

UNION BUDGET 2020

DIRECT TAX PROPOSALS

A. Rates of income-tax

1. No change in the tax rates. Rates of Income Tax for AY 2020-21 is proposed to be continued for AY 2021-22.

For Individuals

Rate of Tax	Individuals below 60 Years	Senior Citizens above 60 Years but below 80 years	Super Senior Citizens on or above 80 Years
Nil	Up to Rs.2,50,000	Up to Rs.3,00,000	Up to Rs.5,00,000
5%	From Rs.2,50,001 to Rs.5,00,000	From Rs.3,00,001 to Rs.5,00,000	-
20%	From Rs.5,00,001 to Rs.10,00,000	From Rs.5,00,001 to Rs.10,00,000	From Rs.5,00,001 to Rs.10,00,000
30%	Exceeding Rs.10,00,000	Exceeding Rs.10,00,000	Exceeding Rs.10,00,000
Tax to be further increased by surcharge (SC):- - Income above Rs.50 lakhs but less than Rs.1 crores- 10% - Income above Rs.1 crores but less than Rs.2 crores- 15% - Income above Rs.2 crores but less than Rs.5 crores- 25% - Income above Rs.5 crores- 37% (Where total income includes any income chargeable u/s 111A and 112A of the IT Act, rate of surcharge shall not exceed 15%.)			
Tax + SC to be increased by Health & Education Cess @ 4%			

For Co-operative Society

Total Income	Rate of tax
Upto Rs.10,000	10%
From Rs.10,001 to Rs.20,000	20%
Exceeding Rs.20,000	30%
Tax to be further increased by surcharge @ 12% where total income exceeds Rs.1 crore.	
Tax + SC to be increased by Health & Education Cess @ 4%	

For Firm and Local Authority

- Tax Rate-30%
- Surcharge- 12% where total income exceeds Rs.1 crore
- Health & Education Cess- 4% of Tax + SC

For Domestic Company

Total Income	Rate of tax
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Total Turnover/ Gross Receipt in P.Y. 2018-19 was upto Rs.400 crore	25% of total income
Total Turnover/Gross Receipt in P.Y. 2018-19 exceeds Rs.400 crore	30% of total income
Tax to be further increased by surcharge:- - Income above Rs.1 crores but does not exceeds Rs.10 crores- 7% - Income above Rs.10 crores- 12%	
Tax + SC to be increased by Health & Education Cess @ 4%	

For certain Domestic Company (Rates under Special Regime)

Particulars	Rate of Tax
Option U/s 115BAA exercised	22% of total income
Option U/s 115BAB exercised	15% of total income
Tax to be further increased by surcharge @ 10% of total income	
Tax + SC to be increased by Health & Education Cess @ 4%	

2. New Optional Tax Regime

Incentives to Individual and HUF (New section 115BAC)

- The above section is proposed to be inserted under Chapter XII- Determination of tax in certain special cases providing an individual or HUF, on satisfaction of certain conditions, an option to pay tax at the following rates from AY 2021-22 onwards:-

Total income (Rs.)	Existing Rates	New Rates (Optional)	Existing Tax (Rs.)	Tax in new option (Rs.)
Upto 2,50,000	Nil	Nil		
From 2,50,001 to 5,00,000	5%	5%	12,500	12,500
From 5,00,001 to 7,50,000	20%	10%	50,000	25,000
From 7,50,001 to 10,00,000	20%	15%	50,000	37,500
From 10,00,001 to 12,50,000	30%	20%	75,000	50,000
From 12,50,001 to 15,00,000	30%	25%	75,000	62,500
Above 15,00,000	30%	30%	Same in both options	
Tax payable			2,62,500	1,87,500
Add:- Health & Education Cess @ 4%			10,500	7,500
Total tax payable			2,73,000	1,95,000
Reduction in tax payable (in Rs.)			78,000/-	

- Where the individual or HUF has no business income, option shall be exercised for every previous year and in other cases the option once exercised for a previous year shall be valid for that previous year and all subsequent years.

- Where the individual or HUF has no business income, option to be exercised at the time of filing of return u/s 139(1) and in other cases option to be exercised on or before the due date of return of income u/s 139(1).
- Option exercised by the individual or HUF having business income can be withdrawn only once for a previous year other than the year in which it was exercised and thereafter, the individual or HUF shall never be eligible to exercise option except where such individual or HUF ceases to have any business income.
- The option shall become invalid for previous year/ years if the individual or HUF fails to satisfy the conditions and other provisions of the Act shall apply.
- The said tax regime will be subject to the below mentioned exemptions and deductions under the IT Act:-

Exemption and deduction not allowable	Exemption and deduction allowable
Leave travel concession u/s 10(5)	Deduction u/s 80CCD(2) (employer contribution on account of employee in notified pension scheme)
House rent allowance u/s 10(13A)	Deduction u/s 80JAA (for new employment)
Certain allowance u/s 10(14) [Helper allowance, uniform allowance, children education & hostel expenditure allowance, underground allowance, allowance granted to the member of the armed forces]	Transport Allowance granted to a divyang employee to meet expenditure for the purpose of commuting between place of residence and place of duty
Allowances to MPs/MLAs u/s 10(17)	Conveyance Allowance granted to meet the expenditure on conveyance in performance of duties of an office
Allowance for income of minor u/s 10(32)	Any Allowance granted to meet the cost of travel on tour or on transfer
Exemption for SEZ unit u/s 10AA	Daily Allowance to meet the ordinary daily charges incurred by an employee on account of absence from his normal place of duty
Standard deduction, deduction for entertainment allowance and employment/professional tax u/s 16	Deduction u/s 80LA (provided such individual or HUF has a unit in IFSC subject to fulfilment of the conditions contained in that section)
Interest u/s 24 in respect of self-occupied or vacant property referred to in section 23(2)	Rebate u/s 87A
Additional depreciation u/s 32(1)(ia)	
Investment allowance u/s 32AD, 33AB, 33ABA	
Expenditure on scientific research u/s 35	
Expenditure on specified business u/s 35AD	
Expenditure on agricultural extension project u/s 35CCC	

Deduction from family pension u/s 57(iia)	
Deductions under chapter VIA	
Any exemption or deduction for allowances or perquisite provided under any other law	

- The individual or HUF shall not be allowed set off of any loss carried forward or depreciation from any earlier assessment year if such loss or depreciation is attributable to any of the deductions referred above and no further deduction for such loss or depreciation shall be allowed for any subsequent year. However, where the normal depreciation allowance is in respect of the block of asset which has not been given full effect prior to AY 2021-22 (i.e. FY 2020-21), corresponding adjustment shall be made to the WDV of such block as on 01.04.2020 where option of new tax regime is exercised for AY 2021-22.
- The individual or HUF shall not be allowed set off of any loss under the head house property with any other head of income. Thus, loss under the head house property (other than SOP) which hitherto was allowed set off u/s 71(3A) to the extent of Rs.2 lacs from other head of income would not be allowed.
- Depreciation u/s 32 to be claimed in such manner as may be prescribed. However, till specific rates are prescribed under this chapter, same can be claimed as per the existing rates prescribed in Appendix to the Income tax Rules.
- Provisions relating to AMT provided u/s 115JC and provisions relating to carry forward and setoff of AMT credit provided u/s 115JD shall not apply.
- The effect of proposed tax incentive can be more perceived from the following table:-

(Amount in Rs.)

Old Regime						
Gross Total Income	5 lacs	7.5 lacs	10 lacs	12.50 lacs	15 lacs	40 lacs
Less:-						
Standard Deduction (for salaried person)	50,000	50,000	50,000	50,000	50,000	50,000
Deduction u/s 80C	1,50,000	1,50,000	1,50,000	1,50,000	1,50,000	1,50,000
Deduction u/s 80D	25,000	25,000	25,000	25,000	25,000	25,000
Deduction u/s 80TTA	10,000	10,000	10,000	10,000	10,000	10,000
Total Income	2,65,000	5,15,000	7,65,000	10,15,000	12,65,000	37,65,000
Tax on total income	Nil*	15,500	65,500	1,17,000	1,92,000	9,42,000
New Regime						
Gross Total Income	5 lacs	7.5 lacs	10 lacs	12.50 lacs	15 lacs	40 lacs
Less:- Deductions	Not Applicable					
Total Income	5 lacs	7.5 lacs	10 lacs	12.50 lacs	15 lacs	40 lacs
Tax on total income	Nil*	37,500	75,000	1,25,000	1,87,500	9,37,500
Net savings in New	Nil	(22,000)	(9,500)	(8,000)	4,500	4,500

Regime						
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*Rebate u/s 87A of Rs.12,500/- or the amount of tax, whichever is less where the total income does not exceed Rs.5,00,000/-. Above calculation is without considering health & education cess @ 4%.

Incentives to resident co-operative societies (New section 115BAD)

- A resident co-operative society, on satisfaction of certain conditions, have the option to pay tax at 22% from AY 2021-22 onwards.
- The option shall become invalid if the co-operative society fails to satisfy the conditions in any previous year and other provisions of the Act shall apply.
- The co-operative society shall not be entitled to the following deductions:-
 - Exemption for SEZ unit u/s 10AA
 - Additional depreciation u/s 32(1)(iia)
 - Investment allowance u/s 32AD, 33AB, 33ABA
 - Expenditure on scientific research u/s 35
 - Expenditure on specified business u/s 35AD
 - Expenditure on agricultural extension project u/s 35CCC
 - Any deduction under chapter VIA
- If the co-operative society has a unit in the International Financial Services Centre as referred to in sub-section (1A) of section 80LA, the deduction u/s 80LA shall be available to such unit subject to fulfilment of the conditions contained in that section.
- The co-operative society shall not be allowed set off of any loss carried forward or depreciation from any earlier assessment year if such loss or depreciation is attributable to any of the deductions referred above and no further deduction for such loss or depreciation shall be allowed for any subsequent year. However, where the normal depreciation allowance is in respect of the block of asset which has not been given full effect prior to AY 2021-22 (i.e. FY 2020-21), corresponding adjustment shall be made to the WDV of such block as on 01.04.2020 where option of new tax regime is exercised for AY 2021-22.
- Depreciation u/s 32 to be claimed in such manner as may be prescribed. However, till specific rates are prescribed under this chapter, the same can be claimed as per the existing rates prescribed in Appendix to the Income tax Rules.
- Option is to be exercised in the prescribed manner on or before the due date of furnishing the return of income u/s 139(1) for the year and option once exercised shall apply to subsequent AYs. Option once exercised cannot be withdrawn.
- Surcharge shall be levied at 10% irrespective of the amount of total income (at present surcharge is applicable @ 12% if the income exceeds Rs.1 crore).

- Provisions relating to AMT provided u/s 115JC and provisions relating to carry forward and set off of AMT credit provided u/s 115JD shall not apply.

3. Modification of concessional tax schemes for domestic companies under section 115BAA and 115BAB

- Earlier domestic companies opting for taxation u/s 115BAA and 115BAB was not allowed deductions under any provisions of Chapter VI-A other than the provisions of section 80JJAA.
- It is now proposed to amend the provisions of these sections to provide that domestic companies opting for taxation under these sections can also claimed deduction u/s 80M which is inserted from AY 2021-22 to provide for deduction of dividend distributed by a domestic company on or before the due date where its gross total income includes any income by way of dividend from any other domestic company.
- Amendment w.e.f. AY 2021-22.

4. Amendment of section 115BAB of the Act to include generation of electricity as manufacturing

- Currently, new manufacturing companies established on or after 1 October 2019 and commencing manufacture on or before 31 March 2023 are eligible to a reduced corporate tax rate of 15%.
- A new explanation is proposed to be inserted in section 115BAB to provide that manufacturing or producing any article or thing shall include generation of electricity. Thus, concessional tax rate of 15% is proposed to be extended to new electricity generation companies.
- Amendment w.e.f. AY 2021-22.

B. Taxation of dividend

It is proposed to remove the Dividend Distribution Tax in order to move to classical system of taxing dividends in the hands of shareholders/unit holders [Section 115-O, 194, 194LB & 194K]

Amendment in section 115-O

It is proposed to provide that dividend declared, distributed or paid before 31.03.2020 shall be chargeable to DDT. Thus, dividend or income from units are taxable in the hands of shareholders or unit holders at the applicable rate and the domestic company or specified company or mutual funds are not required to pay any DDT.

Amendment in section 115BBDA

Presently section 115BBDA provides for taxing dividend income in excess of Rs.10 lacs in the hands of shareholder @ 10%.It is proposed to be amended to limit its application only on dividend declared, distributed or paid on or before March 31, 2020.

Amendment in section 57

It is also proposed to provide that the deduction for expense u/s 57 of the Act shall not be allowed except interest expense and that too maximum 20 per cent of the dividend or income from units.

Amendment in section 194

It is proposed to provide that dividend paid by any mode will be liable to deduction of tax at source @10%. Further, it is proposed to amend the said section by eliminating the need of deduction of tax in any case where the payment is made by any mode other than cash and also the threshold of Rs.2,500/- is proposed to be increased to Rs.5,000/-.

Amendment in section 194LBA

It is proposed to prescribe TDS rate @ 10% for dividend paid by business trust to unit holder. For non-resident, it would be 5% for interest and 10% for dividend.

Insert a new section 194K

To provide that any person responsible for paying to a resident above Rs.5,000/- any income in respect of units of a mutual fund specified u/s 10(23D) or units from the administrator of the specified undertaking or units from the specified company shall deduct TDS @ 10%.

Insert a new section 80M

It is proposed to insert new section 80M as it existed before its removal by FA, 2003 to remove the cascading effect to provide that where any domestic company earns any income from dividend from any other domestic company, in that case while calculating the total income of the domestic company, it shall be allowed deduction of said dividend to the extent the said domestic company has distributed dividend on or before the due date to its shareholders. Further clause (ii) of said section provides that where deduction in respect of any dividend is provided in any previous year it shall not be allowed in any other previous year. It is further proposed to insert Explanation to the said section defining the meaning of expression “due date” so as to mean the date one month prior to the date for furnishing the return of income u/s 139(1).

Amendment in section 195 to delete exemption provided to dividend referred to in section 115-O.

C. ‘Vivad se Vishwas’ (no dispute but trust)

- New scheme announced in Budget 2020 to reduce tax litigation.
- Under the tax dispute settlement scheme, taxpayers in whose cases appeals are pending at any level and who pay the disputed taxes before March 31, 2020 would get complete waiver of interest and penalty. The scheme will remain open till June 30, 2020 and those who avail of it after March 31 will have to pay some additional amount.
- The details on the scheme will be notified by the Central Board of Direct Taxes (CBDT) soon.

D. Modification of residency provisions

It has been proposed to amend section 6 in the following manner:-

Residence of India

Particulars	Existing	Proposed
Individual living in India	182 days or more in that FY OR 365 days or more in 4 preceding years and 60 days or more in that FY	No change
Indianscitizens/Person of Indian origin leaving India for employment as member of crew	182 days or more in that FY OR 365 days or more in 4 preceding years and 182 days or more in that FY	No change
Indianscitizens/Person of Indian origin visiting India	182 days or more in that FY OR 365 days or more in 4 preceding years and 182 days or more in that FY	182 days or more in that FY OR 365 days or more in 4 preceding years and 120 days or more in that FY

The amendment is proposed as individuals who are actually carrying out substantial economic activities from India manage their period of stay in India so as to remain a non-resident in perpetuity and not be required to declare their global income in India.

Not Ordinary Residence

Particulars	Existing	Proposed
Individual/ HUF	Non-resident in India in 9 out of 10 FYs preceding the FY OR has been in India for less than or equal to 729 days during 7 FYs preceding the FY.	Non-resident in India in 7 out of 10 FYs preceding the FY

The amendment is proposed as the conditions specified in the present law have been the subject matter of disputes, amendments and further disputes. Further, due to reduction in number of days, as proposed, for visiting Indian citizen or person of Indian origin, there would be need for relaxation in the conditions.

Deemed Residency

A new non-obstante clause (1A) is proposed to be inserted under section 6 of the IT Act to provide that an individual, being a citizen of India, shall be deemed to be resident in India in any FY if he is not liable to tax in any other country or territory by reason of his domicile or residence or any other similar criterion.

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- In some section of the media the new provision is being interpreted to create an impression that those Indians who are bonafide workers in other countries, including in Middle East, and who are not liable to tax in these countries will be taxed in India on the income that they have earned there. This interpretation is not correct.
- In order to avoid any misinterpretation, it is clarified that in case of an Indian citizen who becomes deemed resident of India under this proposed provision, income earned outside India by him shall not be taxed in India unless it is derived from an Indian business or profession. Necessary clarification, if required, shall be incorporated in the relevant provision of the law.

Amendments w.e.f. AY 2021-22.

E. TDS/ TCS provisions

1. Enlarging the scope for tax deduction on interest income under section 194A of the Act

- Presently u/s 194A, cooperative societies are not required to deduct tax at source on payment or credit of interest to its members or to any other cooperative society.
- Now cooperative societies are required to deduct tax on interest if the following conditions are fulfilled:-
 - The gross receipts or turnover of such co-operative society exceeds Rs.50 crores during the FY immediately preceding the FY in which the interest is credited or paid and
 - The amount of interest or aggregate of interest, credited or paid during the FY is more than Rs.50,000/- in case payee is a senior citizen and Rs.40,000/- in any other case.
- Amendment w.e.f. 01.04.2020.

2. Widening the scope of TDS on E-commerce transactions through insertion of new section

- A new section 194-O has been proposed to be introduced wherein Ecommerce operator shall at the time of credit of amount of sale or services or both to the account of an e-commerce participant or at the time of payment thereof to such e-commerce participant by any mode, whichever is earlier, deduct TDS @ 1% of the gross amount of such sales or services or both.
- An explanation has been mentioned which states that any payment made by a purchaser of goods or recipient of services directly to an e-commerce participant for the sale of goods or provision of services or both, facilitated by an e-commerce operator, shall be deemed to be the amount credited or paid by the e-commerce operator to the e-commerce participant and shall be included in the gross amount of such sale or services for the purpose of deduction of income-tax under this subsection.
- No TDS deduction shall be made by e-commerce operator where the e-commerce participant is an individual or Hindu undivided family and the gross amount of sale or services or both during the previous year, through e-commerce operator, does not exceed

Rs.5,00,000/- and such e-commerce participant has furnished his PAN or Aadhaar number to the e-commerce operator.

- Amendment w.e.f. 01.04.2020.

3. Reducing the rate of TDS on fees for technical services (other than professional services)

- There are large numbers of litigations on the issue of short deduction of tax treating assessee in default where the assessee deducts tax under section 194C while the tax officers claim that tax should have been deducted under section 194J of the Act.
- Therefore to reduce litigation, it is proposed to reduce rate for TDS in section 194J in case of fees for technical services (other than professional services) to 2% from existing 10%. The TDS rate in other cases under section 194J would remain same at ten per cent.
- Amendment w.e.f. 01.04.2020.

a. Amending definition of “work” in section 194C of the Act

- Section 194C of the Act provides for the deduction of tax on payments made to contractors.
- The current definition of the term “work” excludes manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer.
- The IT department has observed that certain persons are taking benefit of a loophole in the definition of the term “work” by getting the contract manufacturer to procure the raw material supplied through its related parties and thus avoiding paying taxes.
- Accordingly, it is proposed to substitute sub-clause (e) of the definition of work to provide that ‘work’ shall include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer or its associate, being a person falling u/s 40A(2)(b) in relation to such customer.
- Amendment w.e.f. 01.04.2020.

4. TCS on foreign remittance through Liberalised Remittance Scheme (LRS)[Sec.206C(1G)(a)]

- An authorised dealer receiving an amount or aggregate of amounts of Rs.7 lacs or more in a FY for remittance out of India under the LRS of RBI from a buyer, being a person remitting such amount out of India, shall be liable to collect TCS at 5% (in non-PAN / Aadhaar cases, the rate shall be 10%).
- Amendment w.e.f. 01.04.2020.

5. TCS on selling of overseas tour package [Sec.206C (1G)(b)]

- A seller of an overseas tour program package who receives any amount from any buyer, being a person who purchases such package, shall be liable to collect TCS @5% (in non PAN/Aadhaar cases, the rate shall be @10%).
 - The above provision shall not apply if the buyer is:-
 - liable to deduct tax at source under any other provision of this Act and has deducted such amount
 - Central Government, State Government, an embassy, a High Commission, a legation, a commission, a consulate, the trade representation of a foreign State, a local authority as defined in the Explanation to clause (20) of section 10 or any other person as the Central Government may by notification in the Official Gazette specify for this purpose, subject to such conditions as may be specified therein.
 - “Overseas tour program package” is proposed to be defined to mean any tour package which offers visit to a country or countries or territory or territories outside India and includes expenses for travel or hotel stay or boarding or lodging or any other expense of similar nature or in relation thereto.
 - Amendment w.e.f. 01.04.2020.
6. TCS on sale of goods above specified limit by business whose turnover exceeds Rs.10 crore [Sec.206C (1H)]
- A seller of goods is liable to collect TCS @ 0.1% on consideration received from a buyer in a previous year in excess of Rs.50,00,000/- (in non-PAN/ Aadhaar cases, the rate shall be 1%).
 - Only those seller whose total sales, gross receipts or turnover from the business carried on by it exceed Rs.10 crores during the FY immediately preceding the FY shall be liable to collect such TCS.
 - No TCS to be collected if:-
 - buyer is liable to deduct TDS under any provision of the IT Act and has deducted such amount
 - buyer is Central Government, State Government and an embassy, a High Commission, legation, commission, consulate, the trade representation of a foreign State, a local authority as defined in Explanation to section 10(20) or any other person as the Central Government may, by notification in the Official Gazette, specify for this purpose, subject to conditions as prescribed in such notification.
 - seller is liable to collect TCS under other provision of section 206C.
 - Amendment w.e.f. 01.04.2020.

F. Provisions relating to charitable trust/ institutions

1. Rationalising the provisions of registration of trust, institutions, funds, university, hospital etc.

- A new section 12AB is proposed to be inserted from 1st June 2020 for procedure for fresh/renewal of registration. The present section 12AA shall become inoperative from this date. The application for registration both for existing trust and new trust is to be made under section 12A(ac).
- Application for Registration [Sec.12A(ac)(i) to (vi)]

Existing trust u/s 12A/12AA	Reapply within 3 month from 1st June 2020
Registered u/s 12AB	Six months prior to expiry of period of registration. This is now allowed for 5 year at a time.
Provisional registration u/s 12AB	Six month prior to expiry of period of provisional registration, which is now allowed for 3 year at a time or within 6 month of commencement of activities whichever is earlier.
Registration inoperative due to 11(7)	Six month prior to commencement of Assessment Year from which it is sought to be made operative.
Modification of object	Within 30 days from the date of modification.
Other Case	One month prior to commencement of Previous Year.

- Procedure for registration u/s 12AB

Existing trust u/s 12A/12AA	Limitation 3 month of end of month in which application received. Order for registration for 5 years.
Registered u/s 12AB, provisional registration, registration inoperative due to Section 11(7) and registration due to modification in object.	Limitation six month of end of the month in which application is made. Order for registration for 5 years after causing enquires to satisfying as to genuineness of activities, object of the trust and compliance of the requirement of the other law as are material for achieving its objects.
Other Case (fresh registration)	Limitation one month of end of month in which application is made. Order for provisional registration for 3 years.
Pending Applications u/s 12AA	Shall be deemed to be an application u/s 12A(1)(ac)(vi).
Cancellation of registration	By Principal CIT/ CIT when satisfied that activities are not genuine or not as per object or there is violation of section 13(1) or there is non-compliance with the requirement of any other law which is not disputed, after affording opportunity of being heard.

- Audit of Accounts
Accounts are to be audited and audit report is to be filed before the specified date, i.e., 30th September of the end of the relevant P.Y.
- The above process of registration of trusts, institutions, funds, university, hospital, etc. would mututsmutandi would also apply in relation to section 10(23C)(iv)(v)(vi) (via) and also u/s 80G.
- Amendments w.e.f. 01.06.2020.

2. Filing of Statement of Donation by the trust or institutions approved u/s 80G

- New clause (viii) is inserted in section 80G(5) to provide that institution or fund files a statement of donation receipt in the prescribed form and verified it in such manner setting forth such particulars and within such time as may be prescribed.
- New clause (ix) is inserted in section 80G(5) to provide that institution or fund furnishes to the donor, a certificate specifying the amount of donation in such manner containing such particulars and within such time from the date of receipt of donation as may be prescribed.
- New section 234G is proposed to be inserted to provide that in case there is failure to deliver the statement or furnish the certificate within the prescribed time, a sum of Rs.200/- by way of fees shall be paid for every day during which the failure continues
- New section 271K is proposed to be inserted to provide that the AO may direct the penalty of Rs.10,000/- to Rs.1,00,000/- if there is failure to deliver the statement or furnish the certificate within the prescribed time.
- Amendments w.e.f. 01.06.2020.

3. Amendment in section 11(7) to allow entities holding registration u/s 12A/12AA to apply for notification u/s 10(46)

- Section 11(7) applicable from A.Y. 2015-16 provides that where a trust or institution has obtain registration u/s 12A/12AA, then exemption u/s 10 except that under section 10(1) and 10(23C) shall not be allowed.
- It is noticed that there is some anomaly by providing exclusion to institution or funds registered u/s 10(23C) but the same exclusion is not available to institutions or funds or trust claiming exemption u/s 10(46) which are established or constituted under the Central or State Act by Central or State Government. Such entities are thus not notified u/s 10(46) if they are holding registration u/s 12A/12AA.
- Accordingly, section 11(7) is amended to provide for notification u/s 10(46) even when it is registered u/s 12A/12AA. However the option of switching at convenience should not be available and therefore a proviso is inserted to provide that there should be only one mode of exemption available and switching may be allowed only once so that such switching is not done routinely and also it remains efficient to be administered.
- Amendments w.e.f. 01.06.2020.

G. Incentives to start-ups

1. Rationalization of provisions of start-ups

Existing Provisions	Proposed Amendment
100% deduction of the profits and gains derived from an eligible business by an	100% deduction of the profits and gains derived from an eligible business by an

eligible start-up for 3 consecutive assessment years out of 7 years	eligible start-up for 3 consecutive assessment years out of 10 years
Total turnover of the business should not exceed Rs.25 crore rupees	Total turnover of the business should not exceed Rs.100 crore rupees

Amendment w.e.f. AY 2021-22.

2. Deferring TDS or tax payment in respect of income pertaining to Employee Stock Option Plan (ESOP) of start-ups

- Section 192 of the IT Act mandates the employer to deduct TDS on the amount payable under the head "Salaries" which inter alia includes ESOP, at the time of payment.
- ESOPs get taxed along with salary at the time of exercising the option leading to cash flow problem as the said benefit of ESOP is in kind.
- To ease the burden of taxes in the hand of the employees who are being employed by the employer being a start-up as referred u/s 80IAC of the IT Act, section 192 has been proposed to be amended to provide that in case of the said start-up the tax shall be deducted within 14 days of the earlier of the following:-
 - after the expiry of 48 months from the end of the relevant A.Y.; or
 - from the date of the sale of such specified security or sweat equity share by the employee; or
 - from the date of which the assessee ceases to be an employee.
- TDS shall be deducted at the rates in force of the F.Y. in which the said specified security or sweat equity share is allotted or transferred.
- Similar amendments have been carried out in Section 191 (for assessee to pay the tax direct in case of no TDS), Section 156 (for notice of demand) and Section 140A (for calculating self-assessment).
- Amendment w.e.f. 01.04.2020.

H. Capital Gain/ Real Estate Transaction

1. Extending time limit for approval of affordable housing project for availing deduction under section 80-IBA of the Act

- Existing section 80-IBA provides for 100% deduction of the profit and gains derived from the business of developing and building affordable housing projects provided that the project is approved by the competent authority during the period from 1st June, 2016 to 31st March, 2020.
- It is proposed to extend the period of approval of the project by competent authority to 31st March, 2021.
- Amendment w.e.f. AY 2021-22.

2. Extending time limit for sanctioning of loan for affordable housing for availing deduction under section 80EEA of the Act
 - Existing section 80EEA provides for deduction of Rs.1.50 lacs in respect of interest on loan taken from any financial institution for acquisition of an affordable residential house property provided that the loan has been sanctioned by the financial institution during the period from 1st April, 2019 to 31st March, 2020.
 - It is proposed to extend the period of sanctioning of loan by the financial institution to 31st March, 2021.
 - Amendment w.e.f. AY 2021-22.
3. Increase in safe harbour limit of 5% under section 43CA, 50C and 56 of the Act to 10%
 - In case of transfer of land or building or both, section 43CA and 50C provides that where the consideration received is less than the stamp duty value, then the said stamp duty value shall be deemed to be the full value of consideration for computing profits and gains or capital gain, as the case may be. However, if the said stamp duty value does not exceeds 105% of the actual consideration received, then the actual consideration received shall be taken for computing the profits and gains or capital gain.
 - Simultaneously, section 56(2)(x) provides that where the transferee of the immovable property receives the same for a consideration and its stamp duty value exceeds the said consideration by the amount of Rs.50,000/- or 5% of the consideration, whichever is higher, then the excess amount shall be taxed in his hands under the head “Income from other sources”.
 - It is proposed to enhance the existing safe harbour of 5% u/s 43CA, 50C and 56(2)(x) of the IT Act to 10%.
 - Amendment w.e.f. AY 2021-22.
4. Rationalization of provisions of section 55 of the Act to compute cost of acquisition
 - Existing section 55(2) of the Act provides that where any capital asset was acquired by the assessee/previous owner before 01.04.2001, the cost of acquisition of such capital asset will be either actual cost of acquisition of such capital asset or its Fair Market Value (“FMV”) as on 01.04.2001, at the option of the assessee.
 - In order to rationalize the aforesaid provisions, it is proposed to insert a proviso to section 55(2) stating that where the aforesaid capital asset is a land or building or both, then FMV of such asset as on 01.04.2001 shall not exceed the stamp duty value, wherever available, for determining its cost of acquisition.
 - Amendments w.e.f. AY 2021-22.

I. Procedural Amendments

1. Modification of e-assessment scheme

- The existing section 143(3A) empowers the Central Government to make a scheme for the purposes of making assessment of total income or loss of the assessee u/s 143(3) of the IT Act so as to impart greater efficiency, transparency and accountability by adopting certain measures specified therein. Accordingly, E-assessment Scheme, 2019 was notified vide notification no. 61/2019 dated 12.09.2019.
- To expand the scope of section 143(3A) of the IT Act, it is proposed to insert reference of section 144 assessment. Thus, best judgment assessment will also be part of e-assessment scheme.
- Earlier, for the purpose of giving effect to e-assessment scheme, the Central Government was empowered to make any direction w.r.t. applicability of any provisions of IT Act relating to assessment of total income or loss till 31.03.2020. Now this time limit has been extended upto 31.03.2022.
- Amendment w.e.f. 01.04.2020.

2. Provision for e-appeal

- As of now only filing of appeal before the CIT(Appeals) in Form 35 is electronically. The process that follows after filing of appeal is neither electronic nor faceless.
- New section 250(6B) is proposed to be inserted in the IT Act to provide for the following:-
 - Empowering Central Government to notify an e-appeal scheme for disposal of appeal so as to impart greater efficiency, transparency and accountability.
 - Eliminating the interface between the Commissioner (Appeals) and the appellant
 - Optimizing utilization of the resources through economies of scale and functional specialization
 - Introducing an appellate system with dynamic jurisdiction whereby appeal shall be disposed by one or more CIT(Appeals)
- Also, new section 250(6C) is proposed to be inserted to provide that for giving effect to the scheme, the Central Government is empowered to make any direction by notifying that the provisions relating to jurisdiction and procedure of disposal of appeal shall not apply or shall apply with exception as to be notified in such notification. Such directions are to be issued upto 31.03.2022
- Every notification to be issued u/s 250(6B) or 250(6C) is required to laid before each house of parliament.
- Amendment w.e.f. 01.04.2020.

3. Provision for e-penalty

- Section 274 lays down the procedure for imposition of penalty in case of non-compliance with the provisions of IT Act. As of now, to answer the show cause notice of penalty issued by AO, assessee or AR is still required to visit the office of AO personally.
- Accordingly, new sub-section (2A) is proposed to be inserted to section 274 so as to enable the Central Government to notify an e-penalty scheme for the purposes of imposing penalty in line with the E-assessment Scheme, 2019 and the proposed e-appeal scheme under section 250 of the IT Act.
- Also, new section 274(2B) is proposed to be inserted to provide that for the purpose of giving effect to the scheme, the Central Government is empowered to make any direction by notifying that the provisions relating to jurisdiction, and procedure of imposing of penalty shall not apply or shall apply with exception as to be notified in such notification. Such directions are to be issued upto 31.03.2022
- Every notification to be issued is required to be laid before each house of parliament.
- Amendment w.e.f. 01.04.2020.

4. Amendment in Dispute Resolution Panel (DRP)

- The existing section 144C of the IT Act requires tax officers to issue draft assessment order to eligible assessee (foreign companies and any person in whose case transfer pricing adjustments have been made u/s 92CA(3) of the IT Act) only in cases where variation is proposed in the income or loss returned and the same is prejudicial to the interest of assessee.
- It is now proposed to provide that in any kind of variation which is prejudicial to the interest of assessee, the AO is required to forward a draft assessment order even if it does not impact the returned income or loss. For eg, if software developer has been characterised by the tax officer as a contract R&D service provider without disturbing the arm's length price, then also AO is required to pass draft assessment order.
- Also, definition of term 'eligible assessee' is proposed to include any non-resident along with the existing provision covering only foreign companies.
- Amendment w.e.f. 01.04.2020.

5. Providing check on survey operations under section 133A of the Act

- Section 133A of the IT Act provides that an income tax authority is empowered to conduct survey proceedings at any place of business or profession falling under its jurisdiction.

- To prevent the misuse of powers, an amendment vide FA, 2003 was brought under the proviso to section 133A(6) of the IT Act which provide that any income-tax authority below the rank of Joint Director or Joint Commissioner is not empowered to conduct survey without prior approval of Joint Director or Joint Commissioner.
- Now, proviso to section 133A(6) is proposed to be substituted by a new proviso to provide that :
 - In case where information has been received from prescribed authority, no actions u/s 133A(1) shall be taken by the Assistant Director or a Deputy Director or an AO or a TRO or an ITO without obtaining the approval of the Joint Director or Joint Commissioner
 - In any other case, no action u/s 133A(1) shall be taken by the Assistant Director or a Deputy Director or an AO or a TRO or an ITO without approval of the Director or Commissioner, as the case may be.
- Amendment w.e.f. 01.04.2020.

6. Clarity on stay by the Income Tax Appellate Tribunal (ITAT)

- Section 254 of the IT Act which deals with orders of ITAT is proposed to be amended to allow stay in any proceedings relating to the appeal filed u/s 253(1) of the IT Act for a period not exceeding 180 days subject to the condition that the assessee deposits not less than 20% of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of the IT Act or furnishes security of equal amount in respect thereof.
- It is also proposed to amend the ITAT's powers for extension of stay to provide that no extension of stay shall be granted by ITAT where such appeal is not so disposed within the period of stay as specified in the order of stay unless the following conditions are fulfilled:-
 - The assessee makes an application for stay,
 - ITAT is satisfied that the delay in not disposing of the appeal is not attributable to the assessee, and
 - The assessee has deposited not less than 20% of the amount of tax, interest, fee, penalty, or any other sum payable under the provisions of the IT Act or furnish security of equal amount in respect thereof.
- The aggregate of the original and extended stay granted by ITAT cannot exceed 365 days.
- Amendment w.e.f. 01.04.2020.

7. Rationalisation of provision relating to Form 26AS

- Existing Section 203AA of the IT Act requires the prescribed income-tax authority or any person authorized by such authority to issue Form 26AS to every person specifying the amount of tax deducted or paid.
- Now, in order to extend the scope of Form 26AS beyond the information about tax deducted or paid, it is proposed to introduce a new section 285BB in the IT Act whereby the prescribed authority shall upload in the registered account of assessee an Annual

Information Statement in such form and manner, within such time and along with such information which is in the possession of the Income Tax Authority as may be prescribed regarding annual financial statement.

- Consequently, section 203AA which deals with Form 26AS is proposed to be deleted.
- Amendment w.e.f. 01.06.2020.

8. Easing of verification of ITR in case of Company and LLP

- Section 140 of the IT Act provides that in case of a company, return of income is required to be verified by the managing director or in specified cases by any director of the company. Similarly, in case of a Limited Liability Partnership (“LLP”), the return is to be verified by the designated partner of the LLP or by any partner, in case there is no such designated partner.
- It is proposed to amend clauses (c) and (cd) of section 140 so as to empower the Board to specify by rules any other person for the purpose of verification of return of income in case of a company and LLP.
- Amendments w.e.f. 01.04.2020.

9. Enlarging the scope of Authorised Representative (Section 288)

- Presently, section 288 of the IT Act provides for the persons entitled to appear before any Income-tax Authority or the Appellate Tribunal, on behalf of an assessee, as its “authorised representative”, in connection with any proceedings under the said Act.
- In order to address certain practical difficulties arising on account of lack of explicit reference for an Insolvency Professional u/s 288, it is proposed to amend the said section of the IT Act to enable any other person, as may be prescribed by the Board, to appear as an authorised representative.
- Amendments w.e.f. 01.04.2020.

J. Penalty for fake invoice

- Section 271AAD of the IT Act is proposed to be inserted so as to empower the AO to impose penalty on any person, where there is a false entry or an omitted entry which is relevant for computation of total income in the books of accounts maintained by such person. The penalty so proposed would be equal to the aggregate amount of such false or omitted entry.
- The said section also empowers levy of penalty on any other person who causes the person in any manner to make a false entry or omits or causes to omit any entry.

- An explanation has been inserted in the above section to define the “False Entry”, which includes use or intention to use:-
 - Forged or falsified documents such as a false invoice or in general, a false piece of documentary evidence, or
 - Invoice in respect of supply or receipt of goods or services or both issued by the person or any other person without actual supply or receipt of such goods or services or both, or
 - Invoice in respect of supply or receipt of goods or services or both to or from a person who does not exist.
- Amendment w.e.f. 01.04.2020.

K. Tax audit/ Return filing provisions

1. Rationalisation of provisions relating to tax audit in certain cases

- Under section 44AB, a person carrying on business is required to get his books of accounts audited if its receipts exceed Rs.1 crores. For professionals this limit is Rs.50 lacs. It is proposed to increase the threshold limit for person carrying on business from Rs.1 crore to Rs.5 crores in case the aggregate of receipt in cash and aggregate of all payment in cash does not exceed 5% of such receipts/ payments.
- The constitutional effect is also given in the TDS/TCS provision by substituting the reference of monetary limit specified u/s 44AB with Rs.1 crores in case of business and Rs.50 lakhs in case of profession.
- Amendment w.e.f. 01.04.2020.

2. Pre-filing of Returns in case of Income from Business or Profession

In order to enable pre-filing of returns in case of persons having income from business or profession, it is required that the tax audit report may be furnished by the said assessee at least one month prior to the due date of filing of return of income. Therefore, it is proposed to make amendments in all the sections of the Act which mandates filing of audit report along with the return of income or by the due date of filing of return of income.

3. Due date of filing of return u/s 139

- Due date of filing of return u/s 139(1) is proposed to be amended to 31st October of the A.Y. as against 30th September.
- Distinction between working and non-working partner is removed.
- Amendment w.e.f. 01.04.2020.

4. Due date of filing of report u/s 92E

- Due date for filing report u/s 92E related to Transfer Pricing shall be now 31stOctober of the relevant AY as against 30thNovember. However, due date for furnishing the return in respect of such cases of transfer pricing continues to be 30thNovember of the relevant AY.

- Amendment w.e.f. 01.04.2020.

L. International taxation

1. Exempting non-resident from filing of Income-tax return in certain conditions

- Section 115A of the IT Act provides for determination of tax for a non-resident whose total income consists of certain dividend or interest income or the income by way of royalty or fees for technical services of specified nature.
- Presently, section 115A(5) provides relief to non-resident from filing the return of income u/s 139(1) of the IT Act if its total income consists only of certain dividend or interest income and the TDS on such income has been deducted according to the provisions of Chapter XVII-B of the IT Act.
- It is proposed to amend the section to provide that a non-resident shall not be required to file ITR even in case where his total income consists of only royalty or fees for technical services of specified nature and TDS on such income has been deducted under the provisions of Chapter XVII-B of the Act at the rates which are not lower than the prescribed rates u/s 115A(1).
- Amendment w.e.f. AY 2020-21.

2. Amendment in section 194LC

- Presently, section 194LC provides that benefit of concessional withholding tax rate of 5% in respect of interest paid to non-residents on overseas borrowings, long-term bonds and rupee denominated bonds (RDBs) is available if the money is borrowed on or before 01.07.2020.
- It is now proposed to extend this benefit for borrowings made up to 1 July 2023.
- Further, withholding tax rate of 4% is proposed where interest is paid to non-residents on money borrowed by way of long term bonds or rupee denominated bonds listed on a recognised stock exchange in an International Financial Services Centre,.
- Amendment w.e.f. 01.04.2020.

3. Amendment in section 194LD

- Section 194LD of the IT Act provides that interest payable to Foreign Institutional Investors (FIIs) or a Qualified Foreign Investors (QFIs) on their investment in Rupee denominated bond of an Indian Company or on a Government security shall be eligible for TDS at a concessional rate of 5% with certain conditions.
- The above concessional rate of 5% is applicable for the interest payable between 01.06.2013 to 30.06.2020.

- To continue the stimulus to FIIs & QFIs for making investment, said period has been proposed to be extended to 30.06.2023.
 - Further, it has also been proposed to extend the benefit of concessional rate of TDS @ 5% to the interest payable to FII or QFI on their investment in municipal debt securities.
 - Amendment w.e.f. 01.04.2020.
4. Exemption in respect of certain income of wholly owned subsidiary of Abu Dhabi Investment Authority and Sovereign Wealth Fund [Section 10(23FE)]
- Exemption proposed to be provided to income of a specified person in the nature of dividend, interest or long-term capital gains arising from an investment made by it in India carrying on the business of developing / operating / maintaining any infrastructure facility as defined in section 80-IA(4)(i).
 - “Specified Person” is proposed to be defined to mean
 - (a) a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA), which is a resident of the United Arab Emirates (UAE) and which makes investment, directly or indirectly, out of the fund owned by the Government of the UAE; and
 - (b) a sovereign wealth fund which satisfies the following conditions:-
 - It is wholly owned and controlled, directly or indirectly, by Government of a foreign country;
 - It is set up and regulated under the law of the foreign country;
 - Its earnings are credited either to the account of the Government of the foreign country or to any other account designated by that Government such that no portion of the earnings inures any benefit to any private person;
 - Its asset vest in the Government of the foreign country upon dissolution;
 - It does not undertake any commercial activity whether within or outside India; and
 - It is notified by the Central Government in the Official Gazette for this purpose
 - Amendment w.e.f. AY 2021-22.
5. Modification in conditions for offshore funds’ exemption from “business connection [Section 9A]
- In case of the investment fund incorporated or registered outside India, which satisfies certain conditions as provided in sub-section 3 of section 9A of the IT Act, the fund management activity carried out through an eligible fund manager acting on behalf of such fund shall not constitute the business connection in India of the said fund.
 - Proviso to clause c inserted:-For the purposes of calculation of aggregate participation or investment in the fund, directly or indirectly, by Indian resident, contribution of the eligible fund manager during the first 3 years of operation of the fund not exceeding Rs.25 crore shall not be accounted for.

- Modification in first proviso to clause j of subsection 3 of section 9A:- In case the fund is incorporated in the previous year then the corpus of the fund shall not be less than Rs.100 crores within twelve months from the last day of the month of its establishment or incorporation.
 - Amendment w.e.f. AY 2020-21.
6. Amendment in section 94B
It is proposed to amend section 94B so as to provide that provisions of interest limitation (i.e. restriction of interest allowance to 30% of EBITDA or interest paid or payable to AE, whichever is less if interest payment exceeds Rs.1 crore) would not apply to interest paid in respect of a debt issued by PE of a non-resident Bank in India.
7. Attribution of profit to Permanent Establishment in Safe Harbour Rules under section 92CB and in Advance Pricing Agreement under section 92CC
In order to avoid disputes, it is proposed to include the attribution of income in case of a non-resident person to the PE in Safe Harbour Rules under section 92CB and in Advance Pricing Agreement under section 92CC.

M. Taxpayer's Charter

It is proposed to insert a new section 119A in the Act to empower the Board to adopt and declare a Taxpayer's Charter and issue such orders, instructions, directions or guidelines as it may deem fit.

N. Miscellaneous provisions

1. Withdrawal of exemption on certain perquisites or allowances provided to Union Public Services Commission (UPSC) Chairman and members and Chief Election Commissioner and Election Commissioners
 - Section 10(45) provides that any allowance or perquisite as may be notified by the Central Government (Notification No. 49/2011 dated 6th September, 2011), paid to the serving/retired Chairman or Members of UPSC shall not be included in computing their total income and hence shall be exempt from income-tax.
 - Section 8 of the Election Commission (Conditions of Service of Election Commissioners and Transaction of Business) Act, 1991 provides for income-tax exemption to the Chief Election Commissioner and other Election Commissioners on the value of rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and other such conditions of service as are applicable to a Judge of the Supreme Court.
 - It is now proposed to remove these exemptions.
 - Amendment w.e.f. AY 2021-22.

2. Rationalization of tax treatment of employer's contribution to recognized provident funds, superannuation funds and National pension scheme

- Under existing provision, employer's contribution upto the following limit is exempt:-
 - Contribution to recognized provident fund- Upto 12% of salary
 - Contribution to National pension scheme- Upto 14% of salary for Central Government employee and 10% of salary for any other employee
 - Contribution to superannuation fund- Upto Rs.1,50,000/-
- As there is no combined upper limit in absolute terms for these contributions, employees with higher income receive an undue benefit. Therefore, it is proposed to introduce an overall cap of Rs.7,50,000/-. Employer contribution over and above this limit is proposed to be taxed as perquisite.
- Further annual accretion to such funds by way of interest, dividend, etc. on contribution in excess of Rs.7,50,000/- would also be taxed as perquisite.
- Amendment w.e.f. AY 2021-22.

3. Providing an option to the assessee for not availing deduction under section 35AD

- Section 35AD(1) of the IT Act provides for 100% deduction in respect of the capital expenditure incurred on specified business in the previous year in which the said expenditure has been incurred. Section 35AD(4) provides that no deduction is allowable under any other section in respect to the expenditure referred to in sub-section (1). At present, an assessee does not have any option of not availing the incentive under said section.
- Due to this, a legal interpretation can be made that a domestic company opting for concessional tax rate u/s 115BAA or section 115BAB of the Act which does not claim deduction u/s 35AD would also be denied normal depreciation u/s 32 due to operation of sub-section (4) of section 35AD which is against the intention of the legislature.
- Therefore, it is proposed to amend sub-section (1) of section 35AD to make the deduction thereunder optional. It is further proposed to amend sub-section (4) of section 35AD to provide that no deduction will be allowed in respect of expenditure incurred under sub-section (1) in any other section if the deduction has been claimed by the assessee and allowed to him under this section.
- Amendment w.e.f. AY 2020-21.

4. Allowing carry forward of losses or depreciation in certain amalgamations

- Presently, section 72AA of the IT Act provides for carry forward of the accumulated losses and unabsorbed depreciation allowance in case of amalgamation of banking company with any other banking institution under a scheme sanctioned and brought into force by the Central Government u/s 45(7) of the Banking Regulation Act, 1949.

- The existing section has been proposed to be substituted by the new section so as to address the issue faced by amalgamated public sector banks and public sector general insurance companies.
- Accordingly, it is proposed to extend the benefit to provide that accumulated loss and unabsorbed depreciation of amalgamating corresponding new bank or amalgamating Government company shall be deemed to be the loss or depreciation of the amalgamated corresponding new bank or amalgamated Government company for the previous year in which the scheme of amalgamation was brought into force.
- Amendment w.e.f. AY 2020-21.

5. Allowing deduction for amount disallowed under section 43B to insurance companies on payment basis

- Section 44 of the IT Act provides that the profits and gains of any business of insurance shall be computed in accordance with the rules contained in the First Schedule of the IT Act.
- Presently, Rule 5 of the said schedule states that while computing profits and gains of any business of insurance other than life insurance, any expenditure debited to the P&L A/c which is not admissible under the provisions of sections 30 to 43B of the IT Act shall be added back. There is no specific provision under said rule to allow deduction for amount disallowed u/s 43B of the IT Act on payment basis in subsequent previous year.
- Accordingly, it is proposed to insert a proviso under said rule 5 to provide that any sum payable by the assessee which is added back u/s 43B in accordance with said rule shall be allowed as deduction in computing the income under said rule in the previous year in which such sum is actually paid.
- Amendment w.e.f. AY 2020-21.

6. Widening the scope of Commodity Transaction Tax (CTT)

- In order to encourage the commodity transactions, settled by physical or actual delivery of goods, it is proposed to charge CTT on the new commodity derivative products at following rates:-
 - Sale of a commodity derivative based on prices or indices of prices of commodity derivatives at the rate of 0.01 per cent payable by the seller, which is the same rate at which CTT is currently charged on a transaction of sale of a commodity derivative;
 - Sale of an option in goods, where option is exercised resulting in actual delivery of goods at the rate of 0.0001 per cent payable by purchaser;
 - Sale of an option in goods, where option is exercised resulting in a settlement otherwise than by the actual delivery of goods at the rate of 0.125 per cent payable by purchaser, which is also the rate at which securities transaction tax is levied on a transaction of sale of an option in securities, where the option is exercised.

- Amendments w.e.f. 01.04.2020

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