SHRIJEE ACADEMY

PAPER 4 : DIRECT TAX
AMENDMENT NOTES FOR
"MAY 2020." (By Finance Act 2019)

Rebate u/s 87A

If Assessee = Individual

↓

Resident in India

Yes → ↓ Total Income ≤ 5,00,000 → ↓

Rebate = Income tax Payable OR ₹ 12,500 (whichever is lower)

No → ↓ Rebate = "Nil"

NOTE: Rebate is not available in respect of tax payable at 10% on LTCG.

SURCHARGE

Assessee = Individual / HUF / AOP / BOI / AJP

Total Income (NTI)
>50 lacs upto 1 cr
↓
10% of Tax

Total Income (NTI)
>1 cr upto 2 cr
↓
15% of Tax

Total Income
>2 cr upto 5 cr
↓
25% of Tax

Total Income
>5 cr
↓
37% of Tax

SALARIES

Particulars	Old	New.
(i) Deduction u/s 16(ia): Standard deduction	₹ 40,000	₹ 50,000
(ii) Exemption in respect of Gratuity : Section 10(10) [Not covered by Payment of Gratuity Act, 1972]	₹ 10 lakhs	₹ 20 lakhs

INCOME FROM HOUSE PROPERTY :

Particulars	Old	New.
(i) Property held as stock in trade, whole or part of property not let out In such case, GAV = 'Nil'	Benefit Available for 1 year	Benefit available for 2 years

[NOTE: After expiry of 2 years, GAV = Expected Rent]

(ii) Deemed to be let out property, Assessee owns more than 2 properties for self occupation	1 property treated as SOP	2 property treated as SOP

PGBP.

(*) Depreciation Rates:

(i) Motor buses, motor lorries, motor taxies used in business of running them on hire, acquired during period from 23/8/2019 to 31/3/2020 & put to use on or before 31/3/2020.	30%.	45%.
(ii) Motor cars other than those used in business of running them on hire, acquired during period from 23/8/19 to 31/3/2020 & put to use on or before 31/3/2020	15%.	30%.

(H) CAPITAL GAINS :

Sale of Residential House (Sec 54)

Amount of CG Exceeds ₹ 2 crore	Amount of CG does not exceed ₹ 2 crore
1 residential house in India should be purchased within 1 year before OR 2 years after date of trf OR Constructed within 3 years after the date of transfer.	2 residential house in India can be purchased within 1 year before OR 2 years after dt of trf OR Construct 2 residential houses within 3 years after dt of trf

NOTE: Where during any assessment year, assessee has exercised the option to purchase or construct two residential houses in India, he shall not be subsequently entitled to exercise the option for the same or any other assessment.

INCOME NOT FORMING PART OF TOTAL INCOME :

Exemption u/s 10(15) [NEW]	Interest income receivable by a non-resident from a unit located in IFSC in respect of moneys borrowed by it on or after 01/09/2019

DEDUCTIONS:

Particulars	old	New.
1) Sec 80CCD(2): Deduction for E'er share of contribution to NPS		
→ Contribution by CG	10% of Salary	14% of Salary
→ Contribution by any other Employer	10% of Salary	10% of Salary
2) Section 10(12A):		
• Payment from NPS trust to assessee on closure of account or on his opting out of pension scheme	Payment < 40% = Exempt	Pymt < 60% = Ex.

Section 80EEA (NEW) : Interest payable on loan taken for acquisition of Residential house property

Eligible Assessee ⇒ Individual

* Conditions:

1. Stamp duty value ≤ 45 lakhs
2. No other residential house
3. Loans should be sanctioned during PY 19-20.
4. Benefit available from AY 20-21 till the repayment continues.
5. Maximum deduction = ₹ 1,50,000

Section 80EEB : Interest payable on loan taken for purchase of electric vehicle.

Eligible Assessee ⇒ Individual

* Conditions:

1. Loan should be taken for purchase of electric vehicle
2. Loan should be sanctioned between 1/4/2019 and 31/3/2023.
3. Benefit available from AY 20-21 till the repayment continues.
4. Max. deduction = ₹ 1,50,000

ADVANCE TAX, TDS, TCS :

① Interest on securities (section 194 A)

Threshold limit	Old.	New.
i) Senior citizen	₹ 10000	₹ 50,000
ii) In other cases	₹ 10,000	₹ 40,000

② Rent (section 194-I)

Threshold limit	₹1,80,000	₹2,40,000

③ Section 194M (NEW) :

Assessee = Individual or HUF

↓

tax audit applicable

Yes ↓ TDS deduction as per Section 194 C & Sec 194J

NO ↓ TDS deduction as per section 194M

NOTE: TDS @ 5% will be applicable if payment under any contract or by way of professional services exceeds ₹50 lakhs in a year.

④ Section 194 N. (NEW)

→ TDS @ 2% will be applicable in case of cash withdrawals of more than ₹ 1 crore during a financial year.

→ The limit of ₹ 1 crore is with respect to per bank.

BEST OF LUCK

Do provide your valuable feedback.

– Prof. CA. Jeet Jain
9867772727