



DIRECT TAX ALERT

N. A. SHAH BULLETIN

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N. A. SHAH ASSOCIATES LLP
Chartered Accountants

M. A. PARIKH & CO. IS NOW A PART OF N. A. SHAH ASSOCIATES LLP

Claim of donation made upto 30.06.2020 in FY 2019-20

The Finance (No 2) Act, 2019 has introduced new taxation regime for corporate taxpayer by introducing sections 115BAA and 115BAB to provide lower tax rate @ 25.17%/17.16% respectively, if company forgoes certain deductions and exemptions available under the Act.

For the **FY 2019-20**, company opting for the new tax regime will not be able to claim profit link deductions provided under **the heading "C.—Deductions in respect of certain incomes"** of Chapter VI-A, other than the provision for section 80JJAA. Since only profit linked deduction are only excluded, hence company can claim deduction in respect of donation made to PM CARE Funds or other eligible institutions u/s 80G of the Act.

The Finance Act, 2020 has amended the section 115BAA and 115BAB, as per which from FY 2020-21, no deduction will be allowed **under Chapter VI-A** other than the provisions of section 80JJAA and 80M. Accordingly, companies opting for new regime will not be eligible to claim deduction of donation u/s 80G, while computing its total income for the FY 2020-21.

Due to unrepresented situation on account of COVID-19 coupled by lockdown, the government has provided certain relaxation for tax compliance through an ordinance "THE TAXATION AND OTHER LAWS (RELAXATION OF CERTAIN PROVISION) ORDINANCE, 2020" No 2 of 2020. As per the said ordinance, a taxpayer while computing his total income for FY 2019-20 relevant to AY 2020-21, can also claim deduction towards investment / donation made from 01.04.2020 to 30.06.2020 u/s 80C, 80CCD, 80G etc.

Accordingly, while filing the return of income for FY 2019-20 relevant to AY 2020-21, a company opting for new tax regime can also claim deduction u/s 80G for donation made till 30.06.2020.

Since no deduction u/s 80G can be claimed from FY 2020-21 relevant to A.Y 2021-22 and onward, hence it is advisable that company who are intending to make donation in F.Y 2020-21 (i.e. on account of Corporate Social Responsibility or voluntarily) shall make the same on or before 30.06.2020 so that it can be claimed in the return of income of FY 2019-20 relevant to A.Y 2020-21.

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We will be glad to provide any information, elaboration and elucidation you may need in this regard.

From:

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