

DIRECT TAX – LAW UPDATE

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Section 269SU of The Income-Tax Act, 1961, Read with Rule 119AA of The Income-Tax Rules, 1962 - Acceptance of Payment Through Prescribed Electronic Modes - Clarification in Respect of Prescribed Electronic Modes Under Said Section

Circular No. 12/2020 [F.NO.370142/35/2019-TPL], Dated 20-5-2020

To encourage digital transaction and move towards a less-cash economy, a new provision namely Section 269SU was inserted in the Income-tax Act, 1961 ("the Act"), vide the Finance (No. 2) Act 2019. This section requires every person carrying on business and having sales/turnover/gross receipts from business of more than Rs 50 Crores ("specified person") in the immediately preceding previous year to mandatorily provide facilities for accepting payments through prescribed electronic modes. Subsequently vide notification no. 105/2019 dated 30.12.2019 (i) Debit Card powered by RuPay; (ii) Unified Payments Interface (UPI) (BHIM-UPI); and (iii) Unified Payments Interface Quick Response Code (UPI QR Code) (BIIM-UPI QR Code) were notified as prescribed electronic modes. Representations were received stating that the above requirement of mandatory facility for payments through the prescribed electronic modes is generally applicable in B2C (Business to Consumer) businesses, which directly deal with retail customers. Moreover, since the prescribed electronic modes have a maximum payment limit per transaction or per day they are not so relevant to B2B (Business to Business) businesses, which generally receive large payments through other electronic modes of payment such as NEFT or RTGS. Mandating such businesses to provide the facility for accepting payments through prescribed electronic modes would cause administrative inconvenience and impose additional costs. In view of the above, it is hereby clarified that the provisions of section 269SU of the Act shall not be applicable to a specified person having only B2B transactions (i.e. no transaction with retail customer/consumer) if at least 95% of aggregate of all amounts received during the previous year, including amount received for sales, turnover or gross receipts, are by Any mode other than cash.

FM Launches Facility of Instant Pan Through Aadhaar Based E-KYC

Press Release, Dated 28-5-2020

In line with the announcement made in the Union Budget 2020, Hon'ble Union Finance Minister Smt. Nirmala Sitharaman formally launched the facility for instant allotment of PAN (on near to real time basis) on 28th May, 2020. This facility is now available for those PAN applicants who possess a valid Aadhaar number and have a mobile number registered with Aadhaar. The allotment process is paperless and an electronic PAN (e-PAN) is issued to the applicants free of cost. The process of applying for instant PAN is very simple. The instant PAN applicant is required to access the e-filing website of the Income Tax Department to provide her/his valid Aadhaar number and then submit the OTP received on her/his Aadhaar registered mobile number. On successful completion of this process, a 15digit acknowledgment number is generated. If required, the applicant can check the status of the request anytime by providing her/his valid Aadhaar number and on successful allotment, can download the e-PAN. The e-PAN is also sent to the applicant on her/his email id, if it is registered with Aadhaar.

Income-Tax (Eleventh Amendment) Rules, 2020 - Omission of Rule 31AB, Insertion Of Rule 114-I and Substitution of Form 26AS

Notification No. G.S.R. 329(E) [No. 30/2020/F. No. 370142/20/2020-TPL], Dated 28-5-2020

Budget 2020-21 had introduced a new Section 285BB in the Income Tax Act to implement revised Form 26AS. Accordingly, CBDT has notified new Form 26AS [Annual Information Statement] Rule 31AB has been omitted and Rule 114-I has been inserted after Rule 114H to share annual financial information in respect of each taxpayer not only of taxes paid by of TDS/TCS but also other details like assessee's specified financial transaction (Information of property and share transactions etc.), payment of taxes, details of demand/ refund, information regarding pending proceedings, information regarding completed and any other information in relation to sub rule (2) of Rule 114-I. This form will also have mobile number, email address and Aadhar number of the taxpayer. Information on this form 26AS will not be a onetime affair at year end. This will be a live 26AS, as this will be updated regularly within 3 months from the end of the month in which such information is received.

Income-Tax (Twelfth Amendment) Rules, 2020 - Amendment in Rule 12 and Substitution of Forms Sahaj (ITR-1), ITR-2, ITR-3, Sugam (ITR-4), ITR-5, ITR-6, ITR-7 and ITR-V

Notification No. G.S.R. 338(E) [No. 31/2020/F. No. 370142/32/2019-TPL], Dated 29-5-2020

The ITR Forms for Assessment Year 2020-21 has been notified by the above notification.

Section 48 of The Income-Tax Act, 1961 - Capital Gains - Computation of - Notified Cost Inflation Index Under Section 48, Explanation (V) - Financial Year 2020-21

Notification No. S.o. 1879(E) [No. 32/2020/F.no. 370142/17/2020-Tpl], Dated 12-6-2020

The Cost Inflation Index for the financial year 2020-21 has been notified as “301”
