

FAQS

on Taxes & Related ISSUES



Dr. Suresh Surana, founder, RSM Astute Consulting Group, answers readers' queries on various issues pertaining to taxes that need to be paid by the jewellers. Readers are encouraged to send in their questions and receive clarifications through this column.

? We are a Partnership firm engaged in the business of trading of gold and diamond jewellery. We would like to know about the eligibility of the cases for Faceless Assessments and Faceless Appeals and when would such schemes for faceless assessments and appeals commence?

The faceless assessments and appeals would be made applicable to all the income tax cases including Transfer pricing, etc. except those cases which includes serious frauds, major tax evasions, sensitive and search matters u/s 153A as well as cases which deal with International taxation, Black Money Act and Benami property.

Also, in the following mentioned cases, the National e-Assessment Centre ('NeAC') shall intimate the assessee that assessment in his case shall be completed under the said Scheme.

- The assessee has furnished his return of income under section 139 or in response to a notice issued u/s 142(1) or u/s 148(1) and a notice u/s 143(2) has been issued by the Assessing Officer ('AO') or the prescribed income-tax authority, as the case may be or
- The assessee has not furnished his return of income in response to a notice issued u/s 142(1) by the AO or

- The assessee has not furnished his return of income u/s 148(1) and a notice u/s 142(1) has been issued by the AO.

As regards the commencement, faceless assessment scheme is to be made effective from 13 August 2020 and faceless appeals is to be made applicable from 25 September 2020

? I am Individual and had sold a major chunk of my gold jewellery during the year 2018-20 and incurred capital gains on the same which were duly reported in my return of income and offered for tax. However, the said return of income was not verified within due time. Whether I can verify the same now?

All the income tax return have to be verified by the taxpayer assessee within 120 days of filing the same and in case of failure verify the same within the such time, the assessee may opt for filing a condonation delay request to the revenue.

On receipt of the condonation of delay request, the revenue officer may if it considers it desirable or expedient in any case or class of cases, allow the condonation of delay request.

Further, in regards to the condonation on verification of returns, the CBDT vide Circular No. 13/2020 dated 13.07.2020 has permitted to condone the ITR verification delay w.r.t. Financial Years 2014-15, to 2018-19 which were uploaded

electronically by the taxpayer within the time allowed under section 139(1) of the Act and remained incomplete due to non-submission of ITR-V.

For carrying out such verification, there is a requirement for the defaulting assesses to send a duly signed physical copy of ITR-V to CPC, Bengaluru through speed post or through the standard verification modes by 30.09.2020.

However, the benefit of such shall not apply in those cases, where during the intervening period, Income tax: Department has already taken recourse to any other measure as specified in the Income Tax Act for ensuring filing of tax return by the taxpayer concerned after declaring the return as Non-est or invalid

? We are a Private company engaged in the business of Trading of Gems & Jewellery. A few of our employees are retiring and receiving lump sum leave encashment from our end. We would like to know about the taxability of the same for the purpose of TDS determination?

The employee would be eligible for tax exemption u/s 10(10AA) of the Act and the balance amount, after deducting the exempt amount, would be subject to taxation. The amount of exemption is available to the extent of least of:

- i. Average salary of last 10 months
- ii. Rs. 300,000
- iii. [Earned Leave - Leave Availed] x Average monthly salary
(Note: If leave availed is more than earned leave then the entire amount of leave encashment shall become taxable and Earned Leave shall not exceed 30 days for each completed year of service), or
- iv. Actual amount paid by the employer

For the purpose of above computation, salary for this purpose includes basic salary, dearness allowance and commission based on fixed percentage of turnover secured by employee. Thus, the balance of the

? We are a listed Corporate entity engaged in the business of Gold Jewellery designing and making. It has come to our knowledge that the Government has introduced a Taxpayer's Charter. What is a Tax Payers Charter and how would it affect a taxpayers rights?

The Taxpayer's Charter has been introduced the Prime Minister in accordance with the 'Transparent Taxation - Honouring the Honest' initiative. It provides for the obligations of the tax authorities and duties of the taxpayers.

Although such rights and duties were generally known, exclusive provision of the same in the Taxpayer's Charter enables them to be recognized specifically by the law. Thus, the Taxpayers can now approach the Taxpayers' Charter Cell set up under Principal Chief Commissioner of Income tax in each Zone for compliance to this charter.

The taxpayer's duties and obligations of the revenue department are specifically provided in the Charter as follows

Sr. No.	Department's Obligations	Taxpayer's Duties
1	Provide fair, courteous, and reasonable treatment	Be Honest and Compliant
2	Treat taxpayer as honest	Be informed
3	Provide mechanism for appeal and review	Keep accurate records
4	Provide complete and accurate information	Know what representative does on his behalf
5	Provide timely decisions	Respond in time
6	Collect the correct amount of Tax	Pay in time.
7	Respect privacy of taxpayer	-
8	Maintain confidentiality	-
9	Hold its authorities accountable	-
10	Enable representative of choice	-
11	Provide mechanism to lodge complaint	-
12	Provide a fair and just system	-
13	Publish service standards and report periodically	-
14	Reduce cost of compliance	-

Courtesy: RSM Astute Group (www.astuteconsulting.com)
Kindly email your queries to emails@astuteconsulting.com

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