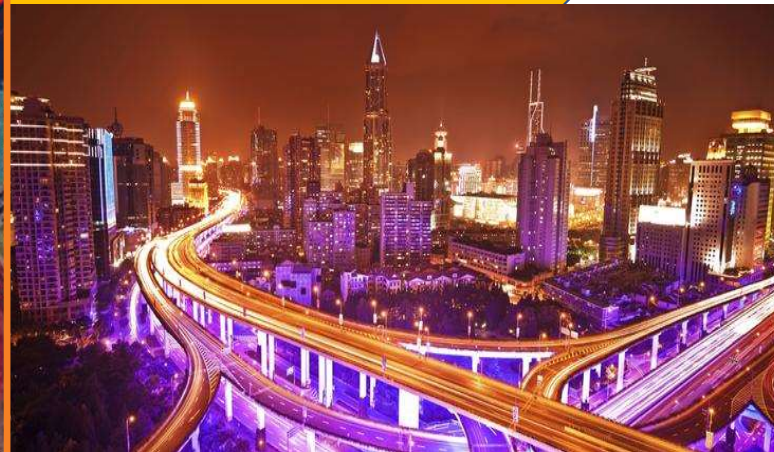
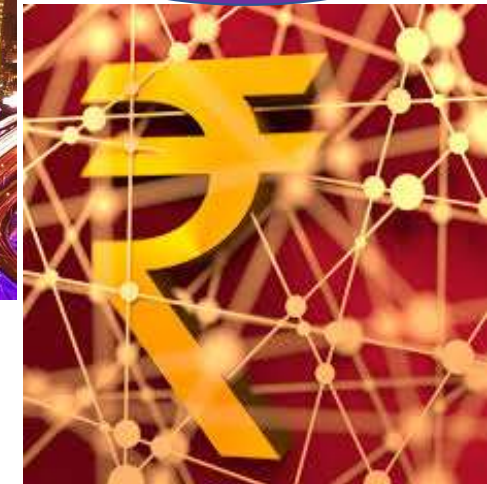


Key Amendments to Finance Bill 2020



TDS/TCS



Areete Consultants LLP, Delhi

The definition of '**residency**' under the tax provisions has been modified. As per the extant provisions, an Indian citizen or PIO, who being outside India, comes on a visit to India is considered to be Indian resident if he / she is in India for 182 days or more instead of 60 days.

The number of days of stay criteria has been reduced from 182 days to 120 days in case of Indian Citizen or PIO individuals having India sourced income exceeding Rs 15 Lakhs. For others, who do not have income sourced from India exceeding Rs 15 Lakhs, 182 day rule shall continue to apply.

Further, such individual who has been in India for 120 days or more but less than 182 days and India sourced income exceeds Rs 15 Lakhs shall be considered as "not ordinarily Resident", even when the other two conditions for qualifying RNOR are not met.

As per the amended Finance Bill 2020, deemed residency provision proposed in Finance Bill 2020 has been amended to provide that an Indian citizen, having India sourced Income exceeding Rs 15 lakhs during the previous year, would be deemed to be a resident in India (Not Ordinarily Resident), if he is not liable to tax in any other country or territory by reason of domicile or residence.

TDS PROVISIONS



Cash withdrawal:

TDS provisions are made stricter on withdrawal from banks. If the tax return is not filed for 3 years, TDS will be charged on annual cash withdrawal of over Rs 20 lakhs at the rate of 2% and at 5% on annual cash withdrawal of over Rs 1 crore with effect from 1st July 2020.

TDS on Dividend:

As per the amendment by Finance Act 2020, dividend distribution tax has been abolished, making Dividend income taxable in the hands of the shareholders. The TDS on payment of Dividend to non-residents has been levied at 20% and surcharge on dividend income not to exceed 15% (subject to rates as per DTAA).

E-Commerce Operators

Provisions requiring e-commerce operators to withhold TDS are **now to be effective from Oct 1, 2020** instead of April 1, 2020.

Further, e-commerce operator was defined in the Finance Bill 2020 to mean a person who owns, operates or manages digital or electronic facility or platform for electronic commerce and is responsible for paying to ecommerce. **Now, the condition that e-commerce is responsible for paying the participant has been removed**, expanding the Tax withholding responsibility of the e-commerce operators.

TCS PROVISIONS



TCS provisions on LRS remittances, foreign tour packages to be now effective from Oct 1, 2020.

The amendments have reduced the earlier proposed rate of 5% to 0.5% TCS on transfer of money to overseas through LRS scheme for funding education from borrowed funds from financial Institutions.

The government has also withdrawn 0.1% (or 1% in absence of PAN or Aadhar) TCS proposed to be applicable to exporters, as an anti-evasion measure in case of sale of goods over Rs 50 lakhs in a year.

GLAD TO CONNECT

Rupali Singhania FCA

Partner,
Areete Consultants LLP
91 9871692141
rupali.singhania@areete.in

Shilpa Gupta FCA

Partner,
Areete Consultants LLP
91 9873148489
shilpa.gupta@areete.in

Jatin Jindal FCA

Director,
Areete Consultants LLP
91 8882888288

Areete Consultants LLP

Office: C-70, Lower Ground Floor, Panchsheel Enclave, New Delhi-110017

Email: admin@areete.in,

Phone: 9871692141, 9873148489, 011 45614641

www.areete.in