DIRECT TAX RELIEF MEASURES ON ACCOUNT OF COVID-19 OUTBREAK

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INTRODUCTION

Prime Minister Shri Narendra Modiji on 12.05.2020 announced economic and comprehensive package of Rs. 20 lakh crore (approx. 10% of GDP of India) with a motto of Aatmnirbhar Bharat Abhiyan or Self Reliant India Movement with five pillars i.e. Economy, Infrastructure, System, Vibrant Demography and Demand.

On 13.05.2020, FM has announced measures focused on **Getting back to work** i.e. to enable employees and employers, businesses, especially MSMEs to get back to production and workers get their employment as lots of jobs has been lost by the production workers.

FM has decoded the package of Rs.20 Lakhs crore where the major benefit has been provided to MSMEs, coverage of large number of business into MSME sector by way of revising the definition of MSME.

Lets discuss each direct tax relief measures provided by the government:-

DIRECT TAX KEY MEASURES

1. Tax Relief to Businesses:-

All pending income tax refunds to charitable trusts and non-corporate businesses and professions including proprietorship, partnership and LLPs and cooperatives shall be issued immediately.

2. Extension of Due dates of Fling Income Tax Return for F.Y. 2019-20

Category of persons	Original Due Date	Extended Due Date
Individual, Business or profession not liable to Tax Audit u/s 44AB	31.07.2020	30.11.2020
Firms & Individuals liable to Tax Audit u/s 44AB, Companies	31.10.2020	30.11.2020
Tax Audit Report	31.09.2020	31.10.2020

DIRECT TAX KEY MEASURES

3. Time barring Income Tax Assessments

- ✓ Date of Assessments getting barred on 30th September 2020 extended to 31st December 2020.
- ✓ Date of Assessments getting barred on 31st March 2021 extended to 30th September 2021.

4. Payment under Vivad Se Vishwas Scheme

Previously, in Tax Compliance Package offered by Central Government on 24 March 2020, it had been decided to extend the due date of payment under the scheme till 30.06.2020 without making additional payment of 10%.

Now, looking over the hardship facing by business houses, government has decided to extend the due date for making payment under the scheme till **31st December 2020** without making additional payment of 10%.

DIRECT TAX KEY MEASURES

5. <u>Reduction In Rate of TDS and TCS for F.Y. 2020-21 w.e.f 14-05-2020</u>

In order to provide liquidity and prevent the blockage of working capital, Government has reduced the rates of TDS and TCS **<u>by 25%</u>** of existing rate on all <u>non salary payment</u> made to resident. Non salary payment includes payment made for contracts, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for reduced rate of TDS. This rate will be applicable from 14.05.2020 to 31.03.2021. This relief measure provides the liquidity of Rs.50000 crore.

Here is the list of respective sections, nature of payment and applicable rate (prior and post).

TDS RATES

Section	Nature of Income	Rates applicable from 01.04.2020 to 13.05.2020	Rates applicable from 14.05.2020 to 31.03.2021
193	Interest on Securities	10%	7.5%
194	Dividend	10%	7.50%
194A	Interest other than interest on Securities	10%	7.50%
194C	Payment to Contractors	Individual, HUF- 1% Any other case- 2%	Individual, HUF- 0.75% Any other case- 1.50%
194D	Insurance Commission	Domestic Co.-10% Any other case- 5%	Domestic Co.-7.50% Any other case- 3.75%
194G	Commission and other payments on sale of lottery tickets	5%	3.75%
194H	Commission and Brokerage	5%	3.75%

TDS RATES

Section	Nature of Income	Rates applicable from 01.04.2020 to 13.05.2020	Rates applicable from 14.05.2020 to 31.03.2021
194-I	Rent	Immovable Property- 10% Plant & Machinery- 2%	Immovable Property-7.5% Plant & Machinery- 1.50%
194-IB	Payment of Rent by Certain Individuals or HUF	5%	3.75%
194J	Royalty and Fees for Professional or Technical Services	(a) Royalty for sale, distribution or exhibition of Cinematographic films- **2%** (b) Fees for technical services(other than professional)- **2%** (c) Operation of call centre- **2%** (d) Other cases- **10%**	(a) Royalty for sale, distribution or exhibition of Cinematographic films-**1.5%** (b) Fees for technical services(other than professional)- **1.5%** (c) Operation of call centre- **1.5%** (d) Other cases- **7.50%**

TDS RATES

Section	Nature of Income	Rates applicable from 01.04.2020 to 13.05.2020	Rates applicable from 14.05.2020 to 31.03.2021
194M	Payment to contractor, commission agent, broker or professional by certain Individuals or HUF	5%	3.75%
194N	Cash withdrawal	✓ Withdrawal exceeds Rs.1 crore- **2%** provided that assessee has furnished ITR of last 3 A.Y. If not furnished, then ✓ Withdrawal exceeds Rs.20 lakhs but less than Rs.1 crore- 2% ✓ Otherwise- 5%	✓ Withdrawal exceeds Rs.1 crore- **1.50%** provided that assessee has furnished ITR of last 3 A.Y. If not furnished, then ✓ Withdrawal exceeds Rs.20 lakhs but less than Rs.1 crore- 1.5% ✓ Otherwise- 3.75%
194-O	TDS on E-commerce participants	1% (w.e.f. 01.10.2020)	0.75%

TCS RATE

Section	Nature of Income	Rates applicable from 01.04.2020 to 13.05.2020	Rates applicable from 14.05.2020 to 31.03.2021
206C(1)	Alcoholic liquor	1%	0.75
206C(1)	Timber, other forest produce	2.50%	1.875%
206C(1)	Tendu leaves	5%	3.75%
206C(1)	Minerals	1%	0.75%
206C(1)	Scrap	1%	0.75%
206C(1C)	Parking Lot	2%	1.50%
206C(1C)	Toll Plaza	2%	1.50%
206C(1C)	Mining & quarrying	2%	1.50%
206C(1F)	Motor Car	1%	0.75%
206C(1G)	Overseas tour travel package	5%	3.75%
206C(1H)	Sale of goods in excess of Rs.50 lakh	0.10%	0.075%


Thank you