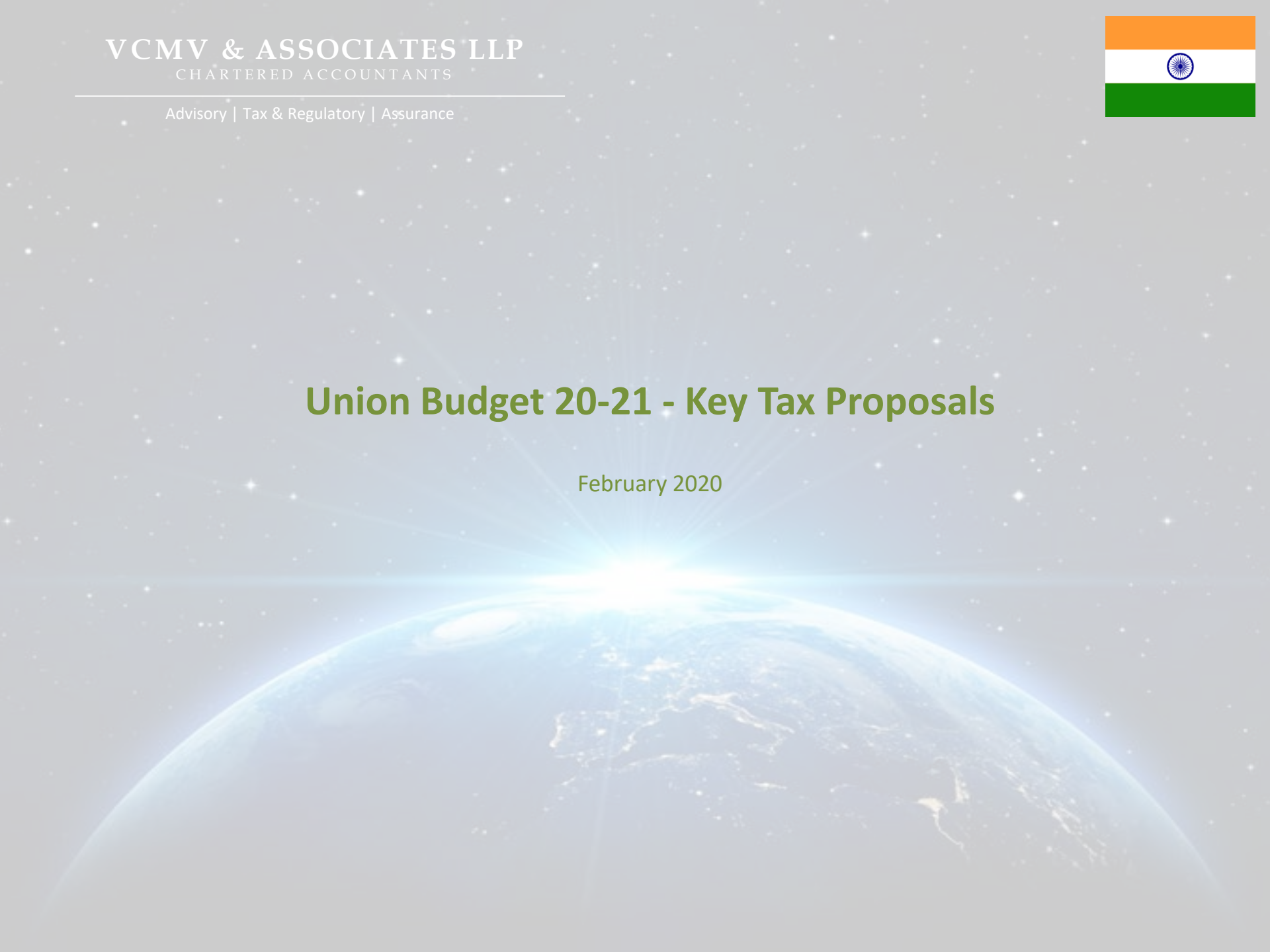




Union Budget 20-21 - Key Tax Proposals

February 2020



Impacting Business

- Proposes to set up "Investment clearance Cell".
- Proposes Scheme to encourage - Electronic Manufacturing Industry - to focus on manufacturing of Mobile / Semiconductor and Electronics / Medical device.
- Each District to develop export hub.
- National Logistics Policy – Focus on E-logistics Market.
- Chennai-Bangalore Expressway to be initiated.
- Taxpayers charter will be part of Statute.
- In line with decriminalization of Companies Act, proposes to examine other laws for decriminalization of provisions.
- International Bullion Exchange at IFSC.



Key Tax Proposals

- **Individual taxpayers - New simplified tax regime who forgo the tax deduction – Optional.**
 - Upto INR 5 Lakhs - Exempt.
 - Reduced for tax rate at 10% to INR 5 Lakhs to INR 7.5 Lakhs
 - Reduced for tax rate at 15% to INR 7.5 Lakhs to INR 10 Lakhs
 - Reduced for tax rate at 20% to INR 10 Lakhs to INR 12.5 Lakhs
 - Reduced for tax rate at 25% to INR 12.5 Lakhs to INR 15 Lakhs
- **Currently more than 100 exemptions and deductions in the IT Act. Removes 70 Deduction under the new scheme.**
- **Abolishes DDT and moves back to classic tax system. Dividend to be taxed in the hands of shareholders.**
- **New System for instant allotment of PAN**



Key Tax Proposals

- Extends concessional corporate tax of 15% to companies in electricity generation.
- 194LC / 194LD – Extended for further period.
- For Start-ups: Defers ESOP taxation to 5 years or when the employee leaves job [whichever is earlier] as against present taxation at perquisite level.
- Section 80IAC turnover limit increased from Rs 25 Cr to 100 Cr and duration from 7 years 10 years.
- Exempts co-operative societies from Alternate Minimum tax. Option to co-operative societies for tax at 22% plus surcharge without exemptions
- Turnover threshold for Tax Audit increased from INR 1 Crore to 5 Crore.
- Additional deduction for interest paid on housing loans - loan sanction date extended to March 2021.
- Directs CBDT to adopt Taxpayer Charter. CBDT to notify contents of the charter.



Key Tax Proposals

- **Settlement Scheme - Vivaad se Vishwaas**

1. Announces scheme similar to Sabka Vishwas scheme even for direct taxes.
2. Proposes waiver interest & penalty provided he pays disputed tax amount by March, 2020.
3. Scheme to remain open till June 30, 2020, however those paying tax amount by March 31, 2020 will not have to pay interest and penalty.

- **Tax holiday for profits earned by developers of affordable housing projects. Extends tax holiday by one year for affordable housing projects developer.**
- **New charity institution registration process be completely electronic.**
- **Proposes amendments in Income-tax Act to enable faceless appeals after faceless assessments.**
- **Necessary amendment to enable taking benefit of unabsorbed losses in amalgamation of PSBs.**



Key Tax Proposals - GST

- **GST parameters will be captured when payment for purchases are made through QR code.**
- **Crackdown measures to detect Input Tax Credit frauds.**
- **GST rate structure deliberated to address inverted duty structure.**
- **Rules of origin for certain items to be reviewed in the coming months.**
- **Certain customs duty exemption withdrawn.**
- **Customs duty raised on footwear & furniture.**
- **Proposes nominal health cess on imports of medical equipment**



Thank You

Detailed Analysis of the Budget would be sent shortly.

VCMV & ASSOCIATES LLP
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