

SKA

TAX FLASH NEWS

19 September, 2020



Key highlights of “The Taxation and Other Laws (Relaxation and Amendment of certain provisions) Bill, 2020”: -

On 18-09-2020, Finance Minister Smt. Nirmala Sitharaman introduced the “Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Bill, 2020” in the Lok Sabha for consideration. This bill seeks -

- To replace the Taxation and other Laws (Relaxation of Certain Provisions) Ordinance, 2020 [introduced in March 2020 to provide relaxation in timelines amid Covid-19 pandemic and amended on June 24th granting further reliefs];
- To legislate the Faceless Assessment Scheme by bringing in new Sections [i.e Sections 144B, 157A, 264A, 264B]
- To propose amendments in various sections [i.e. Sections 92CA(8), 253(8)], whereby it is provided that all functions including assessments, rectification, appeal filing, transfer pricing, appeal effect, DRP will become faceless;
- To amend the Direct Tax Vivad se Viswas Act, 2020 to extend the date for payment without additional amount to 31st December 2020;
- To empower the Central Government to notify certain dates relating to filing of declaration and making of payment;
- To propose amendment in the Finance Act, 2020 to clarify regarding capping of surcharge at 15% on dividend income of the FPIs.

Extension of Time Limit:

- The migration of registration of Trust/Institutions/Scientific research companies to the new section 12AB/80G/10(23C)/35 has been postponed and is made applicable from 01-04-2021 as against 01-06-2020 (later was extended to 1-10-2020).

Faceless Assessment Scheme:

- Proposes to insert the various sections to legislate and support faceless assessment scheme with effect from 1st November 2020 for which the Central Govt. may make a scheme, by notification in the Official Gazette.
- The Bill proposes to insert new Sec.144B legislating the faceless assessment scheme notified on 13th August 2020. The new section details the faceless assessment process through National Faceless Assessment Centre [Erstwhile NeAC] and Regional Faceless Assessment Centre [erstwhile ReAC] as notified in CBDT notification 60 and 61 of 2020.
- Additionally specifies the procedure for faceless assessment in transfer pricing cases where reference is made to DRP.
- Proposes proceeding for faceless reassessment, faceless rectification, faceless recovery, faceless revision orders u/s 263 and 264, faceless appeal effect orders.

Other Amendment Proposed:

- Section 115AD - Tax on income of Foreign Institutional Investors (FII) from securities or capital gains arising from their transfer - The rate income tax on income in respect of securities w.e.f. 1 April 2020 will be 20% in case of FII; and 10% in case of specified fund. In case of fund, it is clarified that the provision will apply only to the extent of income that is attributable specified to units held by non-resident (not being a permanent establishment of a non-resident in India) calculated in the prescribed manner.
- Proposes to introduce Section 197B and Sec.206C(10A) to legislate the reduction of TDS/TCS by 25% w.e.f 14th May 2020 till 31st March 2021.
- The Bill Proposes to amend Finance Act, 2020 to clarify regarding capping of surcharge at 15 percent on dividend income of the Foreign Portfolio Investor.

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