

SKA

TAX FLASH NEWS

12 November, 2020



On 12th of November 2020, Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman has announced 12 key measures, as part of Government of India's stimulus to the economy, under AatmaNirbhar Bharat 3.0. Key points related to Income Tax and some incentive are brief hereunder –

1) Income Tax relief for Developers & Home Buyers –

As a part of announcement, the finance minister has increased the safe harbour limit under section 43CA and section 56(2)(x) of the Income Tax Act from 10% to 20% .

Presently, the difference between the value adopted by the stamp valuation authority and the actual sale consideration, if it exceeds 10% is deemed as Income in the hand of both seller(developers) u/s 43CA and buyer under section 56(2)(x).

The FM decided to increase the tolerance limit u/s 43CA and 56(2)(x) for the difference between the value adopted by the stamp valuation authority and the actual sales consideration to 20% for the period from the date of announcement (12-11-2020) to 30-06-2021 in respect of primary sale of residential unit of value up to Rs. 2 Crores.

2) Integration of GST data with Income Tax –

The Income Tax department and GST department has now started sharing data with each other. Consequently, now the Form 26AS of Income Tax is reflecting the turnover as reported in GSTR 3B.

3) Rs 1.46 lakh crore boost for Atmanirbhar Manufacturing Production linked incentives (PLI) for 10 Champion Sectors –

10 Champion Sectors will be covered under the Production Linked Incentives Scheme to help boost competitiveness of domestic manufacturing. This will give a big boost to economy, investment, exports and job creation. A total amount of nearly 1.5 Lakh Crore has been earmarked across sectors, for next five years. The ten sectors are - Advance Cell Chemistry Battery, Electronic/Technology Products, Automobiles & Auto Components, Pharmaceuticals Drugs, Telecom & Networking Products, Textile Products, Food Products, High Efficiency Solar PV Modules, White Goods (ACs & LED), and Specialty Steel. The PLI scheme will be implemented by the concerned ministries/departments.

4) Atamnirbhar Bharat Rozgar Yojana –

If EPFO-registered establishments take in new employees without EPFO registration or those who lost jobs earlier, the Yojana will benefit these employees.

Beneficiaries / New Employees under the scheme would be:

Any new employee joining employment in EPFO registered establishments on monthly wages less than Rs.15,000

EPF members drawing monthly wage of less than Rs.15,000 who made exit from employment during COVID Pandemic from 01.03.2020 to 30.09.2020 and is employed on or after 01.10.2020.

Eligibility criteria for establishment:

Establishments registered with EPFO if they add new employees compared to reference base of employees as in September 2020 as under:

☐ minimum of two new employees if reference base is 50 employees or less.

☐ minimum of five new employees if reference base is more than 50 employees.

Establishments registering with EPFO after commencement of Scheme to get subsidy for all new employees

Subsidy support from Central Government:

Central Govt. will provide subsidy for two years in respect of new eligible employees engaged on or after 01.10.2020 at following scale:

☐ **Establishments employing up to 1000 employees:** Employee's contributions (12% of Wages) & Employer's contributions (12% of wages) totalling 24% of wages

☐ **Establishments employing more than 1000 employees:** Only Employee's EPF contributions (12% of EPF wages)

The subsidy support to get credited upfront in Aadhaar seeded EPFO Account (UAN) of eligible new employee.

The scheme will be effective from October 1, 2020 and operational till 30th June 2021.

Detailed of this scheme is yet to be notified by the Government. This above note is the summary of the press release dated 12-11-2020.

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