

Latest Income Tax Updates

August 2020

Launch of
TRANSPARENT TAXATION
Honouring the Honest



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FACELESS
ASSESSMENT
SCHEME

TAXPAYERS'
CHARTER

FACELESS
APPEALS

Honouring the Honest

Major Structural reforms announced by PM of India to make the Income Tax system-

Seamless

Painless

Faceless

Announcement includes

Faceless Assessment

Faceless Appeals

Taxpayer's Charter



Old System



Assessee (Taxpayer)



Assessing Officer

New System



Assessee (Taxpayer)



National
e-Assessment Centre



Assessing Unit

Salient Features

No requirement to
visit Income Tax Office

Allotment of
Assessment randomly
anywhere in India

All communications
electronically through
National e-
Assessment Centre
(NeAC)

Team based
Assessment



Faceless Assessment Process

Selection of Case for Scrutiny and Issue of Notice by NeAC

Random allocation of case to any Assessing Unit (AU) across India

All communication online between Assessee & AU through NeAC

Draft Order by AU

Review of Order by NeAC before issuing Final Order



On similar grounds as Faceless Assessment i.e.

- Zero physical visit
- Random allocation of cases
- Electronic submission of data
- Review of Orders before Finalizations

Expected implementation date: September 25, 2020



Taxpayer's Charter introduced defining commitments and expectations of Income Tax Department

Commitment to Taxpayers includes

Respect privacy of taxpayer

Collect the correct amount of tax

Provide timely decisions

Provide complete and accurate information

Treat the taxpayer as honest

Hold its authorities accountable

Provide mechanism to lodge complaint

Provide a fair & just system

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TAXPAYERS'
CHARTER



Expectations from Taxpayers

Be honest and compliant

Be informed

Keep accurate records

Know what the representative does on his behalf Taxpayer

Respond in time

Pay in time

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Proposal to Expand Reporting of Transactions

Proposal to Expand Specific Financial Transaction (SFT) Reporting to include



Payment of educational fee /donations above ₹1 lakh p.a.



Electricity consumption above ₹1 lakh p.a.



Domestic business class air travel/foreign travel



Payment to hotels above ₹20,000



Purchase of jewellery, white goods, painting, marble, etc. above ₹1 lakh



Deposit/credits in current account above ₹50 lakh

Note: This is currently in proposal phase and not yet implemented



Proposal to Expand Reporting of Transactions

Proposal to Expand Specific Financial Transaction (SFT) Reporting to include



Deposit/credits in
non-current account
above ₹25 lakh



Payment of
property tax above
₹20,000 p.a.



Life Insurance
premium above
₹50,000



Health insurance
premium above
₹20,000



Share transactions /
D-MAT accounts/Bank
lockers

Note: This is currently in proposal phase and not yet implemented



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Proposal to Expand Reporting of Transactions

Few Major Transactions already covered under Specific Financial Transactions




Deposit/ Withdrawal > Rs. 50 lakhs in current accounts

Deposit > Rs. 10 lakhs from Savings Account/ Fixed Deposits



Credit Card Bill Payment


- > Rs. 1 lakhs in cash
- > Rs. 10 lakhs other than cash




Purchase of Foreign Currency > Rs. 10 lakhs




Purchase of Mutual Funds > Rs. 10 lakhs



Purchase of shares, debentures or bonds from company > Rs. 10 lakhs



Sale/ Purchase of Property > Rs. 30 lakhs



Cash payments (per transaction) > Rs. 2 lakhs

Proposal to Expand Reporting of Transactions

Few Major Transactions already covered under Specific Financial Transactions

- Any person can access their details regarding such transactions by downloading the new Form 26AS from Income Tax Portal
- Voluntary Compliance Notices also issued by Income Tax Department on basis of such transactions for F.Y. 2018-19, giving opportunity to revise returns before Sept 30 to avoid scrutiny.

**E-CAMPAIGN FOR
IT VOLUNTARY COMPLIANCE**



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Proposal for Mandatory Filing of Returns

To widen the tax bracket, it is proposal to make Filing of Income Tax Returns Mandatory for following persons

Persons having Bank Transactions above Rs. 30 lakhs

Businesses and Professional having Turnover > Rs. 50 lakhs

Payment of Rent above Rs. 40,000 per month



Proposal for Mandatory Filing of Returns

Filing of Income Tax Return is already mandatory where

- Gross Total Income > Rs. 2.5 lakhs (Rs. 3 lakhs for Senior Citizen)
- For companies & firms, irrespective of profit or loss
- For individuals/ HUF, liable to Tax Audit
- Individual having asset or financial interest outside India
- For claiming income tax refund
- For carrying forward/ set off of losses
- Income derived from charitable trust, etc.
- Individuals having following transactions (applicable w.e.f. F.Y. 2019-20):
 - Deposit in current bank accounts > Rs. 1 crore
 - Spent > Rs. 2 lakhs on foreign travel for self/ others
 - Spent > Rs. 1 lakhs on electricity



Upcoming Due Dates

Sep

7

Payment of TDS for Aug 2020

15

Second Instalment of Advance Tax
for FY 2020-21

30

Last Day to File/ Revise ITR for
FY 2018-19

Oct

7

Payment of TDS for Sep
2020

31

Filing of Tax Audit Report
for F.Y. 2019-20

Note: For Companies, the last date to hold AGM is September 30, 2020. Hence, audit under Companies Act, 2013 is required to be completed beforehand for companies.



TDS Return Due Date

- It has been clarified that due date of filing of TDS Returns for Q1 & Q2 for F.Y. 2020-21 is extended to March 31, 2021.
- However, there is no extension in deposit of TDS

E-Verify Old Returns

- One-time opportunity provided to regularize income tax returns where it was filed, but not verified for Assessment Year 2015-16 to Assessment Year 2019-20.
- Last date to verify- September 30, 2020
- You can check status of your previous returns on online Income Tax Portal.





Feel free to contact us at:

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