

## Parliament gives its approval to Taxation Bill

Updated on September 22, 2020

Relief in the Bill includes extension of deadline for filing returns, Aadhaar-PAN linking Parliament on Tuesday approved a Bill to amend eight taxation laws for giving compliance relief during the Covid pandemic. It also prescribes tax exemption for contribution in PM CARES Fund.

The Rajya Sabha returned "The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Bill," to Lok Sabha. The Bill intends to replace the ordinance promulgated on March 31 and also prescribes some changes in tax laws to boost investment.

The Bill did not see detailed debate in the upper house as several opposition parties boycotted the House proceedings protesting suspension of eight members. The Lok Sabha had cleared the Bill on September 19.

The reliefs in the Bill include extending deadlines for filing returns and for linking PAN and Aadhaar. The Bill amends the provisions of the Income Tax Act to provide the same tax treatment to PM-CARES Fund as available to the Prime Minister's National Relief Fund.

Replying to a short debate on the Bill, Finance Minister Nirmala Sitharaman said the ordinance was necessary to defer various compliance deadlines under GST and Income Tax (I-T) Act during the Covid-19 times. She said as a Bill was being brought to replace the ordinance, the government incorporated other matters like facilitating investment in the IFSC Gift City.

### **Tax on capital gains**

The changes say income from securities or capital gains arising from their transfer shall be taxed at 20 per cent for FIIs and 10 per cent for specified funds. Surcharge for FIIs will be capped at 15 per cent. The new provision will entail due date for payment without additional payment under Vivad se Vishwas to be extended till December 30.

Also, with the help of changes approved, SEZ units that were unable to commence business before March 31, 2020 can start operations before March 31, 2021 and claim the tax holiday provided they satisfy the other conditions. Faceless Assessment Scheme will now cover Transfer pricing proceedings, DRP, appeal to ITAT.

According to the Bill, the due date to file the income tax returns for FY 2019-20 is November 30, 2020. Accordingly, the due date to file all other related forms and reports (such as Transfer pricing report, tax audit report, etc) is October 30, 2020.

It prescribes interest for delay in payment of income-tax (e.g. advance tax, TDS, TCS), Equalization Levy, Securities Transaction Tax (STT), Commodities Transaction Tax (CTT) due for payment from March 20 and June 29 to be charged at reduced rate of 9 per cent per annum, if the payment is paid by June 30. Further, no penalty/ prosecution will be initiated for these non-payments.

The date for passing of order or issuance of notice by the authorities and various compliances under various direct taxes and Benami Law which are required to be passed/issued/made by December 31 2020 has been extended to March 31, 2021.