

**PGRR Centre for Distance Education
Osmania University
M.COM (FINAL) Year
Amendments in Taxation
For The Assessment Year 2020-21**

The rates of Tax as announced under the Finance Act 2020 for the assessment year 2020-21 are as under.

1. Very Senior Citizens (80 Years or more) Income:

<u>Income</u>	<u>Tax Rate</u>
Upto Rs. 5,00,000	Nil
Rs. 5,00,001 to Rs. 10,00,000	20%
Above 10,00,000	30%

2. Resident Senior Citizens (60 years or more but not less than 80 year) Income:

<u>Income</u>	<u>Tax Rate</u>
Up to Rs. 3,00,000	Nil
Rs. 3,00,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

3. Other individuals, HUF, AOP /BOI

<u>Income</u>	<u>Tax Rate</u>
Up to Rs. 2,50,000	Nil
Rs. 2,50,001 to Rs. 5,00,000	5%
Rs. 5,00,001 to Rs. 10,00,000	20%
Above Rs. 10,00,000	30%

**SURCHARGE ON TAX FOR THE ASSESSMENT YEAR 2020-21
Education Cess:**

Health & Education cess at the rate of 4% on income tax in all cases shall be levied.

Surcharge: Surcharge: 12% of income tax, where total income exceeds Rs. 1 Crore
Cess: 4% on total of income tax + surcharge.

Income tax exemption limit for FY 2019-20 is up to Rs. 2,50,000 for individual & HUF other than those covered in Part (II) or (III)

Firm

A partnership firm shall be liable to tax at the rate of 30%. Health & Education cess at the rate of 4% shall be levied on income tax. Therefore, the effective rate of tax including education cess works out to Rs. 31.2%

Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 12% of such tax, where total income exceeds one crore rupees. However, the surcharge shall be subject to marginal relief (where income exceeds one crore rupees, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of one crore rupees by more than the amount of income that exceeds one crore rupees).

Companies:

A domestic company shall be liable to tax at the rate of 30%. Health & Education cess at the rate of 4% shall be levied on income tax. Plus surcharge. Surcharge 7% if income is between Rs. 1 Crore and Rs. 10.00 crore, if it exceed Rs. 10.00 crores surcharge 12%

The tax rate for companies with an annual turnover of up to Rs. 400 crore has been brought down to 25% from 30%. Besides the above change, other rates remain the same as were in the previous year. Please see the income tax slab for domestic companies for FY 2019-20

Foreign Company

The tax rate applicable to a foreign company is 40%. Health & Education cess at the rate of 4% on income tax in all cases shall be levied.

Rates of tax for co-operative societies are as follows:

<u>Income</u>	<u>Tax</u>
Up to Rs. 10,000	10%
Rs. 10,001 to Rs. 20,000	20%
Above Rs. 20,000	30%

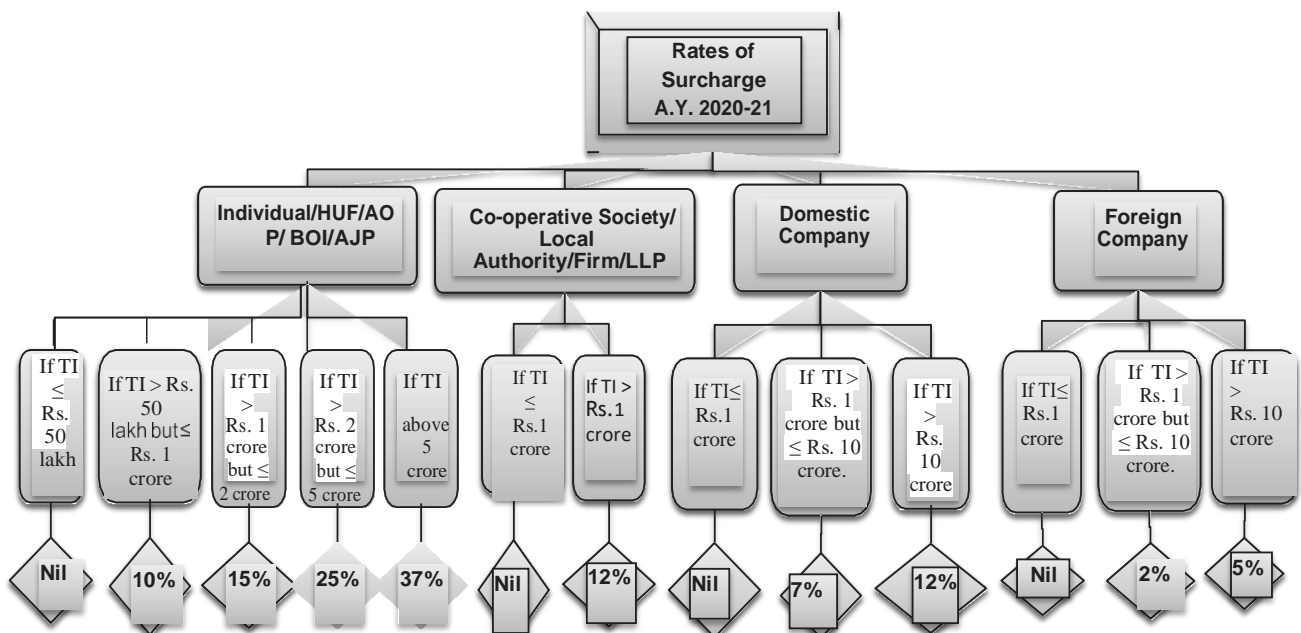
No surcharge is leviable on the income tax calculated. However, education cess at 2% plus 1% for secondary higher education shall be levied on the amount of income tax.

SPECIAL RATES OF INCOME TAX

Section	Nature of Income	Rate of tax
111A	Short-term capital gains from transfer of securities units on which Securities Transaction Tax has been charged	15%
112/112A	Long-term capital gains	20%/10%
	Long-term Capital Gain covered by proviso to Section 112(Listed Bond/ Debenture)	10%

	On Long-term Capital Gain (Listed Share/Unit)	Exempt upto 1 lakh. Excess taxable @10%
115BB	Winnings from lotteries, crossword puzzles, races including horse races, card games and other games of any sort or from gambling or betting of any form or nature whatsoever.	30%
115BBE	Unexplained amounts treated as income under sections 68, 69, 69A, 69B, 69C and 69D of the Act will be taxable @60% without granting any deduction of expenditure or allowance there against. The benefit of threshold exemption and lower slab rates for individuals and HUFs will not be available to such amounts. No set off of any loss against Section 68,69,69B,69C and 69D.	60%
115BBDA	Income by way of dividends in excess of Rs. 10 Lacs in the hands of a person other than (i) a domestic company or (ii) a fund or institution or trust or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (via) of clause (23C) of section 10; or (iii) a trust or institution registered u/s 12A or 12AA who is resident in India Further, the taxation of dividend income in excess Rs. 10 lakh shall be on gross basis i.e., no deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee in computing the income by way of dividends.	10%
115BBF	Income by way of royalty in respect of a patent developed and registered in India in respect of person who is resident in India. No deduction in respect of any expenditure or allowance or set-off of loss shall be allowed to the assessee in computing the said income	10%
115BBG	Tax on income from transfer of carbon credits [See Note 1]	10%

Surcharge of all types of Assessees



Minimum Alternative Tax (MAT)

If the tax liability of a company under normal provisions is lower than 18.5% of “Book – profits”, “Book – Profit shall be deemed as Total income and 15% of Book – profits should be deemed to as tax liability.

Wealth Tax

New wealth exceeding Rs. 3,00,000 is taxable at a rate of 1% with no surcharge.

Computation of Capital gains:

Cost Inflation Index [CII]

2001-02=100; 02-03=105; 03-04=109; 04-05=113; 05-06=117; 06-07=122; 07-08=129; 08-09=137; 09-10=148; 10-11=167; 11-12=184; 12-13=200; 13-14=220; 14-15=240; 15-16=254; 16-17=264; 17-18=272; 18-19=280; 19-20=289; 20-21=301.

Income from other sources:

Rates of TDS are given in the following table for the Academic Year 2018-19 Individual, HIUF, AOP, BOI

S. No	Nature of Income	Rate
1	Dividends (Indian Companies)	Nil
2	Interest on Units of UTI	Nil
3	Bank Interest if amount of Interest exceeds Rs. 5000	10
4	Interest on securities issued by a. Central or State Govt. b. Local authority or Statutory corporation c. Company i. Listed ii. Unlisted	Nil 10% 10% 10%
5	Winnings from lotteries, puzzles, card games.	30

Summary of Grossing Up

S. No	Nature of Income	Rate
1	Tax free Govt. Security	Interest received is gross interest no grossing up
2	Tax-free Commercial Security (Listed)	Grossing up should be done Gross interest = Net Interest x 100 90
3	Tax-free Commercial Security (Unlisted)	Grossing up should be done Gross interest = Net Interest x 100 90
4	Less-Tax Government (Listed)	Grossing up should be done

		Gross interest - Net Interest x 100 90
5	Less-Tax Government (Unlisted)	Grossing up should be done Gross interest - Net Interest x 100 90
6	Lottery and Puzzles	Grossing up should be done Gross interest - Net Amount Received x 100 90

DEDUCTION FROM GROSS TOTAL INCOME SEC. 80

1. U/S 80 D: Medical Insurance Premium Maximum for all Individuals and HUF Rs. 25,000 for Senior Citizen Rs. 30,000
2. U/S 80 D: Maximum Rs. 75,000 for Service disability deduction in up to Rs.125000.
3. U/S 80 D: Entire amount paid by way of interest is deductible. This facility is extended to relatives, Spouse and children w.e.f. Assessment year 2008-09.
4. U/S 80 D: General deduction Rs. 75,000 - Rs. 1,25,000 case of server disability.
5. Deduction for contribution by Central Govt. Employer New Pension Scheme to be allowed in addition to the ceiling of Rs. 1,50,000 [Sec. 80CCE]
6. Deduction for profits and gains of firms engaged in infrastructure development U/S 801A 5 Years 100 %, next 5 years 30%
7. Deduction for mineral oil producing undertaking in NE region disallowed in relation to blocks licensed under a contract awarded after 31-03-2011 [Sec 801B] 25% Profits
8. Interest from infrastructure debt fund receive by non-resident foreign company to be taxable @ 5% {Sec 11 5A}
9. Dividends received from a specified foreign company by an Indian company to be taxable @ 15% [Sec 115A]
10. (a) Rate of minimum alternative tax raised to 18.5% of books profits.
(b) MAT shall be applicable in case of profits of a SEZ unit / Developer. [Sec 1.15JB]
11. Limited liability Partnership shall be liable to pay alternate minimum tax (AMT) @ 18.5% of its adjusted total income. If the amount of income tax as per normal rates falls short of this amount Credit for MAT can be availed against normal tax in next 10 assessment year.
12. Dividend distribution tax to be payable by SEZ developer / SEZ developer SEZ units also
[Sec 1.15.O]
13. Central Govt. may exempt any class or classes of persons from the requirement of furnishing of return.

14. A body / Authority Board/ Trust/ Commission Claiming exemption u/s 10(46) and infrastructure debt fund claiming exemption u/s 10(47) shall be required to furnish its return of income. [Sec 139(4c)]
15. TDS to be deducted @5% on interest payable to be non-resident / foreign company by an infrastructure debt fund, wef 01-06-2021. [Sec 194LB]

Note: This information is provided for the benefit of students, who are attempting Taxation subject of M.Com Final Year for the Academic Year 2020-21. Students are required to read the Taxation books of AY 2020-21 to get the detailed information.