective from: 1st April, 2020

Rationalisation of provision relating to Form 26AS [Section 285BB]

- ◆ Currently, section 203AA requires the income tax authority or the authorised person to provide tax related information (TDS or TCS) to the assessee in Form 26AS.
- ◆ Section 203AA is proposed to be deleted and new section 285BB is now proposed to mandate the income tax authority or the authorised person to provide tax related information in annual financial statement which will include multiple details about financial transactions of a taxpayer (e.g. sale/purchase of immovable property, share transactions etc.) which will be uploaded in the registered account of the assessee.

Amendment effective from: 1st June, 2020

Providing check on survey operations [Section 133A]

- ◆ It is proposed to substitute the proviso to sub-section (6) of section 133A to provide that -
 - In a case where the information has been received from the prescribed authority, no income-tax authority below the rank of Joint Director or Joint Commissioner, shall conduct any survey under the said section without prior approval of the Joint Director or the Joint Commissioner, as the case may be; and
 - In any other case, no income-tax authority below the rank of Commissioner or Director, shall conduct any survey under the said section without prior approval of the Commissioner or the Director, as the case may be.

Amendment effective from: 1st April, 2020

Amendment in person responsible for verification of return of income [section 140]

- ◆ Income tax return of a company is required to be signed or verified by the MD of the company or any other director, if the MD cannot verify due to unavoidable reasons. In case of LLP, the income tax return is verified by the designated partner or any other partner, in case there is no such designated partner.
- ◆ To ensure ease of compliance, it is proposed to amend section 140 to enable any other person, as may be prescribed by the board to verify the return of income in case of a company and LLP.

Amendment effective from: 1st April, 2020

Rationalisation of approval/registration process relating to trust, institution and funds

- ◆ Sections 11, 12, 12A, and 12AA provide for the registration process and taxation scheme for an eligible trust or institution and funds, and operate as a separate code.
- ◆ It is proposed to alter the registration process and time period for such eligible trust or institution. The existing registration process under section 12AA of the Act will apply until 31 May 2020, and a new section 12AB is proposed to be inserted to apply from 1 June 2020. The new registration is proposed to apply for a defined period of 3 or 5 years as applicable, unlike the unlimited time period under the existing provision.
- ◆ Further, it is proposed that any existing or new trust or institution desirous of availing the exemption regime will have to re-apply or apply, as the case may be, for exemption.
- ◆ Also, similar to the exclusion provided to a trust or institution eligible to claim benefit of exemption under section 10(23C) (relating to inter alia exemption of income of hospitals, etc.), entities eligible for exemption under section 10(46)

(constituted under central or state enactments) are also proposed to avail the benefit.

- ◆ It is also proposed that exemption either under section 10(23C)/10(46) or under section 11/12 will be granted. In other words, benefit of both exemptions will not be granted simultaneously.

Amendment effective from: 1st June, 2020

Registration of trusts, institutions, and funds for tax exemption [section 10(23C)]

- ◆ The power of granting approval for registration of trusts, institutions, and funds which was earlier with the commissioner of income tax (exemptions) has now been extended to include principal commissioner or commissioner of income tax.
- ◆ New timelines for filing application for registration (by trusts, institutions, and funds) and approval by the principal commissioner/commissioner have been prescribed.

Amendment effective from: 1st June, 2020

Approval of trusts, institutions, and funds [section 80G]

- ◆ The power of granting approval for registration of trusts, institutions, and funds has been extended to principal commissioner or commissioner.
- ◆ Trust/institution/fund (i.e. donee) will now have to furnish a prescribed statement providing prescribed particulars of donors under section 80G.
- ◆ The donee will also furnish a certificate specifying particulars of the donation (within the prescribed time), to the donor.
- ◆ Income-tax deduction under section 80G shall be allowed to the donor only on the basis of above information furnished by the donee.

Amendment effective from: 1st June, 2020

INDIRECT TAX PROPOSALS

A. GOODS AND SERVICE TAX



Amendments for Central Goods and Service Tax Act, 2017

- ◆ The definition of Union Territory in Section 2(114) amended to bring into force the Jammu and Kashmir Reorganization Act, 2019 and the Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories), Act, 2019.
- ◆ Section 10 amended to exclude from the ambit of Composition Scheme the following categories of persons who are engaged in making-
 - supply of services not leviable to tax under the CGST Act, or
 - inter-State outward supply of services, or
 - outward supply of services through an e Commerce operator.
- ◆ Section 16(4) of the CGST Act amended to delink the date of issuance of debit note from the date of issuance of the underlying invoice for purposes of availing input tax credit.
- ◆ Clause (c) of Section 29(1) amended to provide for cancellation of registration which has been obtained voluntarily under Section 25(3).
- ◆ A new proviso to sub-section 1 of Section 30 inserted to empower the jurisdictional tax authorities to extend the date for application of revocation of cancellation of registration in deserving cases.
- ◆ Section 31 amended to provide enabling provision to prescribe the manner of issuance of invoices in case of supply of taxable services.
- ◆ Section 51 amended to remove the requirement of issuance of TDS certificate by the deductor, and to omit the corresponding provision of late fees for delay in issuance of TDS certificate.
- ◆ Section 109 amended to bring the provision for Appellate Tribunal under the CGST Act in the Union territory of Jammu and Kashmir and Ladakh.
- ◆ A new Sub Section inserted in Section 122 to make the beneficiary of the transactions of passing on or availing fraudulent Input Tax Credit liable for penalty similar to the penalty leviable on the person who commits such specified offences.
- ◆ Section 132 amended to make the offence of fraudulent availment of input tax credit without an invoice or bill a cognizable and non-bailable offence and to make any person who commits, or causes the commission, or retains the benefit of transactions arising out of specified offences liable for punishment.
- ◆ Section 140 amended to prescribe the manner and time limit for taking transitional credit. *Amendment is retrospective from 1st July 2017.*

- ◆ Section 168 amended to make provisions for enabling the jurisdictional commissioner to exercise powers under sub-section (5) of section 66 and second proviso to sub-section (1) of section 143.
- ◆ Section 172 is amended to make provision for enabling issuance of removal of difficulties order for another 2 years, i.e. till 5 years from the date of commencement of the said Act. Earlier it was 3 years.
- ◆ Schedule II so as to omit the words “whether or not for consideration” so as to give clarity to the meaning of the entries at 4(a) and 4(b). This amendment shall take effect retrospectively from 01.07.2017.

Amendments for Integrated Goods and Service Tax Act, 2017

Section 25 is amended to make provision for enabling issuance of removal of difficulties orders for five years from the date of commencement of the said Act. Earlier it was Three years.

Retrospective Amendments

- ◆ Fishmeal [HSN: 2301] is exempt from CGST, UGST and IGST for the period 01.07.2017 to 30.09.2019 subject to the condition that if GST has been paid, the same would not be eligible for refund.
- ◆ Levy of 12% rate of Integrated Tax and 6% Central Tax and 6% Union Territory Tax during the period 01.07.2017 to 31.12.2018, on pulley, wheels and other parts (HSN: 8483) and used as parts of agricultural machinery (HSN: 8432,8433, and 8436) subject to the condition that if GST has been paid, the same would not be eligible for refund.
- ◆ The refund of accumulated credit of compensation cess on tobacco products arising out of inverted duty structure in Compensation Cess is

disallowed w.e.f. 01.10.2019 vide notification No. 3/2019-Compensation Cess (Rate) dated 30.9.2019. This notification is being given retrospective effect from 01.07.2017 onwards. Accordingly, no refund on account of inverted duty structure would be admissible on any tobacco products.

Amendments carried out in the Finance Bill, 2020 will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature.



B. CUSTOMS

Amendments for Customs Act, 1962

(To be effective from the date of enactment of Finance Bill, 2020, unless otherwise specifically mentioned)

- ◆ To prevent injury to Indian Economy, clause (f) of Section 11(2) has been amended to empower the Central Government to prohibit uncontrolled import or export of “any other goods” in addition to Gold and Silver.
- ◆ An explanation is inserted in section 28 to explicitly clarify that any notice issued under the said section, prior to the enactment of the Finance Act, 2018 i.e. 29th March 2018, shall continue to be governed

by the section 28 as it existed before the said enactment, notwithstanding order of any Appellate Authority, Appellate Tribunal, Court or any other law to the contrary.

- ◆ A new Chapter VAA (a new Section 28DA) is inserted to provide an enabling provision for administering the preferential tax treatment regime under Trade Agreements. This new section seeks to specifically provide for certain obligation on importer and prescribe for time bound verification from exporting country in case of doubt. Pending verification preferential benefit shall be suspended and goods shall be cleared only on furnishing security equal to differential duty. In certain cases, the preferential rate of tax may be denied without further verification.
- ◆ A new section 51B is proposed to be inserted to provide for creation of an Electronic Duty Credit Ledger in the customs system. The provision for recovery of duties provided under Section 28AAA of Customs Act, 1962 are also being expanded to include such electronic credit of duties.
- ◆ A new Clause (q) is inserted under Section 111 to prescribe that goods imported on claim of preferential rate, and in relation to which any provision of Chapter VAA or of any rule made under this Act have been contravened, shall be liable to confiscation.
- ◆ A new Clause (i) is inserted under Section 156(2) to empower the Central Government to make rules for the purpose of prescribing the manner, procedures, conditions, restriction and other issue to carry

out the purposes of newly inserted Chapter VAA.

- ◆ Section 157(2) is amended to empower the Central Government to make regulations for the purpose of prescribing the manner, procedures, conditions, restriction and other issue to carry out the purposes of newly inserted section 51B.

Health Cess on Import of Medical Devices

- ◆ Customs Duty in the form of **Health Cess** is proposed to be imposed on the import of Medical Devices @ **5% ad valorem on the import value of such goods.**
- ◆ Goods falling under the heads 9018 to 9022 are covered under this.
- ◆ No such duty to be levied on Medical devices which are exempt from Basic Customs Duty.
- ◆ Export Promotion Scrips shall not be eligible to be used for payment of such cess.
- ◆ The cess is imposed to promote '**Make in India**'.

Anti-Dumping Duty

- ◆ Anti-Dumping Rules provides for manner and procedure for investigation into dumping of goods that cause injury to domestic industry. These rules also provide for investigation into cases of circumvention of antidumping duty by the exporters of subject goods to India.
- ◆ Changes are being made in the Rules to strengthen the anti-circumvention measures by making them more comprehensive and wider in scope to take care of all types of circumventions of antidumping duty in line with best international practice. Certain other changes are being made in these Rules for

bringing clarity in the scope of these rules.

- ◆ Revocation of Anti-dumping duty on import of Purified Terephthalic Acid originating in or exported from:
 - South Korea and Thailand imposed vide notification No. 28/2019-Customs (ADD) dated 24.7.2019
 - China, Iran, Indonesia, Malaysia and Taiwan imposed vide notification No. 28/2016-Customs (ADD) dated 5.7.2016

Countervailing Duty

- ◆ The Countervailing Duty Rules provide for manner and procedure for causing investigation into the cases of imports of subsidized goods that cause injury to domestic industry.
- ◆ Currently, the Countervailing Duty Rules do not have any mechanism for imposition of countervailing duty in case of circumvention of these measures. Accordingly, a provision is being incorporated in the countervailing Duty Rules to enable investigation into the case of circumvention of countervailing duty for enabling imposition of such duty.
- ◆ Certain other changes are being made for bringing clarity in the Rules.

Social Welfare Surcharge

- ◆ Social Welfare Surcharge is being exempted on few of the items falling under Chapter 04, 06, 08, 10, 17, 19, 20, 25 and 68
- ◆ All commercial vehicles (including electric vehicles), if imported or completely built unit (CBU) will be exempt from levy of Social Welfare Fund **on or from 01.04.2020**
- ◆ Exemption from Social Welfare Surcharge is being withdrawn hitherto available on certain items falling under Chapter 84, 85 and 90.

Amendment for Customs Tariff Act, 1975

(To be effective from the date of enactment of Finance Bill, 2020, unless otherwise specifically mentioned)

Section 8B is substituted with a new section to empower the Central Government to apply safeguard measures, in case any article is imported into India in such increased quantities and under such conditions so as to cause or threatening to cause serious injury to domestic industry. Safeguard measure shall include imposition of a Safeguard Duty or application of a Tariff Rate Quota or any other measure that the Central Government may consider appropriate as safeguard measure.

Changes in Basic Customs Duty

Sr. No	Commodity		New Rate	Old Rate
1.	Food Processing	Walnuts, shelled	100%	30%
2.	Chemicals	Other Chemical products and preparations of the chemical or allied industries, not elsewhere specified	17.5%	10%
3.	Footwear	Footwear, Parts of Footwear	20%-35%	15%-25%
4.	Household Items	Tableware, kitchenware, water filters (of a capacity not exceeding 40 litres) and other household articles, of porcelain or China. Ceramic table - ware, kitchenware, clay articles and other household articles, Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018), Table kitchen or other household articles and parts thereof, of iron or steel, iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel, including pressure cookers pans utensils, misc articles such as iron & steel wool, polishing pads, gloves etc, Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper., Table, kitchen or other household articles and parts thereof, of aluminum; pot scourer and scouring or polishing pads, gloves and the like, of aluminium, Padlocks and locks (key, combination or electrically operated) of base metal; clasps and frames with clasps, incorporating locks of base metals; keys for any of the foregoing articles, of base metals (other than lock of a kind used for automobiles, Brooms, brushes, hand operated mechanical floor sweepers, not motorized, mops and feather dusters; prepared knots and tufts for broom or brush making; paint pads and rollers; Squeegees (other than roller squeegees), Hand sieves and hand riddles. Combs, hair-slides and the like, hairpins curling pins, curling grips, hair curlers and the like, other than those of heading 8516 and parts thereof, Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inner.	20%	10%
		Table Fans, Ceiling Fans, Pedestal Fans, Blowers, Portable, Food Grinders, Other		

Sr. No	Commodity	New Rate	Old Rate	
5.	Household Appliances	Grinders and Mixers, Other Appliances, Shavers, Hair Clippers, Hair-removing appliances, Water heaters and immersion heaters, Storage heating radiators, Other electrical space heating apparatus, Hair Dryers, Other hair dressing apparatus, Hand Drying apparatus, Electric smoothing irons, Other ovens, cookers, cooking plates, boiling rings, grillers and roasters, Coffee and Tea Makers, Toasters, Electro-thermic fluid heaters, Electrical or electronic devices for repelling insects, Other electro-thermic appliances used for domestic purposes, Electric heating resistors	20%	10%
6.	Precious Stones and Metals	<p>Coin (of precious metal)</p> <p>Gold used in the manufacture of semiconductor devices or light emitting diodes</p> <p>Rubies, emeralds, sapphires – unset and imported uncut, Rough Coloured gemstones, Rough semi-precious gemstones, Pre-forms of Precious and semi-precious stones, rough synthetic gemstones, rough cubic zirconia</p> <p>Polished Cubic Zirconia</p> <p>Platinum or Palladium used in manufacture of-, a) All goods, including Noble Metal Compounds and Noble Metal Solutions b) Catalyst with precious metal or precious metal compounds as the active substance</p> <p>Spent Catalyst/Ash containing precious metal like gold from which such precious metal is retrieved subject to specified conditions.</p>	<p>12.5%</p> <p>12.5%</p> <p>0.5%</p> <p>7.5%</p> <p>7.5%</p> <p>11.85%</p>	<p>10%</p> <p>Nil</p> <p>Nil</p> <p>5%</p> <p>12.5%</p> <p>12.5%</p>
		<p>Railway Carriage Fans, Air Circulator, Industrial fans blowers and similar blowers, Other industrial fans, pressure vessels, Welding and Plasma cutting machines</p> <p>Commercial type combined refrigerator freezers, fitted with separate external doors, commercial freezer of chest type not exceeding 800lt capacity, Electrical freezers of upright type not exceeding 800 litre capacity, other freezers of upright type not exceeding 800 litre capacity, refrigerating or freezing display counters, cabinets, show-cases and the like, Heat pumps other than AC machines,</p>	<p>10%</p> <p>15%</p>	<p>7.5%</p> <p>7.5%</p>

Sr. No	Commodity		New Rate	Old Rate
7.	Machinery	Ice making machinery, Refrigerating equipment/devices used in leather industry, Refrigerated farm tanks, Industrial ice cream freezer, Others (like freezers of capacity 800 litres and more)		
		Other Chest type freezers, Water cooler, Vending machine other than automatic	15%	10%
		Other fans with a Self-contained electric motor not exceeding 125W	20%	7.5%
		Goods specified in List 10 of Notification No. 50/2017 -Customs dated 30.6.2017, required for use in high voltage power transmission project	7.5%	5%
		Rotary tillers/weeder	7.5%	2.5%
		Compressor or Refrigerator and Air Conditioner	12.5%	10%
		Goods specified in List 14 of Notification No. 50/2017 -Customs dated 30.6.2017, required for construction of road like paver finisher, machines for filling up cracks in roads, mobile bridge inspection units etc.	Applicable BCD	Nil
		Motors like Single Phase AC motors, Stepper motors, Wiper Motors etc.	10%	7.5%
8.	Other Electric Goods	Static Converters	20%	15%
		Dip Bridge Rectifier, Populated, loaded or stuffed printed circuit boards	20%	10%
9.	Automobile and Automobile parts	Catalytic Convertor	15%	10%
10.	Furniture Goods	Seats and Parts of seats (other than aircraft seats and their parts), Other Furniture and Parts, Mattress supports, articles of bedding and similar furnishing, Lamps and lighting fittings including searchlights and spotlights and parts thereof; Illuminated signs, illuminated name plates and the like, having a permanently fixed light source, and parts thereof except solar lantern and solar lamps.	25%	20%
11.	Toys	Tricycles, scooters, pedal-cars and similar wheeled-toys; dolls' carriages; dolls; other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds	60%	20%
		Filing, cabinets, card-index cabinets, paper-trays, paper rests, pen trays, office-stamp stands and similar office or desk equipment, of base metal, other than		

Sr. No	Commodity		New Rate	Old Rate
12.	Stationery Items	office furniture of heading 9403, Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips (for example, for offices, upholstery, packaging), of base metal, Sign-plates, name-plates, address-plates and similar plates, numbers, letters and other symbols, of base metal, excluding those of heading 9405	20%	10%
13.	Miscellaneous	Artificial Flowers	20%	10%
		Glass Beads	20%	10%
		Bells, gongs, statuettes, trophies and like, non-electric of base metal; statuettes and other ornaments of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal.	20%	10%
14.	Animals	Pure-bred breeding horses	Nil	30%
15.	Fuels, Chemicals and Plastics	Very low Sulphur fuel oil meeting ISO 8217:2017 RMG380 Viscosity in 220-400 CST standards/marine Fuel Oil 0.5% (FO), under the same conditions as available to IFO 180 CST and IFO 380 CST under entry at S. No. 139 of notification No. 50/2017–Customs dated 30.6.2017.	Nil	10%
		Calcined Petroleum Coke	7.5%	10%
		Colloidal precious metals; compounds of precious metals; amalgams of precious metals	10%	7.5%
		Butyl Acrylate	7.5%	5%
		Polyester Liquid Crystal Polymers (LCP) for use in manufacture of connectors	Nil	7.5%
		Calendared plastic sheets for use in manufacturing of smart cards	5%	10%
16.	Paper	Newsprint, if the importer, at the time of import is an establishment registered with the Registrar of Newspapers, India (RNI), Uncoated paper used for printing newspaper, if the importer, at the time of import is an establishment registered with the Registrar of Newspapers, India (RNI), Lightweight coated used for printing magazines, subject to end-use conditions	5%	10%
17.	Sports Goods	List of items allowed duty free import up to 3% of FOB value of sports goods exported in the preceding financial year is amended to include Willow	Nil	Applicable rate
		Copper and articles thereof used in manufacturing of specified electronic items	Applicable BCD	Nil

Sr. No	Commodity	New Rate	Old Rate	
18.	Electronic Goods, parts thereof	Specified Chargers and power adapters	20%	Applicable BCD
		PCBA of Cellular mobile phones (with effect from 01.04.2020)	20%	10%
		Fingerprint readers for use in Cellular mobile phones	15%	Nil
		Vibrator/Ringer of Cellular mobile phones (with effect from 01.04.2020), Display Panel and Touch Assembly of Cellular mobile phones (with effect from 01.10.2020)	10%	Nil
		Headphones and Earphones	15%	Appl BCD
		Following parts of Microphone for use in manufacture of Microphone namely, a) microphone cartridge b) microphone holder c) microphone grill d) microphone body etc.	Nil	10%
		Micro-fuse base, sub-miniature fuse base, Micro-fuse Cover and sub-miniature fuse cover for use in manufacture of micro fuse and sub-miniature fuse.	Nil	7.5%
19.	Automobile and Automobile parts	Noble metal solutions and noble metal compounds used in manufacture of catalytic converter and their parts, Platinum or Palladium used in manufacturing of catalytic converter and their parts	Applicable BCD	5%
		A) Parts of catalytic converter for manufacture of catalytic converters. (B) The following goods for use in the manufacture of catalytic converters and its parts, namely: - (i) Raw substrates (ceramics) (ii) Wash coated substrates (ceramics) (iii) Raw substrates (metal) (iv) Wash coated substrates (metal) (v) Stainless steel wire cloth stripe (vi) Wash coat	7.5%	5%
		Completely Built Units (CBUs) of commercial vehicles (other than electric vehicles) (w.e.f. 01.04.2020)	40%	30%
		Completely Built Units (CBUs) of commercial electric vehicles (w.e.f. 01.04.2020)	40%	25%
		Semi Knocked Down (SKD) forms of electric passenger vehicles (w.e.f. 01.04.2020)	30%	15%
		Semi Knocked Down (SKD) forms of electric vehicles- Bus, Trucks and Two wheelers (w.e.f. 01.04.2020)	25%	15%

Sr. No	Commodity		New Rate	Old Rate
		Completely Knocked Down (CKD) forms of electric vehicles - Passenger vehicles, Three wheelers, Two wheelers, Bus and Trucks (w.e.f. 01.04.2020)	15%	10%
20.	Defence Sector	Exemption from import duty for specified military equipment, when imported by Defense PSUs and other PSUs for defence forces.	Nil	As applicable

Following New Entries have been added in The First Schedule:

(To be effective with immediate effect owing to a declaration under the Provisional Collection of Taxes Act, 1931)

Sr. No	Description	Tariff Rate	Effective Rate
1.	Wall fans	20%	20%
2.	Open cell for television set	15%	0%
3.	Solar cells not assembled	20%	0%
4.	Solar cells assembled in modules or made up in panels	20%	0%

C. EXCISE

Amendment for Central Excise Act, 1944

(To be effective from the date of enactment of Finance Bill, 2020, unless otherwise specifically mentioned)

- ◆ Excise Duty by way of National Calamity Contingent Duty raised on Cigarettes and Filtered Cigarettes, Hookah or Gudaku Tobacco, “Homogenised” or “Reconstituted” Tobacco, Chewing Tobacco, Jarda Scented Tobacco, Snuff, Pipes and others.
- ◆ Such amendment will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

BUDGET THEME: EASE OF LIVING

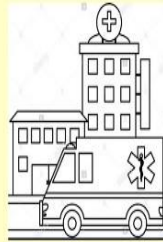
Agriculture, Irrigation, & Rural Development



PM KUSUM to provide solar pumps to 20L and grid connected pumps to 15L farmers
"Kisan Rail" and "Krishi Udaan" to be launched by IR and MCA.
Agricultural Credit target of Rs.15 lakh cr for 2020-21
Fish production target of 200 lakh tonnes by 2022-23

Wellness, water & Sanitation

More than 20,000 hospitals under PM Jan Arogya Yojana.
"TB Harega Desh Jeetega" campaign launched to end TB
Focus on liquid and grey water management along with waste management



Infrastructure



National Logistics Policy is to be launched soon including:
Development to Highways
150 Passenger trains through PPP mode
Corporatizing atleast 1 major port and 100 more airports to be developed under UDAAN

Education & Skills



About 150 higher educational institutions will start apprenticeship embedded courses
Internship opportunities to fresh engineers by urban local bodies
Degree level online education programmes for students of deprived sections
Ind-SAT to be conducted in Asia and Africa under Study in India programme

Caring Society

More than 6 lakhs Anganwadi workers equipped with smart phones
Proposal to establish Indian Insitute and Heritage Conservation
Encouragement to States implementing plans for cleaner air in cities above 1 million



Industry, Commerce & Investment

Schemes to encourage manufacturing of mobile phones electronic equipment and semi conductor packaging.
national technical textile mission for a period of 4 years.
Scheme anchored by EXIM bank and SIDBI to handhold MSMEs in exports markets.



New Economy

Knowledge translation clusters for emerging technology sectors
Scaling up of technology clusters harboring test beds and small scale manufacturing facilities
National mission on quantum technologies and applications within an outlay of Rs. 8000 crores proposed



Hinesh R Doshi & Co. LLP

Chartered Accountants



3rd Floor, Palai Plaza, Swami Gyan Jivandas Marg,
Dadar (E), Mumbai – 400 014



+91 22 66008100/111



info@hineshdoshi.com

Find us on: <http://www.hineshrdoshicollp.com/>