

# E-NEWSLETTER

## SPECIAL ECONOMIC PACKAGE AND ITS IMPACT ON NGOS

ISSUE NO 8. | MAY 2020 | Volume I



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Amidst the Covid-19 Pandemic and national lockdown, another slew of announcements containing relief packages was made by Honorable Finance Minister Mrs. Nirmala Sitharaman on 13<sup>th</sup> May, 2020. The package aimed at providing new impetus to the development journey of the country towards a new direction of becoming Self-Reliant. It can also be considered as a combo-package where reforms and measures related to land, labour, liquidity and various laws have been emphasized. The package will further reduce the hardships of the taxpayers in these tough times by reducing the compliance burden and giving them sufficient time for various benefits and compliances under the law.

## RE-EXTENSION OF STATUTORY DEADLINES & VARIOUS RELIEF MEASURES PROVIDING BENEFIT TO NGOS

### INCOME TAX RETURN AND TAX AUDIT REPORT

In the Budget 2020, the due date for filing Income Tax Return was extended from 30<sup>th</sup> September to 31<sup>st</sup> October of the relevant assessment year but the due date for Tax Audit Report remained unchanged.

Now, in the light of the pandemic outbreak and to reduce the hardships, the time limits has been considered afresh. **The due date for filing income tax return has been re-extended from 31<sup>st</sup> October to 30<sup>th</sup> November and that of Tax Audit Report extended to 31<sup>st</sup> October, for AY 2020-21.**

### THE VIVAAD SE VISHWAS SCHEME

In the previous announcement of relief package by the Honorable FM, the due date for availing the newly incorporated scheme was extended to 30-06-2020, without additional payment of 10% of the assessed tax. It is to be noted that the forms have already been notified and is available on the income tax portal.

**Now, the same has been re-extended from 30<sup>th</sup> June, 2020 to 31<sup>st</sup> December, 2020.**

### REDUCTION IN RATES OF TDS

As a welcome move, the package have also considered the hardships of resident taxpayers (**other than salaried persons and Section 194N**) liable to TDS deduction and have **reduced the TDS Rates** as prescribed in **all the relevant sections** of the Income Tax Act **by 25% for the FY 2020-21 with effect from 14<sup>th</sup> May, 2020. (Refer next page for the new chart)**

### EXTENSION OF TIME LIMIT FOR ASSESSMENT PROCEEDINGS

**The date of the assessments getting barred on 30<sup>th</sup> September, 2020 has been extended to 31<sup>st</sup> December, 2020 and those getting barred on 31<sup>st</sup> March, 2021 has been extended to 30<sup>th</sup> September, 2021.**

In our view, such extension shall ensure that the concerned Assessing officer gets enough time for investigating the documents and the orders are not passed in haste, causing undue hardships to the taxpayers. Moreover, it will also provide sufficient time to the organization in preparation of submissions and compiling various documents and details called for during the conduct of assessment proceedings.

### CONTRIBUTION OF EPF BY GOVERNMENT

In the economic package earlier this year, it was announced by the Honorable FM that the government shall be contributing both employer and employee's contribution to EPF, making it to 24% for next 3 months i.e. till May, for those establishments having upto 100 employees, 90% of whom are earning less than Rs. 15,000.

**Now, such contribution by the Government has been extended for another 3 months i.e. from June to August, 2020.**

### REDUCTION IN RATE OF EPF

The latest economic package also provides benefit in the form of reduced rates of **Statutory EPF from 12% to 10%** for all those **employees and establishments which could not be covered** under the **earlier** criteria, **for next 3 months i.e. June to August, 2020.**

### RELEASE OF TAX REFUNDS

The package also contains a direction to the Income Tax Department for immediate release of all pending tax refunds.

## THE NEW TDS RATE CHART FOR FY 2020-2021

The chart with new TDS Rates as announced in the latest economic package on 13<sup>th</sup> May, 2020 is given below for quick reference. The rates shall be applicable with effect from 14<sup>th</sup> May, 2020 till the end of the financial year 2020-2021.



Sl. No.	Section	Nature of Payment	Basic Limit for Deduction	Old Rates (till 13 <sup>th</sup> May, 2020)	New rates (w.e.f 14 <sup>th</sup> May, 2020)
1	192	Salaries	As per income tax slab applicable to individuals	Rate as per the income tax slab	Rates as per the income tax slab
2	192A	Premature withdrawal from Employee Provident Fund	Rs. 50,000	10%	7.5%
3.	193	Interest on Securities	No limit prescribed	10%	7.5%
4.	194A	Interest other than interest on securities	Rs. 40,000 (only for individuals)	10%	7.5%
5.	194A	Interest on Bank Deposits i.e. both fixed and recurring	Rs. 40,000 (for individuals) Rs. 50,000 (for senior citizens only)	10%	7.5%
6.	194C	Payment to Contractors	Rs. 30,000 – single transaction Rs. 1,00,000 – aggregate in a year	1% in case of individuals/HUF 2% in case of others	0.75% in case of individuals/HUF 1.5% in case of others
7.	194I (a)	Rent – Land, Building and Furniture & Fittings	Rs. 2,40,000	10%	7.5%
8.	194I (b)	Rent – Plant, Machinery and Equipments	Rs. 2,40,000	2%	1.5%
9.	194IA	Transfer of certain immovable property other than agricultural land	Rs. 50,00,000	1%	0.75%
10.	194J	Professional Fees for technical services	Rs. 30,000	2%	1.5%
11.	194J	Professional Fees in all other cases	Rs. 30,000	10%	7.5%
12.	194K	Payment of any income in respect of units of mutual fund as per Section 10(23D)	No limit prescribed	10%	7.5%
13.	194N	Cash withdrawal from accounts maintained with a banking company or cooperative society engaged in the business of banking or a post-office <b>(for those who have not filed their ITRs for previous 3 years and time period for such filing have also expired)</b>	Up to Rs. 20 Lacs More than 20 Lacs but less than 1 Crore More than 1 Crore	NIL 2% 5%	NIL 2% 5%
14.	194N	Cash withdrawal from accounts maintained with a banking company or cooperative society engaged in the business of banking or a post-office <b>(in all other cases)</b>	More than Rs. 1 Crores	2%	2%

**Note:** The above TDS Rate chart has been compiled keeping in mind only those sections which are more relevant in case of charitable organizations and NGOs.