



PROVISIONS RELATING TO DIRECT TAXES & RELATED LAWS

Certain amendments in the Union Budget, 2019 have come into effect from September 01, 2019. A gist of these amendments are highlighted hereunder:

TDS on payments by Individual/HUF – Section 194M

An individual/HUF (not liable to tax audit) is required to deduct TDS before making any payment against any Contract, Professional Services or Commission, under this section at the rate of 5% using their PAN. (Persons liable for Tax Audit are to comply with Sections 194C, 194J & 194H)

TDS at the time of purchase of immovable property – Section 194-IA

Payments like Club Membership Fee, Parking Fee, Maintenance Fee, Advance Fee, Electricity or Water Facility Fee or any other charges of similar nature, are now to be considered for the purpose of calculating the threshold limit of INR 50 lacs given in the section.

TDS on cash withdrawal to discourage cash transactions – Section 194N

The new section 194N provides for levy of TDS at the rate of 2% on cash withdrawals in excess of INR 1 crore in aggregate made during the year, by a banking company or cooperative bank or post office, to any person from all accounts maintained by the recipient.

Further, as notified by CBDT vide press release dated August 30, 2019, calculation of amount of cash withdrawal for triggering deduction under this Section shall be counted from April 01, 2019.

Affordable Housing under the GST Act – Section 80IBA

Modified conditions for grant of deduction under the section are applicable to all housing projects approved on or after September 01, 2019. Therefore, the residential unit in the housing project should have carpet area not exceeding 60 square meter in metropolitan cities (or 90 square meter in cities or towns other than metropolitan cities) and the stamp duty value of such residential unit in the housing project should not exceed INR 40 lacs.

TDS on non-exempt portion of life insurance payout on net basis – Section 194DA

TDS is to be deduction hence on the maturity proceeds of LIP received less the premiums already paid by the taxpayer. Further, the earlier rate of 1% has been increased to 5%.

Cancellation of registration of Trust or Institution

The following amendments in Section 12AA are now in effect:

- at the time of granting the registration to a trust or institution, the Pr.CIT or the CIT shall, inter alia, also satisfy himself about the compliance of the trust or institution to requirements of any other law which is material for the purpose of achieving its objects,
- where a trust or an institution has been granted registration under clause (b) of sub-section (1) or has obtained registration at any time under section 12A and subsequently it is noticed
 - that the trust or institution has violated requirements of any other law which was material for the purpose of achieving its objects,
 - the order, (direction or decree, by whatever name called), holding that such violation has occurred, has either not been disputed or has attained finality,

the Pr. CIT or the CIT may, by an order in writing, cancel the registration of such trust or institution after giving a reasonable opportunity of being heard.

Relaxation in case of payments to Non Residents – Section 201 and Section 40

The deductor shall not be an assessee in default for non-deduction of tax on payments made to a Non Resident, if the NR files his return of income and pays due taxes thereon, (on similar footings as

previously applicable in the case of a Resident) In case of similar failure on payments made to a non-resident, such relief is now available to any failure to deduct tax on payment to the non resident as well. Further, there would be no disallowance under Section 40(a) in respect of such payments.

Claim of Refund – Section 239

Every claim for refund under Chapter XIX of the Act shall be made by furnishing return in accordance with the provisions of Section 139 of the Act.

Statement of Financial Transactions (SFT) – Section 285BA

The scope of furnishing of statement of financial transactions has been expanded by requiring furnishing of statement by certain prescribed persons other than those who are currently furnishing the same. It is also amended to remove the current threshold limit of INR 50,000 on aggregate value of transactions during a financial year to ensure pre-filing of information relating to small amount of transactions as well. Penalty provisions in Section 271FAA also cover all the reporting entities under section 285BA.

PAN-Aadhaar Linking

Inter-changeability of PAN with the Aadhaar number is now applicable:

- Every person who is required to furnish or intimate or quote his PAN under the Act, and who, has not been allotted a PAN but possesses the Aadhaar number, may furnish or intimate or quote his Aadhaar number in lieu of PAN, and such person shall be allotted a PAN automatically;
- Every person who has been allotted a PAN, and who has linked his Aadhaar number under

section 139AA, may furnish or intimate or quote his Aadhaar number in lieu of a PAN;

Amended provisions of Section 272B are now active. Penalty of INR 10,000 applies both on the person required to quote his PAN/Aadhaar and also on the person required to authenticate such PAN/Aadhaar on failure to do so.

CONTACT DETAILS:

Head Office

75/7 Rajpur Road, Dehradun

T +91.135.2743283, 2747084, 2742026

F +91.135.2740186

E info@vkalra.com

W www.vkalra.com

Branch Office

80/28 Malviya Nagar, New Delhi

E info@vkalra.com

W www.vkalra.com

For any further assistance contact our team at

kmt@vkalra.com

© 2019 Verendra Kalra & Co. All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not a substitute for detailed research or the exercise of professional judgment. Neither VKC nor any member can accept any responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.