

Ministry of Finance

Provisions of Taxation and Other Laws (Relaxation and Amendment of Certain provisions) Bill

September 24, 2020

Relevant to Direct Taxes and CSR Teams of Mahindra Businesses

Background

- CBDT earlier reduced the rates for Tax Deduction at Source (TDS) by 25% for non-salaried specified payments made to residents during the period from 14 May 2020 to 31 March 2021
- The Bill proposes to include the amendments in the Income Tax Act with retrospective effect from 14 May 2020

Provisions of the Bill

- The bill extends the deadlines for filing returns and to link PAN and Aadhaar.
- It has a provision of tax benefits to donations made to PM CARES fund by providing 100 % deduction
- The bill also amends Income Tax Act to provide the same treatment to the PM CARES fund as that to the PM National Relief Fund
- It also amends the Central Goods and Services Tax Act, 2017 in order to allow the central government to notify an extension to the time limits for various GST-related compliances and actions.

Why?

- Finance Minister Nirmala Sitharaman said the ordinance was necessary to defer various compliance deadlines under GST and Income Tax (I-T) Act during the COVID-19 times
- The Bill proposes few important amendments with regard to foreign investors, both FPIs and Category III AIFs
- The levy of surcharge on dividends of FPIs has been capped at 15% which is at par with capital gains

- Further, the Bill will provide exemption for taxation of capital gains on transfer of securities (apart from shares of Indian company) and concession in taxation at the rate of 10% on dividend and interest income on securities for the Category-III AIFs, which have been set up in GIFT City
- The Bill seeks to make faceless assessment applicable to at least eight processes under the I-T Act, including for collection and recovery of tax and gathering of information
- The Bill also proposes to amend the Direct Tax Vivad se Viswas Act, 2020 to extend the date for payment without additional amount to 31st December

For Further Study

1. <https://www.livemint.com/money/personal-finance/taxation-bill-passed-to-provide-relief-to-taxpayers-key-changes-to-know-11600938157938.html>
2. <https://economictimes.indiatimes.com/news/economy/finance/parliament-passes-bill-providing-relief-to-taxpayers-on-compliance-front-amid-covid/articleshow/78253048.cms#:~:text=The%20Taxation%20and%20Other%20Laws,voice%20vote%20in%20Rajya%20Sabha.>
3. <https://currentaffairs.gktoday.in/provisions-of-taxation-and-other-laws-relaxation-and-amendment-of-certain-provisions-bill-092020342706.html>