



5th August, 2020

12779

To
Smt. Nirmala Sitharaman
Hon'ble Union Minister of Finance,
Ministry of Finance,
Government of India,
North Block,
New Delhi – 110001

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

Ref: Notification S.O. 2033 (E) dt. 24.06.2020

Sub: Extension of date for the payment of self-assessment tax to 30th November 2020 for the taxpayers having self-assessment tax liability exceeding Rs. 1 lakh

Respected Madam,

We would like to place on record our sincere appreciation to the laudable efforts taken by the government towards fighting the COVID-19 pandemic and also applaud the recent relaxations and support given by bringing in the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, economic stimulus package of Rs. 20 lakh crores under the Atmanirbhar Bharat Abhiyan and further amending the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 by issuance of notification dated 24th June, 2020. The approach espoused by extending due dates, waiver of penalty for different regulatory and statutory aspects to address the myriad problems faced by residents in dealing with the coronavirus is exemplary. India's pre-emptive lockdowns have saved many lives and may have reduced long-run economic costs of the Covid-19 crisis. This regime has provided us with new hope and optimism for a future bereft of the virus.

Gujarat Chamber of Commerce and Industry ("GCCI") hereby takes the privilege to address the concern of its members, being members of trade and industry, Chartered Accountants, Advocates and Tax Practitioners, on Issues in Implementation and Compliance with Income Tax Laws, which needs to be addressed by your good office on utmost priority. The primary objective of GCCI is not only to work for the cause of the trade but also to educate the public at large and to act as a catalyst between citizens and the government authorities. The Direct Tax Committee of GCCI is one of the most important committees of GCCI which is engaged in the matters related to direct taxes and makes representations to the Government, Central Board of Direct Taxes and at other appropriate forums from time to time on various legislative amendments and issues concerning direct taxes and endeavors to be a bridge between the tax payers and the tax administration.

In view of the challenges faced by taxpayers in meeting the statutory and regulatory compliance requirements due to COVID-19, the Government had issued Notification dt. 24th June 2020 under the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 for extension in the time limits for making various compliances falling due between 20th March 2020 to 31st December 2020. The said notification has, inter alia; extended the deadline for filing return of income for F.Y. 2019-20 (A.Y. 2020-21)



from original due date of 31st July 2020 (for non-corporate taxpayers not liable to tax audit) and 31st October 2020 (taxpayers liable to audit) to 30th November 2020.

Ordinarily, whenever due date for filing return is extended, the interest payable under section 234A for failure to file return on time also gets consequentially deferred to the extended due date. The tax payers are given time to pay the self-assessment tax till the due date of filing of income tax return. However, the 2nd proviso to the Notification dt. 24th June, 2020 prohibits the normal operation of consequential impact of extension of return filing due date. It states as follows: –

“Provided further that the extension of the date as referred to in sub-clause (b) of clause (i) of the first proviso shall not apply to Explanation 1 to section 234A of the Income-tax Act, 1961 in cases where the amount of tax on the total income as reduced by the clauses (i) to (vi) of sub-section (1) of the said section exceeds one lakh rupees”.

The press release issued thereafter clarified above that there will be no extension of date for the payment of self-assessment tax for the taxpayers having self-assessment tax liability exceeding Rs. 1 lakh. In this case, the whole of the self-assessment tax shall be payable by the due dates specified in the Income-tax Act, 1961 (IT Act) and delayed payment would attract interest under section 234A of the IT Act.

It is also pertinent to take into consideration CBDT Circular No. 2/2015 dt. 10.02.2015, the important extracts of which are as under:

“It has been held by the Hon'ble Supreme Court in the case of CIT v. Prannoy Roy 309 ITR 231/[2009] 179 Taxman 53 (SC) that the interest under section 234A of the Act on default in furnishing return of income shall be payable only on the amount of tax that has not been deposited before the due date of filing of the income-tax return for the relevant assessment year. The present practice of charging interest under section 234A of the Act on self-assessment tax paid before the due date of filing return was reviewed by CBDT. The Board has decided that no interest under section 234A of the Act is chargeable on the amount of self-assessment tax paid by the assessee before the due date of filing of return of income”.

We believe that strong fiscal measures coupled with supporting monetary measures can bring the economy back to track in the near term. We are writing this letter to your good self to consider our requests per the below points to extend the date for the payment of self-assessment tax to 30th November 2020 for the taxpayers having self-assessment tax liability exceeding Rs. 1 lakh as the trade and industry is adversely impacted by the COVID-19 pandemic.

- ❖ There seems no rationale for dividing the tax payers having tax liability on basis of self-assessment (“SA”) below or exceeding one lakh. There may arise a situation wherein middle class / small businessmen/ senior citizens are having their total tax liability marginally above Rs. 1 lakhs and are normally paying full tax liability through SA tax in the absence of any TDS / Advance Tax vis a vis HNIs, Large corporates, etc.. having total tax liability in crores and resulting SA liability not exceeding Rs. 1 Lakhs due to TDS/Advance Tax/Tax credits. **No intelligible differentia which has a rational nexus to the object sought to be achieved is perceptible.**

Durgesh V. Buch
President

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- ❖ The issuance of notification for extension in timelines/compliances itself is **extraordinary** due to the outbreak of COVID-19 and its declaration as pandemic by WHO. Majority due dates as mentioned in the Notification dt. 24th June, 2020 are extended till 31st July, 2020. The absence of details incapacitates the honest taxpayers in determining the SA Tax as it requires the taxpayer to **collate relevant information from various sources**. The most common source is interest from banks and resultant TDS. Further, as the time line to file TDS return is extended upto 31st July, 2020 and issuance of TDS certificate thereto by 15th August 2020, most banks/tax deductors would not have filed their TDS returns before July last week putting taxpayers in a limbo to ascertain the SA Tax.
- ❖ The online utility for filing Income tax return (“ITR”) for ITR-3 was made available on 31st July, 2020 which is the last date to pay tax to avoid interest u/s 234A (for non-corporate entities and entities not subject to audit) and the online utilities for ITR 5 to 7 are yet not made available for e-filing. Without the availability of concerned utilities for uploading ITRs, taxpayers are not in a position to calculate their SA tax and file the return. This will result into payment of interest till the date of filling of return of income which is absolutely **against the principle of natural justice**. In view of the above reasoning, we hope for suitable amendment to the notification as this poses heavy burden on the tax payers with no fault of theirs.

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Assessment Year 2020-21				
Form	Description	Microsoft Excel	Java	Instructions
ITR 1	For Individuals being a Resident (other than Not Ordinarily Resident) having Total Income upto Rs.50 lakhs, having Income from Salaries, One House Property, Other Sources (Interest etc.), and Agricultural Income upto Rs.5 thousand(Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares)	<input checked="" type="checkbox"/> PR2 (2640KB) 08/07/2020	<input checked="" type="checkbox"/> PR2 (1230KB) 08/07/2020	
ITR 2	For Individuals and HUFs not having income from profits and gains of business or profession	<input checked="" type="checkbox"/> PR2.1 (7856KB) 16/07/2020	<input checked="" type="checkbox"/> PR1.2 (3472KB) 20/07/2020	
ITR 3	For individuals and HUFs having income from profits and gains of business or profession	<input checked="" type="checkbox"/> PR1 (9163KB) 31/07/2020		
ITR 4	For Individuals, HUFs and Firms (other than LLP) being a Resident having Total Income upto Rs.50 lakhs and having income from Business and Profession which is computed under sections 44AD, 44ADA or 44AE (Not for an Individual who is either Director in a company or has invested in Unlisted Equity Shares)	<input checked="" type="checkbox"/> PR2 (3952KB) 08/07/2020	<input checked="" type="checkbox"/> PR2 (1440KB) 08/07/2020	



- ❖ The extension of return filing dates duly recognizes the fact that the taxpayers are encountering difficulties in ensuring tax compliances in normal manner on account of severe restrictions on movement and social distancing norms. Further, several states have extended lockdown till 31st August, 2020 because of COVID-19 pandemic. There are various places in the country that are either still under strict lockdown or are under containment zones as the cases are increasing exponentially on a daily basis. COVID-19 has had a huge impact psychologically and it will take some time for people to leave behind the fear and anxiety caused due to this pandemic. Even the professionals and consultants are facing the issue of insufficient staff / staff working from home without data / staff quarantined in containment zones etc. making it extremely difficult to perform the required data analysis and tax calculations in time. The extension would provide enough time to collate necessary information and have a proper calculation of SA tax before filing the ITR for A.Y. 2020-21.
- ❖ Taxpayers greater than 60 years i.e. resident senior citizens not having business or professional incomes are exempted from payment of advance tax. They are required to pay full amount of their liability by way of SA Tax after gathering relevant information and making tax computation. In these tough times and more so because of the higher risk of COVID-19 to senior citizens, it is a serious burden on them to collate details, calculate and pay SA Tax on or before 31st July, 2020 to avoid section 234A interest.

We all are facing this unprecedented situation and we require your co-operation and patient hearing to our concerns. We would be very grateful if your goodself would take an early action in this regard and have a positive consideration of our requests. This will be very useful for the taxation fraternity and also for the trade and industry. In conclusion, we request that a suitable orders / clarification may be issued to this effect at the earliest.

With warm regards,
Yours sincerely,

Tanmay Mehta
Secretary General

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

Bhargav Thakkar
Vice President

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