

Government of India
Ministry of Finance
Department of Revenue
LOK SABHA
UNSTARRED QUESTION NO. 4628
TO BE ANSWERED ON MONDAY, MARCH 23, 2020
CHAITRA 3, 1942 (SAKA)

TAX RULES

†4628. SHRIMATI RANJANBEN DHANANJAY BHATT:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to ease tax rules;
- (b) if so, whether the Government has taken any steps in this regard; and
- (c) if so, the details thereof and if not, the reasons therefor?

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) to (c): Yes Sir, Government proposes to ease rules related to Indirect & Direct Taxes and has taken various steps in this regard as per Annexure.

Indirect Taxes

GST

Based on the recommendations of the GST Council, various changes have been carried out in the GST Acts and rules made thereunder from time to time with a view to facilitate trade and industry.

- a) An alternative composition scheme has been introduced for supplier of services or mixed suppliers (not eligible for the earlier composition scheme) having an annual turnover in preceding financial year up to Rs. 50 lakhs.
- b) Taxpayers opting for composition scheme are now required to file only one return annually as against four quarterly returns earlier.
- c) Threshold limit for registration under GST has been increased from Rs. 20 lakhs to Rs. 40 lakhs for those suppliers who are engaged in exclusive supply of goods.
- d) Based on the suggestion received from stakeholders, the format for annual return and reconciliation statement has been simplified. Further, the filing of these returns has been made optional for those taxpayers for F.Y. 2017-18 with aggregate annual turnover up to Rs. 2 crores.
- e) Late fee due to late filing of FORM GSTR-1 and FORM GSTR-3B has been waived from time to time in order to ease compliance for taxpayers.
- f) Instructions have been issued by the Government for constitution of Grievance Redressal Committees (GRC) at Zonal/State level to tackle grievances of taxpayers on GST related issues. It shall comprise of Central tax officers, State tax officers, representatives of trade and industry and other stakeholders.
- g) Fully automated refund module with a scheme of single authority for disbursement of the refund amount sanctioned by either the Centre or the State tax authorities has been implemented.

Customs Act 1962

Various amendments have been made in the Customs Act in the previous Budgets to:

- a) Align with the Trade Facilitation Agreement to which India is a signatory.
- b) Create an Appellate authority for Advance ruling.
- c) Deferred payment of duty rules to provide temporary cash adjustment relief to importers.
- d) Prescribe a specific time line for adjudication of Show cause Notices.
- e) Provide for clearance of goods by Customs Automated System.
- f) Provide for electronic cash ledger so as to enable easy payment of duties, taxes and fee.
- g) Provide for Customs Audit on post clearance basis.

Direct Taxes

The process of easing of tax rules is a continuous process. Some of the recent measures taken for simplification of Income Tax Act, 1961 are as under:

- (A) The Income-tax Act, 1961 (the Act) provides for several exemptions and deductions from the total income which is chargeable to income-tax. In this regard, in order to simplify the tax regime and lower the rates of taxes, it is the stated policy of the Government to remove deductions and exemptions while simultaneously rationalizing the tax rates. It may be noted that the erstwhile Finance Minister while presenting the Union budget for financial year (FY) 2015-16 stated that the deductions and incentives given to corporate taxpayers under the Act will be phased out over four years while simultaneously reducing the tax rates. Further, the Finance Act, 2016, *inter-alia*, provided a sunset date for the existing profit linked deductions under the various provisions of the Act. Hence, the stated policy of the Government is to phase out exemptions and deductions while simultaneously reducing tax rates.
- (ii) In relation to the above, the Taxation Laws (Amendment) Act, 2019 (TLAA), *inter-alia*, amended the Act by inserting new section 115BAA to the Act which provides an option to the existing domestic companies to pay tax at rate of 22% subject to certain conditions including that they do not avail of any specified incentives or deductions. Further, the TLAA also inserted section 115BAB to the Act which provides an option to new manufacturing domestic companies, set up on or after 01.10.2019 engaged in the manufacture or production of article or thing or research or distribution in relation thereto and which commence manufacturing or production by 31.03.2023, to pay tax at a reduced rate of 15 % subject to certain conditions including that they do not avail of any specified incentives or deductions. The companies opting for the concessional tax regime will also not be required to pay Minimum Alternate Tax (MAT).
- (B) In addition to the above provisions, Finance Bill, 2020 (the Bill), *inter-alia*, proposes several measures for simplification of the provisions of the Act as under:
 - (i) In order to simplify the taxation regime for individuals and Hindu Undivided Family (HUF), the Bill proposes to amend the Act to provide an option to individuals and HUF to opt for a simplified tax structure under which such person can pay tax at lower rates if they do not avail specified exemptions/deductions.
 - (ii) In order to help small and medium enterprises, the Bill proposes to raise the turnover threshold for compulsory tax audit from existing Rs. 1 crore to Rs. 5 crore in case where cash receipt is not more than 5% of total receipt and cash payment is not more than 5% of total payments.