

Budget Highlights 2020

(Applicable for FY 2020-21, AY 2021-22)

Individual

1. New Tax regime to an Individual or HUF shall, AY 2021-22 onwards-

Total Income	Rate
Upto 2,50,000	Nil
2,50,001 - 5,00,000	5%
5,00,001 - 7,50,000	10%
7,50,001 - 10,00,000	15%
10,00,001 - 12,50,000	20%
12,50,001 - 15,00,000	25%
Above 15,00,000	30%

If opts for New tax regime, not eligible for following deductions-

- Deduction in respect of Interest on Housing Loan.
- Deduction under Chapter VI-A (LIC, PPF, Mediclaim etc.) except deduction u/s 80CCD(2) and 80JJAA.
- Deduction u/s 32, 32AD, 33AB, 35, 35AD, 35CCC.
- Any type of Exemptions or deduction for allowances or perquisites (LTC, HRA, Allowances u/s 14 etc.)

Exercise of New Tax Regime Option-

Individual or HUF not having Business Income	Individual or HUF having Business Income
Can exercise Option every Year	Can exercise Option once in Lifetime

Option exercising guidance table-

Income	Deductions up to	Go For	Deductions more than	Go For
5-7.5 Lacs	1,25,000	New Regime	1,25,000	Old Regime
7.5-10 Lacs	1,87,500	New Regime	1,87,500	Old Regime
10-12.5 Lacs	2,08,500	New Regime	2,08,500	Old Regime
12.5-15 Lacs or more	2,50,000	New Regime	2,50,000	Old Regime

Income Tax Calculator for Deciding option-

https://www.incometaxindiaefiling.gov.in/Tax_Calculator/index.html?lang=eng2. Extension in time limit for additional deduction of Home Loan Interest of Rs.1.5 Lacs u/s 80EEA. Now Home Loans sanctioned up to 31st March 2021 will be eligible.

TDS and TCS**3. New TCS Sections:**

Section	Particulars
206C(1G)(a)	An authorized dealer receiving aggregate of amount more than Rs. 7 Lacs in a FY for remittance out of India shall collect TCS @ 5%. No PAN/Aadhar cases 10%.
206C(1G)(b)	Seller of Overseas Tour program package shall collect TCS @5%. No PAN/Aadhar cases 10%.
206C(1H)	Seller of Goods having turnover in previous FY exceeding 10Crore shall collect TCS @0.1% on sales if consideration received in a year is in excess of Rs.50 Lacs from a Buyer. No PAN/Aadhar cases 1%.

4. New TDS Sections and Amendments:

Section	Particulars
194J Amendment	TDS on Fees for Technical services (other than professional services) reduced to 2% from existing 10% .
194-O New	TDS to be made by E-Commerce Operator for Sale of Goods or Services through E-platform from payment made to E-Commerce Participant @1% if the amount paid during the year exceeds Rs.5 Lacs
194 Amendment	TDS on Dividend distributions @10% for amount paid exceeding Rs.5,000

Business

5. Increase in limit of Tax Audit u/s 44AB from Rs. 1 Crore to Rs. 5 Crore in cases where-
- a) Aggregate of all receipts in cash during the previous year does not exceed five per cent of such receipt, and
 - b) Aggregate of all payments in cash during the previous year does not exceed five per cent of such payment
6. Penalty for Fake Invoice if the books of accounts of a person have-
- a) False Entry
 - b) Any entry has been omitted to evade tax liability

Penalty of 100% of the false entries or omitted invoices.

False entries include -

- a) Forged or falsified document such as false invoice,
 - b) invoice in respect of supply or receipt of goods or services or both issued by the person without actual supply or receipt of such goods or services or both,
 - c) Invoice in respect of supply or receipt of goods or services or both to or from a person who do not exist.
7. Removal of Dividend Distribution Tax (DDT) for dividend declared and distributed after 01st April 2020

Builders

8. Amendment section 80-IBA by extending the time limit from 31st March 2020 to 31st March, 2021 for obtaining approval of the housing project for availing deduction.