

## Tax relief for industries affected by Coronavirus

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In view of the challenges faced by taxpayers due to the outbreak of Novel Corona Virus (COVID-19), the Government of India has taken several taxation measures to extend tax exemptions received by the industries.

This was stated by Shri Anurag Singh Thakur, Union Minister of State for Finance & Corporate Affairs, in a written reply to a question in Lok Sabha today.

The Minister stated that the measures, inter-alia, include:-

Extension of various time limits for compliances and statutory actions under the taxation laws, vide the Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020;

Reduction of the TDS rates for specified non-salaries payments to residents and specified TCS rates by 25 per cent of the specified rates from 14.05.2020 to 31.03.2021;

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 20.03.2020 to 29.06.2020 to be charged at reduced rate of 9% per annum (0.75% per month), if the payment is paid by 30.06.2020;

Issuance of corporate tax refunds of Rs. 1, 27,534 crore in 2, 19,050 cases between 1 April 2020 to 28 February 2021;

Extension of Period of Vivad se Vishwas Scheme for making payment without additional amount to 30.04.2021;

extension of date of commencement of operation for the SEZ units for claiming deduction under section 10AA of the Act to 30th September 2020 for the units which have received necessary approval by 31st March, 2020;

The date for making investment/construction /purchase/deduction for F.Y. 2019-20 in respect of capital gains under sections 54 to 54GB of the Act was extended to 30th September, 2020.

The date for making various investment/payment for claiming deduction under Chapter VIA-B of the Act was extended to 31st July, 2020

Giving more details, the Minister further said that vide the Finance Bill 2021, it has been proposed to introduce inter-alia the following measures such as:-

To boost demand in the real-estate sector, the safe harbour limit has been proposed to be increased from 10% to 20% under section 43CA of the Act for the period from 12th November, 2020 to 30th June, 2021 in respect of only primary sale of residential units of value up to Rs. 2 crore. Consequentially, to provide relief to home buyers, the safe harbour limit under the provisions of Section 56 has been proposed to be increased from 10 to 20%;

the benefit of deduction under section 80-IBA for the business of developing and building affordable housing project, has been extended for the affordable housing project approved upto 31st March

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2022. Also, the benefit of deduction under this section have also been proposed to be extended to rental housing project approved upto 31st March 2022 subject to notified conditions;

to provide for extension of the date of incorporation of eligible start up for claiming deduction under the provisions of section 80-IAC of the Act and for claiming deduction under the provisions of section 54GB of the Act on making investment in eligible start-up to 31st March 2022;

to reduce compliance burden on small and medium enterprises and carrying 95% or more transactions in digital mode the threshold limit for a person carrying on business is required to get his accounts audited under the provisions of section 44AB has been proposed to be increased to ten crores.

Replying in the context of COVID-19 situation, the Minister stated that considering the immediate requirement of ventilators and other items, the Central Government vide notification No. 20/2020-Custom dated 9th April, 2020 had granted exemption from Basic Customs Duty and Health cess, on the import of the following goods, with immediate effect and up to 30th September, 2020, namely – Ventilators, Face masks, Surgical Masks, Personal Protection Equipment (PPE), COVID-19 test kits and inputs for manufacture of the above items.

Giving more details, the Minister said that the Government of India has taken several measures inter-alia pertaining to direct taxes to support industries which includes the following:-

**Corporate Tax:** It has been the stated policy of the Government to simplify the Income-tax Act, 1961 by removing exemptions and incentives while at the same time reducing the rates of taxes. Starting from the Finance Act, 2016, the corporate tax rates have been gradually reduced while phasing out the exemptions and incentives available to the corporates. In furtherance of this policy, through Taxation Laws (Amendment) Act, 2019, an option has been provided to the corporates to pay tax at concessional rate of 22% (plus applicable surcharge and cess) if they do not avail any exemption or incentive. Further, new domestic manufacturing companies (set up after 1st October, 2019 and starting manufacture on or before 31st March, 2023) has been provided an option for paying tax at 15% (plus applicable surcharge and cess) without claiming specified exemption and incentive. Further, such companies are not required to pay MAT as well.

**Personal Income Tax:** In order to reform personal income tax, Finance Act, 2020 has provided an option to individual taxpayers for paying income-tax at lower slab rates if they do not avail specified exemption and incentive. Apart from the above, Finance Act, 2020 has also provided an option to the co-operatives to pay taxes at concessional rates without claiming any specified deduction or incentive.

**Abolition of Dividend Distribution Tax (DDT):**

In order to increase the attractiveness of the Indian Equity Market and to provide relief to a large class of investors in whose case dividend income is taxable at the rate lower than the rate of DDT, the Finance Act, 2020 removed the Dividend Distribution Tax under which the companies shall not be required to pay DDT with effect from 01.04.2020. The dividend income shall be taxed only in the hands of the recipients at their applicable rate.”

The tax exemption vide notification No. 20/2020-Custom dated 9th April, 2020 as mentioned in reply at (a) was granted in view of Coronavirus pandemic and not in view of any recession in the industries. This exemption has expired on 30th September, 2020.

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The Ministry of Labour and Employment set up 20 region-wise Control Rooms under the Supervision of the Chief Labour Commissioner (Central) to address the grievances of workers employed in Central Sphere regarding less/non-payment of wages/retrenchment/lay off/termination of employment, the Minister stated.