ShineWing INDIA

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UNION BUDGET 2020 – 21

HIGHLIGHTS

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PREFACE

With Government's eyes set on **USD 5 trillion economy** target, it was anticipated that the government will introduce big bang changes in the Budget 2020. The Finance Minister in her Budget Speech has rightly mentioned that **"data is the new oil".** With a push to technological advancementBudget 2020 has the potential to strike the right chord with the industry and to increase consumption for revival of "new economy".

From IPO of LIC to introduction of taxpayers's charter, the government has taken measures to promote smooth flow of funds from Bank's and NBFC's to industries and in-turn to end consumers.

It was widely anticipated that the government will abolish the Long Term Capital Gains. However, much to the disappointment of everyone, the same did not happen and the repercussions of the same was seen in the equity market. However, abolition of Dividend Distribution Tax is a positive move. Futher, it remains to be seen whether the proposed **"Vivad Se Vishwaas Scheme"** garners the same response as Sabka Vishwaas Scheme, which was hugely successful.

Although, it was anticipated that Foreign Direct Investment in certain sectors like insurance shall be liberalized, the government played conservative when it came to areas of public sentiment like insurance. Also, increasing the deposit insurance premium is a widely populist measure given the recent spate of failures in banking sector.

With GDP pegged at 10 percent, it remains to be seen on how the **Budget 2020** helps in achieving the same.

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EXECUTIVE SUMMARY

Vision on Macroeconomics

- India is the 5th largest economy in the world.
- Continuous focus on making India a USD 5 trillion economy.
- Advanced estimates growth of 5.0% at constant market prices vis-à-vis 6.8% for 2018-19 as per provisional estimates.
- Fiscal Deficit for Financial Year 2020 revised to 3.8%, from the much touted 3.3%.
- FDI in India rises to $284 billion during the tenure 2014 – 19.
- Revenue Receipts stood at Rs. 11.8 trillion with a growth of 4% YoY.

Major Policy Announcements

- Introduction of new education regime under **Study in India Programme** with focus on induction of FDI and ECBs in education sector.
- Focus on building **Data Centre Parks** and data security under PPP Model.
- Focus on divestment in various public sector units through collaboration schemes under PPP Model. *(partial divestment in LIC)*.
- Focus on regularization of **Banking and Financial services** sector.

Direct Tax

- **Dividend Distribution Tax** abolished.
- **Concessional tax rates** to individual and HUF taxpayers.
- Pulling strings on **e - commerce transactions** by bringing them under TDS ambit.
- Withdrawal of exemption on dividend income.
- Putting a leash on **fake invoice recording** by introducing penal provisions.
- Cross-checking of **false donation claims** by donor – donee mapping.
- **Deferment of tax incidence** on ESOPs transactions in case of start – ups.
- **Reduced tax rates** of 22% to co – operative societies.
- Introduction of **E – Appeal and E – Penalty Schemes** in line with the current E – Assessment Schemes.
- Relaxation to small taxpayers by **increasing tax audit threshold** from Rs. 1 crore to 5 crores.
- Introduction of Dispute Resolution Scheme – **Vivad Se Vishwas Scheme.**

Other Key Amendments

- Simplified GST return filing system.
- E-Invoicing under GST proposed.
- Fully Automated GST Refund.

ECONOMIC SURVEY

Economic Survey (ES) released on 31.01.2020 laid focus on long term Wealth Creation in India. The document had refreshing take on various levers of Indian Economy with lot of analytical and empirical evidence. The ES quotes Adam Smith's invisible hand theory as pathway to a USD 5 Trillion economy by 2025 which gives imperative on Open Markets and Trust as a basis of ethical wealth creation.

At times, Economic Survey is candid enough to note that regulatory overreach makes market ineffective. It outlays focus on Entrepreneurship and Wealth Creation at the grassroots. The most interesting part was a "Thalinomics" though it paints a grim picture of marginalized improvement in the affordability of Thali. There is a drop in cost of a Thali as percentage of share of a Day's wage of a worker. So, Thali (both Veg & Non-Veg) have become more affordable. However, a veg thali still accounts for around 50% of a day's wage from around 70% in 2006-07 whereas a non-veg thali accounts for around 79% from around 93% in 2006-07.

Now let us look at few key indicators –

Gross Domestic Product:

Advanced Estimates pegs India's GDP for 2019-20 at Rs. 147.8 Trillion – a growth of 5.0% at constant market prices vis-à-vis 6.8% for 2018-19 as per provisional estimates. This is on the backdrop of global economic sluggishness (2.9% in calendar year 2019), weak domestic demand and stress in financial sector.

Fiscal Deficit:

Till December 2019, Fiscal Deficit stood at Rs. 9.3 Trillion, 32% above the target of Rs. 7.03 Trillion. This is mainly attributed to government capital expenditure (growth of 21% YoY) and negative tax revenue (growth of -3% YoY).

Revenue Receipts:

Total Revenue Receipts stood at Rs. 11.8 Trillion till December 2019, a growth of 4% YoY. However, it accounted for 57% of the FY20BE (BE: Budget Estimate). This can be attributed to the negative tax revenue growth and poor disinvestment. Slowdown and corporate rate reduction led to 14% dip in corporate tax collection. GST collection and income tax collection both grew by ~5%. Government has been able to achieve only 17% of the disinvestment target of FY20BE.

Expenditure:

At Rs. 21.1 Trillion, there is 15% growth in total expenditure. Individually, Revenue Expenditure grew by 14% and Capital Expenditure grew by 21% on YoY basis till November 2019. As per the FY20BE, Capital Expenditure in Agriculture (97% increase) and Road Transport (34% increase) on YoY basis increased significantly, whereas Drinking Water and Sanitation saw decrease of 27% YoY in Capital Expenditure allocation for FY20BE.

Conclusion:

Economic Survey set the tone with some hard facts about the gears and levers that move the Indian Economy. It puts forward a fresh perspective on Governments vision and pathway to a USD 5 Trillion economy. It needs to be seen how Modi 2.0 government will walk the talk on this.

KEY POLICY CHANGES

POLICY CHANGES

- New Education policy in the offering. Launch of "Study in India" programme.
- FDI and ECB in education system
- Set-up an Investment Clearance Cell
- Scheme for encouraging manufacture of mobile phones, electronic equipment and semi-conductor packaging, medical devices
- Setting-up a viability gap funding window for establishing hospitals in the Public-Private Partnership model.

- Launch of scheme for small exporters for providing higher insurance cover, reduction in premium and simplified procedure for claim settlements
- Scheme for reversion of duties and taxes on exported products
- Digital platform to promote seamless application and capture IPR's. Set-up of Institute of Excellence would be established for complexity and innovation in field of IPR.
- Policy to enable private sector to build Data Centre parks throughout the country.
- Proposal to provide early life funding, including a seed fund to support ideation and development of early stage Start-ups.

- The government proposes to amend the Companies Act to decriminalise civil offences
- Deposit Insurance Coverage stands increased to INR 5 lakh from existing INR 1 lakh
- Amendments in Banking Regulations Act to strengthen Co-operative Banks
- Limit for NBFC's to be eligible for debt recovery under SARFAESI Act proposed to be reduced.
- Scheme to provide subordinate debt for MSME's.
- NBFC's can extend invoice financing to MSME's through TReDS (Trade Discount Electronic Discount Scheme)

- Non-residents can now invest in certain Government securities
- Limit for investment of FPI in corporate bonds (currently at 9% of outstanding stock) to be increased to 15%
- Floating a new Debt-ETF consisting primarily of government securities.
- Proposed setting-up of International Bullion exchange(s) in GIFT-IFSC.
- Provisions of Income-tax act to be amended to introduce a taxpayer's charter

KEY DIRECT TAX CHANGES

PERSONAL INCOME TAX

Tax Rates

- No changes prescribed in tax rate and slab limit of individual and HUF in existing regime.
- Introduction of a new and simplified tax regime
- Individual taxpayers can now choose between the below two options for AY 2021-22:
  - Reduced tax rate for different slabs provided no deduction and exemptions are claimed
  - Continue to pay tax as per existing regime
- The proposed changes in tax slabs in the new regime is listed below:

Total Income (Rs.)	Rate
Up to 2,50,000	Nil
2,50,0000 to 5,00,000	5%
5,00,000 to 7,50,000	10%
7,50,000 to 10,00,000	15%
10,00,000 to 12,50,000	20%
12,50,000 to 15,00,000	25%
Above 15,00,000	30%

- No exemption or deduction shall be allowed for:
  - House Rent allowance
  - Leave Travel Allowance
  - Standard Deduction
  - Deduction under Chapter VI-A (like LIC, PPF etc.)
  - Interest paid on Self Occupied property
  - Mediclaim premium
  - Profession Tax
  - Donation
- Above option can be exercised only if Return of Income is filed on or before due date
- Alternate Minimum Tax shall not be applicable
- Without set off of any loss carried forward or depreciation in respect of above deductions
- The above option once exercised for any financial year can be withdrawn only once except where such person ceases to have any business income in any subsequent financial year

Residency provisions

- Citizen of India or person of Indian origin shall now be termed as "Resident", if he stays in India for a period of 365 days or more in preceding four years and 120 days or more (182 days earlier) in a year.
- Individual/ HUF to be treated as "non-ordinary resident", if they (Karta in case of HUF) are non-resident in seven out of preceding 10 years. Earlier condition of being a non-resident in 9 out of 10 preceding years or has been in India for a period of 729 days or less out of 7 years have been done away with.
- Indian citizen shall be deemed to be resident in India if he is not liable to tax in any other country by reason of his domicile or residence, etc.

This amendment will be effective from AY 2021-22.

Rationalization of tax treatment of employer's contribution

- It is proposed to tax the employee's on contribution in excess of Rs. 750,000 in respect of employer's contribution in a year to NPS, superannuation fund and recognized provident fund by the employer
- Further, it is also proposed to tax any annual accretion by way of interest, dividend or any other amount of similar nature as perquisite (to the extent it relates to employer's contribution included in total income)

This amendment will be effective from AY 2021-22.

Deferring Tax payments for income in respect of ESOPs from Start-Up

- Tax on ESOP was earlier levied on exercise of ESOP

- In order to ease the burden of payment of taxes for employees of eligible start-ups or TDS (on ESOP's) by the start-up, it is proposed to tax perquisties (on ESOP's) either on
  - After 48 months from the end of AY in which option is exercised; OR
  - Sale or such shares; OR
  - On termination of employee.

  whichever is earlier.

TAX ON CO-OPERATIVE SOCIETIES

- At present, Co-operative societies are taxed at a rate of 30% with applicable surcharge and cess.
- Co-operative societies are now treated on-par with Companies.
- Option provided under section 115BAD for taxing co-operative societies at the reduced rate of 22 percent plus applicable surcharge and cess with no exemptions/ deductions for AY 2021-22
- Option once exercised cannot be withdrawn.
- Provisions relating to Alternate Minimum Tax (AMT) shall not apply to such co-operative society

TAX ON COMPANIES

Modification of concessional tax schemes for domestic companies under section 115BAA and 115BAB

- For domestic companies opting for lower rate of tax (as per the ordinance), deduction can only be claimed for section 80JJAA or section 80M of the Act i.e. only in case of employment of new employees or removal cascading effect on dividend taxation.

This amendment will be effective from AY 2020-21.

Elimination of Cascading effect of Dividends

- Insertion of new section (80M) which provides for deduction in respect of certain intercorporate dividends.
- Set off will be allowed only for dividend distributed by the company one month prior to the due date of filing of return, in place of due date of filing return earlier.

Removing Dividend Distribution Tax (DDT) and moving to classical system of taxing dividend in the hands of shareholders/unit holders

- Domestic company or mutual funds are not required to pay any DDT.

- Dividend taxable in the hands of shareholders at the applicable rate.

- Deduction of expense incurred on income earned from other sources shall be maximum 20 per cent of the dividend.

- Withholding tax ('WHT' or 'TDS') prescribed for payment of dividend to resident shareholder above Rs. 5,000. Beneficial rate of WHT for payment of dividend to non-resident shareholder.

- Mode of payment has also been amended to "any mode" from "account payee cheque or warrant".

No change in tax rates for other taxpayers

- There are no changes proposed in the tax rate for Partnership firm, Companies, LLP, AOP etc.

No change in surcharge and cess rate for any taxpayer

Vivad se Vishwas Scheme

- Under this scheme, a taxpayer would be required to pay only the amount of the disputed taxes and will get complete waiver of interest and penalty provided he pays the amount by 31 March, 2020.

- Those who avail this scheme after 31st March, 2020 will have to pay some additional amount
- The scheme will remain open till 30th June, 2020, however.
- Taxpayers in whose cases appeals are pending at any level can benefit from this scheme.

EXEMPTIONS

Exemption in respect of income of WOS of Abu Dhabi Investment Authority and Sovereign Wealth Fund

- It is proposed to provide exemption to income in nature of dividend, interest or long-term capital gains arising from an investment (equity or debt) made by it in India subject to fulfillment of prescribed criteria (like investment due-date, holding period, etc.)

This amendment will be effective from AY 2021-22.

NON-RESIDENTS

Income deemed to accrue or arise in India

- Significant economic presence ('SEP') of a non-resident in India is treated as business connection in India and thus income from from such SEP ought to be taxable in India. The same was earlier applicable from AY 2020-21. However, on account of on-going G20-OECD-BEPS project, the provision of SEP has been omitted and new provisions shall kick-in from AY 2022-23 and subsequently.
- Provisions of indirect transfer rationalized in line with the amended FPI Regulations by SEBI. Provisions of taxation on account of indirect transfer of assets were earlier not applicable to Category-I and Category-II FPI (classified as per old FPI regulations). With the new FPI regulations, only two new categories were prescribed.
- In lieu of the same, erstwhile categories have been grandfathered and exemption now restricted to only Category-1 FPI (as per new regulations)

This amendment will be effective from AY 2020-21 (except for SEP).

Business Connection Condition Relaxed for Offshore Funds

- The existing regime in respect of offshore funds provides for exemption from creating a "business connection" in India subject to fulfilment of prescribed conditions
- It is proposed to relax two conditions so as to provide that-
    - Contribution of the eligible fund manager during first 3 years up to Rs. 25 crores shall not be accounted for the purpose of calculation of aggregate participation or investment in the fund, directly or indirectly, by Indian resident
    - The condition of monthly average of the corpus of the fund to be at Rs. 100 crores shall be fulfilled within 12 months from the last day of the month of establishment/ incorporation

This amendment will be effective from AY 2020-21.

Aligning purpose of entering into Double Taxation Avoidance Agreements (DTAA) with Multilateral Instrument (MLI)

- The MLI is an outcome of the G20-OECD project to tackle Base Erosion and Profit Shifting (the BEPS Project).
- The MLI will modify India's DTAAs to curb revenue loss through treaty abuse and BEPS strategies by ensuring that profits are taxed where substantive economic activities generating the profits are carried out.
- The MLI will be applied alongside existing DTAAs, modifying their application in order to implement the BEPS measures.

This amendment will be effective from AY 2021-22.

Exempting non-resident from filing of Income-tax return in certain conditions

A non-resident, shall not be required to file return of income under section 139(1) if-

- his or its total income consists of only dividend or interest income or royalty or fee for technical services; and

- TDS on such income is deducted as per the provisions of the Act. Hence, any non-residents claiming DTAA benefit will be required to file return of income in India.

This amendment will be effective from AY 2020-21.

Permanent Establishment of non-resident banking company exempted from interest limitation provision

- Interest paid in respect of a debt issued by a branch of a foreign bank in India will not be subject to limitation of claiming interest as provided in section 94B.

This amendment will be effective from AY 2021-22.

Amendment for providing attribution of profit to Permanent Establishment in Safe Harbor Rules (SHR) and in Advance Pricing Agreement (APA)

- Amendment in section 92CB and section 92CC of the Act to cover determination of attribution to Permanent Establishment (PE) within the scope of SHR and APA respectively.

With respect to section 92CB, the amendment will take effect from assessment year 2020-21

With respect to section 92CC, the amendment will apply to an APA entered into on or after 1 April 2020.

Due-date for furnishing transfer pricing report revised

- Due date for furnishing the Accountants Report (Form 3CEB) and maintenance of transfer pricing documentation revised from November 30 to October 31

This amendment will be effective from AY 2020-21.

Rationalization of provisions relating to trust, institution and funds.

- Registration process for charitable institutions/trusts/etc.streamlined. Further, it is proposed that the certificate shall be valid for a limited period.

- Entity approved, registered or notified under clause (23C) of section 10, section 12AA, section 35 or section 80G of the Act, shall be required to apply for approval or registration or intimate regarding it being approved.

- Such approval, registration or notification shall be valid for five previous years from 01.04.2020.

- Application for approval under section 80G shall be made to Principal Commissioner or Commissioner.

- Fresh applications for approval shall be provisionally approved or registered for three years.

- Deduction under section 80G/ 80GGA to a donor shall be allowed only if a statement is furnished by the donee, who shall be required to furnish a statement in respect of donations received and in the event of failure to do so, fee and penalty shall be levied.

- Non-compliance of filing such statement would result a penalty of Rs. 200 per day and Rs. 10,000 extending to Rs. 1,00,000.

- Deduction of cash donation restricted to Rs. 2,000/- only.

This amendment will be effective from 1 June 2020.

WITHHOLDING TAXES

Interest payable to non-residents

- WHT rates have been changed as below:

Section	Erstwhile Rate	Proposed Rate
194LBA – Income from Units of Business Trust	10% - Interest (Resident (R)) 5% - Interest (Non-Resident (NR)) Nil – Dividend (R and NR)	5% - Interest (R and NR) 10% - Dividend (NR)
194LC – Interest Income from Indian Company	5% on interest	4% on interest

Insertion of Section 194K-TDS income in respect of Units

- Income in respect of units of Mutual Fund shall attract TDS @ 10% for payment exceeding Rs. 5,000.

Reducing the rate of TDS on fees for technical services (other than professional services)

- TDS under section 194J shall be deducted @ 2% in case of fees for technical services (not being a professional service) and 10% of sum payable in any other case.

Clarity on definition of "work" in section 194C of the Act.

- To bring clarity on section 194C it is proposed to amend the definition of "work", to provide that in a contract manufacturing, the raw material provided by the assessee or its associate shall fall within the purview of the 'work' under section 194C.

This amendment will take effect from 01.04.2020.

Enlarging the scope for tax deduction on interest income under section 194A of the Act

- Co-operative society (having total sales, gross receipts or turnover of the in excess Rs. 50 crore during financial year immediately preceding the financial year) shall be liable to deduct tax on interest pay out of more than Rs. 50,000 in case of payee being a senior citizen and Rs. 40,000 in other case.

TDS on E-commerce transactions

- TDS now applicable at the **rate of 1% of the gross receipts (5% in case of non-furnishing of PAN/ Aadhar)** on sums paid by e-commerce operator to e-commerce participant who sells goods or provide services through such operator.

- No TDS for individual and HUF participants having gross sales below five lakhs during the year, provided such person furnish PAN or Aadhaar.

This amendment will be effective from AY 2020-21.

TCS provisions now applicable on overseas remittance and for sale of overseas tour package.

- TCS @ 5% *(10% in absence of PAN/Aadhaar)* shall be collected by authorized dealer, if he receives in excess of Rs. 7 Lakhs from a buyer remitting such sum outside India under Liberalized Remittance Scheme (LRS).

- TCS @ 5% *(10% in absence of PAN/Aadhaar)* shall be collected by seller of an overseas tour program.

- In order to further widen and deepen the tax net, TCS shall be levied on sale of goods by sellers having turnover exceeding Rs. 10 crores, who shall collect TCS @ of 0.1% *(1% in absence of PAN/Aadhaar)* on consideration received in excess of Rs. 50 lakhs during the previous year from a buyer.

This amendment will be effective from AY 2020-21.

OTHER KEY CHANGES

Rationalization of provisions relating to tax audit in certain cases

- Limit for doing tax audit for entities doing business revised from INR 1 crore to INR 5 crore provided cash receipts and payments does not exceed five percent of total receipts and payments respectively.

  For pre-filed return of income, tax audit report should be uploaded one month prior to the due-date of filing return of income

- Due date for filing return of income under is proposed to be amended by:

  - 31st October of the AY as against 30th September.

  - Removing the distinction between a working and a non-working partner of a firm.

This amendment will be effective from AY 2020-21.

Inclusion of Taxpayer Charter under Act

- Proposed insertion of new section to empower the Board to adopt and declare a Taxpayer's Charter and issue orders, instructions, directions or guidelines to other income-tax authorities for the administration of Charter.

Reducing the Human interface with Department

- Post implementation of *FACELESS ASSESSMENT,* in order to impart greater efficiency, transparency and accountability to the e-assessment process the government has proposed to introduce E-Appeal and E-Penalty process.

- Filing of first level appeal is still an online process, however, the process that follows after filing of appeal is neither electronic nor faceless. In order to eliminate human interface from the system and to reach the next level, an e-appeal scheme together with e-penalty is to be notified on the lines of e-assessment scheme, before 31.03.2022.

No Stay of demand unless 20% pre-deposit

- Clarity on stay by the Income Tax Appellate Tribunal (ITAT) - ITAT shall grant stay for an initial period of 180 days *(not exceeding total of 365 days)*

- The same is subject to condition that the appellant has deposited 20% of the amount of tax, interest, fee, penalty, or any other sum payable or furnishes security of equal amount.

Penal provisions for prevention of fake invoice recording

- Insertion of penalty (i) for recording false entry or (ii) Omission of any entry to evade tax liability,

  Penalty equal to the aggregate amount of false entries or omitted entry shall be levied.

- It is also proposed to provide that any other person, who causes in any manner a person to make or cause to make a false entry or omits or causes to omit any entry, shall also pay by way of penalty a sum which is equal to the aggregate amounts of such false entries or omitted entry.

- The penal provisions have been brought into effect, due to fake invoices are obtained by suppliers registered under GST to fraudulently claim ITC and reduce their GST liability.

Benefit of 43B to companies carrying Insurance Business

- Insurance Companies can now claim deduction of expenses on payment basis.

Providing check on survey operations under section 133A of the Act

- With a view to prevent false surveys, amendment has been proposed, so that no Income-Tax authority shall conduct any survey which are below the rank of Commissioner or Director (as the case maybe)

Expanding the scope of cases under DRP

- Section 144C has been amended to include cases where tax officer proposes to make any variation which is prejudicial to the interest of the assessee (being a non-resident)

Time limit for sanctioning of loan for affordable housing for availing deduction under section 80EEA of the Act

- Time limit for sanctioning of loan from a financial institution for affordable residential housing has been extended to 31.03.2021.

Extending time limit for approval of affordable housing project for availing deduction under section 80-IBA of the Act

- Period of approval of the project by the competent authority is proposed to be extended to 31.03.2021.

This amendment will be effective from AY 2020-21.

Deduction on capital expenditure

- Section 35AD of the Act allows deduction of 100% of the capital expenditure on specified business.

- It is proposed to amend section 35AD of the Act so as to provide domestic company an option of either to claim normal depreciation (if deduction under section 35AD is not claimed by such company).

This amendment will be effective from AY 2021-22.

Amendment in TDS/TCS provisions due to amendment in the turnover limit for applicability of Tax Audit under section 44AB

- Due to increase in limit of turnover for applicability of tax audit (as mentioned above), there shall be consequential effect on the provisions of TDS/TCS (contained in varied sections providing liability of TDS/TCS on certain categories of person, if the gross receipt or turnover from the business or profession carried on by them exceed the monetary limit specified in clause (a) or clause (b) of section 44AB).

- Therefore, it is proposed to amend these all sections so that reference to the monetary limit specified in clause (a) or clause (b) of section 44AB of the Act is substituted with Rs. 1 crore in case of business or Rs. 50 lakh in case of profession, as the case may be.

Rationalization of provisions of start-ups

- Deduction shall be available to an eligible start-up for a period of three consecutive assessment years out of ten years (earlier seven years) beginning from the year in which it is incorporated;

- Deduction shall be available to an eligible start-up, if the total turnover of its business does not exceed Rs. 100 crore (from existing Rs. 25 crores) in any of the previous years beginning from the year in which it is incorporated.

This amendment will be effective from AY 2021-22.

Safe harbor limit on transfer of land and building increased from 5% to 10%

- Where the consideration received on sale of land and/ or building was less than the stamp valuation authority, the valuation as adopted by such authority was considered as sale consideration. However, if the valuation is more by just (delta) five percent then no addition was proposed

- It is now proposed to increase the existing safe harbor rate to 10% i.e. difference of 10 percent shall not be added

This amendment will be effective from AY 2021-22.

Revamp Form No. 26AS

- It is proposed to substitute Form 26AS with an annual financial statement to capture multiple information viz. immovable property transactions, share transactions, etc.

This amendment will be effective from 1 June 2020.

KEY INDIRECT TAX CHANGES

GOODS AND SERVICES TAX ACT

Simplified Return Filing System

- Simplified return system proposed to be implemented from 01.04.2020 which is currently under Pilot run.
- Features like SMS based filing for NIL Return, Pre return filing, improved Input tax credit flow to be introduced.

Refund

- Refund process has been simplified and made fully automated with no human intervention.

Electronic Invoicing

- E-invoicing is proposed wherein critical information shall be captured electronically in a centralized system.
- To be implemented in a phased manner from this month itself on optional basis.
- It will facilitate compliance and return filing.

Measures for improving compliance

- ***Aadhaar based Verification:*** It will help in weeding out dummy or non-existent units.
- ***QR Code:*** Dynamic QR code is proposed. GST parameters will be captured when payment for purchases is made through the QR code.
- ***Cash Reward:*** envisaged to incentivize customers to seek invoice.
- ***Deep Data Analytics and Artificial Intelligence Tools:*** to be used for crackdown on GST input tax credit, refund and other frauds.

Retrospective exemption or levy in certain cases

- No tax on supply of fishmeal falling under heading 2301 with effect from 01.07.2017, however, no refund of tax already collected.

Increase in powers and authorities

- Commissioner can extend the time limit for revocation of cancellation of registration by a further period not exceeding 30 days.

Other Amendments

- Order for removal of difficulties arising in giving effect to the provisions of this Act can now be made not after the expiry of "five years" from the commencement of GST Act instead of earlier limit of three years.
- "Ladakh" has been now included in the definition of Union Territory as per GST Act.

CUSTOMS ACT

NIRVIK Scheme

- Provides for higher insurance coverage.
- Reduction in premium for small exporters and simplified procedures for claim settlement with an aim to achieve higher export credit disbursement.

Refund

- Digital refund to exporters has been proposed for duty on electricity and VAT on fuel for expenditure on transportation.

Measures to promote Make in India Initiative

- ***Textile Industry***: Anti-dumping duty on PTA chemical has been abolished.
- ***Healthcare Industry:*** Nominal health cess imposed on import of medical equipment. Revenue generated from this cess will be used for developing infrastructure for health services in the aspirational districts
- ***Print & Media:*** Custom duty on import of news prints and lightweight coated paper has been reduced from 10% to 5%.

Import duty hike

- Import duty on footwear, furniture, electric vehicles and parts of mobiles proposed to be raised to promote manufacturing of such goods in domestic MSMEs

Other Amendments

- Duty credits shall be issued to notified persons, in lieu of remission of duty or tax or levy, chargeable on material used in material for manufacture or processing of export goods;
- And such credits shall be available in Electronic duty credit ledger.
- Chapter VAA (a new section 28DA) is being introduced to administer the preferential tax treatment under Trade Agreements.
- CG may impose Safeguard Duty or apply Tariff Rate Quota or any other appropriate measure if goods imported in excess quantities.

- ***Here is a look on the things whose import might get costlier and cheaper in future:***

Things that have gotten costlier	Things that have gotten cheaper
Footwear	Raw sugar
Furniture	Agro-animal based products
Refrigerators and AC's	Selected alcoholic beverages
Tableware and kitchenware	Soya fibre and soya protein
Wall fans	
Auto and auto parts	

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