

*Relevant Provisions of the  
Income Tax Act, 1961  
Applicable to A.Y. 2020-21*

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# Reference Material

- Finance Act, 2019 and Finance (No. 2) Act, 2019
- Taxation Laws (Amendment) Act, 2019
- Finance Act, 2020
- Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 & Related Notifications (No. 35/2020 dated 24/06/2020 & No. 56/2020 dated 29/07/2020) (due to Covid-19)
- Other Notifications & Rules

# Finance Act, 2019

## ➤ Rates of Surcharge and M.A.T.

Adjusted Total Income/Book Profit Range	Individual/HUF/AOP/BOI/AJP	Firm/Co-operative Society/Local Authority	Domestic Company	Foreign Company
0 - Rs. 50 lakhs	Nil	Nil	Nil	Nil
Rs. 50 lakhs – 1 crore	10%	Nil	Nil	Nil
Rs. 1 crore – 2 crore	15%	12%	7%	2%
Rs. 2 crore – 5 crore	25%	12%	7%	2%
Rs. 5 crore – 10 crore	37%	12%	7%	2%
Above Rs. 10 crore	37%	12%	12%	5%

- Where the total income includes any income chargeable under section 111A and section 112A, the rate of surcharge on the amount of income-tax computed on that part of income shall not exceed 15%
- Rate of M.A.T. is reduced from 18.5% to 15%

# Finance Act, 2019

- Rate of Depreciation on Motor Car (other than those used in a business of running them on hire) acquired on or after 23/08/2019 but before 01/04/2020 and put to use before 01/04/2020, the rate of depreciation on such motor car will be 30%
- The rate of depreciation shall be 45% in case of Motor buses, motor lorries and motor taxis used in a business of running them on hire acquired on or after 23/08/2019 but before 01/04/2020 and put to use before 01/04/2020
- This amendment was brought through the Income Tax (9<sup>th</sup> Amendment) Rules, 2019, vide N.N. 69/2019 dated 20<sup>th</sup> September, 2019

# Finance Act, 2019

- Sec 9(1)(viii) – W.e.f. 05/07/2019, a resident giving a sum of money or value of property referred in Sec.2(24)(xviii) r.w.s. 56(2)(x) to a non-resident will be deemed income.
  
- Sec 10(12A) – Exemption of Withdrawal/Closure of account with NPS Trust is increased from 40% to 60%
  
- Income from Salary
  - Sec 16(1) – Standard deduction on Salary is increased from Rs. 40,000/- to Rs. 50,000/-

# Finance Act, 2019

## ➤ Income from House Property

- Sec 23(4) – Assessee will be allowed to occupy **two** House Properties as self-occupied as against one house property from A.Y. 2020-21
- However, a maximum of Rs. 2,00,000/- can be claimed as interest deduction in relation to both Self-Occupied Properties
- Sec 23(5) – House Property held as stock-in-trade
  - ✓ From A.Y. 2018-19, provision of deemed income was applicable if the property held as stock-in-trade is not let out. The concession was available only for the period up to one year from the end of the financial year in which the certificate of completion of construction of the property was obtained.
  - ✓ From A.Y. 2020-21, the period of one year is extended to two years

# Finance Act, 2019

- Sec 43B(da) – Interest payable to Non-Banking Financial Companies (NBFCs) is also covered u/s 43B. If the same is not paid before the due date of filing Return of Income , then the same will be allowed as a deduction in computing Profits and Gains from Business and Profession on payment basis
- Sec 54 – For claiming deduction u/s 54 upto A.Y. 2019-20, if the assessee has purchased/constructed one residential house, the same was allowed against Income from Capital Gains. From A.Y. 2020-21, **if the amount of Income from Capital Gains does not exceed Rs. 2 crore, the assessee can purchase/construct two residential houses.** However, such option is available only once in a lifetime of the assessee

# Finance Act, 2019

- **Sec 80EEA** – Provides to **an Individual** for deduction in respect of **Interest on Loan taken for acquisition of an affordable residential house property** up to Rs. 1,50,000/- subject to:
  - Loan is sanctioned from a Financial Institution during the F.Y. 2019-20
  - Stamp Duty Value of the property does not exceed Rs. 45 lakhs
  - The assessee does not own any residential house property on the date of sanction of loan
  
- **Sec 80EEB** – Provides to **an Individual** for deduction in respect of **Interest on Loan taken for the purpose of purchase of an electric vehicle** up to Rs. 1,50,000/- subject to:
  - Loan is sanctioned by a Financial Institution from 01/04/2019 to 31/03/2023



# Finance Act, 2019

- Sec 80-IBA – Provides for deduction in respect of profits derived from the business of developing and building **affordable housing projects subject to the project being approved as an affordable housing project by the competent authority after 01/06/2016 but on or before 31/03/2019**. The period for getting the project approved from the competent authority is extended to 31/03/2020
- Sec 87A – Provides for Rebate of Income Tax in case of **Resident Individuals** upto Rs. 2,500/- subject to the total income not exceeding Rs. 3,50,000/-. **From A.Y. 2020-21**, the quantum of rebate is increased upto Rs. 12,500/- subject to the total income not exceeding Rs. 5,00,000/-. In case total income exceeds Rs. 5,00,000/-, then the quantum of Rebate shall be Nil

# Finance (No. 2) Act, 2019

➤ New proviso inserted to section 139(1)

- W.e.f. 01/04/2020,

*Provided also that a person referred to in clause (b), who is not required to furnish a return under this sub-section, and who during the previous year–*

- i. has deposited an amount or aggregate of the amounts exceeding one crore rupees in one or more current accounts maintained with a banking company or a co-operative bank; or*
- ii. has incurred expenditure of an amount or aggregate of the amounts exceeding two lakh rupees for himself or any other person for travel to a foreign country; or*
- iii. has incurred expenditure of an amount or aggregate of the amounts exceeding one lakh rupees towards consumption of electricity; or*
- iv. fulfils such other conditions as may be prescribed,*

# Finance (No. 2) Act, 2019

shall furnish a return of his income on or before the due date in such form and verified in such manner and setting forth such other particulars, as may be prescribed

Hence the seventh proviso, inserted to section 139(1), mandates the filing of Return on Income for the previous year in case any one of the conditions specified therein are fulfilled by the assessee.

# Finance Act, 2019

- Sec 194A - TDS on Interest other than Interest on Securities
  - The threshold limit of Rs. 10,000/- is increased to Rs. 40,000/- in case of interest payable by a bank, co-operative bank or post office.
  - It is also worth noting that there is no change in the threshold limit for senior citizens and it continues to be Rs. 50,000/-
  - Also, for other payers, the threshold limit continues to be Rs. 5,000/-
  
- Sec 194-I - Threshold limit for deduction of TDS on account of payment of Rent is increased from Rs. 1,80,000/- to Rs. 2,40,000/-

# Finance Act, 2019

- Sec 194-IA – Threshold limit of Rs. 50 lakhs for deducting TDS on payment of consideration for transfer of immovable property to include payments towards club membership fee, car parking fee, electricity or water facility fee,.....or any other charges of similar nature, which are incidental to transfer of the immovable property.
- Sec 194M – In case of Individuals/HUFs who are not required to get their books of account audited and are making payments towards supply of labour for carrying out any work, commission, brokerage or professional fees in excess of Rs. 50 lakhs during the financial year are required to deduct TDS on such payments @ 5%

# Finance Act, 2019

- Sec 194N - In case of cash payment by a bank, co-operative society or post office being a sum or in aggregate exceeding Rs. 1 crore are now required to deduct TDS on such payments @ 2%.
- However, if the assessee has not filed his Return of Income for **all 3 assessment years** relevant to the three previous years, for which the time limit of file return of income u/s 139(1) has expired, immediately preceding the previous year in which the payment of the sum is made to him, the provision shall apply with a modification :
  - The threshold sum shall be reduced to Rs. 20 lakhs
  - The deduction shall be @ 2% in case of payments upto a sum of Rs. 1 crore
  - In case of payments exceeding Rs. 1 crore, the deduction shall be @ 5% of such payments

# Taxation Laws (Amendment) Act, 2019

## ➤ Alternative Tax Regime for Domestic Companies

- Sec 115BAA - Available to any domestic company subject to fulfillment of certain conditions
  - ✓ There is no restriction on the amount of turnover of the company
  - ✓ The total income of the company shall be computed without claiming certain specified incentives such as additional depreciation u/s 32(1)(ia), deductions u/s 10AA, 32AD, 33AB, 33ABA, 35(1)(ii)/(ia)/(iii), 35(2AA)/(2AB), 35AD, 35CCC, 35CCD, sections **80C to 80U** except 80JJAA, 80LA or 80M (From A.Y. 2021-22, 80HH to 80Q except 80JJAA)
  - ✓ Adjustment for brought forward losses on account of deductions under the aforesaid sections shall not be allowed for set-off, if such loss or depreciation is attributable deductions referred above.

# Taxation Laws (Amendment) Act, 2019

- ✓ The option for lower tax rate has to be exercised in **Form 10-IC on or before the due date of submission of Return of Income**
- ✓ Once the company has exercised the option, it cannot be withdrawn subsequently for the same of any other previous year
- ✓ Provisions of M.A.T. u/s 115JB are not applicable if option u/s 115BAA is exercised by the company
- ✓ Adjustment of M.A.T. Credit brought-forward shall also not be available
- ✓ The rate of tax shall be 22% (+SC 10% +HEC 4%)



# Taxation Laws (Amendment) Act, 2019

- Sec 115BAB – Available to any domestic company which has been set up and registered on or after 01/10/2019 and has commenced manufacture or production of any article or thing on or before 31/03/2023 subject to fulfillment of certain conditions
  - ✓ It should be a new undertaking not set up by splitting-up or reconstruction of an existing business
  - ✓ The company should not use old plant and machinery
  - ✓ The company should be in any business other than manufacturing
  - ✓ Certain deductions as described u/s 115BAA shall not be allowed
  - ✓ No adjustment for brought forward losses pertaining to the abovementioned sections. M.A.T. provisions shall not be applicable
  - ✓ The rate of tax shall be 15% (+SC 10% +HEC 4%)

# Finance Act, 2020

➤ Sec 44AB – Every person

- (a) carrying on business shall, if his total sales, turnover or gross receipts, as the case may be, in business exceed or exceeds one crore rupees in any previous year

*Provided that in the case of a person whose –*

*(a) aggregate of all amounts received including amount received for sales, turnover or gross receipts during the previous year, in cash, does not exceed five per cent of the said amount; and*

*(b) aggregate of all payments made including amount incurred for expenditure, in cash, during the previous year does not exceed five per cent of the said payment,*

*this clause shall have effect as if for the words "one crore rupees", the words "five crore rupees" had been substituted; or*

# Finance Act, 2020

(b) carrying on profession .....; or

(c) carrying on the business ..... Section 44AE .....; or

(d) carrying on the profession ..... Section 44ADA .....; or

(e) carrying on the business shall, if the provisions of sub-section (4) of section 44AD are applicable in his case and his income exceeds the maximum amount which is not chargeable to income-tax in any previous year,

get his accounts of such previous year audited .....

**Provided** that this section shall not apply to the person, who declares profits and gains for the previous year in accordance with the provisions of sub-section (1) of section 44AD and his total sales, turnover or gross receipts, as the case may be, in business does not exceed two crore rupees in such previous year.

# Finance Act, 2020

- Due date of furnishing Tax Audit Report - "specified date", in relation to the accounts of the assessee of the previous year relevant to an assessment year, means *date one month prior to* the due date for furnishing the return of income under sub-section (1) of section 139
- Similarly, corresponding amendments have been made to sections 10, 10A, 12A, 32AB, 33AB, 33ABA, 35D, 35E, 44AB, 44DA, 50B, 80-IA, 80-IB, 80JJAA, 92F, 115JB, 115JC and 115VW

# Finance Act, 2020

- Sec 43(5) – The words “recognised stock exchange” is substituted for “recognised association”
- Sec 72AA – In case of amalgamation of one or more banking companies or one or more government companies, the accumulated losses and unabsorbed depreciation of the amalgamating entity shall be deemed to be of the amalgamated entity for the previous year in which the scheme of amalgamation was brought into force (Reference to Sec 16 of the General Insurance Business (Nationalisation) Act, 1972)

# Finance Act, 2020

## ➤ Sec 119A – Taxpayer’s Charter

- This section was inserted to empower the CBDT to adopt and declare a Taxpayer’s Charter and issue such orders, instructions, directions or guidelines to other income-tax authorities as it may deem fit for the administration of the Charter

## ➤ Sec139(1) r.w. Explanation 2(a)

- Due date for uploading Return of Income is extended by one month, i.e. 31<sup>st</sup> October (as against 30<sup>th</sup> September) in the case of:
  - ✓ Company,
  - ✓ Assessee whose account are required to be audited, and
  - ✓ A *partner* of a firm whose accounts are required to be audited

# Finance Act, 2020

- No distinction between a working and non-working partner
- The due date for assessees who are required to furnish a report u/s 92E is unchanged (30<sup>th</sup> November)

(For further extension of due dates refer to Covid-19 related Notifications)

➤ Sec 140(c)/(cd) – Return of Income by whom to be verified

- In case of a company – Managing Director or any other director if MD is not available
- In case of LLP – Designated Partner or any other partner if DP is not available
- W.e.f. 01/04/2020, CBDT is authorised to prescribe any other person to verify the Return of Income

# Finance Act, 2020

- Sec 140A, 156 and 191 - Tax burden on the **employees receiving ESOP by the employer being eligible start-up referred to in section 80-IAC**, has been reduced by deferring the tax payment by way of TDS within 14 days after:
  - 5 years from the end of the previous year in which the shares were allotted, or
  - The day on which the employee sells the shares, or
  - The day on which the employee leaves the company  
whichever is earlier



# Finance Act, 2020

- Sec 143(3A)/(3B) – Faceless Assessment (inserted by Finance Act, 2012)
  - By Finance Act, 2020 -
    - ✓ W.e.f. 01/04/2020, expanded the scope to include best-judgment assessment (sec. 144)
    - ✓ Central Government may issue any directions upto 31/03/2022 for giving effect to section 143(3A), so as to impart greater efficiency, transparency and accountability (E-assessment Scheme, 2019 notified on 12/09/2019)
  
- Sec 144C – Dispute Resolution Panel (DRP)
  - W.e.f. 01/04/2020, in the definition of eligible assessee, non-resident and foreign company are included

# Finance Act, 2020

- Sec 271AAD – Penalty for False Entry in the Books of Account
  - If in the books of account –
    - ✓ A false entry is made, or
    - ✓ An omission of any entry which is relevant for computation of income to evade tax is found
  - the penalty leviable shall be equal to the aggregate amount of false entry or omitted entry

# Taxation & Other La...) Ordinance, 2020

- Relief is provided due to the ongoing Covid-19 pandemic vide The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 dated 31/03/2020 and notifications 35/2020 and 56/2020
- The due date for filing Return of Income is extended as under:

Category of Assessee	Original Due Date	Extended Due Date
Assessee who is not required to get its accounts audited or an individual who is a partner in a firm whose accounts are not required to be audited	31/07/2020	30/11/2020
Assessee who is required to get its accounts audited under Income Tax Act or any other law	31/10/2020	30/11/2020
An individual who is partner in a firm whose accounts are required to be audited	31/10/2020	30/11/2020
Assessee required to furnish report in Form 3CEB	30/11/2020	30/11/2020
Furnishing of Tax Audit Report	30/09/2020	31/10/2020

# Taxation & Other La...) Ordinance, 2020

- Sec 234A - Though the due date for filing Return of Income is extended upto 30/11/2020, no relief has been provided from interest chargeable u/s 234A in case the Self-Assessment Tax payable is in excess of Rs. 1 lakh
- A resident senior citizen who does not have any income from business or profession is not required to pay advance tax
- For computing the limit of Rs. 1 lakh, the Self-Assessment Tax paid by a resident senior citizen on or before 31/07/2020 shall be deemed to be the advance tax. Thus, the same shall be reduced while computing the Self-Assessment tax liability of Rs. 1 lakh
- CIT vs. Pranoy Roy (2009) 179 Taxman 53 (SC)
  - The Self-Assessment Tax paid before the due date of filing of Return of Income shall also be reduced from the tax liability while computing the interest payable u/s 234A

# Taxation & Other La...) Ordinance, 2020

- The due date for filing of TDS and TCS Statements for Quarter 4 of F.Y. 2019-20 were extended from 31/05/2020 to 30/06/2020 and further extended to 31/07/2020
- The due date for furnishing TDS/TCS Certificates was extended from 15/06/2020 to 15/07/2020 and further extended to 15/08/2020
- In case of exemption under sections 54 to 54GB, extension has been granted where the due date for such construction or purchase falls between 20/03/2020 and 29/09/2020 to 30/09/2020
- In case of deductions under sections 80C to 80GGC, extension was granted for making payments or investments for F.Y. 2019-20 till 31/07/2020

# Questions/Doubts



*Thank You*