

Five changes taxpayers and investors need to make a note of

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Belated/revised ITR filing deadline extended: The Central Board of Direct taxes has extended the deadline for filing belated or revised ITR to 30 November 2020 from 30 September. This move was made taking into consideration the difficulties faced by taxpayers in completing their ITR formalities in the wake of covid-19.

RBI's new card guidelines kick in: RBI's new guidelines to secure payments through debit and credit cards came into effect on 1 October. These include enabling international transactions on a card if the customer requests it, turning off the online payment option for cards that have not been used for contactless or online payments since issuance, and allowing customers to set spending limits on cards.

"The measures have come at an appropriate time. In these times when consumers are preferring online and contactless payments, they have to remain extra vigilant as the environment has become more vulnerable to cyber-attacks," said Bharat Panchal, chief risk officer for India, Middle East and Africa for FIS, a company that provides technology solutions.

TCS on foreign remittances over ₹7 lakh: A 5% tax collected at source (TCS) has become applicable to foreign remittance in excess of ₹7 lakh. This change was introduced in budget 2020 and came into effect on 1 October under RBI's Liberalised Remittance Scheme.

Payments for foreign tour packages will also be subject to this TCS. However, if you fail to provide your PAN or Aadhaar to the authorized dealer, the TCS rate will be bumped up to 10%. If the amount is remitted for the purpose of pursuing education through a loan obtained from a financial institute, the applicable rate of TCS will be 0.5% on the amount exceeding ₹7 lakh.

Standardization of health insurance: Health insurance policies have been re-introduced from 1 October 2020, in accordance with the guidelines and specifications issued by the Insurance Regulatory and Development Authority of India over the past year.

"Going forward, insurers will be barred from excluding illnesses contracted due to hazardous activity. Also, treatment for mental illness, age-related degeneration, internal congenital diseases, genetic diseases and disorders, among others will be covered," said Amit Chhabra, head, health insurance, Policybazaar.com. **Small savings rates unchanged:** Small savings rates have remained unchanged for October-December 2020. According to a circular issued by the finance ministry on 30 September, the Public Provident Fund will earn 7.10%, the Senior Citizen Savings Scheme 7.40% and post office deposits between 5.5% and 6.7%. This comes at a time when banks are consistently cutting interest rates on fixed deposits to deal with the impact on business due to the pandemic.