

Budget 2020 Changes

A. Income Tax :

New slab rates without claiming exemptions (Optional).

Taxable Income	Existing	New
a. 0 - 2.5 L	NIL	NIL
b. 2.5 – 5.0 L	NIL	NIL
c. 5.0 – 7.5 L	20.80%	10.40%
d. 7.5 – 10.0 L	20.80%	15.60%
e. 10.0 – 12.5 L	31.20%	20.80%
f. 12.5 – 15.0 L	31.20%	26.00%
g. > 15 L	the tax rates would be same as earlier.	
	• Rs 12,500 rebate for income upto RS 5.0 L	
	• 4 % Health and Education Cess for all slabs.	
	• Surcharge on slabs above 50 L remains as earlier.	

Exemptions Out :

1. Sec 80 C Investments
2. HRA
3. Housing Loan interest
4. LTA, Medical Insurance, Standard Deduction,
5. Savings Bank Interest, Educational Loan Interest.

Exemptions In:

1. Standard Deduction on rent
2. Agricultural Income, Income from Life Insurance, VRS proceeds
3. Retrenchment Compensation, Leave encashment on retirement.

B. Dividend Income:

DDT Abolished

Dividend Income to be charged in the hands of the shareholder.

C. Employer's Provident Fund etc:

Combined upper limit on Employers contribution towards EPF, NPS and Super Annuation Fund @Rs 7.50 L.

D. **Dividend, Interest and Capital Gains** of Sovereign Wealth funds procured from Indian Infrastructure Investments made upto 31st March 2024 would be exempt from Income tax.

E. **Additional deduction** of Rs 1.5 L for interest paid on Loans taken for purchase of affordable homes extended till March 31st 2021.

F. **Capital Gains:** Earlier if the consideration value was less than the circle rate by more than 5 % the same was counted as Income in the hands of both the seller and the buyer.
The limit has been increased to 10 % .

G. **TDS/TCS :**

TCS of 5 % for remittances of over Rs 7.0 L under the Liberalized Remittance Scheme by banks or from a seller of a Tour package.
The TCS paid can be adjusted against your Income Tax liability.

TCS of .1% : A seller of goods is liable to collect TCS at the rate of .1% on consideration received from a buyer in a previous year in excess of Rs 50 lakh rupees . In Non Pan/Aadhar cases the rate will be 1 % .

Only those sellers whose Sales, gross receipts or turnover from the business carried by it exceeds 10 Cr during the financial year immediately preceding the financial year shall be liable to collect such TCS.

H. General Changes:

- a. No Tax Audit for turnover upto Rs 5.00 Cr (up from Rs 1 Cr)
- b. Insurance on deposits with banks raised from 1 L to Rs 5 L.
- c. TDS of 1% on the receipts on selling goods/services on online platforms like Amazon, Flipkart etc.
- d. Instant PAN on basis of Aadhar.
- e. Tax Charter (rights of the tax payer) to be introduced as a part of the statute.
- f. Interest subvention scheme of 2 % on all Incremental Loans is already in place.
- g. NRI definition changed : Stay period in India increased from 182 days to 245 days.
- h. Date for filing of returns for companies under Tax Audit -Oct 31st provided Tax Audit report filed by 30th September .

- i. Some changes done in the CGST Act will be dealt with separately in the GST update.
- j. We may add that in case of individuals TDS will be deducted by online suppliers so that members may make a note of the same and show the same as drawings in their books.
- k. Further, fake invoices penalty may be covered -

1. 23. Penalty for Fake Invoice

- Proposed to insert section 271AAD
- Many persons are found to be indulged in providing / receiving fake invoices to take benefits of the input tax credit under GST etc
- Now, if it is found that that in the books of account maintained by any person there is (i) a false entry; or (ii) an omission of any entry which is relevant for computation of total income of such person, to evade tax liability, the AO may direct that such person shall pay by way of penalty a **sum equal to the aggregate amount of such false or omitted entry.**
- Further, any other person who cause / assist others in above default, then such other persons shall pay by way of penalty a sum equal to the aggregate amount of such false or omitted entry
- “false entry” includes use or intention to use – (a) forged or falsified documents such as a false invoice or, in general, a false piece of documentary evidence; or (b) 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 (c) invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.