

Latest Income Tax Updates

August 2020

Launch of TRANSPARENT TAXATION Honouring the Honest



Honouring the Honest



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

Seamless

Painless

Faceless



Faceless Assessment

Faceless Appeals

Taxpayer's Charter







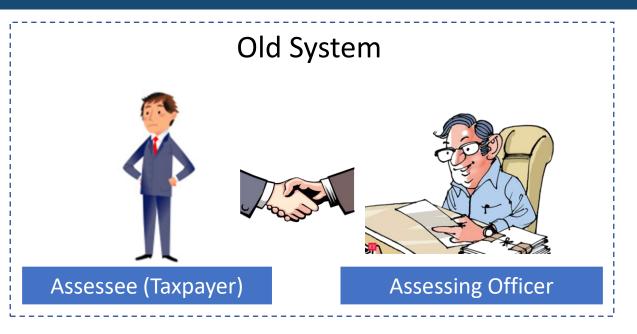


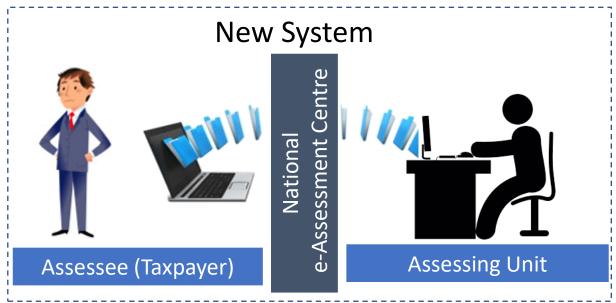




Faceless Assessment







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



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







Faceless Appeals

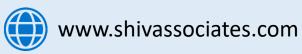


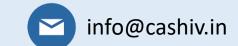
On similar grounds as Faceless Assessment i.e.

- 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



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

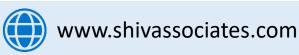
Hold its authorities accountable

Provide mechanism to lodge complaint

Provide a fair & just system











Expectations from Taxpayers

Be honest and compliant

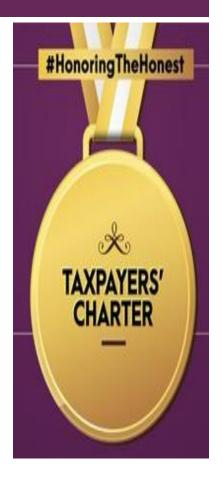
Be informed

Keep accurate records

Know what the representative does on his behalf Taxpayer

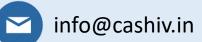
Respond in time

Pay in time









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 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







Few Major Transactions already covered under Specific Financial Transactions



Deposit/ Withdrawl > 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 Mutual Funds > Rs. 10 lakhs



Purchase of shares, debentures or bonds

from company > Rs. 10 lakhs



Sale/ Purchase of Property > Rs. 30

lakhs



Purchase of Foreign Currency > Rs. 10 lakhs



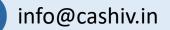
Cash payments (per transaction) > Rs.

2 lakhs









Proposal to Expand Reporting of Transactions



Few Major Transactions already covered under Specific Financial Transactions

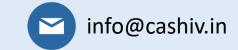
 Any person can access their details regarding such transactions by downloading the new Form 26AS from Income Tax Portal

• 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.









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

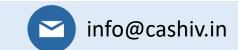
Businesses and Professional having Turnover > Rs. 50 lakhs

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



Payment of TDS for Aug 2020



Second Instalment of Advance Tax for FY 2020-21



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

Oct



Payment of TDS for Sep 2020



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.





Other Updates



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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