



This Communication is Important
Read Carefully

FINANCIAL YEAR 2019 - 2020

Statutory Tax Obligations & Compliances

FOR CLIENTS ONLY

The background of the entire page is a grayscale image showing a laptop keyboard, a mouse, a pen, a pie chart, a line graph, and a magnifying glass over a document, suggesting a professional financial or accounting environment.

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TAX RATES FOR FINANCIAL YEAR 2019-20 (ASSESSMENT YEAR 2020-21):

NO.	INCOME SLABS	BASIC	TAX RATE (Incl. Health & Edu. Cess of 4%)
I a)	Individuals/HUF (Other than (b) & (c) below)		
	Upto Rs. 2,50,000	Nil	Nil
	Rs 2,50,001 to Rs 500,000	5%	5.20%
	Rs. 500,001 to Rs. 10,00,000	20%	20.80%
	Above Rs. 10,00,000	30%	31.20%
b)	Resident Individuals – 60 years to 79 years (Senior Citizens)		
	Upto Rs. 3,00,000	Nil	Nil
	Rs. 3,00,001 to 500,000	5%	5.20%
	Rs. 500,001 to 10,00,000	20%	20.80%
	Above Rs. 10,00,000	30%	31.20%
c)	Resident Individuals – 80 years and above (Super Senior Citizens)		
	Upto Rs. 5,00,000	Nil	Nil
	Rs. 500,001 to 10,00,000	20%	20.80%
	Above Rs. 10,00,000	30%	31.20%
II	Partnership Firms	30%	31.20%
III	Co-operative Societies		
	Upto Rs. 10,000	10%	10.40%
	Rs. 10,001 to Rs. 20,000	20%	20.80%
	Above Rs. 20,000	30%	31.20%
IV	Domestic Companies with total turnover upto Rs 400 Crores in FY 2017-18	*22%	25.17%
V	Indian Private & Public Ltd. Companies not covered in IV above	*22%	25.17%

Rebate under Section 87A is available upto Rs. 12,500 for resident individuals whose total income does not exceed Rs. 5,00,000. Accordingly, their tax liability will be "Nil".

NEW TAX RATES FOR CERTAIN DOMESTIC COMPANIES

***Under Section 115BAA, a domestic company can opt for a lower rate of 22% from A.Y. 2020-21. However, such option is subject to fulfilment of conditions that no benefits, additional depreciation and tax holidays can be claimed by the company. Further, the company cannot set-off losses on account of such benefits claimed in earlier years. Once the option is exercised the same cannot be withdrawn.**

Under Section 115BAB, a domestic company which is registered on or after 01-10-2019 and commences manufacturing on or before 31-03-2023 can opt for a lower rate of 15% from A.Y. 2020-21. The manufacturing facilities cannot be formed by reconstruction or using second-hand assets and such other conditions. Further, such option is subject to fulfilment of conditions that no benefits, additional depreciation and tax holidays can be claimed by the

company. Further, the company cannot set-off losses on account of such benefits claimed in earlier years. Once the option is exercised the same cannot be withdrawn.

The Minimum Alternate Tax rate is reduced to 15% and in case of companies opting for above lower tax rates, the Minimum Alternate Tax is not applicable.

FILING OF RETURNS:

Any person who has not furnished a return before due date, may furnish return at any time **before the end of the relevant AY**. Eg. Return of AY 20-21 (FY 19-20) can be filed only upto 31st March 2021.

From AY 2018-19 returns can be revised at any time before expiry of relevant AY. Eg. Return of AY 20-21 can be revised on or before 31st March 2021.

PAYMENT OF ADVANCE TAX:

- All tax payers including individuals are required to pay tax in advance on their estimated income in 4 installments on or before 15th June (15%), 15th September (45%), 15th December (75%) and 15th March (100%) of every year, if tax dues exceed Rs 10,000/-.
- However, **eligible business covered u/s 44AD & 44ADA to pay entire Advance tax on or before 15th March.**
- Interest @ 1% per month u/s 234B & 234C is applicable in case of non-payment or late payment of advance tax.
- **No interest u/s 234C is applicable if assessee is earning profits under head "business or profession" for first time and pays entire advance tax in balance installments after incorporation of business.**
- **Senior Citizens having no business income are not required to pay advance tax from AY 13-14 onwards**
- Please approach us well in time to collect challans for payment of advance tax.

DUE DATE FOR FILING OF TAX RETURNS:

- For all non-corporate entities, individuals, firms, etc. - 31st July
- For Companies, entities whose accounts are audited under any law, tax audit* cases of above categories - **30th September**

* Tax audit is applicable in case turnover exceeds Rs 1 crore during Financial Year in case of business and Rs 50 lakhs in case of profession.

FEES FOR DEFAULT IN FURNISHING RETURN:

Person failing to furnish return within above time shall pay a fee of-

- Rs 5,000/- if return is furnished on or before 31st Dec of the AY
- Rs 10,000/- in any other case
- Rs 1,000/- if total income does not exceed Rs 5 lakhs

Individuals

- Surcharge of 10% will be levied on Individuals/HUF if total income exceeds Rs 50 lakhs but does not exceed Rs. 1 crore
- Surcharge of 15 % will be levied on individuals/HUF if total income exceeds Rs. 1 crore but does not exceed Rs. 2 crore.
- Surcharge of 25 % will be levied on individuals/HUF if total income exceeds Rs. 2 crore but does not exceed Rs. 5 crore.
- Surcharge of 37 % will be levied on individuals/HUF if total income exceeds Rs. 5 crore.

Firms

- Surcharge of 12 % will be levied on Partnership firms/ Cooperative societies if total income exceeds Rs. 1 crore

Companies

- Surcharge of 7 % will be levied on domestic companies if total income exceeds Rs. 1 crore but not exceeds 10 crores.
- Surcharge of 12 % will be levied on domestic companies if total income exceeds Rs. 10 crore.
- **FROM AY 2018-19 MAT CREDIT CAN BE CARRIED FORWARD UPTO 15 ASSESSMENT YEARS FROM YEAR OF CREDIT. (EARLIER 10 ASSESSMENT YEARS)**
- Dividend Distribution Tax will be levied @ 17.647% of Gross Dividend paid. (plus Surcharge and Education Cess)
- **Deemed dividend u/s 2(22)e was previously taxed in the hands of recipient. W.e.f AY 2019-20 it is taxed in the hands of Company, Dividend Distribution tax @ 30% without grossing up is to be levied on the company.**

- To avoid penal interest and /or penalty, see us with your financial records at least 2 months before the due date for filing your tax returns.
- Claims for carry forward of business losses, deductions u/s 80-IA, 80-IB, 80-ID, 80-JJAA, 80-P, 80-Q, 80QQB, are lost if return is not filed within time.

FROM AY 2017-18 TAX AUDIT IS NOT APPLICABLE FOR RESIDENT INDIVIDUAL, HUF, FIRM WITH TURNOVER UPTO RS 2 CRORES AND DECLARING PROFITS U/S 44AD

REDUCTIONS, RELIEFS & REBATES FOR INDIVIDUALS:

List of various reductions, rebates, reliefs available to individuals to reduce tax liability. (Check your eligibility to claim the relief to reduce your tax liability)

Type of Claims	Section	Amount	Remarks	Comments
1. Basic Exemption – Individual/HUF – Senior Citizen – Super Senior Citizen		Rs. 2,50,000/- Rs. 3,00,000/- Rs. 5,00,000/-	Threshold Limit.	Depending on status
2. Medical Insurance Premium	80D	Rs 25,000/-	Deducted from Gross Total Income	Rs. 50, 000/- for senior citizens
3. Payment for preventive health check up	80D	Rs 5,000/-	~do~	
4. Medical Expenditure	80D	Rs 50,000/-	~do~	For super senior citizens, without health insurance
5. Medical treatment of specified disease	80DDB	Rs 40,000/-	~do~	Rs.1,00,000/- for senior citizen & super senior citizens
6. Deduction of interest on loan for purchase/ repair of property for own residence	24(2) Note	Rs. 2,00,000/-	~do~	Limit is applicable for self-occupied property only.
7. Additional deduction of interest on loan for residential house (subject to conditions)	80EE	Rs 50,000/-	~do~	Inserted wef AY 17-18
8. A. Deduction for payments towards Life Insurance premium (subject to conditions)/ PPF/ Sukanya Samriddhi Account Scheme /NSC/Housing Loan Principal Repayment. /Education expenditure for maximum of 2 children / infrastructure bonds / Specified mutual funds(ELSS) / notified fixed deposits with schedule Banks for 5 years term. / Post Office 5 Years Deposit/ Senior Citizen Savings Scheme, etc B. Contribution to annuity plan of LIC or Other approved insurers C. Contribution to National pension scheme upto 10% of salary or 20% of Gross Total Income	80C, 80CCC & 80CCD(1)	Rs. 150,000/-	~do~	
9. Contribution to National Pension Scheme in excess of 10% of salary or Gross Total Income	80CCD(1B)	Rs 50,000/-	~do~	Inserted wef AY 16-17
10. Interest on loan taken for higher education	80E	100% of interest paid on loan	~do~	Allowable for initial AY and 7 successive AYs or until interest is paid in full

11. Donations to Recognized charitable institutions under tax laws.	80G	50% generally. 100% in specified cases	~do~	Deduction will not be allowed in respect of donation made in cash of more than Rs 2,000/- .
12. Deduction for expenditure incurred on rent (subject to conditions)	80GG	Rs 5,000/- per month	Deducted from Gross Total Income	
13. Deduction for Interest on savings account on Banks / Post Office/ Coop Society	80TTA	Rs 10,000/-	~do~	TDS on Interest on FD & RD is not applicable up to Rs. 40,000/- (w.e.f AY 2020-21)
14. Interest Income to Senior Citizen	80TTB	Rs. 50,000/-	~do~	TDS on Interest on FD & RD is not applicable up to Rs. 50,000/- (w.e.f AY 2019-20)
15. Rebate of Income Tax	87A	Rs 12,500/- or amount of income tax, whichever is lower	Deduction from amount of Income tax	Available if net taxable income does not exceed Rs 5,00,000/-
16. Standard Deduction	16	Rs.50,000/- or salary whichever is lower	Deduction from Income from salary	In lieu of transport allowance/Medical Reimbursement (w.e.f. AY 2020-21)

Note:

- Goan spouses governed under Portuguese Civil Code after making specified investments of Rs. 2 lakh each, will together be able to get Rs. 9.00 lakhs annual income completely free from tax.

- Deduction of Interest** from Income from Self Occupied House property was available if construction or acquisition was completed within 3 years. **Time limit has been extended to 5 years.**

New Deductions from AY 2020-21**Tax relief for affordable housing - Section 80EEA**

Individual buyers (not owning any other property at the time of sanction of loan) can claim deduction for interest on home loan up to INR 150,000 provided that loan is sanctioned by financial institution during the period 1 April 2019 to 31 March 2020 and stamp duty value of the property does not exceed INR 45 Lakhs.

Tax relief on interest on purchase of electric vehicle- Section 80EEB

An individual can claim deduction up to INR 150,000

for interest paid towards loan for purchase of an electric vehicle provided loan has been sanctioned by financial institution during period 1 April 2019 to 31 March 2023.

Deemed accrual of gift made to a person outside India

Gifts made by residents to persons outside India, i.e. income arising from from any sum of money paid,

or transfer of specified property in India will be deemed to accrue or arise in India and hence will be taxable in India from FY 2019-20.

INCOME TAX RETURNS TO BE FILED:

ITR	DESCRIPTION
ITR-1 (SAHAJ)	For Individuals having Income from Salaries, one house property, other sources (Interest etc.) and having total income upto Rs.50 lakh and Agricultural income upto Rs 5,000/- ONLY.
ITR-2	For Individuals and HUFs not carrying out business or profession under any proprietorship
ITR-3	For Individuals and HUF having Income from proprietary business or profession.
ITR-4 (SUGAM)	For presumptive income from Business & Profession
ITR-5	For persons other than,- (i) individual, (ii) HUF, (iii) company and (iv) person filing Form ITR-7
ITR-6	For companies not claiming exemption under Section 11
ITR-7	For persons including the companies required to furnish return u/s 139(4A) or 139(4B) or 139(4C) or 139(4D)

From AY 2019-20, ITR-1 and ITR-4 cannot be used for filing by Goan assesseees covered under Section 5A and individuals who are directors or holding shares in unlisted companies.

Every individual, HUF, AOP/BOI is required to file return of income if his total income without giving effect to deductions under Chapter VIA and after including Long Term Capital Gains exempt, exceeds maximum amount not chargeable to tax.

ELECTRONIC FILING OF RETURN OF INCOME:

All taxpayers except the following shall file their returns of income only through e-filing mode:

- (1) Individuals of 80 years or more at any time during the PY filing ITR1 or ITR 4 (SUGAM) or
- (2) Individual/ HUF filing ITR1 or ITR 4 (SUGAM) & having total income not exceeding Rs. 5,00,000 and not claiming refund.

Where the Return of income is furnished electronically without digital signature, the taxpayer needs to send a duly signed copy of acknowledgment within a period of 120 days to "Income Tax Department – CPC, Post Bag No. 1, Electronic City Post Office, Bengaluru – 560100 (Karnataka)" by speed post or ordinary post or can verify the return electronically.

Mandatory filing of returns is required in following cases:

Person claiming exemption from capital gains under sections 54, 54B, 54D, 54EC, 54F, 54G, 54GA and 54GB, if before claim of exemption, total income is more than the maximum amount not chargeable to tax.

Persons entering into following high-value transactions:

- Has deposited an amount (in aggregate) exceeding INR 1 Crore in one or more current accounts maintained

with a banking company or a co-operative bank

- Has incurred expenditure exceeding INR 2 Lakhs (in aggregate) for self or another person on foreign travel
- Has incurred expenditure exceeding INR 1 lakh (in aggregate) towards consumption of electricity

Further, every claim of refund shall be made by furnishing return of income.

AADHAAR CARD

- W.e.f 01.07.2017, it is mandatory to quote 12 digit Aadhaar number in the return of income. In case Aadhaar number is not allotted but applied for, Aadhaar enrolment details need to be entered.
- Taxpayers have to link Aadhaar with PAN on income tax website (www.incometaxindiaefiling.gov.in > Link Aadhaar).
- Taxpayers should ensure that the date of birth and gender in PAN and Aadhaar are exactly same.
- Where Aadhaar name is completely different from name in PAN, then the linking will fail and taxpayer will be prompted to change the name in either Aadhaar or in PAN database.

INCOME FROM HOUSE PROPERTY:

Relief on Second Self Occupied Property

From AY 2020-21, upto TWO residential house properties can be claimed as self-occupied and no notional rent is chargeable to tax on them as deemed income.

Where house property has been held as stock-in-trade and has NOT been let out during the year, its annual value will be NIL for a period of **2 years** from end of financial year in which completion certificate has been obtained from Competent Authority from A.Y. 2020-21

Set off of Loss from House Property against any other head of income is **restricted to Rs 2 lakhs** for any AY. Excess unabsorbed loss can be carried forward for 8 AYs

EXEMPT INCOMES:

Following incomes are completely exempt from income tax, irrespective of your other taxable income

- Income received on units of Mutual Funds.
- Dividends from Indian Companies. However, in case of all assessee, other than domestic companies and specified funds/trusts/institutions, dividend received in excess of Rs 10 Lakhs p.a. will be taxed @ 10%.
- Interest on Public Provident Fund (currently @7.9%p.a.)
- Interest on Sukanya Samriddhi Scheme (currently @8.5%p.a.)
- Clubbed income of minor child up to Rs. 1,500/-
- Agricultural income including income derived from saplings or seedlings grown in a nursery regardless of whether a nursery does or does not carry out any basic operation on land.
- Interest earned from NRE account by non-residents.
- Any amount received under a life insurance policy, including bonus, if premium paid in any financial year does not exceed 20% (policy taken on or after 01/04/2003) or 10% (policy taken on or after 01/04/2012) of the actual capital sum assured. However, all moneys received in case of death of the insured are fully exempt.
- Gifts received up to Rs 50,000 in cash or in kind, from non-relatives. Gifts from specified relatives are exempt without any upper limit. Similarly, amount received on the occasion of marriage would also be exempt.
- Eligible deduction on contribution by Central Government to NPS for its employees is increased to 14% as against 10%
- Interest and Capital Gains on deposit under Gold Monetization Scheme, 2015

TRANSACTIONS IN CASH: IMPORTANT

No person can receive amount of Rs 2 lakh or more otherwise than by account payee cheque/draft or ECS from a person in a day or in respect of a single transaction or in respect of transactions relating to one event or occasion from a person. **PENALTY EQUAL TO AMOUNT RECEIVED WILL BE LEVIED FOR CONTRAVENTION OF ABOVE.**

No Depreciation or Other Deduction will be allowed for Capital Expenditure or Other Expenditure exceeding Rs 10,000/- IN A DAY (earlier Rs 20,000/-) paid otherwise than by account payee cheque/draft or ECS.

TDS @ 2% by banks or post office on cash withdrawals exceeding Rs. 1 crore in aggregate made during the year is applicable from 01.09.2019.

SECTION 44AD: PROFITS AND GAINS OF BUSINESS COMPUTED ON PRESUMPTIVE BASIS

- Resident individual, HUF, firm carrying on business, whose turnover does not exceed Rs 2 crore p.a. can declare profits under this section.
- Profit from business is presumed to be: **6% of turnover received by account payee cheque/draft or ECS.** 8% of turnover received by other modes.
- Assessee can declare profits at higher rate.
- However, if assessee wishes to declare profits at less than 8%, he will be required to get his books of accounts audited.
- All expenses incurred are deemed to have been allowed while arriving at profit of 8%. Remuneration and interest paid to partners of firm will not be allowed as deduction from profits. (Effective from FY 2016-17)
- From AY 17-18, If assessee declares profit u/s 44AD, he is required to declare profits u/s 44AD for next 5 AYs. However, if during these 5 AYs he does not declare profits as per Sec 44AD, he cannot claim benefit under this section for 5 AYs succeeding such AY and furnish audit report under section 44AB.
- Such assessee is required to pay entire Advance tax on or before 15th March.

SECTION 44ADA: PROFITS AND GAINS OF PROFESSION COMPUTED ON PRESUMPTIVE BASIS

- Resident assessee carrying on profession, whose gross receipts does not exceed Rs 50 Lakhs can declare profits under this section.
- Profit from profession is presumed to be 50% of gross receipts. Assessee can declare profits at higher rate.
- However, if assessee wishes to declare profits at less than 50%, he will be required to get his books of accounts audited.
- All expenses incurred are deemed to have been allowed while arriving at profit of 50%.

Electronic Modes of Payment to be accepted

Every person carrying on business whose total sales, turnover, or gross receipts exceeds INR 50 Crores during the immediately preceding previous year, shall be required to provide a facility for accepting payment through prescribed electronic modes, in addition to existing electronic facility they have if any.

Non-compliance would attract penalty of INR 5,000 for every day during which the failure continues.

INCOME COMPUTATION AND DISCLOSURE STANDARDS (ICDS):

The income computation and disclosure standards (ICDS) are to be followed by all assesseees (other than an individual or a Hindu undivided family who is not required to get his accounts of the previous year audited in accordance with the provisions of section 44AB of the said Act) following the mercantile system of accounting, for the purposes of computation of income chargeable to income-tax under the head "Profits and gains of business or profession" or "Income from other sources". This notification shall apply to the assessment year 2017-18 and subsequent assessment years.

- ICDS would apply to every person following mercantile system of accounting, irrespective of the level of income.
- It would not apply to a person following cash system of accounting.
- It would not also apply to individuals and HUFs whose books of account for the year are not required to be audited under section 44AB.
- Audit under section 44AB is required only if a person is carrying on business or profession. Accordingly, in case of an Individual or HUF, ICDS would apply only if such person is carrying on business or profession.
- ICDS would not apply if such individual or HUF has no income under the head "Profits and Gains of Business or Profession", but has income under the head "Income from Other Sources", though he/it follows mercantile system of accounting for income falling under such head of income.
- ICDS meant for normal computation of income and not for Minimum Alternate Tax (MAT) Calculation.
- Central Government notified 10 Standards **effective from AY 2017-18**

Increased depreciation on new vehicles

Depreciation in case of Motor cars acquired on or after the 23/08/2019 but before 01/04/2020 and is put to use before 01/04/2020 is increased to 30% from 15%. Further, depreciation 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 is put to use before 01/04/2020 is increased to 45% from 30%.

Maintenance of Books of Accounts (amended w.e.f. AY 2018-19)

Individuals/HUFs carrying on business or profession are required to maintain books of account and other documents if income from business/profession exceeds Rs 2,50,000/- (earlier Rs 1,20,000/-) OR gross receipts/turnover from business/profession exceeds Rs 25,00,000/- (earlier Rs 10,00,000/-).

PLACE OF EFFECTIVE MANAGEMENT (POEM)

- PoEM is a new concept for determining the residency of a Company w.e.f April 1, 2017 (AY 17-18 onwards)
- **PoEM shall not apply to a company having turnover or gross receipts of Rs 50 crores or less.**
- A company would become resident in India if it is an Indian company or its "Place of Effective Management" in that year is in India. PoEM is defined as 'a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made'.
- PoEM in case of company engaged in active business outside India shall be presumed to be outside India if majority meetings of board of directors of the company are held outside India.
- A company is said to be engaged in "active business outside India" if the passive income is not more than 50% of total income & (i) less than 50% of total assets are situated in India; & (ii) less than 50% of total number of employees are situated in India or resident in India; & (iii) the payroll expenses incurred on such employees is less than 50% of its total payroll expenditure;
- In cases of companies other than those engaged in active business outside India, the determination of POEM would be a two stage process, namely:- (i). First stage would be identification or ascertaining the person or persons who actually make the key management and commercial decision for conduct of the company's business as a whole. (ii). Second stage would be determination of place where these decisions are in fact being made.

CAPITAL GAINS:

- Capital assets held for 36 months or less, will be considered as short-term capital assets. However, listed securities and equity oriented mutual funds are considered as long-term capital assets if held for more than 12 months. Fixed maturity plans(FMPs) are considered as long term only if held for more than 36 months. **W.E.F. AY 2018-19 IMMOVABLE PROPERTY WILL BE CONSIDERED AS SHORT-TERM CAPITAL ASSET IF HELD FOR LESS THAN 24 MONTHS.**
- Profits & gains arising from sale of long term capital assets like properties, gold ornaments etc. are liable to tax at concessional rate of 20% with benefit of cost inflation index. Tax can also be saved by making specified investments subject to certain conditions. Cost Inflation Index for FY 2019-20 is **289**.
- Short term capital gains on sale of securities, subject to STT, will be taxed at 15%. Other short-term capital gains will be taxed at normal rates applicable to tax payer.
- **Long term capital gain exemption u/s 10(38) on sale of listed securities or units of equity-oriented funds or business trust (on payment of STT) is withdrawn. (w.e.f FY 2018-19)**
- **Unlisted companies undertaking the buyback of shares are liable to pay additional income tax at 20 percent of the "distributed income", as per Section 115QA. This is now extended to the buyback of shares by a company listed on a recognised stock exchange as well. Thus income arising in the hands of shareholders is exempt from tax w.e.f. 5/7/2019.**
- Earlier, taxability on gains arising out of conversion of Stock into capital asset would arise at the time of sale of the said capital asset. However, w.e.f AY 2019-20 the gains on conversion being business income would be taxed in the year of its conversion.
- In case of sale on immovable property the sale consideration or stamp duty value, whichever is higher is adopted only if the difference is more than 5% of the sale consideration.
- Investments in REC/NHAI bonds to claim exemption u/s 54EC from long term capital gains on transfer of any long-term capital asset is now applicable only against long term capital gains arising on the transfer of land or building or both. Further, Lock-in period of bonds has been increased from 3 to 5 years.
- In addition to section 54EC new Section 54EE has been inserted from AY 2017-18 to provide exemption from long term capital gains tax, if the amount of capital gains are invested by assessee in units of a fund notified by the Central Government, subject to the condition that the amount remains invested for three years failing which the exemption shall be withdrawn. The investment in the units of the specified fund shall be allowed up to Rs. 50 lakh.
- Investment in eligible start-ups made upto 31st March 2021 will be allowed as deduction and condition of minimum shareholding / voting rights of fifty percent is proposed to be relaxed to twenty five percent.
- Exemption under Section 54 in respect of investment made by way of purchase or construction of TWO residential house properties is available instead of one property provided the amount of capital gains does not exceed Rs. 2 crores. This additional benefit is optional and can be claimed only once in a lifetime.

•OTHER BENEFITS:

- Capital Gains on securities subject to STT and covered under Section 111A and 112A shall not be subject to enhanced surcharge of 25% and 37%.
- Additional depreciation of 15% on automobiles acquired on or after 23-8-2019 but before 01-4-2020 and put to use before 01-4-2020.

SHIFTING OF BASE YEAR: (w.e.f. AY 2018-19)

Cost of Acquisition/Improvement of an asset acquired before 1st April 2001 (earlier 1st April 1981) shall, at the option of the tax payer, be its actual cost or its fair market value as on 1st April 2001(earlier 1st April 1981) .

JOINT DEVELOPMENT AGREEMENT: (w.e.f. AY 2018-19)

- Capital Gain arising to Individual/HUF under Joint Development Agreement shall be chargeable to tax in the year in which completion certificate has been issued for whole or part of project by competent authority.
- In such a case, stamp duty value of assessee's share in the project on the date of issuance of completion certificate alongwith consideration received by cash, cheque, etc. shall be Full Value of Consideration for purpose of Capital Gains.
- However, if assessee transfers his share in the project on or before issuance of completion certificate, capital gains will be chargeable in the year of such transfer.

Contact us before you undertake any sale of capital assets to avail these benefits.

DEDUCTION OF TAX AT SOURCE:

Individuals/HUF (Liable to Tax audit), Companies, Firms, Institutions, AOPs are required to deduct tax at source from various payments and deposit the amount in Government treasury within specified time.

Section & Nature	Limit	Rate	Comments
192: Salary	exceeds Rs. 25,000 p.m. (Sr Citizen), Rs. 41,667 p.m. (V. Sr. Citizen), Rs. 20,833 (Others)	At tax rate applicable to individual	
194A: Interest other than Interest on Securities	Rs 5,000	10%	Rs. 40,000 in case of interest on FDs, Rs. 50,000 in case of Sr. Citizens
194C: Payment to Contractors	Rs.30, 000/- per transaction or Rs.1,00,000/- for aggregate transactions during the year	1% Individual/ HUF 2% Others including Firms & Companies	Aggregate amount Increased from Rs 75,000/- to Rs 1,00,000/- from AY 2016-17
194D: Insurance Commission	Rs 15,000	5%	Reduced from Rs 20,000/- to Rs 15,000
194DA: Payment in respect of life insurance policy	Rs 1,00,000	5%	Tax will be deducted only on the income comprised in the payment
194H: Commission or Brokerage	Rs 15,000	5%	
194I: Rent	Rs 2,40,000	2% (Plant/ Machinery/ Equipment) 10% (Land, Building, Furniture)	
194J: Professional Fees	Rs 30,000	10%	2% in case of Payees engaged in the business of operation of call centre
194M: Payment to contractors and professionals	Rs. 50,00,000	5%	Applicable where payments are for personal use (w.e.f. 01.09.2019) even if not subject to tax audit

- Surcharge and cess is not applicable on TDS if payment is made to resident.
- As per section 206AA, all payees must compulsorily furnish PAN details in case of TDS deduction. If no PAN is furnished the rate of TDS would be, rate specified in the Income Tax Act or 20%, whichever is higher.
- In case of payments made to small transporters (owning 10 or less than 10 goods carriages) engaged in business of plying, hiring or leasing goods carriages, on furnishing of declaration and PAN, TDS is not required to be deducted. (Amended w.e.f. 01.06.2015)
- The tax is required to be deducted at the time of credit or payment whichever is earlier and paid by 7th of the month succeeding the month in which the deduction is made. However, where TDS is deducted on provisions created during March, payment can be made by 30th April.
- Late filing fee of Rs 200/- per day u/s 234E for quarterly TDS returns will now be recovered from TDS paid & only

balance amount after set off of late filing fee will be attributed to TDS which will result in short payment of TDS.

- **Important:** In respect of business expenditure (payable to residents) incurred by way of interest, commission/ brokerage, rent, fees for professional services or technical services or payment to contractors/ subcontractors which attracts above tax deduction at source (TDS) provisions, **non-compliance either on account of non-deduction or non-payment of TDS within the specified time, latest by due date of filing return, would attract disallowance of 30% of such expenditure.** However, the same would be allowed as deduction in the year tax is deducted and paid.
- **The deductor shall not be deemed to be assessee in default for want of deduction of TDS on payments made to non-residents**, if such non-residents pay taxes due and file the return of income. However, deductor shall be liable to interest till the date of filing of return by the non-resident.

IMPORTANT: TDS ON RENT [Sec 194-IB] (W.E.F. 1ST JUNE 2017)

- Individuals/HUFs, **NOT subjected to Tax Audit u/s 44AB**, and paying rent to a resident exceeding Rs 50,000/- per month or part of month shall deduct TDS @ 5%.
- TDS to be deducted at the time of:
 - a. Credit of rent to account of payee, for the last month of the previous year; **OR**
 - b. Credit of rent to account of payee, for the last month of tenancy, if property is vacated during the year; **OR**
 - c. Payment thereof;
Whichever is earlier.
- Deductor of tax is NOT required to obtain Tax Deduction Account Number (TAN) If payee does not furnish PAN, then TDS @ 20% to be deducted as per Section 206AA. However, amount of TDS shall not exceed rent payable for the last month

SECTION 194-IC:

- W.e.f 1st April 2017, any person responsible for paying to a Resident any consideration, **not being consideration in kind**, under a specified agreement shall deduct TDS @ **10%**
- Specified agreement means a registered agreement in which seller allows buyer to develop a real estate project in consideration for share in such project
- TDS to be deducted **ONLY** on consideration received by cash/cheque/any mode other than in kind
- TDS to be deducted at the time of credit or payment, whichever is earlier

DEDUCTION OF TDS BY BUYER OF IMMOVABLE PROPERTY

SECTION 194-IA:

- With effect from 1st June 2013, every person buying any immovable property from a resident seller is required to deduct TDS @ 1% from sale consideration paid.
- TDS has to be deducted at the time of payment or credit, whichever is earlier.
- No TDS is required to be deducted if consideration is less than Rs 50 lakhs.
- **NO TAN is required to be obtained by buyer for deducting TDS.**
- Details of purchase have to be e-filed & TDS to be paid vide Return cum Challan Form 26QB **within 30 Days from end of the month in which TDS is deducted. (wef 1st June 2016)**
- Interest on late deduction of TDS @ 1% & interest for late payment of TDS @ 1.5% is applicable in case of delay. Delay in filing Form 26QB attracts interest of Rs 200/- per day.
- From 01.09.2019, consideration to include all incidental charges for transfer of immovable property such as club membership fee, car parking fee, electricity and water facility fee, etc.

FORM 15G/ FORM 15H (For non deduction of TDS)

- Declaration in Form 15G / H can be provided by a person resident in India (not being a company or firm) to their deductor for non deduction of TDS.
- Form 15G can be submitted by non senior individual only if tax on estimated total income will be nil and the aggregate amount of interest income etc. received during the financial year does not exceed the basic exemption limit for that relevant year.
- Form No. 15H can be submitted by senior (60 yrs) & super senior citizens (80 yrs) only if tax liability on the estimated total income will be nil.
- Form 15G/H can be submitted for following incomes:
 - i. Amount received from withdrawal from Employees Provident Fund Scheme
 - ii. Dividend Income
 - iii. Interest other than Interest on Securities
 - iv. Sum received from Life Insurance Policy
 - v. Sum received from National Savings Scheme
 - vi. **Rental income (wef 1st June 2016) and Insurance Commission (wef 1st June 2017) have also been allowed to be included in the declarations.**

TDS RETURNS

- ***You are required to file quarterly returns by 31st of the month following end of the quarter except for Qtr ended March, TDS returns to be filed by 31st May.***
- It is mandatory to furnish the TDS returns in Electronic Form (e-TDS) on quarterly basis by following persons:
 - i. deductor is an office of Government or
 - ii. deductor is a company or
 - iii. deductor is a person required to get his accounts audited under section 44AB in the immediately preceding financial year or
 - iv. deductor having more than 20 deductees records in the quarterly statement for any quarter of the financial year.
- For all other categories of Assessee, filing of E-TDS Statement is optional. Hence, they can file their returns in physical form.

INCOME FROM UNEXPLAINED SOURCES

- From AY 2017-18, Income tax at flat rate of 60% (earlier 30%) is payable on income from unexplained sources whether or not such income is disclosed by assessee in return or is undisclosed but found by Assessing Officer.
- In addition, surcharge of 25% shall apply on amount of such tax irrespective of the amount of total income.
- No expenditure or allowance or set off of any loss will be allowed to the assessee under any provisions of Income Tax Act.
- If Assessee fails to include income from unexplained sources in return of income and pay tax thereon, penalty of 20% of above tax shall be levied.

PROSECUTION FOR FAILURE TO FURNISH RETURN

Companies would now be liable for prosecution for failure to furnish return even if there is no tax liability.

POWERFUL TOOLS FOR WEALTH CREATION:

- Compounding of interest is 8th wonder of the world
- Invest in assets which appreciate in value-
 - stocks,
 - real estate,
 - precious metals
- Avoid unproductive and wasteful expenditure
- Save at least 15-20% of your income and invest wisely
- Have a mix of financial instruments
- Not taking risk is risky
- Contribute 5% of your income for charitable causes dear to your heart for divine blessings

LIFE INSURANCE COVER:

- Have suitable insurance policies on life at minimum cost to cover 3 possibilities:
 - Living very long
 - Incapacity
 - Untimely death
- Only two types of policies:
 - Term Plan-Covers risk of death. No returns. Available at minimum cost.
 - Endowment Plan- covers risk of death + returns
- Insurance cover should be 15 times your annual expenses
- If income from investment is more than your expenses, no need for insurance cover
- GOD is biggest Insurer

Black Money (Undisclosed Foreign Income and Assets) and Imposition of tax Act, 2015

Currently BMI Act applies to persons resident in India. It is now proposed to include non-resident or not ordinarily resident also under the ambit of BMI Act with retrospective effect from 1 July 2015, in relation to income earned or asset acquired during the period they were resident in India.

WEALTH TAX:

Abolished with effect from Financial Year 2015-16.

CHARITABLE TRUSTS/ INSTITUTIONS:

The tax exemption u/s 11(2) for accumulation of income of the trust/ institution in excess of 15% to be applied in future years, will be forfeited unless Form No 10 (notice for accumulation of income) along with income tax return of the Trust/Institution is filed before due date of filing return of income u/s 139(1). Such accumulated income has to be utilized for objects of the trust/ institution within 5 years.

Subsidy or Grant by Central Government for purpose of Corpus of Trust or Institution will not constitute Income.

Corpus donations given to any trust/institution covered u/s 12AA shall not be treated as application of income for religious or charitable purposes. This is effective from 1st April 2018 and is applicable to trust/institution referred to in clauses (iv), (v), (vi) & (via) of Section 10(23C) and corpus donations paid out of income from property held for charitable/ religious purpose referred to in Sec 11(1)(a)/ (b).

Trust/Institution registered u/s 12A/12AA is required to obtain fresh registration, in the event of adoption or modification of objects which do not conform to conditions of registration, by making application within 30 days of such adoption or modification. (w.e.f. 1st April 2018)

Entities registered u/s 12AA in receipt of taxable income shall furnish return of income within time allowed u/s 139(4A). **In case of failure in filing return, the trust/institution would lose exemption u/s 11/12.**

W.E.F AY 2019-20 provisions u/s 40A(3), 40A(3A), 40(a)(ia) are now applicable also to charitable institutions wherein cash payments exceeding Rs.10,000/- are disallowed and non-compliances either on account of non-deduction or non-payment of TDS within the specified time, latest by due date of filing return, would attract disallowance of 30% of such expenditure. However, the same would be allowed as deduction in the year tax is deducted and paid.

FROM 1ST APRIL 2017, SURVEY CAN BE CONDUCTED ON CHARITABLE TRUSTS.

OTHER IMPORTANT DOS AND DON'TS:

- All taxpayers are required to obtain Permanent Account Number (PAN).
- File return of income within time.
- All tax payers are required to maintain records/books of accounts of their financial transactions. Major entries therein should be supported with documentary evidence.
- **All payments for business expenses over Rs. 10,000/- must be made by account payee cheque failing which 100% of the payments made in cash will be disallowed.** Wef 1-10-2009 in case of payment made for plying, hiring or leasing goods carriages, the ceiling limit of Rs 20,000/- is enhanced to Rs 35,000/-.
- All loans and advances should be made or obtained by Accounts payee cheques or electronically. Failure attracts penalties.
- **No advance can be taken or repaid in relation to transfer of an immovable property, irrespective of whether transfer takes place or not, in excess of Rs 20,000/- otherwise than by account payee cheque or account payee draft or electronic banking.**
- Interest on all types of loans viz term loan, cash credit, overdraft of a scheduled bank will be required to be paid before the due date of filing returns to get the benefit of deduction of such interest.
- All individuals having gross income above basic exemption limit of Rs 2.50 lakh / Rs. 3.00 lakhs / Rs 5.00 lakhs as applicable; all partnership firms and companies will be compulsorily required to file tax return even if there is no income or has loss
- When investing / gifting in the name of your minor child note that if income is deferred and not received by your child till she/he is 18 years than such income will not be clubbed to your income.
- Never conceal your income or assets.
- Gifts received by individuals from unrelated persons over Rs. 50,000/- per year will be taxed as income.
- Save regularly and invest wisely to ensure happy retirement life.
- Make all your family members taxable entities.
- Execute Will for smooth succession.

TRANSACTIONS REQUIRING QUOTING OF PAN (WEF 1ST JAN 2016)

- **Every person** to quote PAN in all documents pertaining to transactions specified, if amount exceeds limit mentioned:

1. Sale or purchase of motor vehicles other than two wheelers.
2. Opening a new Bank account including in Co-Operative Bank.
3. Making application for issue of Credit or Debit card.
4. Opening Demat account for shares and other securities transactions.
5. Payment at any time of hotel or restaurant bills by cash in excess of Rs 50,000/-
6. Payment in cash for foreign travel or for purchase of foreign currency in excess of Rs 50,000/-.
7. Purchase of Mutual fund units, in excess of Rs 50,000/-
8. Payment to company or an institution for acquiring debentures or bonds exceeding Rs. 50,000/-
9. Payment to RBI for acquiring bonds exceeding Rs. 50,000/-
10. Deposits in cash exceeding Rs 50,000/- on any one day with any bank including co-operative bank.
11. Purchase of bank draft or bankers cheques in cash from any bank including co-operative bank in excess of Rs. 50,000/- on any one day.
12. Time deposit with any bank including Co-operative bank, Post office, Nidhi, NBFC companies in excess of Rs 50,000/- or aggregating more than Rs. 5 lakhs during financial year.
13. Payment for prepaid payment instruments in excess of Rs 50,000/- in a financial year.
14. Payment of life insurance premia aggregating Rs 50,000/- in a year.
15. Contract for sale or purchase of securities (other than shares) in excess of Rs 1 lakh per transaction.

16. Purchase or sale of unlisted shares in excess of Rs 1 lakh per transaction.
 17. Sale or purchase of any immovable property or properties of amount exceeding Rs. 10 lakhs valued by stamp valuation authority in excess of Rs 10 lakh.
 18. Sale or purchase of any goods or services in excess of Rs 2 lakh per transaction.
- Any person who does not have a PAN shall make a declaration in Form no. 60.
 - Any person who has received any document shall ensure after verification, that PAN has been duly and correctly mentioned or declaration in Form 60 has been duly furnished with complete particulars.
 - Specified person who has received any declaration in Form No. 60 shall- (i) e-furnish a statement in Form No. 61 containing particulars of such declaration to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) (ii) retain Form No. 60 for a period of six years from the end of the financial year in which the transaction was undertaken. (iii) where the declarations are received by the 30th September, furnish statement by 31st October of that year; and where the declarations are received by the 31st March, furnish statement by 30th April of the financial year immediately following the financial year in which the form is received.
 - List of transactions & persons required to report financial transaction in Form 61A has been provided in Rule 114E of Income Tax Rules. The return in Form No. 61A shall be e-furnished to the Director of Income-tax (Intelligence and Criminal Investigation) or the Joint Director of Income-tax (Intelligence and Criminal Investigation) on or before the 31st May, immediately following the financial year in which the transaction is registered or recorded.

Example of transactions for which Form 61A will have to be furnished:

- a. Company or Institution in receipt of an amount aggregating to Rs 10 lakhs or more from any person in a financial year for acquiring bonds or debentures.
- b. Company in receipt of an amount aggregating to

Rs 10 lakhs or more from any person in a financial year for acquiring shares(including share application money).

- c. Any person who is liable for audit u/s 44AB and in receipt of cash payment exceeding two lakh rupees for sale of goods or services.

SURVEY, SEARCH & SEIZURE

The Income Tax Department carries out different types of surveys and collects information from various sources in connection with expenditure on functions, investments, through cross verification, door to door visits of business premises to bring on record new Assessee and for curbing tax evasion and tax avoidance.

For specific Survey u/s 133A, authorization from Joint Commissioner/ Director is necessary. The survey party can enter only during business hours at business premises and any other place where books of accounts or records are kept. They cannot visit residence. This surprise survey is mainly done to verify accuracy of books of accounts and tally the same with cash in hand and business stocks found during visit. Unaccounted cash, stocks, valuables or any other assets found during Survey cannot be impounded. Books of accounts and other records can be attached.

The Search & Seizure operation u/s 132 is carried out on specific information about unaccounted assets such as

money, gold, jewellery or any valuable articles representing undisclosed income, under the written authorisation of Director General, Director of Income Tax, Chief Commissioner/ Commissioner of Income Tax. Except business stocks, unaccounted cash and other valuables can be seized, and appropriated against taxes on completion of reassessments. Ordinarily ornaments to the extent of 500 gms for married lady, 250 gms for unmarried lady and 100gms per male member of the family cannot be seized as per directives of the Government.

Important Alerts:

- File return of income within time.
- Maintain copies of returns with proper supporting at business premises and residence.
- Maintain books of accounts properly and up to date. Tally cash and stock with books.
- Do not keep any loose papers, diaries or records etc. which you cannot explain.
- Documentary evidence of source of investment made in assets, jewellery etc. should be readily available.
- Ornaments belonging to different members of the family should be kept separately with proper listing.
- The statements / replies given during search should be true and correct with care and caution. Replies should not be vague and evasive.

Kindly note that the above information is provided to you for general guidance. Before taking any major financial decisions or in case of doubts contact us personally for guidance

We thank you very much for the privilege we had of serving you and assure you of our close attention as ever

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Sincerely,



Ashish V. Prabhu Verlekar

COMPLIANCE CALENDAR

JANUARY

07th	TDS/TCS Payment
11th	GSTR- 1 (December'19) Monthly return having turnover > 1.5 Cr
15th	PF Payment
15th	TCS Quarterly returns (Oct-Dec)
15th	ESIC payment
20th	GSTR-3B for the month of Dec'19
20th	Payment of GST liability for the month of Dec'19
31st	TDS Quarterly statements (Oct-Dec)
31st	GSTR- 1 (Oct'19 to Dec'19) Monthly return having turnover < 1.5 Cr
31st	GSTR-7 filing due date for the period from Oct to Dec 2019

FEBRUARY

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Jan 2020
11th	GSTR-1 (Jan'20) Monthly return having turnover > 1.5 Cr
15th	PF Payment
15th	ESIC Payment
20th	GSTR-3B for the month of Jan'20
20th	Payment of GST liability for the month of Jan'20

MARCH

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Feb 2020
11th	GSTR-1 (Feb'20) Monthly return having turnover > 1.5 Cr
15th	PF Payment
15th	Advance Income Tax Final Instalment all Assesseees
15th	ESIC Payment
20th	GSTR-3B for the month of Feb'20
20th	Payment of GST liability for the month of Feb'20

APRIL

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Mar 2020
11th	GSTR-1 (Mar'20) Monthly return having turnover > 1.5 Cr
15th	PF Payment
15th	ESIC Payment
20th	GSTR-3B for the month of Mar'20
20th	Payment of GST liability for the month of Mar'20
30th	GSTR-1 (Jan-Mar'2020) qly return having turnover < 1.5 Cr
30th	TDS/TCS Payment (w.r.t. provisions)

MAY

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of April 2020
15th	PF Payment
15th	TDS/TCS quarterly returns Jan -Mar)ESIC Payment
31st	TDS Quarterly statements (Jan-Mar)

JUNE

07th	TDS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of May 2019
15th	PF Payment Advance
15th	Income Tax Instalment all Assesseees
15th	ESIC Payment

JULY

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Jun 2020
15th	PF Payment
15th	TCS Quarterly Return (Apr- Jun)
15th	ESIC Payment
31st	TDS Quarterly Return (Apr- Jun)
31st	Return of Income of non-corporate Assesseees (other than tax audits)

AUGUST

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Jul 2019
15th	PF Payment
15th	ESIC Payment

SEPTEMBER

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Aug 2019
15th	PF Payment
15th	Advance Income Tax Instalment all Assesseees
15th	ESIC Payment
30th	Return of Income of Companies & others covered under tax audit

OCTOBER

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Sept 2019
15th	PF Payment
15th	TCS Quarterly Returns (July-Sep.)
15th	ESIC Payment
31st	TDS Quarterly Returns (July-Sep.)

NOVEMBER

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Oct 2019
15th	PF Payment
15th	ESIC Payment
30th	Return of Income Assesseees required to file Transfer Pricing Audit report

DECEMBER

07th	TDS/TCS Payment
10th	GSTR-7 (TDS deductor) Due Date for the month of Nov 2019
15th	PF Payment
15th	Advance Income Tax Instalment all Assesseees
15th	ESIC Payment
31st	GSTR-9 – Annual Return of GST .
31st	GSTR-9C – Statement of Reconciliation & Certification.

Notes: Notes:-

- Kindly note that VAT is applicable only on alcohol for human consumption and petroleum products. All other goods and services are covered under GST.
- Due dates for filing GSTR- 1 and GSTR-3B for the months from April'20 onwards will be notified subsequently. Further, due dates for payment of GST liability from April'20 onwards and notification regarding continuity of GSTR-3B from April'20 onwards is awaited
- Kindly refer to www.cbic.gov.in for latest notifications on rates, changes in due dates for filing of returns and other amendments to the Act/Rules of GST.
- Person failing to furnish IT return within above time shall pay a fee of -
 - Rs.5,000/- if return is furnished on or before 31st December of the AY.
 - Rs.10,000/- in any other case.
 - Rs.1,000/- if total income does not exceed Rs. 5 Lakhs