

6-mth extension on central project contracts

THE GOVERNMENT HAS provided an extension of six months on all contracts offered by central agencies, including railways, NHAI and CPWD, providing relief to contractors as work has been stalled due to the Covid-19 pandemic.

Besides, to ease liquidity constraints, these agencies will partially release bank guarantees to the extent of the work completed.

Cash flow and liquidity issues have also been addressed by providing bank guarantees for the percentage of work completed, Nangia Andersen director Sandeep Jhunjhunwala said, as he hailed the move.

FE BUREAU



25% cut in TDS, TCS of non-salaried payments

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As part of the Covid-10 relief package, the finance minister offered 25 per cent reduction on tax deduction at source (TDS) and tax collected at source (TCS) for non-salaried payments. Experts caution that this has to be perceived not as reduction of tax rates but short-term reduction in TDS.

The TDS rates for all non-salaried payment to residents, and tax collected at source rate will be reduced by 25 percent of the specified rates for the remaining period of FY 20-21, FM Nirmala Sitharaman said.

"From tomorrow till March 31, 2021, the TDS/TCS rates have been reduced by 25 per cent of the existing rate... This shall also apply to all payments for contracts, interest, rent, dividend, commission or brokerage.. all of these will be eligible for 25 per cent rate reduction," she said.

"This reduction would release nearly Rs 50,000 crore in the hands of the people who would have otherwise paid it as TDS," Sitharaman said.

However, experts want taxpayers to be cautious while paying self assessment tax. "While reduction in TDS rates will put some more money in the hands of taxpayers, they'll have to exercise more caution at the time of payment of self assessment tax and compute it accurately. Ultimately they will pay tax at the rates applicable to them,



Self-reliant India not isolationist: FM

New Delhi, May 13: Finance minister Nirmala Sitharaman on Wednesday sought to clear the air around Prime Minister's self-reliance call, saying it does not mean that India will look only inwards and become an "isolationist" country. She said that the call talks about a confident India which can rest on its strengths and also contribute to the globe.

India has the capability and entrepreneurship to built capabilities and help the world, the minister added. "Certainly when he (Prime Minister) says 'aatmanirbhar' Bharat, it is not to look inwards and cut India to become an isolationist country.

—PTI

there's no reduction in tax rates, only a short term reduction in deduction of tax at source," said Archit Gupta, founder and CEO, ClearTax.

Further, all pending refunds to charitable trusts and non-corporate

businesses and professions including proprietorship, partnership, LLP and co-operatives shall be issued immediately.

"This relief could be enjoyed by all businesses and would play a pivotal role in increasing cash flows as the beneficial rates would be available till the end of the current financial year. This coupled with release of pending refunds to all non-corporate tax payers would fast track the revival of business and enterprises," said Nangia Andersen LLP Director Sandeep Jhunjhunwala.

The due date of all Income Tax Returns for Assessment Year 2020-21 will be extended to 30 November, 2020. Similarly, tax audit due date will be extended to 31 October 2020.

Date of assessments getting barred on 30th September,2020 also have been extended to 31st December,2020 and those getting barred on 31st March,2021 will be extended to 30th September,2021.Period of Vivad se Vishwas Scheme for making payment without additional amount will be extended to 31st December,2020.

Deadline to file ITRs extended till Nov 30; 25% cut in TDS/TCS rate for non-salary payments

NEW DELHI: In a relief to taxpayers, the government on Wednesday extended the deadline for filing of all income tax returns for 2019-20 fiscal till November 30, 2020.

Announcing a slew of relief measures for the coronavirus-hit economy, Finance Minister Nirmala Sitharaman also slashed TDS (tax deducted at source)/TCS (Tax collected at source) rates for non-salary payments to residents by 25 per cent. "From tomorrow till March 31, 2021, the TDS/TCS rates have been reduced by 25 per cent of the existing rate... This shall also apply to all payments for contracts, interest, rent, dividend, commission or brokerage.. all of these will be eligible for 25 per cent rate reduction.

"This reduction would release nearly Rs 50,000 crore in the hands of the people who would have otherwise paid it as TDS," Sitharaman said.

Also, the Vivad Se Vishwas scheme for direct tax dispute resolution has been extended by six months till December 31, 2020. Sitharaman further said the income tax department will fast track processing

of pending refunds to charitable trusts, LLPs, non-corporate businesses and proprietorship firms, among others.

Also, assessments getting time-barred on September 30 have been extended till December 31, 2020 and those getting time-barred on March 31, 2021 have been extended till September 30, 2021. She also said the income tax department has already cleared Rs 18,000 crore worth of refunds where the quantum due was up to Rs 5 lakh.

Nangia Andersen LLP Director Sandeep Jhunjhunwala said "the reduction of TDS and TCS rates on non-salaried payments by 25 percent will set free additional cash in the hands of the vendors, and help increase liquidity in the economy."

"This relief could be enjoyed by all businesses and would play a pivotal role in increasing cash flows as the beneficial rates would be available till the end of the current financial year.

"This coupled with release of pending refunds to all non-corporate tax payers would fast track the revival of business and enterprises," he added.